

FILED JAN 10 '01

SENATE FILE 19
BY DELUHERY

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

A BILL FOR

1 An Act exempting pension and retirement income for purposes of
2 the state individual income tax and providing a retroactive
3 applicability date.

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

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SF 19
WAYS & MEANS

1 Section 1. Section 422.7, subsection 31, Code 2001, is
2 amended to read as follows:

3 31. For a person who is disabled, or is fifty-five years
4 of age or older, or is the surviving spouse of an individual
5 or a survivor having an insurable interest in an individual
6 who would have qualified for the exemption under this
7 subsection for the tax year, subtract, to the extent included,
8 the total amount of a governmental or other pension or
9 retirement pay, including, but not limited to, defined benefit
10 or defined contribution plans, annuities, individual
11 retirement accounts, plans maintained or contributed to by an
12 employer, or maintained or contributed to by a self-employed
13 person as an employer, and deferred compensation plans or any
14 earnings attributable to the deferred compensation plans, up
15 to a maximum of six thousand dollars for a person, other than
16 a husband or wife, who files a separate state income tax
17 return and up to a maximum of twelve thousand dollars for a
18 husband and wife who file a joint state income tax return.
19 However, a surviving spouse who is not disabled or fifty-five
20 years of age or older can only exclude the amount of pension
21 or retirement pay received as a result of the death of the
22 other spouse. A husband and wife filing separate state income
23 tax returns or separately on a combined state return are
24 allowed a combined maximum exclusion under this subsection of
25 up to twelve thousand dollars. The twelve thousand dollar
26 exclusion shall be allocated to the husband or wife in the
27 proportion that each spouse's respective pension and
28 retirement pay received bears to total combined pension and
29 retirement pay received.

30 Sec. 2. APPLICABILITY. This Act applies retroactively to
31 January 1, 2001, for tax years beginning on or after that
32 date.

33 EXPLANATION

34 This bill excludes from income for purposes of the state
35 individual income tax all pension and retirement pay received

1 by a taxpayer who is disabled or 55 years of age or older, or
2 a qualifying surviving spouse or other qualifying survivor of
3 such a taxpayer.

4 The bill applies retroactively to January 1, 2001, for tax
5 years beginning on or after that date.

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