

## CHAPTER 1112

### BEGINNING FARMER TAX CREDIT PROGRAM — MISCELLANEOUS CHANGES

H.F. 2454

**AN ACT** relating to the beginning farmer tax credit program, including the agricultural assets transfer tax credit and the custom farming contract tax credit, by extending the carryforward period, and including effective date and retroactive applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

#### DIVISION I

##### PAST VERSIONS OF THE AGRICULTURAL ASSETS TRANSFER TAX CREDIT

###### Section 1. APPLICABILITY OF CARRYFORWARD PROVISIONS.

1. This section shall apply, notwithstanding any of the following:

a. The five-year carryforward period during which a taxpayer may claim a tax credit in excess of the taxpayer's liability as provided in section 175.37, as enacted in 2006 Iowa Acts, chapter 1161, including any subsequent amendments to that section.

b. The directive to strike future amendments to section 175.37, as provided in 2013 Iowa Acts, chapter 125, section 25, subsection 3.

c. The repeal of section 175.37 as provided in 2014 Iowa Acts, Senate File 2328,<sup>1</sup> section 112, if enacted.

2. For any tax year commencing in calendar years 2008 through 2012, a tax credit that could have been first issued, awarded, or allowed and claimed under section 175.37, as that section applied when the tax credit could have been first claimed, and which is in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year for which the taxpayer could have first claimed the tax credit, or until depleted, whichever is earlier.

3. The carryforward provisions of this section shall continue to be effective until no longer applicable, including by application to tax years beginning on or after January 1, 2018.

Sec. 2. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 3. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2008, for tax years beginning on or after that date.

#### DIVISION II

##### CURRENT VERSION OF THE AGRICULTURAL ASSETS TRANSFER TAX CREDIT

Sec. 4. Section 175.37, subsection 6, Code 2014, is amended to read as follows:

6. A tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following ~~five~~ ten tax years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death.

###### Sec. 5. APPLICABILITY OF CARRYFORWARD PROVISIONS.

1. This section shall apply, notwithstanding any of the following:

a. The five-year carryforward period during which a taxpayer may claim a tax credit in excess of the taxpayer's liability as provided in section 175.37, subsection 7, Code 2013.

b. The directive to strike future amendments to section 175.37, as provided in 2013 Iowa Acts, chapter 125, section 25, subsection 3.

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<sup>1</sup> Chapter 1080 herein

c. The repeal of section 175.37 as provided in 2014 Iowa Acts, Senate File 2328,<sup>2</sup> section 112, if enacted.

2. For any tax year commencing in calendar year 2013 or 2014, a tax credit that could have been or could be first issued, awarded, or allowed and claimed under section 175.37, as that section applies when the tax credit could have been or is first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year for which the taxpayer could have first claimed or could first claim the tax credit, or until depleted, whichever is earlier.

3. a. For any tax year commencing in calendar years 2015 through 2017, a tax credit that is first issued, awarded, or allowed and claimed under section 175.37, as that section applies when the tax credit is first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year that the taxpayer first claims the tax credit, or until depleted, whichever is earlier.

b. Paragraph "a" does not apply if 2014 Iowa Acts, Senate File 2328,<sup>3</sup> is enacted.

4. The carryforward provisions of this section shall continue to be effective until no longer applicable, including by application to tax years beginning on or after January 1, 2018.

Sec. 6. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 7. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2013, for tax years beginning on or after that date.

### DIVISION III

#### CONDITIONAL FUTURE VERSION OF THE AGRICULTURAL ASSETS TRANSFER TAX CREDIT — 2015 CODE

Sec. 8. Section 16.80, subsection 6, if enacted in 2014 Iowa Acts, Senate File 2328,<sup>4</sup> section 60, is amended to read as follows:

6. A tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following ~~five~~ ten tax years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death.

#### Sec. 9. APPLICABILITY OF CARRYFORWARD PROVISIONS.

1. This section shall apply, notwithstanding the amendment to section 16.80 as provided in 2014 Iowa Acts, Senate File 2328,<sup>5</sup> section 122, if enacted.

2. For any tax year commencing in calendar years 2015 through 2017, a tax credit that is first issued, awarded, or allowed and claimed under section 16.80, as that section applies when the tax credit is first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year that the taxpayer first claims the tax credit, or until depleted, whichever is earlier.

3. The carryforward provisions of this section shall continue to be effective until no longer applicable, including by application to tax years beginning on or after January 1, 2018.

Sec. 10. EFFECTIVE DATE — CONDITION. This division of this Act takes effect January 1, 2015, only if 2014 Iowa Acts, Senate File 2328<sup>6</sup> is enacted.

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<sup>2</sup> Chapter 1080 herein

<sup>3</sup> Chapter 1080 herein

<sup>4</sup> Chapter 1080 herein

<sup>5</sup> Chapter 1080 herein

<sup>6</sup> Chapter 1080 herein

DIVISION IV  
FIRST CONDITIONAL FUTURE VERSION OF THE AGRICULTURAL ASSETS TRANSFER  
TAX CREDIT — 2018 CODE

Sec. 11. **APPLICABILITY OF CARRYFORWARD PROVISIONS.** Upon the repeal of amendments to section 175.37, as enacted in 2013 Iowa Acts, chapter 125, section 25, the following shall apply: Section 175.37, subsection 7, Code 2013, is amended by striking the words “five years” and inserting in lieu thereof the words “ten tax years”.

Sec. 12. **EFFECTIVE DATE — CONDITION.** This division of this Act takes effect January 1, 2018, only if 2014 Iowa Acts, Senate File 2328,<sup>7</sup> is not enacted.

Sec. 13. **APPLICABILITY.** This division of this Act applies to tax years beginning on and after January 1, 2018.

DIVISION V  
SECOND CONDITIONAL FUTURE VERSION OF THE AGRICULTURAL ASSETS  
TRANSFER TAX CREDIT — 2018 CODE

Sec. 14. Section 16.80, subsection 7, as amended by 2014 Iowa Acts, Senate File 2328,<sup>8</sup> section 122, if enacted, is amended to read as follows:

7. A tax credit in excess of the taxpayer’s liability for the tax year may be credited to the tax liability for the following ~~five~~ ten tax years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer’s estate or trust upon the taxpayer’s death.

Sec. 15. **EFFECTIVE DATE — CONDITION.** This division of this Act takes effect January 1, 2018, only if 2014 Iowa Acts, Senate File 2328,<sup>9</sup> is enacted.

Sec. 16. **APPLICABILITY.** This division of this Act applies to tax years beginning on or after January 1, 2018.

DIVISION VI  
CURRENT VERSION OF THE CUSTOM CONTRACT TAX CREDIT

Sec. 17. Section 175.38, subsection 9, Code 2014, is amended to read as follows:

9. A custom farming contract tax credit in excess of the taxpayer’s liability for the tax year may be credited to the tax liability for the following ~~five~~ ten tax years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer’s estate or trust upon the taxpayer’s death.

Sec. 18. **APPLICABILITY OF CARRYFORWARD PROVISIONS.**

1. This section shall apply, notwithstanding any of the following:

a. The five-year carryforward period during which a taxpayer may claim a tax credit in excess of the taxpayer’s liability as provided in section 175.38, subsection 9, Code 2014.

b. The repeal of section 175.38, as provided in 2013 Iowa Acts, chapter 125, section 25, subsection 2.

c. The directive to strike future amendments to section 175.38, as provided in 2013 Iowa Acts, chapter 125, section 25, subsection 3.

d. The repeal of section 175.38, as provided in 2014 Iowa Acts, Senate File 2328,<sup>10</sup> section 112, if enacted.

2. For any tax year commencing in calendar year 2013 or 2014, a tax credit that could have been or could be first issued, awarded, or allowed and claimed under section 175.38, as that

<sup>7</sup> Chapter 1080 herein

<sup>8</sup> Chapter 1080 herein

<sup>9</sup> Chapter 1080 herein

<sup>10</sup> Chapter 1080 herein

section applies when the tax credit could have been or could be first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year for which the taxpayer first claimed or could first claim the tax credit, or until depleted, whichever is earlier.

3. a. For any tax year commencing in calendar years 2015 through 2017, a tax credit that is first issued, awarded, or allowed and claimed under section 175.38, as that section applies when the tax credit is first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year for which the taxpayer first claims the tax credit, or until depleted, whichever is earlier.

b. Paragraph "a" does not apply if 2014 Iowa Acts, Senate File 2328,<sup>11</sup> is enacted.

4. The carryforward provisions of this section shall continue to be effective until no longer applicable, including by application to tax years beginning on or after January 1, 2018.

Sec. 19. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 20. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2013, for tax years beginning on or after that date.

DIVISION VII  
CONDITIONAL FUTURE VERSION OF THE CUSTOM CONTRACT TAX  
CREDIT — 2015 CODE

Sec. 21. Section 16.81, subsection 9, if enacted in 2014 Iowa Acts, Senate File 2328,<sup>12</sup> section 61, is amended to read as follows:

9. A custom farming contract tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following ~~five~~ ten tax years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit. A tax credit shall not be transferable to any other person other than the taxpayer's estate or trust upon the taxpayer's death.

Sec. 22. APPLICABILITY OF CARRYFORWARD PROVISIONS.

1. This section shall apply, notwithstanding the repeal of section 16.81 as provided in 2014 Iowa Acts, Senate File 2328,<sup>13</sup> section 120, if enacted.

2. For any tax year commencing in calendar years 2015 through 2017, a tax credit that is first issued, awarded, or allowed and claimed under section 16.81, as that section applies when the tax credit is first claimed, and in excess of the taxpayer's liability, may be credited to the tax liability of that taxpayer for ten tax years following the tax year for which the taxpayer first claims the tax credit, or until depleted, whichever is earlier.

3. The carryforward provisions of this section shall continue to be effective until no longer applicable, including by application to tax years beginning on or after January 1, 2018.

Sec. 23. EFFECTIVE DATE — CONDITION. This division of this Act takes effect January 1, 2015, only if 2014 Iowa Acts, Senate File 2328,<sup>14</sup> is enacted.

Sec. 24. APPLICABILITY. This division of this Act applies to tax years beginning on and after January 1, 2015.

Approved May 23, 2014

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<sup>11</sup> Chapter 1080 herein

<sup>12</sup> Chapter 1080 herein

<sup>13</sup> Chapter 1080 herein

<sup>14</sup> Chapter 1080 herein