

Sen Ways Means 4/27  
Do Pass 5/2 (p. 1508)

MAR 28 1979

HOUSE FILE 733

WAYS & MEANS CALENDAR

Recl Sen. " " " 5/1  
Do Pass 1/17 (p. 141)

BY COMMITTEE ON WAYS AND MEANS

(Formerly Study Bill 129)

Passed House, Date 4-26-79 (p. 1818) Passed Senate, Date 4/14/80 (p. 1426)

Vote: Ayes 93 Nays 5 Vote: Ayes 38 Nays 9

Repassed House 4/26/80 (p. 2195) Approved May 24 1980  
54-46 *Motion to reconsider withdrawn 4/16*

# A BILL FOR

1 An Act relating to the recapture of taxes on certain classes  
2 of property when a change in use of the property occurs  
3 and making the Act retroactive.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*3732  
Stricker  
1-10*

*S-3659  
to Sec. 13*

1 Section 1. The provisions of sections two (2) through  
2 nine (9) of this Act shall be codified as a division of chapter  
3 four hundred forty-one (441) of the Code.

4 Sec. 2. NEW SECTION. There is imposed an additional tax  
5 on:

6 1. Realty and property valued and assessed pursuant to  
7 section four hundred forty-one point twenty-two (441.22) of  
8 the Code whenever the use of the property is changed to a  
9 use other than as a forest or fruit tree reservation.

10 2. Agricultural realty whenever the use of the property  
11 is changed to a use other than as agricultural realty or a  
12 forest or fruit tree reservation.

13 3. Residential realty whenever the use of the property  
14 is changed to a use other than as residential realty,  
15 agricultural realty, or a forest or fruit tree reservation.

16 Sec. 3. NEW SECTION. The additional tax imposed under  
17 section two (2) of this Act is equal to the fair and reasonable  
18 market value of the realty, as defined in section four hundred  
19 forty-one point twenty-one (441.21), subsection one (1),  
20 unnumbered paragraph two (2) of the Code as of January first  
21 of the year in which the change in the use of the property  
22 took place and as of January first of each of the preceding  
23 four years times the consolidated tax levied against assessed  
24 valuations for those years, less the actual amount of tax  
25 levied against the taxable value of the property as of January  
26 first of the year in which the change in the use of the  
27 property took place and as of January first of each of the  
28 preceding four years. If the use of agricultural or  
29 residential realty or property valued and assessed pursuant  
30 to section four hundred forty-one point twenty-two (441.22)  
31 of the Code is changed prior to 1982, taxes levied on  
32 assessments made prior to January 1, 1978 shall not be used  
33 to determine the additional tax imposed by this section.  
34 The additional tax shall apply to property assessed pursuant  
35 to sections four hundred forty-three point six (443.6) and

1 four hundred forty-three point twelve (443.12) of the Code.

2 The additional tax shall not apply to the value of property  
3 which is granted a property tax exemption pursuant to chapter  
4 four hundred twenty-seven (427) of the Code, nor shall it  
5 apply to the property of any person or organization that is  
6 granted a full property tax exemption pursuant to chapter  
7 four hundred twenty-seven (427) of the Code, if exemption  
8 is granted for the property no later than the assessment year  
9 in which notice of change in use is given to the assessor.

10 If only a portion of the property is granted an exemption  
11 pursuant to chapter four hundred twenty-seven (427) of the  
12 Code, the additional tax shall be prorated in accordance with  
13 the proportion of the value of the property subject to the  
14 tax.

15 Sec. 4. NEW SECTION. Whenever the assessor determines  
16 that the use of agricultural or residential realty or property  
17 valued and assessed pursuant to section four hundred forty-  
18 one point twenty-two (441.22) of the Code has changed as  
19 described in section two (2) of this Act, the assessor shall  
20 proceed to determine the fair and reasonable market value  
21 of such property as of January first of the year in which  
22 the change in use took place and as of January first of each  
23 of the four preceding years. At the time provided for the  
24 mailing of the real estate assessment roll in the calendar  
25 year following the change in the use of the property, the  
26 assessor shall notify the taxpayer by mail of the following:

27 1. That a change in the use of the property has taken  
28 place subjecting the property to the additional tax imposed  
29 by section two (2) of this Act.

30 2. The fair and reasonable market value of the property  
31 as of January first of the year in which the change in use  
32 took place and as of January first of each of the four  
33 preceding years.

34 However, the assessor may, for the preceding five years  
35 from December thirty-first of the year in which there was

1 the change in use of the property make a determination of  
2 a change in use for the year and, in that event, all of the  
3 other provisions of the Act are applicable.

4 Sec. 5. NEW SECTION. The assessor's determination of  
5 a change in the use of property described in section two (2)  
6 of this Act and of the fair and reasonable market value of  
7 agricultural realty and property valued and assessed pursuant  
8 to section four hundred forty-one point twenty-two (441.22)  
9 of the Code as of January first of the year in which the  
10 change in use took place and as of January first of each of  
11 the preceding four years may be appealed to the local board  
12 of review pursuant to section four hundred forty-one point  
13 thirty-seven (441.37) of the Code, and the right of appeal  
14 shall be stated clearly on the notice issued pursuant to  
15 section four (4) of this Act. The local board of review shall  
16 act on all protests arising from the determinations and notify  
17 the protesting taxpayer in the manner provided in section  
18 four hundred forty-one point thirty-seven (441.37) of the  
19 Code. Decisions of the board of review regarding the change  
20 in use or market value of agricultural realty and property  
21 valued and assessed pursuant to section four hundred forty-  
22 one point twenty-two (441.22) of the Code may be appealed  
23 to the district court pursuant to section four hundred forty-  
24 one point thirty-eight (441.38) of the Code.

25 Sec. 6. NEW SECTION. At the time of transmitting the  
26 assessment rolls to the county auditor, the assessor shall  
27 also submit a list of properties and their owners against  
28 which the additional tax imposed by this Act is to be levied.  
29 The county auditor shall proceed to compute the additional  
30 tax in accordance with section two (2) of this Act and enter  
31 said additional tax on the tax list for the fiscal year  
32 beginning July first of the calendar year following the year  
33 in which the change in use took place. The additional taxes  
34 constitute a lien against the property in the same manner  
35 as a lien for property taxes.



1 in which the change in use occurs and the preceding four  
2 years. The taxes are computed on the basis of the consolidated  
3 levy for each of those years against the fair and reasonable  
4 market value of the property less any taxes actually paid  
5 during those years.

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HOUSE FILE 733

H-3732

- 1 Amend House File 733 as follows:
- 2 1. Page 1, by striking line 1 through page 4
- 3 line 21.
- 4 2. Renumber sections to conform to this
- 5 amendment.

H-3732 FILED *Law 4/26 (p. 1818)*  
APRIL 4, 1979

BY SCHNEKLOTH of Scott  
DAGGETT of Taylor  
BENNETT of Ida  
CLARK of Lee  
ANDERSON of Audubon

SENATE AMENDMENT TO  
HOUSE FILE 733

H-6117

- 1 Amend House File 733 as follows:
- 2 1. Page 1, by striking line 1 through page 4,
- 3 line 21.
- 4 2. Renumber sections to conform to this
- 5 amendment.

H-6117 FILED APRIL 16, 1980

RECEIVED FROM THE SENATE  
*House concurred 4/26 (p. 2195)*

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S-5502

1 Amend House File 733 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting in lieu thereof the following:

4 "Section 1. Chapter four hundred twenty-two (422),  
5 Code 1979, is amended by adding sections two (2)  
6 through five (5) of this Act as a new division.

7 Sec. 2. NEW SECTION.

8 1. In addition to other taxes imposed by this  
9 chapter and taxes imposed on real property, a tax  
10 is imposed on the increase in the appraised value  
11 of agricultural land as a result of a change in the  
12 use of the agricultural land. The rate of tax shall  
13 be based upon the holding period of the person changing  
14 the use of the agricultural land as follows:

Length of holding period in years:		Rate of tax on the increase in the appraised value:
At least	Less than	
	1	50.0%
19	2	47.5
20	3	45.0
21	4	42.5
22	5	40.0
23	6	37.5
24	7	35.0
25	8	32.5
26	9	30.0
27	10	27.5
28	10	25.0

29 2. As used in this division, "agricultural land"  
30 means land, as of the date of the change in use, which  
31 is assessed for property tax purposes as agricultural  
32 property.

33 There shall be a presumption that agricultural  
34 land is not used for agricultural purposes whenever  
35 one of the following occurs:

36 a. The land has not been used for agricultural  
37 purposes for longer than twelve months.

38 b. The platting or subdividing of the land is  
39 recorded.

40 c. Actual construction is begun on a building  
41 or structure which is not primarily suitable for use  
42 for agricultural purposes.

43 d. Any other occurrence which would lead the  
44 assessor to believe that the land is no longer being  
45 used for agricultural purposes.

46 Sec. 3. NEW SECTION. Whenever the assessor of  
47 the jurisdiction in which the agricultural land is  
48 located determines that the agricultural land is no  
49 longer being used for agricultural purposes, the  
50 assessor shall notify the department of revenue and

S-5502

Page 2

1 the owner of record that the agricultural land is  
2 no longer used for agricultural purposes and the  
3 approximate date the change took place. The  
4 notification to the owner of record of the agricultural  
5 land shall be by certified mail and shall also state  
6 that the owner shall be liable for the tax imposed  
7 under this division as a result of the change in use.

8 The owner of record of agricultural land for which  
9 the assessor has determined that it is no longer used  
10 for agricultural purposes may appeal the assessor's  
11 determination to the district court of the county  
12 in which the agricultural land is located by giving  
13 written notice of the appeal to the assessor within  
14 twenty days from the date of mailing of notice of  
15 the determination of the change in use by the assessor.

16 Sec. 4. NEW SECTION.

17 1. Upon notification to it by the assessor of  
18 a change in use of agricultural land, the department  
19 of revenue shall arrange for the appraisal of the  
20 agricultural land. The appraisal shall be done by  
21 the department of revenue, the assessor in whose  
22 jurisdiction the agricultural land is located or a  
23 private appraiser or combination thereof as arranged  
24 for by the department of revenue. The appraisal shall  
25 determine the value of the agricultural land as used  
26 for agricultural purposes and the value as used for  
27 the purpose for which the change took place, if  
28 ascertainable, otherwise the value for the best use,  
29 with the values determined as of the approximate date  
30 the change in use took place.

31 2. After determination of the appraised values,  
32 the department of revenue shall notify the owner of  
33 record by certified mail of those appraised values  
34 and the amount of the increase in appraised value  
35 which is subject to tax under this division. The  
36 amount of the increase in appraised value which is  
37 subject to tax is the amount which the appraised value  
38 of the land as used for other than agricultural  
39 purposes exceeds the appraised value of the land as  
40 used for agricultural purposes as both values are  
41 determined under this section.

42 3. The owner of record of the land for which the  
43 department of revenue has determined the appraised  
44 values and the amount of the increase in appraised  
45 value which is subject to tax under subsections one  
46 (1) and two (2) of this section may appeal the  
47 department of revenue's determination to the district  
48 court of the county in which the land is located by  
49 giving written notice of the appeal to the department  
50 of revenue within twenty days from the date of mailing

1 of notice of the determination of the appraised values  
2 and increase in appraised value subject to tax.  
3 Sec. 5. NEW SECTION. The due date for filing  
4 the tax return and paying the tax shall be twelve  
5 months after the date of mailing of notice of the  
6 increase in appraised value subject to tax under this  
7 division by the department of revenue as provided  
8 in section three (3) of this Act. The provisions  
9 of sections four hundred twenty-two point twenty-four  
10 (422.24) through four hundred twenty-two point twenty-  
11 six (422.26) of the Code are applicable to the tax  
12 imposed under this division.

13 The taxpayer's holding period of agricultural land,  
14 the change in use of which subjects the taxpayer to  
15 tax under this division, is determined, as if the  
16 change in use was a sale or exchange, under the  
17 Internal Revenue Code of 1954, as defined in section  
18 four hundred twenty-two point four (422.4) of the  
19 Code, except as provided in this subsection. As to  
20 any person whose holding period is claimed by the  
21 taxpayer or cannot be determined under the Internal  
22 Revenue Code of 1954, the holding period shall not  
23 exceed the time for which the person has had actual  
24 title in his or her own name, and shall include the  
25 time the real property was so held prior to the  
26 effective date of this Act. If a husband and wife  
27 are joint tenants, the amount of time the agricultural  
28 land was held by one spouse alone before that spouse  
29 created the joint tenancy shall be added to the holding  
30 period. If a joint tenancy is dissolved by reason  
31 of death, the holding period during the joint tenancy  
32 shall be added to the holding period of the surviving  
33 spouse owning the real property in his or her own  
34 name.

35 Sec. 6. NEW SECTION. The person liable for the  
36 tax imposed under this division is the owner of record  
37 of the agricultural land as of the date the land is  
38 changed to a use other than for agricultural purposes.

39 Sec. 7. Section four hundred forty-five point  
40 sixty-three (445.63), Code 1979, is repealed.

41 Sec. 8. This Act takes effect January first  
42 following its enactment."

43 2. Title page, by striking the title and inserting  
44 in lieu thereof the words "An Act to impose an  
45 additional tax on the change in use of agricultural land  
46 and imposing penalties for violations and repealing  
47 the recapture of taxes provision."

HOUSE FILE 733

S-3689

- 1 Amend House File 733 as follows:
- 2 1. Page 1, by striking line 1 through page 4
- 3 line 21.
- 4 2. Renumber sections to conform to this
- 5 amendment.

BY NORMAN RODGERS  
 DICK RAMSEY  
 RAY TAYLOR  
 IRVIN BERGMAN  
 ELIZABETH MILLER  
 F. SCHWENGELS  
 JAMES BRILES  
 NORMAN J. GOODWIN  
 JOHN N. NYSTROM  
 WILLIAM D. PALMER  
 CLARENCE CARNEY  
 RICHARD DRAKE  
 RICHARD COMITO  
 ARTHUR L. GRATIAS

BASS VAN GILST  
 C. W. HUTCHINS  
 BERL E. PRIEBE  
 C. JOSEPH COLEMAN  
 GEORGE R. KINLEY  
 JOE BROWN  
 CHARLES P. MILLER  
 SUE YENGER  
 CLOYD ROBINSON  
 MERLIN D. HULSE  
 JOHN SCOTT  
 TOM SLATER

S-3689 FILED  
MAY 2, 1979

*Adopted 4/14/80 (p. 1425)  
Action to reconsider w/d*

HOUSE FILE 733

S-3708

- 1 Amend House File 733, page 4, line 11 by
- 2 striking the word "shall" and inserting in lieu
- 3 thereof the word "may".

S-3708 FILED  
MAY 3, 1979

BY NORMAN RODGERS

*Placed out of order  
4/14 (p. 1425)*

HOUSE FILE 733

S-5740

- 1 Amend House File 733, as passed by the House, as
- 2 follows:
- 3 1. Page 1, by striking line 1 through page 4, line
- 4 21, and inserting in lieu thereof the following:
- 5 "Section 1. This Act shall be codified as a division
- 6 of chapter four hundred forty-one (441) of the Code.
- 7 Sec. 2. NEW SECTION. Agricultural realty surrounded
- 8 by already developed residential or commercial property
- 9 shall not be subject to recapture taxes when the use
- 10 of the property changes."
- 11 2. Amend the title, line 1, by striking the words
- 12 "on certain classes" and inserting in lieu thereof the
- 13 words "on a certain class".

S-5740 FILED  
APRIL 15, 1980

By C. JOSEPH COLEMAN

*Placed out of order 4/16 (p. 1503)*

Grinnell Herald-Register, a newspaper published in Grinnell,  
Iowa.

HOUSE FILE 733

AN ACT

RELATING TO THE RECAPTURE OF TAXES ON CERTAIN CLASSES OF  
PROPERTY WHEN A CHANGE IN USE OF THE PROPERTY OCCURS  
AND MAKING THE ACT RETROACTIVE.

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

Section 1. Section four hundred forty-five point sixty-  
three (445.63), Code 1979, is repealed.

Sec. 2. This Act is retroactive to January 1, 1978 for  
additional taxes levied and payable on property on which a  
change of use has occurred.

Sec. 3. This Act, being deemed of immediate importance,  
shall take effect from and after its publication in The Hamburg  
Reporter, a newspaper published in Hamburg, Iowa, and in the

---

WILLIAM H. HARBOR  
Speaker of the House

---

TERRY E. BRANSTAD  
President of the Senate

I hereby certify that this bill originated in the House and  
is known as House File 733, Sixty-eighth General Assembly.

---

BRUCE GRAHAM  
Assistant Chief Clerk of the House

Approved May 24, 1980

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ROBERT D. RAY  
Governor