

JAN 14 2005  
WAYS AND MEANS

HOUSE FILE 69  
BY HOGG

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

**A BILL FOR**

1 An Act relating to the calculation of the amount of social  
2 security benefits received that are subject to individual  
3 income tax and including a retroactive applicability date  
4 provision.

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

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1 Section 1. Section 422.7, subsection 13, Code 2005, is  
2 amended to read as follows:

3 13. a. Subtract, to the extent included, the amount of  
4 additional social security benefits taxable under the Internal  
5 Revenue Code for tax years beginning on or after January 1,  
6 1994. The amount of social security benefits taxable as  
7 provided in section 86 of the Internal Revenue Code, as  
8 amended up to and including January 1, 1993, with the  
9 adjustments in paragraph "b", continues to apply for state  
10 income tax purposes for tax years beginning on or after  
11 January 1, 1994. Married taxpayers, who file a joint federal  
12 income tax return and who elect to file separate returns or  
13 who elect separate filing on a combined return for state  
14 income tax purposes, shall allocate between the spouses the  
15 amount of benefits subtracted from net income in the ratio of  
16 the social security benefits received by each spouse to the  
17 total of these benefits received by both spouses.

18 b. In computing the amount of taxable social security  
19 benefits under paragraph "a" for tax years beginning on or  
20 after January 1, 2005, the term "base amount" in section 86 of  
21 the Internal Revenue Code, as amended up to and including  
22 January 1, 1993, means one of the following:

23 (1) Except as otherwise provided in subparagraphs (2) and  
24 (3), fifty thousand dollars.

25 (2) In the case of a joint return, sixty-four thousand  
26 dollars.

27 (3) In the case of a taxpayer who is married but does not  
28 file a joint return and does not live apart from the  
29 taxpayer's spouse at all times during the tax year, zero.

30 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies  
31 retroactively to January 1, 2005, for tax years beginning on  
32 or after that date.

33 EXPLANATION

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35 This bill decreases the amount of social security benefits

1 taxable for income tax purposes by increasing the base amount  
2 above which some of the benefits are taxable.

3 The bill applies retroactively to January 1, 2005, for tax  
4 years beginning on or after that date.

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