

FILED FEB 19 '01

SENATE FILE 236
BY LUNDBY and McLAREN

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

A BILL FOR

1 An Act relating to an individual income tax deduction for federal
2 taxes paid under the Federal Insurance Contributions Act and
3 including a retroactive applicability date provision.

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

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SF 236
WAYS & MEANS

1 Section 1. Section 422.9, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. An optional standard deduction, after deduction of
4 federal income tax and the applicable percentage of social
5 security taxes, equal to one thousand two hundred thirty
6 dollars for a married person who files separately or a single
7 person or equal to three thousand thirty dollars for a husband
8 and wife who file a joint return, a surviving spouse, or an
9 unmarried head of household. The optional standard deduction
10 shall not exceed the amount remaining after deduction of the
11 federal income tax and the applicable portion of social
12 security taxes.

13 Sec. 2. Section 422.9, subsection 2, Code 2001, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. g. Add the applicable percentage of social
16 security taxes paid by the taxpayer for the tax year.

17 Sec. 3. Section 422.9, Code 2001, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 6. For purposes of this section:

20 a. "Applicable percentage" means the following:

21 (1) For tax years beginning in the 2001 calendar year,
22 twenty percent.

23 (2) For tax years beginning in the 2002 calendar year,
24 forty percent.

25 (3) For tax years beginning in the 2003 calendar year,
26 sixty percent.

27 (4) For tax years beginning in the 2004 calendar year,
28 eighty percent.

29 (5) For tax years beginning in or after the 2005 calendar
30 year, one hundred percent.

31 b. "Social security taxes" means the amount of taxes paid
32 by the taxpayer for the tax year under the Federal Insurance
33 Contributions Act to the extent not otherwise deductible and
34 consists of the amount paid for old age, survivors, and
35 disability insurance and the amount paid for hospital

