Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 571—Chapter 73
"Forest and Fruit-Tree Reservations"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 427C.12
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 427C

Public Hearing

A public hearing at which persons may present their views orally will be held via conference call as follows. Persons who wish to attend the conference call should contact Jeff Goerndt via email. A conference call number will be provided prior to the hearing. Persons who wish to make oral comments at the conference call public hearing must submit a request to Jeff Goerndt prior to the hearing to facilitate an orderly hearing.

September 25, 2024 1 p.m.	Via video/conference call

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the Department of Natural Resources (Department) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Jeff Goerndt
Iowa Department of Natural Resources
6200 Park Avenue, Suite 200
Des Moines, Iowa 50321
Email: jeff.goerndt@dnr.iowa.gov

Purpose and Summary

Proposed Chapter 73 sets the criteria for establishing forest and fruit-tree reservations and defines the format and components of the related annual report due to the Department. Forest and fruit-tree reservations are exempt from taxation under the Iowa Code. This chapter will ensure consistent application of the tax exemptions afforded to such reservations as provided by Iowa Code chapter 427C and section 441.22. Additionally, county assessors are required to report forest and fruit-tree reservation data to the Department annually. The current chapter does not specify the format for this data. This proposed rulemaking clarifies the format for the data to provide consistency across counties and so that the data can be sorted and analyzed by the Department. This data is often requested by legislators and the public. This chapter has been otherwise reviewed and edited consistent with Executive Order 10 (2023).

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

There are no costs associated with this proposed rulemaking.

- Classes of persons that will benefit from the proposed rulemaking:

County assessors, forest landowners, and the Department will benefit from having the forest reserve county-level data in a format that is more efficient and sortable.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

This rulemaking does not change the amount of data collected by the counties, only the format in which it must be reported.

- Qualitative description of impact:

Reporting the data in a sortable Microsoft Excel file is more efficient for the county offices and also is more efficient for staff analyzing the data and reporting data to the Department, legislators, and the public.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

There are no costs associated with this rulemaking.

- Anticipated effect on state revenues:

None.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

There are no costs associated with the rulemaking, and the benefit is that the Department will receive data from each county in a consistent format.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

None.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

None. The Department's role in this program is limited and mandated by the Iowa Code.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This rulemaking does not have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 571—Chapter 73 and adopt the following **new** chapter in lieu thereof:

CHAPTER 73
FOREST AND FRUIT-TREE RESERVATIONS

571—73.1(427C,456A) Criteria for establishing and maintaining forest and fruit-tree reservations.

73.1(1) *Designation.* The selection of a forest or fruit-tree reservation is the prerogative of the taxpayer and shall not be denied unless the criteria set forth in Iowa Code chapter 427C and these rules have not been satisfied.

73.1(2) *Area designated.* The area designated as a forest or fruit-tree reservation may be less than one legally described tract of land if the minimum acreage requirement of Iowa Code section 427C.2 is satisfied.

73.1(3) *Size of reservation.* As used in Iowa Code section 427C.2, the term "continuous area" means an area of land which is not separated by public roads or streets. A continuous area may include land contained in more than one legal description.

73.1(4) *Fencing.* It is not mandatory that a forest or fruit-tree reservation be fenced. However, it is the taxpayer's responsibility to ensure that livestock are not permitted on the reservation (1938 O.A.G. 198).

73.1(5) *Number of trees.* To qualify initially as a forest reservation, a tract of land must contain at least 200 growing trees on each acre. However, if trees are removed pursuant to Iowa Code section 427C.4, a taxpayer has up to one year to replace the trees.

73.1(6) *Economic gain.* As used in Iowa Code section 427C.10, the term "gain from raising fruit or forest trees" means gain from the harvest from trees, including but not limited to fruit, nuts, Christmas trees and greens, posts, poles, logs, fuelwood, pulpwood, and tree sap.

571—73.2(427C,456A) County assessor's annual report on forest and fruit-tree reservations to the department of natural resources.

73.2(1) *Report content.* The report shall be submitted in a sortable Microsoft Excel file and shall contain the county, parcel ID, class of parcel (agricultural, commercial, residential, etc.), name of owner, mailing address of owner, number of acres for each parcel, and exempted dollar value of each parcel for each forest and fruit-tree reservation. In addition, the report shall include the total number of acres, total number of parcels, and total exempted value.

73.2(2) *Report due date.* The report shall be submitted annually to the department of natural resources no later than June 15 of the assessment year.

This rule is intended to implement Iowa Code chapters 427C and 441.