House Study Bill 680 - Introduced

A BILL FOR

1 An Act excluding the net capital gain from the sale of certain
2   livestock from the computation of net income for purposes
3   of the individual income tax, and including retroactive
4   applicability provisions.
5 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. *a.* For purposes of this subsection,
4 *"held"* shall be determined with reference to the holding period
5 provisions of section 1223 of the Internal Revenue Code and the
6 federal regulations pursuant thereto.
7   *b.* Subtract the net capital gain from the following:
8   (1) The sale of cattle or horses held by the taxpayer for
9 breeding, draft, dairy, or sporting purposes for a period
10 of twenty-four months or more from the date of acquisition,
11 but only if the taxpayer received more than one-half of the
12 taxpayer's gross income from farming or ranching operations
13 during the tax year.
14   (2) The sale of breeding livestock, other than cattle or
15 horses, held by the taxpayer for a period of twelve months or
16 more from the date of acquisition, but only if the taxpayer
17 received more than one-half of the taxpayer's gross income from
18 farming or ranching operations during the tax year.
19   *c.* A retired farmer as defined in subsection 13 is not
20 eligible for the exclusion in this subsection if taking the
21 exclusion allowed in subsection 13, paragraph *"c"* or *"d"*, in the
22 same tax year.
23   Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
24 retroactively to January 1, 2024, for tax years beginning on
25 or after that date.
26   EXPLANATION
29   This bill excludes the net capital gain from the sale of
30 certain livestock from the computation of net income for
31 purposes of the individual income tax.
32   The bill allows a taxpayer to exclude the net capital gain
33 from the sale of cattle or horses if held by the taxpayer for
34 breeding, draft, dairy, or sporting purposes for more than
35 24 months, but only if the taxpayer received more than 50

1 percent of the taxpayer's gross income from farming or ranching
2 operations during the tax year.
3   The bill allows a taxpayer to exclude the net capital gain
4 from the sale of breeding livestock, other than cattle or
5 horses, held by the taxpayer for a period of 12 months or more
6 from the date of acquisition, but only if the taxpayer received
7 more than one-half of the taxpayer's gross income from farming
8 or ranching operations during the tax year.
9   A retired farmer as defined in Code section 422.7(13) is
10 not eligible for the exclusion in the bill if taking a similar
11 exclusion allowed in Code section 422.7(13).
12   The bill applies retroactively to January 1, 2024, for tax
13 years beginning on or after that date.