

House Study Bill 546

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY
CHAIRPERSON PAULSEN)

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

A BILL FOR

1 An Act relating to the holding period for purposes of certain
2 capital assets under the individual income tax and including
3 effective and applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5204YC 81
6 mg/sh/8

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1 1 Section 1. Section 422.7, subsection 21, Code Supplement
1 2 2005, is amended by adding the following new unnumbered
1 3 paragraph:
1 4 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,
1 5 the term "held" shall be determined with reference to the
1 6 holding period provisions of section 1223 of the Internal
1 7 Revenue Code and the federal regulations adopted pursuant
1 8 thereto.
1 9 Sec. 2. APPLICABILITY DATE PROVISIONS. This Act, being
1 10 deemed of immediate importance, takes effect upon enactment
1 11 and applies to all of the following:
1 12 1. Sales made on or after the effective date of this Act.
1 13 2. Determining the holding period for sales made on or
1 14 after the effective date of this Act.
1 15 3. Tax years ending on or after the effective date of this
1 16 Act.

EXPLANATION

1 17 This bill requires that the computation of the holding
1 18 period for purposes of the capital gains deduction under the
1 19 state individual income tax be determined with reference to
1 20 the federal holding period provisions of section 1223 of the
1 21 Internal Revenue Code. These provisions, in some cases, do
1 22 not limit the holding period to actual ownership.
1 23 The bill takes effect upon enactment and applies to sales
1 24 made on or after the effective date of the bill and during tax
1 25 years ending on or after the effective date of the bill.
1 26 LSB 5204YC 81
1 27 mg:rj/sh/8
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