

FEB 1 2000  
WAYS AND MEANS

HOUSE FILE 2116  
BY KLEMME

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the taxation of capital gains from the  
2 compulsory or involuntary sale of land as a result of  
3 condemnation proceedings and including an effective and  
4 retroactive applicability date provision.

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

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HF 2116

1 Section 1. Section 422.7, Code 1999, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 21A. Subtract, to the extent included,  
4 the capital gain from the compulsory or involuntary conversion  
5 of land as a result of condemnation or the imminent threat of  
6 condemnation where land similar or related in use to the land  
7 so converted is unavailable.

8 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,  
9 being deemed of immediate importance, takes effect upon  
10 enactment and applies retroactively to January 1, 2000, for  
11 tax years beginning on or after that date.

12 EXPLANATION

13 This bill exempts from the individual state income tax the  
14 capital gain from the forced sale of land as a result of  
15 condemnation or the imminent threat of condemnation where  
16 similar land is unavailable. Current federal tax law includes  
17 in income so much of the gains from such forced sales that are  
18 not used to replace that converted property with similar  
19 property.

20 The bill takes effect upon enactment and applies  
21 retroactively to January 1, 2000, for tax years beginning on  
22 or after that date.

23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35