

FILED
WAYS & MEANS

SENATE FILE 2041
BY ZIEMAN

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

A BILL FOR

1 An Act providing for a family farm tax credit and providing an
2 effective date.

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

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SF 2041
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1 Section 1. Section 425A.2, subsection 4, Code 2003, is
2 amended by adding the following new paragraphs:

3 NEW PARAGRAPH. bb. If the owner is a family farm limited
4 partnership, a family member who holds a partnership interest
5 in the limited partnership.

6 NEW PARAGRAPH. cc. If the owner is a family farm limited
7 liability company, a family member who is a member of the
8 limited liability company.

9 NEW PARAGRAPH. ee. If the owner is an individual who
10 leases the tract to a family farm limited liability company, a
11 member of the limited liability company if the combined
12 membership interest of the family farm limited liability
13 company held by the owner of the tract and persons related to
14 the owner as enumerated in paragraph "a" is equal to at least
15 fifty-one percent of the membership interest of the family
16 farm limited liability company.

17 NEW PARAGRAPH. g. If the owner is an individual who
18 leases the tract to a family farm limited partnership, a
19 limited partner of the limited partnership if the combined
20 interest of the family farm limited partnership held by the
21 owner of the tract and persons related to the owner as
22 enumerated in paragraph "a" is equal to at least fifty-one
23 percent of the interest of the family farm limited
24 partnership.

25 Sec. 2. Section 425A.2, subsection 6, paragraph f, Code
26 2003, is amended to read as follows:

27 f. A family farm corporation, ~~or~~ authorized farm
28 corporation, family farm limited liability company, or a
29 family farm limited partnership, as both-are defined in
30 section 9H.1, which owns the agricultural land.

31 Sec. 3. APPLICABILITY. This Act is effective January 1,
32 2005, for family farm tax credits allowed for property taxes
33 payable in fiscal years beginning on or after July 1, 2005.

34 EXPLANATION

35 This bill amends provisions in Code chapter 425A providing

1 for a family farm tax credit. The chapter provides that the
2 tax credit is available to certain individual, partnership, or
3 corporate owners who are actively engaged in farming and is
4 patterned after the agricultural land tax credit (Code chapter
5 426). The bill amends definitions in Code chapter 425A,
6 including the definitions of "designated person" and "owner"
7 who are eligible to file for the tax credit. The bill
8 provides that individuals with an interest in a family farm
9 limited liability company or a family farm limited partnership
10 may file for the credit. Code section 9H.1 provides a
11 definition of these family farm entities. Generally, the
12 entity must be founded for purposes of farming, a majority of
13 persons holding an interest in the entity must be family
14 members, the persons must be individuals, and 60 percent of
15 the gross revenues of the entity must come from farming (over
16 the last three-year period).

17 The bill is effective January 1, 2005, for family farm tax
18 credits allowed for property taxes payable in fiscal years
19 beginning on or after July 1, 2005.

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