

Senate Study Bill 1102 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON FEENSTRA)

A BILL FOR

1 An Act relating to the deduction of Iowa brewing ingredients
2 from individual and corporate income taxes if used to make
3 beer for sale, and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 60. *a.* Subtract an additional deduction
4 for the expense of purchasing Iowa brewing ingredients if used
5 to make beer for sale.

6 *b.* This subsection applies to a taxpayer that holds a valid
7 class "A" or special class "A" beer permit to manufacture beer.

8 *c.* A taxpayer may claim the deduction as a partnership, S
9 corporation, limited liability company, estate, or trust or
10 claim the deduction as an individual. The amount claimed by
11 the individual shall be based upon the pro rata share of the
12 individual's earnings of a partnership, S corporation, limited
13 liability company, estate, or trust.

14 *d.* For purposes of this subsection, "*Iowa brewing*
15 *ingredient*" means any ingredient that is grown or produced
16 in Iowa that is added to water and yeast to produce beer,
17 including but not limited to the following: hops, fruits,
18 vegetables, herbs, spices, and honey.

19 Sec. 2. Section 422.35, Code 2019, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 26. *a.* Subtract an additional deduction
22 for the expense of purchasing Iowa brewing ingredients if used
23 to make beer for sale.

24 *b.* This subsection applies to a taxpayer that holds a valid
25 class "A" or special class "A" beer permit to manufacture beer.

26 *c.* For purposes of this subsection, "*Iowa brewing*
27 *ingredient*" means any ingredient that is grown or produced
28 in Iowa that is added to water and yeast to produce beer,
29 including but not limited to the following: hops, fruits,
30 vegetables, herbs, spices, and honey.

31 Sec. 3. APPLICABILITY. This Act applies to tax years
32 beginning on or after January 1, 2020.

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EXPLANATION

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

1 This bill relates to deducting Iowa brewing ingredients from
2 individual and corporate income taxes if used to make beer for
3 sale.

4 The bill allows an additional deduction expense for
5 purchasing Iowa brewing ingredients from individual and
6 corporate income taxes.

7 The bill applies to holders of a valid class "A" or special
8 class "A" beer permit to manufacture beer. Class "A" and
9 special class "A" beer permits are defined in Code section
10 123.130.

11 The bill defines "Iowa brewing ingredient" to mean any
12 ingredient that is grown or produced in Iowa that is added to
13 water and yeast to produce beer, including but not limited to
14 the following: hops, fruits, vegetables, herbs, spices, and
15 honey.

16 The bill applies to tax years beginning on or after January
17 1, 2020.