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## BUDGET UNIT BRIEF – FY 2018

Fiscal Services Division

December 18, 2017



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## Agricultural Land and Family Farm Property Tax Credits

### Description

The Agricultural Land Property Tax Credit was established in 1946 to partially offset the school property tax that would otherwise be owed on agricultural real estate. Current law allows a credit for school General Fund taxes in excess of \$5.40 per \$1,000 of assessed value. Tracts of 10 acres or more used for agricultural or horticultural purposes are eligible for the credit, excluding buildings or other structures. The county auditor determines the amount of the Agricultural Land Property Tax Credit applicable to each eligible taxpayer, and landowners are not required to file a claim.

The Family Farm Property Tax Credit was established in 1990 to partially offset the school property tax on agricultural real estate owned by active farmers. Current law allows a credit for school General Fund tax in excess of \$5.40 per \$1,000 of assessed value. Generally, the Family Farm Property Tax Credit applies to agricultural land with the owner actively engaged in farming that land. As with the Agricultural Land Property Tax Credit, tracts of 10 acres or more used for agricultural or horticultural purposes are eligible for the credit, excluding buildings or other structures. The landowner must file a claim for the credit before the November 1 preceding the initial fiscal year for which the credit is claimed. After the initial filing and approval, the owner is not required to file again in order to continue to receive the credit.

The county auditor determines the amount of eligible credit applicable to each taxpayer. Like the Agricultural Land Property Tax Credit, if the funds available are insufficient to fully fund the total eligible credits, payments are prorated.

### Funding

The Agricultural Land Property Tax Credit is funded by a \$39.1 million standing General Fund appropriation, and the Family Farm Property Tax Credit receives a \$10.0 million allocation from that fixed appropriation. In the past and for specific years, the standing appropriation was capped at a lesser amount, and the appropriation has been occasionally made from non-General Fund sources. When the available funding is insufficient to meet demand, the credits to the landowners are prorated. Since FY 2013, the appropriation has equaled the full \$39.1 million amount.

### Related Statutes and Administrative Rules

Iowa Code chapter [426](#)

Iowa Administrative Code [701—80](#), [701—80.11](#), and [701—80.16](#)

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### More Information

Department of Revenue Property Tax Credits: [tax.iowa.gov/property-tax-credits-and-exemptions](http://tax.iowa.gov/property-tax-credits-and-exemptions)  
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