

422.120 Livestock production tax credit allowed cow-calf operation.

1. *a.* There is allowed a state tax credit for livestock production operations located in the state. The amount of the credit equals ten cents for each corn equivalent consumed by the livestock in the production operation as specified under this section. The credit shall be refunded as provided in section 422.122.

b. (1) The credit shall be available to an individual or corporate taxpayer if the taxpayer's federal taxable income is not more than ninety-nine thousand six hundred dollars for the tax year. In the case of married taxpayers, their combined federal taxable income shall be used to determine if they qualify for the credit.

(2) For each subsequent tax year, the maximum taxable income amount specified in subparagraph (1) shall be multiplied by the cumulative index factor for that tax year. "*Cumulative index factor*" means the product of the annual index factor for the 1997 calendar year and all annual index factors for subsequent calendar years. The cumulative index factor applies to all tax years beginning on or after January 1 of the calendar year for which the latest annual index factor has been determined.

(3) The annual index factor for the 1997 calendar year is one hundred percent. For each subsequent calendar year, the annual index factor equals the annual inflation factor for that calendar year as computed in section 422.4 for purposes of the individual income tax.

2. The amount of the credit per operation is determined by adding together for each head of livestock in the operation the product of ten cents times the number of corn equivalents consumed by that head of livestock. The amount of livestock production credit per operation per tax year shall not exceed three thousand dollars and the amount of livestock production credit per taxpayer per tax year shall not exceed three thousand dollars.

The maximum amount of corn equivalents for a head of livestock in a production operation is the following:

a. Hog operations: Corn equivalents:

(1) Farrow to finish 13.0

(2) Farrow to feeder pig 2.6

(3) Finishing feeder pigs 10.4

b. Poultry operations:

(1) Layers 0.88

(2) Turkeys 1.5

(3) Broilers 0.15

c. Beef operations:

(1) Cow-calf 111.5

(2) Stocker 41.5

(3) Feedlot 75.0

(4) Dairy 350.0

d. Sheep operations:

(1) Ewe flock 20.5

(2) Feedlot 4.1

3. As used in this division, "*cow-calf operation*" means any of the following:

a. Mature beef cows bred or for breeding.

b. Bred yearling heifers.

c. Breeding bulls.

4. If the livestock operation is carried on partly within and partly without the state, the portion of the operation attributable to this state shall be determined pursuant to rules adopted by the department. The department may adjust the allocation upon request of the taxpayer in order to reflect the actual livestock operation carried on within this state.

5. An individual may claim the livestock production tax credit allowed a partnership, limited liability company, subchapter S corporation, or estate or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earning of the partnership, limited liability company, subchapter S corporation, or estate or trust.

6. A fraudulent claim for a credit refund under this division shall cause the forfeiture of any right or interest to a tax credit refund in subsequent tax years under this division.

96 Acts, ch 1197, §19, 23; 97 Acts, ch 206, §1, 2; 98 Acts, ch 1100, §58

Credit allowed only for cow-calf operations; § 422.121