

WAYS & MEANS: Mann, Chair; Dickeleman and Hester

SENATE FILE **350**
BY BOSWELL

FILED FEB 26 1985

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

A BILL FOR

- 1 An Act providing a soil conservation tax credit for certain
- 2 uses of agricultural land.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 4

STATE OF IOWA

FILED MAR 7 1985

FISCAL NOTE

LSB No 1164S
Staff ID. RLB

In compliance with a written request received February 28, 1985, a fiscal note for SENATE FILE 350 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 350 establishes a soil conservation tax credit for tracts of agricultural land which are used as permanent pasture or converted from row crop to grassland. To be eligible for the credit, row crop land converted to grassland must remain grassland for a minimum of seven years. The tax credit is two dollars per acre per year for permanent pasture and five dollars per acre per year for row crop land converted to grassland. If the row crop land does not remain dedicated as grassland for seven years, the amount of all tax credits paid on the land must be repaid.

FISCAL EFFECT: There are approximately 2.7 million acres of agricultural land in non-tillable pasture (including approximately 1 million acres of woodland pasture) and 3.2 million acres of cropland used for pasture. Because it is not possible to anticipate how many of these acres would qualify for the tax credit nor how many eligible landowners would be willing to participate, the annual cost to the state can not be estimated.

Source: Department of Revenue

(LSB 1164S, RLB)

Senator Boswell

1 Section 1. NEW SECTION. 426B.1 DEFINITION.

2 As used in this chapter, "agricultural land" means agri-
3 cultural lands as defined in section 426.2.

4 Sec. 2. NEW SECTION. 426B.2 SOIL CONSERVATION TAX
5 CREDIT.

6 In addition to the agricultural land tax credit to which
7 agricultural lands are eligible under chapter 426,
8 agricultural lands which are used for permanent pasture are
9 eligible for an annual tax credit of two dollars per acre and
10 agricultural lands which are converted from row crop uses and
11 seeded to grasses for a minimum of seven years are eligible
12 for an annual tax credit of five dollars per acre.

13 Sec. 3. NEW SECTION. 426B.3 CLAIM FOR CREDIT.

14 To apply for the credit, an owner shall each year on or
15 before July 1 deliver to the assessor, on forms furnished by
16 the assessor, a verified statement and designation of ag-
17 ricultural lands for which the credit is claimed. An owner is
18 allowed to claim the credit only on agricultural land which is
19 used for permanent pasture or on row crop land which was
20 seeded to grasses for a minimum of seven years as certified by
21 the commissioners of the soil conservation district. The
22 assessor shall return the statement, designation, and
23 certification of the soil conservation district commissioners
24 on or before July 2 of each year to the county auditor with a
25 recommendation for allowance or disallowance. If the owner of
26 the agricultural land is in active service in the armed forces
27 of this state or of the United States, the statement and
28 designation may be signed and delivered by a member of the
29 owner's family. If the owner filing a claim owns agricultural
30 land in two or more counties, the owner may file a claim for
31 the credit in each county in which the owner owns eligible
32 agricultural land.

33 Sec. 4. NEW SECTION. 426B.4 REVIEW BY BOARD.

34 The board of supervisors shall examine all claims for a
35 credit delivered to the assessors, and shall either allow or

1 disallow the claims. If disallowed, the board shall send
2 notice of disallowance by certified mail to the claimant at
3 the claimant's last known address. The board shall disallow a
4 claim if the tract of agricultural land is not certified as
5 eligible by the soil conservation district commissioners.

6 Sec. 5. NEW SECTION. 426B.5 APPEALS PERMITTED.

7 1. A person whose claim for a credit is denied may appeal
8 from the action of the soil conservation district
9 commissioners or the board of supervisors to the district
10 court of the county in which the claimed agricultural land is
11 situated by giving written notice of the appeal to the county
12 auditor of the county within twenty days from the date of
13 mailing of notice of the denial by the board of supervisors.

14 2. If the director of revenue determines, upon investi-
15 gation, that a claim for soil conservation tax credit has been
16 allowed by a board of supervisors which is not justifiable
17 under the law and not substantiated by proper facts, the
18 director, at any time within twenty-four months from July 1 of
19 the year in which the claim is filed, may set aside the
20 allowance. Notice of the disallowance shall be given to the
21 county auditor of the county in which the claim was improperly
22 granted and a written notice of the disallowance shall also be
23 addressed to the claimant at the claimant's last known
24 address. The claimant or the board of supervisors may seek
25 judicial review of the action of the director of revenue in
26 accordance with chapter 17A. If a claim for a credit is
27 disallowed by the director of revenue and no petition for
28 judicial review is filed, any amounts of credit erroneously
29 allowed and paid from the soil conservation tax credit fund
30 shall become a lien upon the property on which the credit was
31 originally granted, if still in the hands of the claimant, and
32 not in the hands of a bona fide purchaser, and any amount so
33 erroneously paid shall be collected by the county treasurer in
34 the same manner as other taxes and shall be returned to the
35 department of revenue and credited to the soil conservation

1 tax credit fund. The director of revenue may institute legal
2 proceedings against a soil conservation tax credit claimant
3 for the collection of all payments made on disallowed credits.
4 3. If agricultural land which has been converted to grass-
5 land is granted a soil conservation tax credit and the land is
6 converted from grassland before the expiration of seven years,
7 any amounts of credit allowed and paid from the soil conserva-
8 tion tax credit fund shall become a lien upon the property on
9 which the credit was originally granted, if still in the hands
10 of the claimant and not in the hands of a bona fide purchaser,
11 and any amount paid shall be collected by the county treasurer
12 in the same manner as other taxes and shall be returned to the
13 department of revenue and credited to the soil conservation
14 tax credit fund. The director of revenue may institute legal
15 proceedings against a soil conservation tax credit claimant
16 for collection of all payments made on credits for
17 agricultural land which was converted from grassland in fewer
18 than seven years.

19 Sec. 6. NEW SECTION. 426B.6 CERTIFICATION TO STATE
20 COMPTROLLER.

21 Claims which have been received by the assessor shall be
22 certified by the county auditor to the state comptroller on or
23 before September 1 of each year.

24 Sec. 7. NEW SECTION. 426B.7 FORM FOR FILING.

25 The form prescribed by the director of revenue for filing a
26 claim for credit shall include the following information:

27 1. The name and address of the claimant.

28 2. A description of the agricultural land for which the
29 credit is claimed.

30 3. The name of the county in which the agricultural land
31 is located.

32 4. The valuation of the agricultural land as determined
33 and certified by the assessor as of January 1 of the preceding
34 calendar year.

35 5. A certificate of the soil conservation district

1 commissioners that the tract of agricultural land is permanent
2 pasture or row crop land which has been converted to
3 grassland.

4 6. An affidavit signed by the claimant that any tract of
5 agricultural land which is converted from row crop to
6 grassland and for which a tax credit is claimed under this
7 chapter, will remain grassland for a minimum of seven years
8 from the date of application for the credit.

9 The director of revenue may require additional information
10 as necessary.

11 Sec. 8. NEW SECTION. 426B.8 RULES.

12 The director of revenue shall adopt rules in accordance
13 with chapter 17A for the interpretation and proper
14 administration of this chapter.

15 Sec. 9. NEW SECTION. 426B.9 SOIL CONSERVATION TAX CREDIT
16 FUND.

17 A soil conservation tax credit fund is created in the state
18 treasury. All receipts credited to the fund shall be used to
19 pay the annual tax credits to eligible agricultural landowners
20 as provided in this chapter.

21 Sec. 10. EFFECTIVE DATE. This Act takes effect January 1,
22 1986.

23 EXPLANATION

24 This bill establishes a soil conservation tax credit for
25 tracts of agricultural land which are used as permanent
26 pasture or converted from row crop to grassland. To be
27 eligible for the credit, row crop land converted to grassland
28 must remain grassland for a minimum of seven years. The tax
29 credit is two dollars per acre per year for permanent pasture
30 and five dollars per acre per year for row crop land converted
31 to grassland. If the row crop land does not remain dedicated
32 as grassland for seven years, the amount of all tax credits
33 paid on the land must be repaid. Application, approval, and
34 appeal procedures are provided for eligible landowners. A
35 permanent soil conservation tax credit fund is created.

36 This bill takes effect January 1, 1986.