

House File 2358 - Introduced

HOUSE FILE 2358

BY MOMMSEN

A BILL FOR

1 An Act excluding from the computation of net income for state
2 individual income tax purposes the net capital gain from
3 sales of agricultural property located within certain cities
4 to a housing developer, and including effective date and
5 retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2020, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 21A. *a.* Subtract the net capital gain on
4 the sale of real property used in a farming business when the
5 property is located within the city limits of an incorporated
6 city that has a population of less than six thousand residents
7 based on the most recent federal decennial census, and the
8 property is sold to a housing developer.

9 *b.* Property that is the subject of the net capital gain
10 deduction under this subsection is not eligible for a net
11 capital gain deduction under subsection 21.

12 *c.* The department shall adopt rules pursuant to chapter 17A
13 to administer this subsection.

14 *d.* As used in this subsection:

15 (1) "*Housing developer*" means a person who is in the
16 business of building residential housing, and who intends, at
17 the time of the sale, to build residential housing on the real
18 property used in a farming business that is the subject of this
19 net capital gain deduction.

20 (2) "*Real property used in a farming business*" means all
21 tracts of land and the improvements and structures located
22 on them which are in good faith used primarily for a farming
23 business.

24 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
25 importance, takes effect upon enactment.

26 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
27 retroactively to January 1, 2020, for tax years beginning on
28 or after that date.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 This bill excludes from the computation of net income for
33 state individual income tax purposes the net capital gain from
34 sales of agricultural property located within certain cities
35 to a housing developer.

H.F. 2358

1 The bill excludes the net capital gain on the sale of real
2 property used in a farming business when the property is
3 located within the city limits of an incorporated city that has
4 a population of less than 6,000 residents based on the most
5 recent federal decennial census, and the property is sold to a
6 housing developer.

7 The bill defines "housing developer" and "real property used
8 in a farming business".

9 The department of revenue is required to adopt rules
10 pursuant to Code chapter 17A to administer the bill.

11 The bill takes effect upon enactment and applies
12 retroactively to tax years beginning on or after January 1,
13 2020.