

FILED MAR 1 '01

SENATE FILE 326

BY SCHUERER

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

A BILL FOR

1 An Act reducing the state individual income tax by five percent
2 and including a retroactive applicability date provision.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 326
WAYS & MEANS

1 Section 1. Section 422.5, subsection 1, paragraphs a
2 through i, Code 2001, are amended to read as follows:

3 a. On all taxable income from zero through one thousand
4 dollars, ~~thirty-six~~ thirty-four hundredths of one percent.

5 b. On all taxable income exceeding one thousand dollars
6 but not exceeding two thousand dollars, ~~seventy-two~~ sixty-
7 eight hundredths of one percent.

8 c. On all taxable income exceeding two thousand dollars
9 but not exceeding four thousand dollars, two and ~~forty-three~~
10 thirty-one hundredths percent.

11 d. On all taxable income exceeding four thousand dollars
12 but not exceeding nine thousand dollars, four and ~~one-half~~
13 twenty-eight hundredths percent.

14 e. On all taxable income exceeding nine thousand dollars
15 but not exceeding fifteen thousand dollars, ~~six~~ five and
16 ~~twelve~~ eighty-one hundredths percent.

17 f. On all taxable income exceeding fifteen thousand
18 dollars but not exceeding twenty thousand dollars, six and
19 ~~forty-eight~~ sixteen hundredths percent.

20 g. On all taxable income exceeding twenty thousand dollars
21 but not exceeding thirty thousand dollars, six and ~~eight-~~
22 ~~tenths~~ forty-six hundredths percent.

23 h. On all taxable income exceeding thirty thousand dollars
24 but not exceeding forty-five thousand dollars, seven and
25 ~~ninety-two~~ fifty-two hundredths percent.

26 i. On all taxable income exceeding forty-five thousand
27 dollars, eight and ~~ninety-eight~~ fifty-three hundredths
28 percent.

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

32 EXPLANATION

33 The bill reduces the individual income tax rates by 5
34 percent. The lowest and highest rates under current law are
35 .36 percent and 8.98 percent, respectively. The bill reduces

1 these rates to .34 percent and 8.53 percent, respectively.
2 The rate of the state alternative minimum tax is also
3 effectively reduced by the reduction in rates since the
4 alternative rate is set at 75 percent of the highest
5 individual rate, rounded to the nearest one-tenth of 1
6 percent. Thus, this rate is reduced from 6.7 percent to 6.4
7 percent.

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

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