

House File 2650 - Introduced

HOUSE FILE 2650

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 683)

A BILL FOR

1 An Act relating to medical cannabidiol by providing deductions
2 from the individual and corporate income taxes for
3 expenses incurred by medical cannabidiol manufacturers
4 and dispensaries, and including retroactive applicability
5 provisions.

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

1 Section 1. Section 422.7, Code 2024, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 44. Subtract, to the extent included,
4 the amount of business expense for a medical cannabidiol
5 manufacturer or a medical cannabidiol dispensary licensed
6 pursuant to chapter 124E without regard to section 280E of the
7 Internal Revenue Code.

8 Sec. 2. Section 422.35, Code 2024, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 14. Subtract, to the extent included,
11 the amount of business expense for a medical cannabidiol
12 manufacturer or a medical cannabidiol dispensary licensed
13 pursuant to chapter 124E without regard to section 280E of the
14 Internal Revenue Code.

15 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to January 1, 2021, for tax years beginning on
17 or after that date.

18 EXPLANATION

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

21 Under federal law, a medical cannabidiol manufacturer and
22 a medical cannabidiol dispensary are prohibited from taking
23 business expense deductions by section 280E of the Internal
24 Revenue Code. Currently, Iowa computes individual net
25 income and corporate taxable income based upon federal income
26 calculations, and therefore Iowa currently prohibits a medical
27 cannabidiol manufacturer and a medical cannabidiol dispensary
28 from taking business expense deductions as well because the
29 deductions are not allowed at the federal level.

30 This bill allows a medical cannabidiol manufacturer and
31 a medical cannabidiol dispensary licensed pursuant to Code
32 chapter 124E to deduct business expenses for purposes of the
33 Iowa individual income tax or corporate income tax.

34 The bill applies retroactively to tax years beginning on or
35 after January 1, 2021.