

FEB 1 2001
WAYS AND MEANS

HOUSE FILE 161
BY DIX

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the exemption from individual income tax of
2 capital gains and including effective and retroactive
3 applicability date provisions.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HF 161

1 Section 1. Section 422.7, subsection 21, Code 2001, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 21. Subtract to the extent not otherwise excluded the
5 taxpayer's net capital gain as defined in section 1222 of the
6 Internal Revenue Code.

7 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
8 being deemed of immediate importance, takes effect upon
9 enactment and applies retroactively to January 1, 2001, for
10 tax years beginning on or after that date.

11 EXPLANATION

12 This bill eliminates the taxation of an individual's net
13 capital gain under the individual income tax. An individual's
14 net capital gain equals the excess of the gains from the sales
15 or exchanges of long-term capital assets over the losses from
16 such sales or exchanges minus the excess of losses from the
17 sales or exchanges of short-term capital assets over the gains
18 from such sales or exchanges.

19 The bill takes effect upon enactment and applies
20 retroactively to January 1, 2001, for tax years beginning on
21 or after that date.

22
23
24
25
26
27
28
29
30
31
32
33
34
35