House File 467 - Introduced

HOUSE FILE 467
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 157)

A BILL FOR

An Act providing for a cow-calf credit and refund, providing for an appropriation, and including applicability provisions.

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

TLSB 2130HV (1) 85
da/sc

Section 1. NEW SECTION. **422.120 Definitions.**

As used in this division, unless the context otherwise requires:

1. *"Cow-calf operation"* means an animal feeding operation as defined in section 459.102 that is located in this state and that keeps qualified cattle.

2. *"Cow-calf refund claim"* means a cow-calf credit calculated as provided in section 422.121 and claimed as a refund pursuant to section 422.123.

3. *"Credit"* means the cow-calf credit as provided in section 422.121.

4. *"Qualified cattle"* means any of the following:

a. A mature beef cow bred or for breeding.

b. A bred yearling heifer.

c. A breeding bull.

Sec. 2. NEW SECTION. **422.121 Cow-calf credit —— allowed —— calculation.**

1. There is allowed a state credit for cow-calf operations located in this state. The credit calculated under this section shall be filed with the department as a cow-calf refund claim pursuant to section 422.123.

2. A taxpayer claiming the cow-calf credit must calculate the taxpayer's qualifying taxable income.

a. The credit shall be available to an individual or corporate taxpayer if the taxpayer's federal taxable income is not more than one hundred forty-four thousand three hundred fifty-eight dollars for the tax year. In the case of married taxpayers, their combined federal taxable income shall be not more than that same amount for the tax year.

b. For each subsequent tax year, the maximum taxable income amount specified in paragraph *"a"* shall be multiplied by the cumulative index factor for that tax year. *"Cumulative index factor"* means the product of the annual index factor for the 2014 calendar year and all annual index factors for subsequent calendar years. The cumulative index factor applies to all tax years beginning on or after January 1 of the calendar year for which the latest annual index factor has been determined.

c. The annual index factor for the 2014 calendar year is one hundred percent. For each subsequent calendar year, the annual index factor equals the annual inflation factor for that calendar year as computed in section 422.4, subsection 1, paragraph *"a"*, for purposes of the individual income tax.

3. *a.* The amount of the credit equals eleven dollars and fifteen cents for each head of qualified livestock kept as part of the cow-calf operation.

b. In calculating the cow-calf credit as provided in paragraph *"a"*, only those qualified cattle that are kept at the cow-calf operation on July 1 through December 31 of the tax year are counted.

4. If the cow-calf operation is carried on partly within and partly outside the state, the portion of the cow-calf operation attributable to this state shall be determined pursuant to rules adopted by the department. The department may adjust the allocation upon request of the taxpayer in order to reflect the actual cow-calf operation carried on within this state.

5. A person who fraudulently claims a cow-calf credit under this section shall forfeit any right to be paid for a refund claim or interest on a refund claim as provided in section 422.123 in subsequent tax years.

Sec. 3. NEW SECTION. **422.122 Appropriation — limitation.**

There is appropriated annually from the general fund of the state four million dollars to refund cow-calf credits allowed under section 422.123.

Sec. 4. NEW SECTION. **422.123 Refund of eligible cow-calf credit claims.**

1. A taxpayer may file a cow-calf credit refund claim as calculated pursuant to section 422.121.

2. Each tax year the total amount paid to taxpayers filing eligible cow-calf credit refund claims as calculated pursuant to section 422.121 shall not exceed the amount appropriated by

the general assembly pursuant to section 422.122.

a. If the total dollar amount of refund claims exceeds that appropriated amount, each refund claim shall be paid an amount equal to the appropriated amount divided by the total number of refund claims. However, a taxpayer shall not be paid an amount that exceeds the taxpayer's refund claim. Remaining moneys shall be prorated among those refund claims not paid in full in the proportion that each such claim bears to the total amount of such refund claims not paid in full.

b. In the case where a taxpayer's refund claim is not paid in full, the amount of the refund claim to which the taxpayer is entitled to be paid is the amount computed in paragraph *"a"*, and paid to the taxpayer. The taxpayer is not entitled to be paid for any unpaid portion of a refund claim and is not entitled to carry forward or backward to another tax year any unpaid portion of a refund claim.

c. A taxpayer shall not use a paid refund claim as an estimated payment for the succeeding tax year.

3. A taxpayer must file a cow-calf credit refund claim within ten months from the last day of the taxpayer's tax year. An extension for filing shall not be allowed.

a. The department shall determine by February 28 of the calendar year following the calendar year in which the refund claims were filed if the total amount of refund claims exceeds the amount appropriated pursuant to section 422.122.

b. If a refund claim is not payable on February 28 because the taxpayer is a fiscal year filer, the claim shall be considered as a claim filed for the following tax year.

4. A refund claim shall be made on forms made available by the department and filed in a manner and according to procedures required by the department. In order for a taxpayer to have a valid refund claim, the taxpayer must supply legible copies of documents as determined necessary by the department to verify the refund claim's accuracy.

Sec. 5. APPLICABILITY. This Act applies to tax years beginning on or after January 1, 2014.

EXPLANATION

BACKGROUND. In 1996, the general assembly enacted SF 2449 (1996 Iowa Acts, chapter 1197) which in part provided a livestock production tax credit not to exceed $3,000 per operation in total for a tax year. The tax credit was made available to an individual or corporate taxpayer and was computed by multiplying 10 cents times the amount of corn or corn equivalents consumed by the livestock in the production operation. For example the corn equivalency for cow-calf operations (mature beef cattle bred or for breeding, bred yearling heifers, and breeding bulls) equaled 111.5 (10 cents x 111.5 = $11.15). The Act also included a standing limited annual appropriation of $2 million to support the tax credit. The tax credit was not used to directly reduce the taxpayer's income tax liability but instead was used to calculate the amount of a refund paid to the taxpayer who filed a refund claim with the department of revenue. The Act also included procedures for use by the department to prorate refund claim amounts in case the annual appropriation was not sufficient to satisfy all claims. In addition, the Act provided that it would be used only to support cow-calf operations for the current tax year. In 1997, the general assembly enacted HF 726 (1997 Iowa Acts, chapter 206), which provided that the tax credit would only apply to such operations. In addition the Act replaced a maximum threshold net worth requirement for tax filers with a federally taxable income threshold equaling $99,600 for tax year beginning January 1, 1997, and automatically adjusted each year for inflation. In 2009, the general assembly enacted SF 478 repealing the tax credit (2009 Iowa Acts, chapter 179).

BILL —— RESTORATION OF THE COW-CALF CREDIT. This bill specifically provides for a cow-calf operations credit based on the provisions in the 1996 legislation establishing the livestock production tax credit. The income threshold for qualifying taxpayers is increased to not more than $144,358, as adjusted each year for inflation. The standing limited appropriation is increased to $4 million. However, the same method is used for calculating the payment of eligible refund claims when the total amount of such claims exceeds the appropriated amount. The new cow-calf credit applies to tax years beginning on or after January 1, 2014.