

FEB 19 2002

WAYS AND MEANS

HOUSE FILE 2425  
BY QUIRK

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act exempting withdrawals of deferred savings accounts during  
2 the time the Iowa national guard or federal reserve forces are  
3 on active state or federal service and including effective and  
4 retroactive applicability date provisions.

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

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HF 2425

1 Section 1. Section 422.7, Code Supplement 2001, is amended  
2 by adding the following new subsection:

3 NEW SUBSECTION. 38. Subtract, to the extent not otherwise  
4 excluded, the amount of withdrawals from tax deferred savings  
5 accounts made during the tax year if the taxpayer or  
6 taxpayer's spouse is a member of the Iowa national guard or  
7 reserve forces of the United States who is ordered to active  
8 state service or federal service or duty. In addition, a  
9 penalty for such withdrawals shall not be assessed by the  
10 state.

11 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being  
12 deemed of immediate importance, takes effect upon enactment  
13 and applies retroactively to January 1, 2002, for tax years  
14 beginning on or after that date.

15 EXPLANATION

16 This bill provides a deduction from the individual income  
17 tax for the withdrawal of amounts from deferred savings  
18 accounts when made during the time an Iowa national guardsman  
19 or United States reservist is ordered to active state service  
20 or federal service or duty. Also, the withdrawal would not be  
21 subject to a state penalty for early withdrawal.

22 The bill takes effect upon enactment and applies  
23 retroactively to January 1, 2002, for tax years beginning on  
24 or after that date.

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