FEB 3 1998

WAYS AND MEANS

HOUSE FILE 2132
BY LARSON

Passed House, Date ____________ Passed Senate, Date ____________
Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______
Approved ______________________

A BILL FOR

An Act relating to the exemption from income tax of capital gains and providing effective and retroactive applicability date provisions.

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

TLSB 3026HH 77
mg/cf/24

HF 2132

S.F. ______ H.F. 2132

Section 1. Section 422.7, subsection 21, Code Supplement 1997, is amended by striking the subsection and inserting in lieu thereof the following:

21. Subtract to the extent not otherwise excluded the taxpayer's net capital gain as defined in section 1222 of the Internal Revenue Code.

Sec. 2. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 1998, for tax years beginning on or after that date.

EXPLANATION

The bill eliminates the taxation of an individual's net capital gain under the individual income tax. An individual's net capital gain equals the excess of the gains from the sales or exchanges of long-term capital assets over the losses from such sales or exchanges minus the excess of losses from the sales or exchanges of short-term capital assets over the gains from such sales or exchanges.

The bill takes effect upon enactment and applies retroactively to January 1, 1998, for tax years beginning on or after that date.

LSB 3026HH 77

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