

FILED MAR 12 '01

SENATE FILE 422
BY TINSMAN

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

A BILL FOR

1 An Act increasing the exemption for pension and retirement income
2 for purposes of state individual income tax and providing an
3 applicability date.

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

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SF 422
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~~ twelve thousand dollars for a person,
16 other than a husband or wife, who files a separate state
17 income tax return and up to a maximum of ~~twelve~~ twenty-four
18 thousand dollars for a husband and wife who file a joint state
19 income tax return. However, a surviving spouse who is not
20 disabled or fifty-five years of age or older can only exclude
21 the amount of pension or retirement pay received as a result
22 of the death of the other spouse. A husband and wife filing
23 separate state income tax returns or separately on a combined
24 state return are allowed a combined maximum exclusion under
25 this subsection of up to ~~twelve~~ twenty-four thousand dollars.
26 The ~~twelve~~ twenty-four thousand dollar exclusion shall be
27 allocated to the husband or wife in the proportion that each
28 spouse's respective pension and retirement pay received bears
29 to total combined pension and retirement pay received.

30 Sec. 2. APPLICABILITY. This Act applies to tax years
31 beginning on or after January 1, 2003.

32 EXPLANATION

33 This bill increases the state individual income tax
34 exemption for pension and retirement pay from \$6,000 to
35 \$12,000 for single filers and from \$12,000 to \$24,000 for

1 married taxpayers. The exemption is available to a taxpayer
2 who is disabled or 55 years of age or older, or a qualifying
3 survivor of such a taxpayer.

4 The bill applies to tax years beginning on or after January
5 1, 2003.

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