

AGRICULTURE: Boswell, Chair; Hedge and Soorholtz

FEB 28 1989

Agri  
Do pass 3-8-89 (p. 679)  
Ways + Means  
Do pass  
3-23-89 (p. 992)  
Sen. Agri.

SENATE FILE 303

BY PETERSON

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 certain breeding cattle, providing a date of  
3 applicability, and providing for a repeal.

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

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303

3465 answers all.

3437-1 Section 1. NEW SECTION. 422.10A CATTLE TAX CREDIT.

2 A cattle tax credit of one hundred dollars is allowed for a  
3 heifer which is owned by a taxpayer and which produces a calf,  
4 subject to the following conditions:

5 1. The heifer has been held for breeding for the two years  
6 before the credit is allowed.

7 2. The credit is taken after all other allowed credits.

5468-8 3. The credit is allowed not more than once for each  
3479, 3446-9 heifer which produces a calf.

10 A carryover of excess credit in subsequent years is not  
11 allowed. The credit is available for qualifying heifers for a  
12 maximum period of five years.

3437-13 An individual may claim a portion of the cattle tax credit  
14 allowed a partnership, subchapter S corporation, or estate or  
15 trust electing to have the income taxed directly to the  
16 individual. The amount claimed by the individual shall be  
17 based upon the pro rata share of the individual's earnings of  
18 a partnership, subchapter S corporation, or estate or trust.

19 Sec. 2. Section 422.33, Code 1989, is amended by adding  
20 the following new subsection:

3437-21 NEW SUBSECTION. 9. A cattle tax credit of one hundred  
22 dollars is allowed for a heifer which is owned by a taxpayer  
23 and which produces a calf, subject to the following  
24 conditions:

3437-25 1. The heifer has been held for breeding for the two years  
26 before the credit is allowed.

27 2. The credit is taken after all other allowed credits.

28 3. The credit is allowed not more than once for each  
3479-29 heifer which produces a calf.

30 A carryover of excess credit in subsequent years is not  
31 allowed. The credit is allowed for qualifying heifers for a  
32 maximum of five years.

33 Sec. 3. This Act is applicable to tax years beginning on  
34 or after January 1, 1991.

35 Sec. 4. This Act is repealed January 1, 1996, for tax

1 years beginning on or after that date.

2 EXPLANATION

3 This bill provides an individual and corporate income tax  
 4 credit for each breeding heifer which produces a calf. The  
 5 tax credit is one hundred dollars. In order to qualify for  
 6 the credit, the heifer must have been held for breeding for  
 7 the two years prior to allowing the credit. The credit is  
 8 allowed after all other tax credits are taken. The credit is  
 9 allowed no more than once for each heifer which produces a  
 10 calf. There is no carryover of excess credit in subsequent  
 11 years. The credit continues to be available for qualifying  
 12 heifers for five years. The credit is applicable for tax  
 13 years beginning on or after January 1, 1991, and is repealed  
 14 January 1, 1996.

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## SENATE FILE 303

S-3466

- 1 Amend Senate File 303 as follows:
- 2 1. Page 1, by inserting after line 9 the
- 3 following:
- 4 "4. The taxpayer does not claim a capital gains
- 5 tax refund under section 422.9, subsection 6."

By CHARLES BRUNER

S-3466 FILED MARCH 29, 1989

## SENATE FILE 303

S-3468

- 1 Amend the amendment S-3465, to Senate File 303 as
- 2 follows:
- 3 1. Page 1, line 8, by inserting after the word
- 4 "year" the following: ", provided that the taxpayer
- 5 is married and is the biological parent of the
- 6 newborn".

By JIM LIND

S-3468 FILED MARCH 29, 1989

*Out of order 3-30-89 (p. 1054)*

## SENATE FILE 303

S-3479

- 1 Amend Senate File 303 as follows:
- 2 1. Page 1, by inserting before line 10 the
- 3 following:
- 4 "\_\_\_\_\_. The taxpayer claiming the credit derives
- 5 fifty percent or more of the taxpayer's income from
- 6 farming or raising agricultural products."
- 7 2. Page 1, by inserting before line 10 the
- 8 following:
- 9 "\_\_\_\_\_. The credit is limited to a taxpayer with no
- 10 more than fifty head of cattle."
- 11 3. Page 1, by inserting after line 29 the
- 12 following:
- 13 "\_\_\_\_\_. The taxpayer claiming the credit derives
- 14 fifty percent or more of the taxpayer's income from
- 15 farming or raising agricultural products."
- 16 4. Page 1, by inserting before line 30 the
- 17 following:
- 18 "\_\_\_\_\_. The credit is limited to a taxpayer with no
- 19 more than fifty head of cattle."
- 20 5. By renumbering as necessary.

By JIM RIORDAN

S-3479 FILED MARCH 29, 1989

**SENATE FILE 303  
REVISED  
FISCAL NOTE**

A fiscal note for **SENATE FILE 303** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 303 would establish an annual non-refundable tax credit of one hundred dollars for each breeding heifer under certain circumstances: (1) the heifer has been held for breeding for the 2 years before the credit is allowed; and (2) the credit is allowed not more than once for each heifer which produces a calf. The credit is allowed after all other tax credits are taken and there is no carryover of excess credit in subsequent years. This is a temporary credit applicable for tax years beginning January 1, 1991 and is repealed January 1, 1996.

Fiscal Effect

Breeding heifer population statistics for January 1, 1991, are not available. Instead, population statistics of Iowa breeding heifers as of January 1, 1989 compiled by the United States Department of Agricultural (USDA) were used. This data is presented in the table below.

Beef Heifers	170,000		
Dairy Heifers	120,000		
	=====		
Total Heifers	290,000		
Percent Total Heifers moved to Feeder lots	Number Remaining	Percent Calving	Potential Credit
20%	232,000	90%	\$20.9 million
10%	261,000	90%	\$23.5 million
5%	275,500	90%	\$24.7 million

Sources: Iowa State University Agricultural Economics Department  
USDA, Agricultural Statistics Division  
(LSB 1686s.2, PDD)

FILED MARCH 30, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 303  
FISCAL NOTE*Revised 2/3/89*

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A fiscal note for **SENATE FILE 303** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 303 would establish an annual non-refundable tax credit of one hundred dollars for five consecutive years for each breeding heifer meeting two conditions. The credit is allowed after all other tax credits are taken and there is no carryover of excess credit in subsequent years. This is a temporary credit applicable for tax years beginning January 1, 1989 and is repealed January 1, 1994.

Fiscal Effect

Completion of a reliable estimate of the revenue loss is not possible for several reasons. First, since this is a non-refundable credit, there are individuals who cannot take full advantage of the credit because their tax liability is less than the credit allowed. Secondly, Iowa statistics from the Federal Department of Agriculture regarding the number of breeding stock in Iowa do not specify whether this stock has had more than one calf as provided for in the legislation.

Source: Department of Revenue and Finance

(LSB 1686s, PDD)

FILED MARCH 27, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR