

FEB 18 1998
WAYS AND MEANS

HOUSE FILE
BY BRAND

2321

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the deduction of net capital gains from the
2 sale of farm property to a beginning farmer and providing
3 effective and applicability date provisions.

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

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1 Section 1. Section 422.7, Code Supplement 1997, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 21A. Subtract the net capital gain from
4 the sale of a farm to a beginning farmer, as defined in
5 section 179.2. Farm property for which a deduction is taken
6 under this subsection shall not be used in any calculation
7 under subsection 21.

8 A taxpayer who is a partner of a partnership, member of a
9 limited liability company, or a shareholder of an S
10 corporation may deduct that portion of the net capital gain
11 qualified under this subsection from the sale of a farm owned
12 by the partnership, limited liability company, or S
13 corporation based on the taxpayer's pro rata share of the
14 profits or losses from the partnership, limited liability
15 company, or S corporation.

16 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
17 being deemed of immediate importance, takes effect upon
18 enactment and applies retroactively to January 1, 1998, for
19 tax years beginning on or after that date.

20 EXPLANATION

21 The bill provides for a 100 percent deduction of the net
22 capital gain from the sale of a farm to a beginning farmer.
23 The bill takes effect upon enactment and applies retroactively
24 to January 1, 1998, for tax years beginning on or after that
25 date.

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