

House Study Bill 173 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON PAUSTIAN)

A BILL FOR

1 An Act providing for a beginning farmer tax credit program,
2 providing for fees, and including effective date and
3 retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 2.48, subsection 3, paragraph e,
2 subparagraph (1), Code 2019, is amended to read as follows:

3 (1) The ~~agricultural assets transfer~~ beginning farmer
4 tax credit program as provided in ~~section 16.80~~ chapter 16,
5 subchapter VIII, part 5, subpart B.

6 Sec. 2. Section 16.2B, subsection 3, paragraph b, Code 2019,
7 is amended to read as follows:

8 *b.* ~~Obtain agricultural assets transfer~~ Claim the beginning
9 farmer tax credits, including tax credit certificates issued
10 pursuant to subchapter VIII, part 5, subpart B.

11 Sec. 3. Section 16.2C, subsection 2, Code 2019, is amended
12 to read as follows:

13 2. The agricultural development board is created to
14 exercise all powers and perform all duties necessary to
15 administer subchapter VIII according to policies established
16 ~~by the authority. The authority shall establish policies~~
17 ~~and practices for the division and oversee its operations.~~
18 ~~The authority may review or approve decisions affecting the~~
19 ~~division or administration of subchapter VIII, including~~
20 ~~decisions of the agricultural development board.~~

21 Sec. 4. Section 16.58, subsections 6 and 9, Code 2019, are
22 amended to read as follows:

23 6. "*Beginning farmer*" means an individual, partnership,
24 family farm corporation, or family farm limited liability
25 company, ~~with a low or moderate net worth~~ that engages
26 in farming or wishes to engage in farming and meets the
27 eligibility requirements of the applicable program as provided
28 in this subchapter.

29 9. "*Farming*" means the cultivation of land for the
30 production of agricultural crops, the raising of poultry, the
31 production of eggs, the production of milk, the production of
32 fruit or other horticultural crops, grazing, the production of
33 livestock, aquaculture, hydroponics, the production of forest
34 products, or other activities designated by ~~the authority by~~
35 rules adopted by the agricultural development board subject to

1 chapter 17A.

2 Sec. 5. Section 16.59, subsection 4, Code 2019, is amended
3 to read as follows:

4 4. For a family farm limited liability company, an aggregate
5 net worth of all members, including each member's ownership
6 interest in the family farm limited liability company, and
7 each member's spouse and minor children of not greater than
8 twice the low or moderate net worth. However, the aggregate
9 net worth of each member and that member's spouse and minor
10 children shall not exceed the low or moderate net worth.

11 Sec. 6. Section 16.75, subsection 3, Code 2019, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. *h.* The beginning farmer has a low or
14 moderate net worth.

15 Sec. 7. NEW SECTION. **16.77 Definitions.**

16 As used in this subpart B, unless the context otherwise
17 requires:

18 1. "*Agricultural development board*" or "*board*" means the
19 agricultural development board created in section 16.2C.

20 2. "*Agricultural development division*" or "*division*" means
21 the agricultural development division created within the
22 authority pursuant to section 16.2B.

23 3. "*Agricultural lease agreement*" or "*agreement*" means an
24 agreement for the transfer of agricultural assets, that must at
25 least include a lease of agricultural land, from an eligible
26 taxpayer to a qualified beginning farmer as provided in section
27 16.79A.

28 4. "*Eligible taxpayer*" means a taxpayer who may participate
29 in the beginning farmer tax credit program, including by
30 meeting all the criteria as provided in section 16.79.

31 5. "*Program*" means the beginning farmer tax credit program
32 created pursuant to section 16.78.

33 6. "*Qualified beginning farmer*" means a beginning farmer who
34 meets the requirements to participate in a beginning farmer tax
35 credit program as provided in section 16.79.

1 7. "*Tax credit*" means the beginning farmer tax credit
2 allowed under section 16.82.

3 Sec. 8. NEW SECTION. **16.78 Beginning farmer tax credit**
4 **program — establishment and administration.**

5 1. A beginning farmer tax credit program is established
6 under the control of the agricultural development board.

7 2. To every extent practicable, the board shall administer
8 the program in a manner that encourages participation by
9 eligible taxpayers and qualifying beginning farmers for the
10 primary purposes of providing beginning farmers access to
11 farmland and enhancing the stability of the beginning farmer's
12 farming business.

13 3. The board shall adopt rules in accordance with chapter
14 17A as necessary for the administration of this subpart. The
15 eligibility requirements for taxpayers and the qualifications
16 for beginning farmers as provided in the rules shall not be
17 more stringent than provided in this subpart.

18 4. The board shall approve the preparation or revision and
19 publication or distribution of forms necessary to administer
20 this subpart.

21 5. The department of revenue shall cooperate with the
22 authority, including the division, in administering the
23 program.

24 Sec. 9. NEW SECTION. **16.79 Beginning farmer tax credit**
25 **program — eligibility criteria.**

26 1. A taxpayer is eligible to participate in the beginning
27 farmer tax credit program if the taxpayer meets all of the
28 following requirements:

29 a. The taxpayer is a person who may acquire or otherwise
30 obtain or lease agricultural land in this state pursuant to
31 chapter 9H or 9I. However, the taxpayer must not be a person
32 who may acquire or otherwise obtain or lease agricultural
33 land exclusively because of an exception provided in one of
34 those chapters or in a provision of another chapter of this
35 Code including but not limited to chapter 10, 10D, or 501, or

1 section 15E.207.

2 *b.* The taxpayer has entered into an agricultural lease
3 agreement with a qualified beginning farmer to lease
4 agricultural land as provided in section 16.79A.

5 *c.* The taxpayer has not been at fault for terminating a
6 prior agreement under the program or another agreement in which
7 the taxpayer was allowed to claim a tax credit under section
8 175.37 as it existed prior to January 1, 2015, or section 16.80
9 as it existed prior to January 1, 2018.

10 *d.* If the agreement includes the lease of a confinement
11 feeding operation structure as defined in section 459.102, the
12 taxpayer is not a party to a pending administrative or judicial
13 action, including a contested case proceeding under chapter
14 17A, relating to an alleged violation involving an animal
15 feeding operation as regulated by the department of natural
16 resources, regardless of whether the pending action is brought
17 by the department or the attorney general.

18 *e.* The taxpayer is not classified as a habitual violator for
19 a violation of state law involving an animal feeding operation
20 as regulated by the department of natural resources under
21 chapter 459.

22 2. A farmer is a qualified beginning farmer eligible to
23 participate in the program by meeting all of the following
24 criteria:

25 *a.* Is a resident of the state. If the beginning farmer is a
26 partnership, all partners must be residents of the state. If a
27 beginning farmer is a family farm corporation, all shareholders
28 must be residents of the state. If the beginning farmer is
29 a family farm limited liability company, all members must be
30 residents of the state.

31 *b.* Has sufficient education, training, or experience in
32 farming. If the beginning farmer is a partnership, at least
33 one partner who is not a minor must have sufficient education,
34 training, or experience in farming. If the beginning farmer is
35 a family farm corporation, at least one shareholder who is not

1 a minor must have sufficient education, training, or experience
2 in farming. If the beginning farmer is a family farm limited
3 liability company, at least one member who is not a minor must
4 have sufficient education, training, or experience in farming.
5 The individual who is the partner, shareholder, or member
6 meeting the requirements of this paragraph shall also meet the
7 criteria described in paragraph "e". The eligible taxpayer
8 claiming the beginning farmer tax credit shall not be a partner
9 of a partnership, shareholder of a family farm corporation, or
10 member of a family farm limited liability company leasing the
11 agricultural asset.

12 c. Has access to adequate working capital and production
13 items.

14 d. Will materially and substantially participate in
15 farming. If the beginning farmer is a partnership, family
16 farm corporation, or family farm limited liability company,
17 at least one of the partners, shareholders, or members who is
18 not a minor must materially and substantially participate in
19 farming. The individual who is the partner, shareholder, or
20 member meeting the requirements of this paragraph shall also
21 meet the criteria described in paragraph "e".

22 e. Has owned and operated a farming business for ten years
23 or less at the time of application. Time spent as an employee
24 in another person's farm business is excluded from the ten-year
25 limitation.

26 f. Does not own more than a ten percent ownership interest
27 in an agricultural asset included in the agreement.

28 Sec. 10. NEW SECTION. 16.79A Agricultural lease agreement.

29 1. A beginning farmer tax credit is allowed only for
30 agricultural assets that are subject to an agricultural lease
31 agreement entered into by an eligible taxpayer and a qualifying
32 beginning farmer participating in the beginning farmer tax
33 credit program established pursuant to section 16.78.

34 2. The agreement must include the lease of agricultural
35 land located in this state, including any improvements, and may

1 provide for the rental of agricultural equipment as defined in
2 section 322F.1.

3 3. *a.* The agreement must include provisions which describe
4 the consideration paid for the agreement in a manner that
5 allows the agricultural development board to estimate the value
6 of the lease as provided in section 16.81.

7 *b.* The agreement must be in writing.

8 *c.* The agreement must be for at least two years, but not
9 more than five years. The agreement may be renewed by the
10 eligible taxpayer and qualified beginning farmer for a term of
11 at least two years, but not more than five years.

12 *d.* The agreement shall not include a lease or rental of
13 equipment intended as a security.

14 *e.* The agreement cannot be assigned and the agricultural
15 land subject to the agreement shall not be subleased.

16 *f.* The agricultural assets shall not be leased or rented at
17 a rate that is substantially higher or lower than the market
18 rate for similar agricultural assets leased or rented within
19 the same community.

20 4. The agreement may be amended after the authority issues
21 an eligibility certificate without changing the eligibility
22 status of the taxpayer. However, the underlying lease for
23 agricultural land may only be amended without submitting a new
24 application, if any of the following apply:

25 *a.* The terms of the amended lease are more favorable to the
26 qualified beginning farmer, including but not limited to the
27 rent payment being reduced.

28 *b.* A party has changed their name.

29 *c.* The owner of an agricultural asset is changed to the
30 owner's estate.

31 5. An eligible taxpayer or qualified beginning farmer may
32 terminate an agreement as provided in the agreement or by law.
33 The eligible taxpayer must notify the agricultural development
34 division of the termination within thirty days of the date of
35 termination.

1 Sec. 11. NEW SECTION. 16.81 **Beginning farmer tax credit**
2 **— application.**

3 1. The deadline for submitting an application to the
4 agricultural development division to claim a beginning farmer
5 tax credit is August 1 of each year. The application shall be
6 for a period that is not longer than the term of the lease.

7 2. The division shall charge an application fee not to
8 exceed three hundred dollars regardless of the type or length
9 of agricultural lease agreement. Any amount received by the
10 division shall be considered repayment receipts as defined in
11 section 8.2.

12 3. The agricultural development board shall review and
13 approve an application for a tax credit as provided by rules
14 adopted by the board. The application must include a copy of
15 the agricultural lease agreement. The division may require
16 that the parties to an agreement provide additional information
17 as determined relevant by the board. The board shall review
18 an application which includes the renewal of an agreement to
19 determine that the parties to the renewed agreement meet the
20 same qualifications as required for an original application.

21 4. The board shall approve all beginning farmer tax credit
22 applications on a first-come, first-served basis until the
23 limit in section 16.82A is met. The board shall review and
24 may approve an application regardless of whether the eligible
25 taxpayer has previously been allowed a tax credit under this
26 section, section 175.37 as it existed prior to January 1, 2015,
27 or section 16.80 as it existed prior to January 1, 2018.

28 5. The division shall estimate the amount of the tax credit
29 under the agreement using the following methods:

30 a. In the case of an agreement on a fixed basis, in which
31 an eligible taxpayer receives a fixed cash rent payment, the
32 estimated amount of the tax credit equals five percent of the
33 amount of the fixed cash rent payment.

34 b. In the case of an agreement on a commodity share basis,
35 in which an eligible taxpayer receives as a rent payment a

1 percentage of the commodity produced, the estimated amount of
2 the tax credit shall be based on an equation established by
3 rule adopted by the board. If the agreement is on a crop share
4 basis, the board shall use data compiled by the United States
5 department of agriculture. The estimated amount of tax credit
6 equals fifteen percent of the amount that the eligible taxpayer
7 would receive as a rent payment from the sale of the eligible
8 taxpayer's share of the crop in the harvest year. The equation
9 established by the board to estimate the rent payment shall
10 include all of the following factors:

11 (1) The past ten-year average per bushel yield for the
12 same type of grain as produced under the agreement in the same
13 county where the leased agricultural land is located excluding
14 the years of highest and lowest per bushel yields.

15 (2) The per bushel state price established for the same
16 type of grain harvested as described in subparagraph (1).
17 Price information shall be averaged from the past five years
18 excluding the years of the highest and lowest per bushel state
19 price.

20 c. For an agreement made on a flexible basis in which an
21 eligible taxpayer receives a rent payment consisting of a fixed
22 cash payment and an amount subject to adjustment according to a
23 risk-sharing arrangement, or receives a rent payment consisting
24 of an amount subject to adjustment according to a risk-sharing
25 arrangement, the estimated amount of the tax credit equals the
26 sum of the following amounts:

27 (1) To the extent that a portion of the amount of the
28 rent payment is calculated on a fixed basis as described in
29 paragraph "a", that portion of the estimated tax credit equals
30 five percent of the fixed cash payment in the same manner as
31 provided in paragraph "a".

32 (2) To the extent that a portion of the amount of the rent
33 payment is calculated on a commodity share basis as described
34 in paragraph "b", that portion of the estimated tax credit
35 equals fifteen percent of the amount that the eligible taxpayer

1 would receive from the sale of the eligible taxpayer's share of
2 the commodity in the same manner as provided in paragraph "b".

3 (3) (a) To the extent that the amount of the rent payment
4 may be adjusted after taking into account all risk-sharing
5 factors provided in the agreement, the estimated tax credit
6 equals fifteen percent of the highest adjusted amount that
7 the eligible taxpayer could receive not counting any amount
8 previously calculated when adding the amounts in subparagraphs
9 (1) and (2).

10 (b) As used in subparagraph division (a), "*risk-sharing*
11 *factor*" means an occurrence or lack of occurrence, that may
12 affect the commodity's production or profitability as provided
13 in the agreement, and which may include but is not limited to
14 production costs, per acre crop yield, gross revenue, or market
15 price.

16 (c) The board shall adopt rules establishing criteria for
17 commonly used risk-sharing factors and adjustment limits.

18 6. After the board has approved an application, all of the
19 following apply:

20 a. The authority shall issue a beginning farmer tax credit
21 eligibility certification to an eligible taxpayer as provided
22 in section 16.82A.

23 b. An eligible taxpayer may claim the tax credit each tax
24 year as provided in section 16.82.

25 7. Any financial, contractual, or legal authorization
26 records provided to the authority, including the division,
27 shall be kept confidential and are not subject to chapter 22.

28 Sec. 12. NEW SECTION. **16.82 Beginning farmer tax credit**
29 **— allowance.**

30 1. A beginning farmer tax credit is authorized under the
31 beginning farmer tax credit program as provided in section
32 16.78. The beginning farmer tax credit is allowed against
33 the taxes imposed in chapter 422, division II, as provided in
34 section 422.11E, and in chapter 422, division III, as provided
35 in section 422.33, subsection 21, to facilitate the transfer of

1 agricultural assets from an eligible taxpayer to a qualifying
2 beginning farmer participating in the program.

3 2. An individual may claim a beginning farmer tax credit
4 under this section of a partnership, limited liability company,
5 S corporation, estate, or trust electing to have income
6 taxed directly to the individual. The amount claimed by the
7 individual shall be based upon the pro rata share of the
8 individual's earnings from the partnership, limited liability
9 company, S corporation, estate, or trust.

10 3. For an agricultural lease agreement made on a fixed basis
11 as described in section 16.81, the eligible taxpayer may claim
12 a tax credit equal to five percent of the gross amount paid to
13 the eligible taxpayer under the agreement for each tax year
14 that the tax credit is allowed.

15 4. For an agreement made on a commodity share basis as
16 described in section 16.81, the eligible taxpayer may claim a
17 tax credit equal to fifteen percent of the gross amount paid
18 to the eligible taxpayer from the sale of the share of crops or
19 livestock received by the eligible taxpayer under the agreement
20 for each tax year that the tax credit is allowed or until all
21 the income from the agreement is realized by the eligible
22 taxpayer.

23 5. For an agreement made on a flexible basis as described
24 in section 16.81, the eligible taxpayer may claim a tax credit
25 equal to the sum of the following amounts:

26 a. To the extent that the agreement provides that a
27 portion of the payment is a fixed cash payment as described
28 in subsection 3, the eligible taxpayer may claim a tax credit
29 equal to five percent of the amount of the rent payment paid
30 to the eligible taxpayer under the agreement for each tax year
31 that the tax credit is allowed.

32 b. To the extent that the agreement provides that a portion
33 of the payment is calculated on a commodity share basis as
34 described in subsection 4, the eligible taxpayer may claim
35 a tax credit equal to fifteen percent of the amount paid to

1 the eligible taxpayer from the sale of the share of crops
2 or livestock received under the agreement for each tax year
3 that the tax credit is allowed until all the income from the
4 agreement is realized by the eligible taxpayer.

5 c. (1) To the extent that the agreement provides that
6 the payment under the agreement is adjusted after taking into
7 account all risk-sharing factors provided in the agreement,
8 the estimated tax credit shall equal fifteen percent of the
9 adjusted amount received under the agreement.

10 (2) As used in subparagraph (1), "*risk-sharing factor*" means
11 the same as defined in section 16.81, subsection 5, paragraph
12 "c", subparagraph (3), subparagraph division (a).

13 6. The division shall provide the department of revenue
14 with a list of certified taxpayers and persons who have been
15 decertified due to lease termination by January 31. The list
16 shall include the estimated amount of the tax credit and the
17 type of agreement.

18 7. The amount of the tax credit claimed shall not exceed
19 fifty thousand dollars in any tax year.

20 8. The amount of the tax credit shall be reduced by the
21 percent ownership interest of the qualifying beginning farmer
22 in the agricultural asset.

23 9. A tax credit in excess of the eligible taxpayer's tax
24 liability for the tax year may be credited to the tax liability
25 for the following ten tax years or until depleted, whichever is
26 earlier. A tax credit shall not be carried back to a tax year
27 prior to the tax year in which the eligible taxpayer redeems
28 the tax credit.

29 10. A tax credit shall not be transferable to any other
30 person other than the taxpayer's estate.

31 11. If an agreement is terminated by the eligible taxpayer,
32 all of the following shall apply:

33 a. Any properly claimed tax credit for income received
34 pursuant to an agreement shall be allowed, but no additional
35 tax credits may be claimed in future tax years under the

1 program. The eligible taxpayer may apply for and be issued
2 another beginning farmer tax credit certificate under a new
3 agreement for the same agricultural assets as provided in this
4 section.

5 *b.* If the agricultural development board determines
6 that the eligible taxpayer is at fault for the termination,
7 the beginning farmer tax credit that had been allowed for
8 that tax year shall be disallowed and the amount shall be
9 considered a tax payment due. If an eligible taxpayer does not
10 immediately notify the agricultural development division of the
11 termination, the eligible taxpayer shall be conclusively deemed
12 at fault for the termination.

13 **Sec. 13. NEW SECTION. 16.82A Beginning farmer tax credit**
14 **eligibility certification — amount and availability.**

15 1. The estimated amount of beginning farmer tax credits
16 that may be approved by the agricultural development board
17 under the beginning farmer tax credit program shall not in the
18 aggregate exceed a limit of twelve million dollars in each tax
19 year. The estimated amount of the approved tax credits shall
20 be determined by the board after reviewing applications as
21 provided in section 16.81 and arriving at estimated amounts for
22 the approved applications aggregated for purposes of meeting
23 the program limits.

24 2. The authority shall issue the certificate to an eligible
25 taxpayer for the length of the agreement, including until all
26 income is realized by the eligible taxpayer from the agreement
27 but not later than December 15 in the year that the board
28 receives the application under section 16.81.

29 3. The eligibility certification shall be valid for the
30 estate of the eligible taxpayer.

31 **Sec. 14. NEW SECTION. 422.11E Beginning farmer tax credit**
32 **program.**

33 The taxes imposed under this division, less the credits
34 allowed under section 422.12, shall be reduced by a beginning
35 farmer tax credit as allowed under chapter 16, subchapter VIII,

1 part 5, subpart B.

2 Sec. 15. Section 422.33, subsection 21, Code 2019, is
3 amended to read as follows:

4 21. The taxes imposed under this division shall be reduced
5 by ~~an agricultural assets transfer~~ a beginning farmer tax
6 credit as allowed under ~~section 16.80~~ chapter 16, subchapter
7 VIII, part 5, subpart B.

8 Sec. 16. REPEAL. Sections 16.80 and 422.11M, Code 2019,
9 are repealed.

10 Sec. 17. APPLICABILITY OF PRIOR TAX CREDITS — APPROVED
11 APPLICATIONS AND CERTIFICATES.

12 1. Notwithstanding any provision of this Act to the
13 contrary, on or after the effective date of this Act any
14 agricultural asset transfer tax credit application approved
15 under section 16.80 as that section existed on or before
16 December 31, 2018, for which tax credit certificates have not
17 been issued shall be approved for the beginning farmer tax
18 credit program as provided in this Act. The Iowa finance
19 authority shall issue an eligibility certification for the
20 remainder of the agricultural lease term as if the taxpayer
21 and beginning farmer had applied for the beginning farmer tax
22 credit. The taxpayer shall be allowed to claim a beginning
23 farmer tax credit in the same manner as an eligible taxpayer
24 may claim a beginning farmer tax credit as provided in this
25 Act.

26 2. Any application which was submitted for the agricultural
27 assets transfer tax credit pursuant to section 16.80 as
28 that section existed on December 31, 2018, for the tax year
29 beginning January 1, 2019, shall be deemed to be a new pending
30 application for the beginning farmer tax credit as enacted in
31 this Act. The date the new application was received shall be
32 deemed to be the same date that the pending application for the
33 agricultural asset transfer tax credit was received.

34 Sec. 18. APPLICABILITY OF PRIOR TAX CREDITS — CONTINUANCE
35 OF CARRYOVER PROVISIONS. For any tax year commencing in

1 corporation, or family farm limited liability company. In
2 addition, the farmer must be a resident of this state; have
3 sufficient education, training, or experience in farming;
4 have access to adequate working capital and production items;
5 and not own more than a 10 percent ownership interest in an
6 agricultural asset included in the agreement.

7 BEGINNING FARMER TAX CREDIT. The tax credit is calculated
8 based on the type of rent payment arrangement agreed to
9 by the parties, which is either on a cash basis in which a
10 fixed payment is made or a commodity share basis in which the
11 taxpayer takes a percentage of the crop or livestock produced.
12 The tax credit also takes into account special risk-sharing
13 arrangements in which the parties agree to adjust the rent
14 amount based on some future happening (e.g., crop yield). For
15 an agreement which includes a rent payable on a cash basis,
16 the tax credit amount equals 5 percent of the gross amount
17 paid to the taxpayer under the agreement. For an agreement
18 which includes rent payable on a commodity share basis, the
19 tax credit amount equals 15 percent of the amount paid to
20 the eligible taxpayer from crops or livestock sold under the
21 agreement. In the case of a flexible arrangement in which
22 some risk is shared between the parties, the tax credit amount
23 equals 15 percent of the amount paid to the taxpayer as a
24 percentage of the gross value of the commodity. A tax credit
25 cannot exceed \$50,000 in any tax year.

26 APPLICATIONS AND CERTIFICATES. The board is required to
27 review and approve applications for the tax credit. As part
28 of this process the division must calculate the amount of the
29 tax credit that may be awarded to that applicant. The division
30 must approve all applications on a first-come, first-served
31 basis and issue tax credit certificates to approved taxpayers.
32 IFA is allowed to issue up to \$12 million in tax credit
33 certificates each tax year, an increase from \$6 million under
34 the agricultural assets transfer tax credit.

35 APPLICABILITY OF PRIOR TAX CREDITS — APPROVED APPLICATIONS

1 AND CERTIFICATIONS. The bill provides that any approved
2 application for the agricultural asset transfer tax credit is
3 deemed an approved application under the beginning farmer tax
4 credit program.

5 APPLICABILITY OF PRIOR TAX CREDITS — CONTINUANCE OF
6 CARRYOVER PROVISIONS. The bill allows a taxpayer who claimed
7 a tax credit under the former version of the beginning farmer
8 tax credit (the agricultural assets transfer tax credit and an
9 associated, now repealed custom farming contract tax credit)
10 may continue to carry over the respective tax credits for the
11 remaining 10 years or the depletion of the tax credit.

12 BACKGROUND. The agricultural assets transfer tax credit
13 was first established in 2006 (2006 Iowa Acts, chapter 1161)
14 and has been subsequently amended. Another form of a tax
15 credit assisting beginning farmers, referred to as the custom
16 farming contract tax credit, was established in 2013 (2013 Iowa
17 Acts, chapter 125). Both tax credits were under the beginning
18 farmer tax credit program and administered by the agricultural
19 development board (board) acting as the agricultural
20 development authority and subject to a limit of \$12 million.
21 The program was transferred to IFA (2013 Iowa Acts, chapter
22 100, and 2014 Iowa Acts, chapter 1080). Amendments to the
23 agricultural assets transfer tax credit and the custom farming
24 contract tax credit were repealed on December 31, 2017 (2013
25 Iowa Acts, chapter 125), except for a provision which extended
26 the tax credit carryover from 5 to 10 years. The funding limit
27 was restored to its present \$6 million limit.

28 EFFECTIVE AND RETROACTIVE APPLICABILITY. The bill takes
29 effect upon enactment and applies retroactively to January 1,
30 2019, to tax years beginning on or after that date.