

House File 110

HOUSE FILE _____
BY SANDS

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

A BILL FOR

1 An Act relating to the taxation of gain from the sale of farmland
2 to the state department of transportation and including a
3 retroactive applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1917HH 82
6 mg/je/5

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1 1 Section 1. Section 422.7, Code 2007, is amended by adding
1 2 the following new subsection:
1 3 NEW SUBSECTION. 50. Subtract, to the extent included, the
1 4 amount of gain realized from the sale of farmland to the state
1 5 department of transportation, if such gain is deposited into a
1 6 qualified pension plan pursuant to section 401 of the Internal
1 7 Revenue Code for the benefit of the taxpayer. If only a
1 8 portion of the gain realized is deposited into the qualified
1 9 pension plan, then only that portion shall be subtracted under
1 10 this subsection. For purposes of this subsection, "farmland"
1 11 means land of two acres or more that in good faith is used for
1 12 agricultural or horticultural purposes.

1 13 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
1 14 retroactively to January 1, 2007, for tax years beginning on
1 15 or after that date.

1 16 EXPLANATION

1 17 This bill provides that if an owner of farmland sells the
1 18 land to the department of transportation, any gain realized
1 19 will be exempt from state individual income tax if such gain
1 20 is deposited into a qualified pension plan for the benefit of
1 21 the taxpayer. "Farmland" is land of two acres or more used
1 22 for agricultural or horticultural purposes.

1 23 The bill applies retroactively to January 1, 2007, for tax
1 24 years beginning on or after that date.

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