

House File 631 - Introduced

HOUSE FILE 631

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 182)

A BILL FOR

1 An Act providing for a cow-calf tax credit, providing for an
2 appropriation, and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.120 Cow-calf tax credit
2 allowed.

3 1. a. There is allowed a cow-calf tax credit for cow-calf
4 operations located in the state. The amount of the tax credit
5 equals ten cents for each corn equivalent consumed by the
6 qualified livestock in the cow-calf operation as specified
7 under this section. The tax credit shall be refunded as
8 provided in section 422.122.

9 b. (1) The tax credit shall be available to an individual
10 or corporate taxpayer if the taxpayer's federal taxable income
11 is not more than ninety-nine thousand six hundred dollars for
12 the tax year. In the case of married taxpayers, their combined
13 federal taxable income shall be used to determine if they
14 qualify for the credit.

15 (2) For each subsequent tax year, the maximum taxable income
16 amount specified in subparagraph (1) shall be multiplied by the
17 cumulative index factor for that tax year. "*Cumulative index*
18 *factor*" means the product of the annual index factor for the
19 2012 calendar year and all annual index factors for subsequent
20 calendar years. The cumulative index factor applies to all tax
21 years beginning on or after January 1 of the calendar year for
22 which the latest annual index factor has been determined.

23 (3) The annual index factor for the 2012 calendar year is
24 one hundred percent. For each subsequent calendar year, the
25 annual index factor equals the annual inflation factor for that
26 calendar year as computed in section 422.4 for purposes of the
27 individual income tax.

28 2. a. The amount of the tax credit per cow-calf operation
29 is determined by adding together for each head of qualified
30 livestock in the cow-calf operation the product of ten cents
31 times the number of corn equivalents consumed by that head of
32 qualified livestock. The amount of tax credit per cow-calf
33 operation per tax year shall not exceed three thousand dollars
34 and the amount of the tax credit per taxpayer per tax year
35 shall not exceed three thousand dollars.

1 *b.* The maximum amount of corn equivalents for a head of
2 qualified livestock in a cow-calf operation is one hundred
3 eleven and one-half.

4 3. As used in this division, "*cow-calf operation*" means an
5 operation that includes qualified livestock of the following
6 livestock:

7 *a.* Mature beef cows bred or for breeding.

8 *b.* Bred yearling heifers.

9 *c.* Breeding bulls.

10 4. If the cow-calf operation is carried on partly within and
11 partly without the state, the portion of the cow-calf operation
12 attributable to this state shall be determined pursuant to
13 rules adopted by the department. The department may adjust the
14 allocation upon request of the taxpayer in order to reflect the
15 actual cow-calf operation carried on within this state.

16 5. In calculating the tax credit for cow-calf operations
17 for tax years beginning in the 2012 calendar year, mature beef
18 cows bred or for breeding, bred yearling heifers, and breeding
19 bulls in the operations' inventory on December 31 of the tax
20 year which were also in the operations' inventory on July 1 of
21 the tax year and stockers and feeders sold during the tax year
22 may be counted. In calculating the tax credit for cow-calf
23 operations for tax years beginning on or after January 1, 2013,
24 only those bred cows, bred heifers, and breeding bulls in the
25 operations' inventory on December 31 of the tax year which were
26 also in the operations' inventory on July 1 of the tax year may
27 be counted.

28 6. An individual may claim the tax credit allowed
29 a partnership, limited liability company, subchapter S
30 corporation, or estate or trust electing to have the income
31 taxed directly to the individual. The amount claimed by the
32 individual shall be based upon the pro rata share of the
33 individual's earning of the partnership, limited liability
34 company, subchapter S corporation, or estate or trust.

35 7. A fraudulent claim for a credit refund under this

1 division shall cause the forfeiture of any right or interest
2 to a tax credit refund in subsequent tax years under this
3 division.

4 Sec. 2. NEW SECTION. 422.121 **Appropriation — limitation.**

5 Beginning with the fiscal year beginning July 1, 2011, there
6 is appropriated annually from the general fund of the state two
7 million dollars to refund the tax credit allowed under this
8 division.

9 Sec. 3. NEW SECTION. 422.122 **Refund of cow-calf tax credit**
10 **claims.**

11 1. Each tax year the total amount of tax credit for cow-calf
12 operations refund claims that shall be paid pursuant to section
13 422.120 shall not exceed the amount appropriated by the general
14 assembly for that purpose. If the total dollar amount of the
15 refund claims exceeds that amount, each claim shall be paid an
16 amount equal to that total dollar amount divided by the total
17 number of claims, not to exceed the amount of the taxpayer's
18 claim. Remaining funds shall be prorated among those claims
19 not paid in full in the proportion that each such claim bears
20 to the total amount of such claims not paid in full.

21 2. In the case where refund claims are not paid in full, the
22 amount of the refund to which the taxpayer is entitled is the
23 amount computed in subsection 1, and paid to the taxpayer, and
24 the taxpayer is not entitled to any unpaid portion of a claim
25 and is not entitled to carry forward or backward to another tax
26 year any unpaid portion of a claim. A taxpayer shall not use a
27 refund as an estimated payment for the succeeding tax year.

28 3. A taxpayer must file a claim for refund within ten months
29 from the last day of the taxpayer's tax year. An extension for
30 filing shall not be allowed. The department shall determine by
31 February 28 of the calendar year following the calendar year in
32 which the claims were filed if the total amount of claims for
33 refund exceeds the amount appropriated for that purpose by the
34 general assembly for the tax year. If the claim is not payable
35 on February 28 because the taxpayer is a fiscal year filer, the

1 claim shall be considered as a claim filed for the following
2 tax year.

3 4. A claim for refund shall be made on claim forms to be
4 made available by the department. In order for a taxpayer to
5 have a valid refund claim, the taxpayer must supply legible
6 copies of documents the director deems necessary to verify the
7 amount of the refund.

8 Sec. 4. DIRECTIONS TO CODE EDITOR. The Code editor shall
9 codify sections designated in this Act as 422.120 through
10 422.122 as a new division in chapter 422.

11 Sec. 5. APPLICABILITY. The sections of this Act enacting
12 sections 422.120 through 422.122, establishing a tax credit and
13 refund for cow-calf operations, apply to tax years beginning on
14 or after January 1, 2012.

15 EXPLANATION

16 This bill restores the so-called cow-calf tax credit
17 originally enacted by the general assembly in 1996 (1996 Iowa
18 Acts, ch. 1197), and repealed by the general assembly in 2009
19 (2009 Iowa Acts, ch. 179). The bill provides for a tax credit
20 for a cow-calf operations located in this state and includes
21 a standing limited appropriation to support the tax credit.
22 The bill eliminates other livestock operations which were
23 originally part of the statute but never made eligible for the
24 tax credit funding.

25 The amount of the tax credit is computed by multiplying a
26 designated amount by the amount of corn equivalents consumed
27 by qualifying livestock (\$.10 x 111.5). Qualifying livestock
28 includes mature beef cows bred or for breeding, bred yearling
29 heifers, and breeding bulls. A taxpayer must have a federal
30 taxable income of not more than \$99,600 for the tax year. The
31 amount of tax credit per cow-calf operation cannot exceed
32 \$3,000. The tax credit is available to an individual or
33 corporate taxpayer who owns qualifying livestock.

34 The amount of the standing limited appropriation is \$2
35 million per fiscal year, beginning with the FY 2011-2012.

H.F. 631

1 The bill provisions creating a tax credit and refund for
2 cow-calf operations apply to tax years beginning on and after
3 January 1, 2012.