HOUSE FILE 2649
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 680)

(As Amended and Passed by the House March 19, 2024)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act excluding the net capital gain from the sale of certain livestock from the computation of net income for purposes of the individual income tax, and including retroactive applicability provisions.

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

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

NEW SUBSECTION. 44. *a.* For purposes of this subsection, *"held"* shall be determined with reference to the holding period provisions of section 1223 of the Internal Revenue Code and the federal regulations pursuant thereto.

b. Subtract the net capital gain from the following:

(1) The sale of cattle or horses held by the taxpayer for breeding, draft, dairy, or sporting purposes for a period of twenty-four months or more from the date of acquisition, but only if the taxpayer received more than one-half of the taxpayer's gross income from farming or ranching operations during the tax year.

(2) The sale of breeding livestock, other than cattle or horses, held by the taxpayer for a period of twelve months or more from the date of acquisition, but only if the taxpayer received more than one-half of the taxpayer's gross income from farming or ranching operations during the tax year.

c. A retired farmer as defined in subsection 13 is not eligible for the exclusion in this subsection if taking the exclusion allowed in subsection 13, paragraph *"c"* or *"d"*, in the same tax year.

Sec. 2. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, [2023], for tax years beginning on or after that date.