



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
LT GOVERNOR

May 15, 2024

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

House File 2649, an Act excluding the net capital gain from the sale of certain livestock from the computation of net income for purposes of the individual income tax, and including retroactive applicability provisions.

The above House File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



House File 2649

AN ACT

EXCLUDING THE NET CAPITAL GAIN FROM THE SALE OF CERTAIN LIVESTOCK FROM THE COMPUTATION OF NET INCOME FOR PURPOSES OF THE INDIVIDUAL INCOME TAX, AND INCLUDING RETROACTIVE APPLICABILITY PROVISIONS.

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

Section 1. Section 422.7, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 44. *a.* For purposes of this subsection, "held" shall be determined with reference to the holding period provisions of section 1223 of the Internal Revenue Code and the federal regulations pursuant thereto.

b. Subtract the net capital gain from the following:


(1) The sale of cattle or horses held by the taxpayer for breeding, draft, dairy, or sporting purposes for a period of twenty-four months or more from the date of acquisition, but only if the taxpayer received more than one-half of the taxpayer's gross income from farming or ranching operations during the tax year.

(2) The sale of breeding livestock, other than cattle or horses, held by the taxpayer for a period of twelve months or more from the date of acquisition, but only if the taxpayer received more than one-half of the taxpayer's gross income from farming or ranching operations during the tax year.


c. A retired farmer as defined in subsection 13 is not eligible for the exclusion in this subsection if taking the

exclusion allowed in subsection 13, paragraph "c" or "d", in the same tax year.

Sec. 2. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2023, for tax years beginning on or after that date.

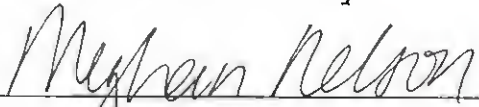


PAT GRASSLEY
Speaker of the House



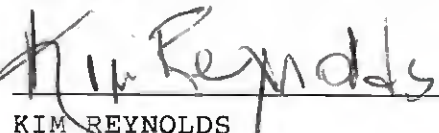
AMY SINCLAIR
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2649, Ninetieth General Assembly.



MEGHAN NELSON
Chief Clerk of the House

Approved May 15, 2024



KIM REYNOLDS
Governor