

House Study Bill 709 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HEIN)

A BILL FOR

1 An Act providing deductions from the individual and corporate
2 income taxes for expenses incurred by medical cannabidiol
3 manufacturers, and including effective date and retroactive
4 applicability provisions.

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

1 Section 1. Section 422.7, Code 2020, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 59. Subtract, to the extent included,
4 the amount of business expense for a medical cannabidiol
5 manufacturer licensed pursuant to chapter 124E without regard
6 to section 280E of the Internal Revenue Code.

7 Sec. 2. Section 422.35, Code 2020, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 26. Subtract, to the extent included,
10 the amount of business expense for a medical cannabidiol
11 manufacturer licensed pursuant to chapter 124E without regard
12 to section 280E of the Internal Revenue Code.

13 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
14 importance, takes effect upon enactment.

15 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to January 1, 2020, for tax years beginning on
17 or after that date.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill provides deductions from the individual and
22 corporate income taxes for business expenses incurred by
23 medical cannabidiol manufacturers.

24 Under federal law, a medical cannabidiol manufacturer is
25 prohibited from taking business expense deductions by section
26 280E of the Internal Revenue Code. Currently, Iowa computes
27 individual net income and corporate taxable income based upon
28 federal income calculations, and therefore Iowa currently
29 prohibits a medical cannabidiol manufacturer from taking
30 business expense deductions as well because the deductions are
31 not allowed at the federal level.

32 The bill allows a medical cannabidiol manufacturer licensed
33 pursuant to Code chapter 124E to deduct business expenses for
34 purposes of the Iowa individual income tax or corporate income
35 tax.

H.F. _____

1 The bill takes effect upon enactment and applies
2 retroactively to tax years beginning on or after January 1,
3 2020.