

WAYS AND MEANS: Mann, Chair; Riordan and Holt

SENATE FILE 520

BY HUTCHINS

FILED MAR 22 1985

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

- 1 An Act providing an individual and corporate income tax credit
- 2 for market cattle raised and sold for slaughter in this
- 3 state.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE 41--APRIL 25, 1985

STATE OF IOWA

Req. by Sen. Hutchins

FISCAL NOTE

LSB No. 4154S
Staff ID. RLB

SENATE FILE 520

In compliance with a written request received March 21, 1985, a fiscal note for SENATE FILE 520 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 520 provides a tax credit for individual and corporate income tax purposes of \$10 per head of all market cattle kept for at least six months in this state and sold for slaughter at facilities in this state.

FISCAL EFFECT: In 1984, the number of cattle fed in Iowa totaled 2 million head. Of this total, it is estimated that at least 810,500 cattle were slaughtered outside the state. If the credit were applied to the estimated 1.2 million cattle fed and slaughtered in the state in 1984, the maximum cost of a \$10 tax credit, in terms of foregone tax revenues, would be \$12 million (1.2 M cattle x \$10 credit). However, the percentage of current cattle production that would qualify for the tax credit and the number of producers that would utilize the credit is uncertain.

The tax credit could provide an incentive for increased cattle feeding in Iowa. Increased cattle production could have a multiplier effect generating farm and meat processing income and employment, off-farm income and employment and additional tax revenues. Some tax cost would be incurred because the credit would be applied to the additional cattle. The magnitude of the increase in cattle feeding in Iowa as a result of a \$10 tax credit, and consequently the multiplier effect, is unknown.

Source: Department of Economics, Iowa State University
Iowa Crop and Livestock Reporting Service

(LSB 4154S, RLB)

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1 Section 1. Section 422.12, Code 1985, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4A. A credit of ten dollars per head for
4 all market cattle kept for at least six months in this state
5 and sold for slaughter at facilities in this state. As used
6 in this subsection, market cattle means bovine animals raised
7 for the purpose of sale for slaughter at an optimum weight for
8 marketing.

9 Sec. 2. Section 422.33, Code 1985, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 7. The tax imposed under this division
12 shall be reduced by a tax credit of ten dollars per head for
13 all market cattle kept for at least six months in this state
14 and sold for slaughter at facilities in this state. Any
15 credit in excess of tax liability for a taxable year may be
16 credited to the tax liability for the following two years or
17 until depleted in less than two years. As used in this
18 subsection, market cattle means bovine animals raised for the
19 purpose of sale for slaughter at an optimum weight for
20 marketing.

21 EXPLANATION

22 This bill provides a tax credit for individual and corpor-
23 ate income tax purposes of ten dollars per head of all market
24 cattle kept for at least six months in this state and sold for
25 slaughter at facilities in this state.

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