

SENATE FILE 382

BY RIFE

FILED MAR 5 1985

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the sale of land to a beginning farmer  
2 by providing an adjustment to taxable income.

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

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SENATE 17 -- MARCH 22, 1985

STATE OF IOWA

Requested by Sen. Rife

LSB No. 2492S

Staff ID. CMG

### FISCAL NOTE

FILED MAR 21 1985

SF 382

In compliance with my written request received March 5, 1985, a fiscal note for SENATE FILE 382 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

SENATE FILE 382 provides an adjustment to taxable income for income realized from certain sales of land to beginning farmers. The sale must comprise at least 80 acres of land and must be under a long term, low interest contract. The exclusion can not exceed \$50,000.

The bill is effective July 1 following enactment.

FISCAL EFFECT: While the bill would have a negative effect on income tax collections, the number of sales which would be made under the specified provisions and the amount of income which would be derived by the sellers is unknown. As a result, an estimate of the fiscal impact of Senate File 382 cannot be provided.

Source: Department of Revenue

(LSB 2492S, CMG)

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1 Section 1. NEW SECTION. 175.35 LAND SALE TO BEGINNING  
2 FARMER -- INCOME TAX DEDUCTION.

3 A landowner who sells at least eighty acres of land to a  
4 beginning farmer at nine percent or less interest on a long  
5 term contract is, if the transaction is approved in advance  
6 for this purpose by the authority, entitled to a reduction in  
7 taxable income in an amount equal to one hundred percent of  
8 income or capital gain, or both, realized and otherwise  
9 subject to state income taxes from the sale. However, the  
10 maximum reduction in taxable income under this section is  
11 fifty thousand dollars.

12 Sec. 2. Section 422.7, Code 1985, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 20. Subtract the amount allowed as the  
15 result of a sale of land to a beginning farmer as provided in  
16 section 175.35.

17 EXPLANATION

18 This bill provides an adjustment to taxable income for  
19 income realized from the sale of at least eighty acres to a  
20 beginning farmer under a long term, low interest contract,  
21 with a maximum adjustment of fifty thousand dollars.

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