

**House Study Bill 182 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON SWEENEY)

**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. \_\_\_\_\_

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.