

FEB 14 2002

WAYS AND MEANS

HOUSE FILE 2354
BY LARSON

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for an increase in the level of annual
2 contributions to the Iowa educational savings plan trust which
3 are deductible for state income tax purposes, and providing
4 effective and retroactive applicability date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2354

1 Section 1. Section 12D.3, subsection 1, paragraph a, Code
2 2001, is amended to read as follows:

3 a. Each participation agreement may require a participant
4 to agree to invest a specific amount of money in the trust for
5 a specific period of time for the benefit of a specific
6 beneficiary. A participant shall not be required to make an
7 annual contribution on behalf of a beneficiary. The minimum
8 contribution per beneficiary per year, in a year in which a
9 participant is making a contribution, shall be fifty dollars.
10 The maximum contribution that may be deducted for Iowa income
11 tax purposes shall not exceed ~~two~~ three thousand dollars per
12 beneficiary per year adjusted annually to reflect increases in
13 the consumer price index. The treasurer of state shall set an
14 account balance limit to maintain compliance with section 529
15 of the Internal Revenue Code. A contribution shall not be
16 permitted to the extent it causes the aggregate balance of all
17 accounts established for the same beneficiary to exceed the
18 applicable account balance limit.

19 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
20 being deemed of immediate importance, takes effect upon
21 enactment and applies retroactively to January 1, 2002, for
22 tax years beginning on or after that date.

23 EXPLANATION

24 This bill provides for an increase in the level of annual
25 contributions to the Iowa educational savings plan trust which
26 are deductible for state income tax purposes. The bill
27 provides for an increase in the deductible contribution level
28 from \$2,000 per year to \$3,000 per year. The bill takes
29 effect upon enactment and applies retroactively to January 1,
30 2002, for tax years beginning on or after that date.

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