

Ways and Means

SENATE FILE 327

Ways and Means
Curtis, Chairperson
Rodgers
Nolting

FILED APR 5 1977

SENATE FILE 337

By COLEMAN

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

A BILL FOR

1 An Act authorizing an income tax credit for the establishment
2 of wind erosion control and wildlife habitat areas and
3 providing for the recapture of tax credits under certain
4 circumstances.

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

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S.F. 337

SENATE FILE 337

H-3580

1 Amend Senate File 337 as follows:
2 1. Page 6, by striking lines 27 through 31 and
3 inserting in lieu thereof the following:
4 "a. Six thousand dollars, or".

H-3580 FILED
APRIL 13, 1977

BY DANKER of Pottawattamie

1 Section 1. NEW SECTION. DEFINITIONS. As used in this
2 Act:

3 1. "Qualified land conservation expenditure" means any
4 amount paid or incurred by a taxpayer to establish a wind
5 erosion control and wildlife habitat area on any land which
6 is used for the production of crops, fruits, or other agri-
7 cultural products or for the sustenance of livestock and which
8 is owned by a taxpayer and located within this state.

9 2. "Wind erosion control and wildlife habitat area" means
10 any land area which is established and used exclusively for
11 the purposes of providing vegetative cover for erosion control
12 or wildlife habitat, which is at least twenty feet in width
13 and is not more than sixty feet in width, and which meets
14 such other requirements as may be reasonably prescribed by
15 the secretary under section three (3) of this Act.

16 3. "Secretary" means the secretary of agriculture of this
17 state.

18 Sec. 2. NEW SECTION. CREDIT AUTHORIZED--LIMITATION--
19 CARRYOVER.

20 1. A credit shall be allowed against the taxpayer's tax
21 liability as computed under division two (II) or three (III)
22 of chapter four hundred twenty-two (422) of the Code for the
23 taxable year in an amount equal to the qualified land
24 conservation expenditures paid or incurred by the taxpayer
25 during the taxable year.

26 2. The credit authorized under subsection one (1) of this
27 section for the taxable year shall not exceed the amount of
28 tax imposed under division two (II) or three (III) of chap-
29 ter four hundred twenty-two (422) of the Code for the taxable
30 year, reduced by the sum of the deductions allowed from the
31 tax after it has been computed as provided in division two
32 (II) or three (III) of chapter four hundred twenty-two (422)
33 of the Code.

34 3. If the amount of the credit allowable under subsection
35 one (1) of this section exceeds the limitation provided in

1 subsection two (2) of this section for any taxable year, the
2 amount of the excess shall be treated as a qualified land
3 conservation expenditure paid or incurred by the taxpayer
4 in the succeeding taxable year.

5 Sec. 3. NEW SECTION. CRITERIA. The secretary shall
6 adopt, by rule, criteria relating to the establishment and
7 maintenance of a wind erosion control and wildlife habitat
8 area. The rules shall include criteria for the location,
9 size, variety and diversity of vegetation, maintenance and
10 protection of a wind erosion control and wildlife habitat
11 area, and such other factors deemed necessary by the secre-
12 tary. The rules shall provide that a wind erosion control
13 and wildlife habitat area shall be at least twenty feet in
14 width but not more than sixty feet in width and that not more
15 than fifteen percent of any tract of agricultural land shall
16 be treated as a wind erosion control and wildlife habitat
17 area.

18 Sec. 4. NEW SECTION. DOUBLE BENEFIT PROHIBITED. If a
19 credit is allowed under this Act for any qualified land
20 conservation expenditure, the basis of the land shall be
21 reduced by any part of the expenditure which is properly
22 chargeable to capital account and a deduction shall not be
23 allowed under chapter four hundred twenty-two (422) of the
24 Code for any amount not properly chargeable to capital account.

25 Sec. 5. NEW SECTION. RECAPTURE OF CREDIT.

26 1. If a taxpayer is allowed a credit under this Act for
27 a qualified conservation land expenditure paid or incurred
28 during any taxable year with respect to any land which is
29 a wind erosion control and wildlife habitat area and the tax-
30 payer disposes of such land or the land ceases to be a wind
31 erosion control and wildlife habitat area within three years
32 after the close of the taxable year in which the credit is
33 taken as provided in this Act, the tax imposed under division
34 two (II) or three (III) of chapter four hundred twenty-two
35 (422) of the Code for the taxable year in which such disposi-

1 tion or cessation occurs shall be increased by the amount
2 of the credit allowed under this Act with respect to the
3 qualified conservation land expenditures.

4 2. Subsection one (1) of this section shall not apply
5 to a transfer because of death or to a transaction to which
6 subsection a of title twenty-six, United States Code, section
7 three hundred eighty-one (26 USC 381(a)) applies. For the
8 purposes of this section, a taxpayer shall not be treated
9 as disposing of any wind erosion and wildlife habitat area
10 because of a change in the form of conducting a trade or
11 business if such area is retained in the trade or business
12 and the taxpayer retains a substantial interest in the trade
13 or business.

14 3. Any increase in tax under subsection one (1) of this
15 section shall not be treated as tax imposed under division
16 two (II) or three (III) of chapter four hundred twenty-two
17 (422) of the Code for purposes of determining the amount of
18 any credit allowable under division two (II) or three (III)
19 of chapter four hundred twenty-two (422) of the Code.

20 4. In the case of any disposition or cessation as pro-
21 vided in subsection one (1) of this section, any carryover
22 under subsection three (3) of section two (2) of this Act
23 shall be adjusted because of such disposition or cessation.

24 5. If the tax imposed under division two (II) or three
25 (III) of chapter four hundred twenty-two (422) of the Code
26 is increased under subsection one (1) of this section because
27 of any disposition or cessation or an adjustment is made un-
28 der subsection four (4) of this section, the basis of the
29 land to which such increase or adjustment relates shall be
30 increased by the amount of such increase or adjustment.

31 Sec. 6. This Act is effective January 1, 1978.

32 EXPLANATION

33 This bill authorizes an income tax credit for taxpayers
34 who establish wind erosion control and wildlife habitat areas
35 on agricultural land. The amount of the tax credit is equal

1 to the amount of money expended to establish the wind erosion
2 control and wildlife habitat area, but it shall not exceed
3 the tax liability of the taxpayer during a given tax year.
4 A carryover provision is provided for any excess credit allowed
5 but which cannot be taken for the taxable year when incurred.

6 The bill also provides for the recapture of the tax credit
7 if the land treated as a wind erosion control and wildlife
8 habitat area is disposed of or its use changed within three
9 years after the credit is taken.

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