

**CHAPTER 175****TAX EXEMPTION FOR BEGINNING FARMER LOAN PROGRAM BONDS AND NOTES**  
*S.F. 423*

**AN ACT** exempting from state taxes certain bonds and notes issued by the agricultural development authority.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 175.17, Code 1989, is amended by adding the following new subsection:  
**NEW SUBSECTION. 10.** Bonds and notes issued by the authority for purposes of financing the beginning farmer loan program provided in section 175.12 are exempt from taxation by the state, and interest earned on the bonds and notes is deductible in determining net income for purposes of the state individual and corporate income tax under divisions II and III of chapter 422.

Sec. 2. Section 422.7, Code 1989, is amended by adding the following new subsection:  
**NEW SUBSECTION. 19.** Subtract interest earned on bonds and notes issued by the agricultural development authority as provided in section 175.17, subsection 10, to the extent the interest is included in federal adjusted gross income.

Sec. 3. Section 422.35, Code 1989, is amended by adding the following new subsection:  
**NEW SUBSECTION. 13.** Subtract the interest earned from bonds and notes issued by the agricultural development authority as provided in section 175.17, subsection 10, to the extent the interest is included in federal taxable income.

Approved May 18, 1989

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**CHAPTER 176****TAX VALUATION OF SPECIAL PURPOSE TOOLING**  
*S.F. 515*

**AN ACT** relating to the assessment and valuation of special purpose tooling property.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 441.21, subsection 1, paragraph b, Code 1989, is amended by adding the following new unnumbered paragraph:

**NEW UNNUMBERED PARAGRAPH.** The actual value of special purpose tooling, which is subject to assessment and taxation as real property under section 427A.1, subsection 1, paragraph "e", but which can be used only to manufacture property which is protected by one or more United States or foreign patents, shall not exceed the fair and reasonable exchange value between a willing buyer and a willing seller, assuming that the willing buyer is purchasing only the special purpose tooling and not the patent covering the property which the special purpose tooling is designed to manufacture nor the rights to manufacture the patented property. For purposes of this paragraph, special purpose tooling includes dies, jigs, fixtures, molds, patterns, and similar property. The assessor shall not take into consideration the special value or use value to the present owner of the special purpose tooling which is designed and intended solely for the manufacture of property protected by a patent in arriving at the actual value of the special purpose tooling.

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