

*Reprinted 4/9*

Finance: Doderer, Chair; Branstad and Connolly.

*Dr. Case 3/27 (p. 1372)*

MAR 7 1984

HOUSE FILE 2481

BY COMMITTEE ON WAYS AND MEANS

FINANCE

(Formerly House File 2041)

Passed House, Date 4-4-84 (p. 1622) Passed Senate, Date 4-19-84 (p. 1677)

Vote: Ayes 95 Nays 5 Vote: Ayes 43 Nays 0

Approved May 8, 1984

### A BILL FOR

- 1 An Act relating to the taxation, valuation, and qualification
- 2 of a fruit-tree or forest reservation for property tax
- 3 purposes.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2481

FISCAL NOTE

REQUESTED BY REPRESENTATIVE CONNOLLY

In compliance with a written request received March 7, 1984, there is hereby submitted a Fiscal Note for HOUSE FILE 2481 pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the General Assembly upon request.

House File 2481 exempts from taxation areas designated as fruit tree or forest reservations under chapter 161 of the Code beginning in the 1985 assessment year. The owner must apply for the exemption for the first year and must maintain the area in subsequent years as a fruit tree or forest reservation in order to receive the exemption. Failure to maintain an area will result in the area being assessed at market value for taxation and a recapture tax is imposed. If the area is sold, the new owner must refile for the exemption.

FISCAL EFFECT: The bill would not have an impact upon state revenues and expenditures. Due to a lack of specific information, the precise effect of House File 2481 at the local level cannot be determined.

Source: Department of Revenue

(4195H, 84-255, RJH)

FILED MARCH 8, 1984

BY DENNIS PROUTY, FISCAL DIRECTOR

HF 2481

1 Section 1. Section 161.3, Code 1983, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 161.3 FOREST RESERVATION. A forest reservation shall  
4 contain not less than two hundred growing forest trees on  
5 each acre. If the area selected is a forest containing the  
6 required number of growing forest trees, it shall be accepted  
7 as a forest reservation under this chapter provided application  
8 is made or on file on or before April 15 of the exemption  
9 year. If any buildings are standing on an area selected as  
10 a forest reservation under this section or a fruit-tree  
11 reservation under section 161.7 one acre of that area shall  
12 be excluded from the tax exemption. However, the exclusion  
13 of that acre shall not affect the area's meeting the acreage  
14 requirement of section 161.2.

15 Sec. 2. Section 161.7, Code 1983, is amended to read as  
16 follows:

17 161.7 FRUIT-TREE RESERVATION. A fruit-tree reservation  
18 shall contain on each acre, at least forty apple trees, or  
19 seventy other fruit trees, growing under proper care and  
20 annually pruned and sprayed. ~~Such~~ A reservation may be claimed  
21 as ~~such~~ a fruit-tree reservation, under this chapter, for  
22 a period of eight years after planting provided application  
23 is made or on file on or before April 15 of the exemption  
24 year.

25 Sec. 3. Section 161.10, Code 1983, is amended to read  
26 as follows:

27 161.10 RESTRAINT OF LIVESTOCK AND LIMITATION ON USE.  
28 Cattle, horses, mules, sheep, goats, and hogs shall not be  
29 permitted upon a fruit-tree or forest reservation. Fruit-  
30 tree and forest reservations shall not be used for economic  
31 gain other than the gain from raising fruit or forest trees.

32 Sec. 4. Section 161.12, Code 1983, is amended by adding  
33 the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. The appropriate county  
35 conservation board or, in a county without a county

1 conservation board, the assessor shall inspect the area for  
2 which an application is filed for a fruit-tree or forest  
3 reservation tax exemption before the application is accepted.  
4 The application can only be accepted if it meets the criteria  
5 established by the state conservation commission to be a  
6 fruit-tree or forest reservation. Once the application has  
7 been accepted, the area shall continue to receive the tax  
8 exemption during each year in which the area is maintained  
9 as a fruit-tree or forest reservation without the owner having  
10 to refile. When the property is sold or transferred, the  
11 buyer or transferee who wishes to receive the tax exemption  
12 must refile for it. The area shall be inspected each year  
13 by the county conservation board or, in a county without a  
14 county conservation board, the assessor to determine if the  
15 area is maintained as a fruit-tree or forest reservation.  
16 If the area is not maintained or is used for economic gain  
17 other than as a fruit-tree reservation during any year of  
18 the eight-year exemption period or as a forest reservation  
19 during any year, the assessor shall assess the property for  
20 taxation at its fair market value as of January 1 of that  
21 year and in addition the area shall be subject to a recapture  
22 tax. The tax shall be computed by multiplying the consolidated  
23 levy for each of the five preceding years that the area  
24 received the exemption for fruit-tree or forest reservation  
25 times the assessed value of the area that would have been  
26 taxed but for the tax exemption. This tax shall be entered  
27 against the property on the tax list for the current year  
28 and shall constitute a lien against the property in the same  
29 manner as a lien for property taxes. The tax when collected  
30 shall be apportioned in the manner provided for the  
31 apportionment of the property taxes for the applicable tax  
32 year.

33 Sec. 5. Section 427.1, subsection 36, unnumbered para-  
34 graphs 1 and 2, Code Supplement 1983, are amended to read  
35 as follows:

1 Wetlands, recreational lakes, forest covers, forest  
2 ~~reservations~~, rivers and streams, river and stream banks,  
3 and open prairies as designated by the board of supervisors  
4 of the county in which located. The board of supervisors  
5 shall annually designate the real property, not to exceed  
6 in the aggregate for the fiscal year beginning July 1, 1983  
7 the greater of one percent of the acres assessed as  
8 agricultural land or three thousand acres in each county,  
9 for which this exemption shall apply. For subsequent fiscal  
10 years, the limitation on the maximum acreage of real property  
11 that may be granted exemptions shall be the limitation for  
12 the previous fiscal year, unless the amount of acreage granted  
13 exemptions for the previous fiscal year equaled the limitation  
14 for that year, then the limitation for the subsequent fiscal  
15 year is the limitation for the previous fiscal year plus an  
16 increase, not to exceed three hundred acres, of ten percent  
17 of that limitation. ~~However, the board of supervisors shall~~  
18 ~~grant a tax exemption to a tract of land if it fulfills the~~  
19 ~~conditions of sections 161.1 to 161.13 for a forest~~  
20 ~~reservation. The acreage granted this exemption for a forest~~  
21 ~~reservation shall not be included within the limitation for~~  
22 ~~the fiscal year for which the exemption is granted.~~ The  
23 procedures of this subsection shall be followed for each  
24 assessment year to procure an exemption for the fiscal year  
25 beginning in the assessment year. The exemption shall be  
26 only for the fiscal year for which it is granted, except that  
27 an exemption granted for wetlands shall be for three fiscal  
28 years. A parcel of property may be granted subsequent  
29 exemptions. The exemption shall only be granted for parcels  
30 of property of two acres or more.

31 Application for this exemption shall be filed with the  
32 commissioners of the soil conservation district in which the  
33 property is located, or if not located in a district, to the  
34 board of supervisors, not later than April 15 of the assessment  
35 year, on forms provided by the department of revenue. However,

1 in the case of an exemption granted for wetlands an application  
2 does not have to be filed for the second and third years of  
3 the three-year exemption period. The application shall  
4 describe and locate the property to be exempted and have  
5 attached to it an aerial photo of that property on which is  
6 outlined the boundaries of the property to be exempted. In  
7 the case of an open prairie which is or includes a gully area  
8 susceptible to severe erosion, an approved erosion control  
9 plan must accompany the application. Upon receipt of the  
10 application, the commissioners or the board of supervisors,  
11 if the property is not located in a soil conservation district,  
12 shall certify whether the property is eligible to receive  
13 the exemption. The commissioners or board shall not withhold  
14 certification of the eligibility of property because of the  
15 existence upon the property of an abandoned building or  
16 structure which is not used for economic gain. If the  
17 commissioners certify that the property is eligible, the  
18 application shall be forwarded to the board of supervisors  
19 by May 1 of that assessment year with the certification of  
20 the eligible acreage. An application must be accompanied  
21 by an affidavit signed by the applicant that if an exemption  
22 is granted, the property ~~if-ether-than-a-forest-reservation~~  
23 will not be used for economic gain during the assessment year  
24 in which the exemption is granted.

25 Sec. 6. Section 427.1, subsection 36, unnumbered para-  
26 graph 5, Code Supplement 1983, is amended to read as follows:

27 The board of supervisors, ~~except-as-required-for-forest~~  
28 ~~reservations,~~ does not have to grant tax exemptions under  
29 this subsection, grant tax exemptions in the aggregate of  
30 the maximum acreage which may be granted exemptions, or grant  
31 a tax exemption for the total acreage for which the applicant  
32 requested the exemption. Only real property in parcels of  
33 two acres or more which is wetlands, recreational lakes,  
34 forest cover, ~~forest-reservations,~~ river and stream, river  
35 and stream banks or open prairie and which is utilized for

1 the purposes of providing soil erosion control or wildlife  
2 habitat or both, and which is subject to property tax for  
3 the fiscal year for which the tax exemption is requested is  
4 eligible for the exemption under this subsection. However,  
5 in addition to the above, in order for a gully area which  
6 is susceptible to severe erosion to be eligible, there must  
7 be an erosion control plan for it approved by the commissioners  
8 of the soil conservation district in which it is located or  
9 the state soil conservation committee if not located in a  
10 district. In the case of an exemption for river and stream  
11 or river and stream banks, the exemption shall not be granted  
12 unless there is included in the exemption land located at  
13 least thirty-three feet from the ordinary high water mark  
14 of the river and stream or river and stream banks. Property  
15 shall not be denied an exemption because of the existence  
16 upon the property of an abandoned building or structure which  
17 is not used for economic gain. If the real property is located  
18 within a city, the approval of the governing body must be  
19 obtained before the real property may be eligible for an  
20 exemption. For purposes of this subsection:

21 Sec. 7. Section 427.1, subsection 36, lettered paragraph  
22 e, Code Supplement 1983, is amended by striking the lettered  
23 paragraph.

24 Sec. 8. Section 441.22, Code 1983, is amended to read  
25 as follows:

26 441.22 FOREST AND FRUIT-TREE RESERVATIONS. Forest and  
27 fruit-tree reservations fulfilling the conditions of sections  
28 161.1 to 161.13 ~~which are located within the corporate limits~~  
29 ~~of a city and which are not open to public use shall be~~  
30 ~~assessed at market value~~ shall be exempt from taxation.

31 ~~Fruit-tree reservations fulfilling the conditions of sections~~  
32 ~~161.1 to 161.13 shall be assessed on a taxable valuation of~~  
33 ~~twenty dollars per acre for a period of eight years from the~~  
34 ~~time of planting except that a fruit-tree reservation located~~  
35 ~~within the corporate limits of a city which is not open to~~

1 ~~publie-use-shall-be-assessed-at-market-value-~~ In all other  
2 cases where trees are planted upon any tract of land, without  
3 regard to area, for forest, fruit, shade, or ornamental  
4 purposes, or for windbreaks, the assessor shall not increase  
5 the valuation of ~~such~~ the property because of such  
6 improvements.

7 Sec. 9. This Act is effective for valuations established  
8 for assessment years beginning on or after January 1, 1985.

9 EXPLANATION

10 The bill provides that beginning with the 1985 assessment  
11 year, the areas designated fruit-tree or forest reservations  
12 under chapter 161 are to be exempt from taxation. The owner  
13 must apply for this exemption for the first year and then must  
14 maintain the area as a fruit-tree or forest reservation for  
15 succeeding years in order to receive the exemption. The  
16 owner would not have to refile for the exemption. If the  
17 area is sold the new owner must refile. The county conserva-  
18 tion board must annually inspect the area to see if it  
19 qualifies. Failure to maintain an area will result in the  
20 area being assessed at market value for taxation and a  
21 recapture tax is imposed. The tax is equal to the product  
22 of the consolidate levy for each of the five preceding years  
23 that the area received the exemption times the assessed value  
24 of the area that would have been taxed but for the tax  
25 exemption. The area must not be used for economic gain  
26 other than the gain from the raising of fruit or forest  
27 trees.

28 The bill takes effect July 1 following enactment.

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H-6067

1 Amend House File 2481 as follows:

2 1. Page 2, by striking lines 30 through 32 and  
3 inserting in lieu thereof the following: "shall be  
4 remitted to the treasurer of state to be deposited  
5 in the state general fund as reimbursement for payments  
6 made by the state under section 161.14.

7 Sec. \_\_\_\_ Chapter 161, Code 1983, is amended by  
8 adding the following new section:

9 NEW SECTION. 161.14 STATE REIMBURSEMENT. The  
10 state comptroller shall issue warrants on the fruit  
11 tree and forest reservation fund to reimburse the  
12 taxing districts for the loss of property tax revenues  
13 as a result of the tax exemption granted for fruit  
14 tree and forest reservations. The amount of this  
15 loss shall be computed by multiplying the consolidated  
16 levy for that year times the assessed value of each  
17 area that would have been taxed but for the tax  
18 exemption. The board of supervisors on or before  
19 July 15 of each year shall certify to the state  
20 comptroller the amount of lost property tax revenues  
21 that would have been collected in the fiscal year.  
22 The state comptroller shall remit the amount of this  
23 loss to the county treasurer of each county in two  
24 payments on November 15 and March 15 of that fiscal  
25 year. The two payments shall be as nearly equal as  
26 possible. There is created a fruit tree and forest  
27 reservation fund and there is appropriated annually  
28 from the general fund of the state to this fund an  
29 amount sufficient to carry out this section."

30 2. Title page, line 3, by inserting after the  
31 word "purposes" the words "and making an  
32 appropriation".

33 3. By numbering and renumbering as necessary.

BY HALVORSON of Clayton  
TOFTE of Winneshiek

H-6067 FILED APRIL 3, 1984

*not german 4/4 (p. 1626)*

HOUSE FILE 2481

H-6079

- 1 Amend House File 2481 as follows:  
2 1. Page 2, line 10, by striking the word "When"  
3 and inserting in lieu thereof the word "If".  
4 2. Page 2, lines 11 and 12, by striking the words  
5 "who wishes to receive the tax exemption must refile  
6 for it." and inserting in lieu thereof the words "does  
7 not have to refile for the tax exemption. The tax  
8 exemption shall continue to be granted for the  
9 remainder of the eight-year period for fruit tree  
10 reservation and for the following years for forest  
11 reservation or until the property no longer qualifies  
12 as a fruit tree or forest reservation."  
13 3. Page 2, line 18, by inserting after the word  
14 "period" the words "and any year of the following  
15 five years".  
16 4. Page 2, line 19, by inserting after the word  
17 "year" the words "for which the exemption is granted  
18 and any of the five years following those exemption  
19 years".  
20 5. Page 2, by striking line 23 and inserting in  
21 lieu thereof the words "levy for each of those years,  
22 if any, of the five preceding years for which the  
23 area".

BY GRONSTAL of Pottawattamie  
HUMMEL of Benton  
HALVORSON of Clayton

H-6079 FILED APRIL 3, 1984

*Adopted 4/4 (p. 1626)*

San Vayor Means 4/9 Do Pass 4/18 (p. 1626)

HOUSE FILE 2481

Ways and Means  
Husak, Chair  
Small  
Gratias

HOUSE FILE 2481

BY COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House)

Re Passed House, Date 4-20-84 (p. 2487) Passed Senate, Date 4-19-84 (p. 1677)

Vote: Ayes 95 Nays 1 Vote: Ayes 43 Nays 0

Approved May 8, 1984

## A BILL FOR

1 An Act relating to the taxation, valuation, and qualification  
2 of a fruit-tree or forest reservation for property tax  
3 purposes.

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

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House Amendments \_\_\_\_\_

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1 Section 1. Section 161.3, Code 1983, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 161.3 FOREST RESERVATION. A forest reservation shall  
4 contain not less than two hundred growing forest trees on  
5 each acre. If the area selected is a forest containing the  
6 required number of growing forest trees, it shall be accepted  
7 as a forest reservation under this chapter provided application  
8 is made or on file on or before April 15 of the exemption  
9 year. If any buildings are standing on an area selected as  
10 a forest reservation under this section or a fruit-tree  
11 reservation under section 161.7 one acre of that area shall  
12 be excluded from the tax exemption. However, the exclusion  
13 of that acre shall not affect the area's meeting the acreage  
14 requirement of section 161.2.

15 Sec. 2. Section 161.7, Code 1983, is amended to read as  
16 follows:

17 161.7 FRUIT-TREE RESERVATION. A fruit-tree reservation  
18 shall contain on each acre, at least forty apple trees, or  
19 seventy other fruit trees, growing under proper care and  
20 annually pruned and sprayed. ~~Such~~ A reservation may be claimed  
21 as ~~such~~ a fruit-tree reservation, under this chapter, for  
22 a period of eight years after planting provided application  
23 is made or on file on or before April 15 of the exemption  
24 year.

25 Sec. 3. Section 161.10, Code 1983, is amended to read  
26 as follows:

27 161.10 RESTRAINT OF LIVESTOCK AND LIMITATION ON USE.  
28 Cattle, horses, mules, sheep, goats, and hogs shall not be  
29 permitted upon a fruit-tree or forest reservation. Fruit-  
30 tree and forest reservations shall not be used for economic  
31 gain other than the gain from raising fruit or forest trees.

32 Sec. 4. Section 161.12, Code 1983, is amended by adding  
33 the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. The appropriate county  
35 conservation board or, in a county without a county

1 conservation board, the assessor shall inspect the area for  
2 which an application is filed for a fruit-tree or forest  
3 reservation tax exemption before the application is accepted.  
4 The application can only be accepted if it meets the criteria  
5 established by the state conservation commission to be a  
6 fruit-tree or forest reservation. Once the application has  
7 been accepted, the area shall continue to receive the tax  
8 exemption during each year in which the area is maintained  
9 as a fruit-tree or forest reservation without the owner having  
10 to refile. If the property is sold or transferred, the buyer  
11 or transferee does not have to refile for the tax exemption.  
12 The tax exemption shall continue to be granted for the  
13 remainder of the eight-year period for fruit tree reservation  
14 and for the following years for forest reservation or until  
15 the property no longer qualifies as a fruit tree or forest  
16 reservation. The area shall be inspected each year by the  
17 county conservation board or, in a county without a county  
18 conservation board, the assessor to determine if the area  
19 is maintained as a fruit-tree or forest reservation. If the  
20 area is not maintained or is used for economic gain other  
21 than as a fruit-tree reservation during any year of the eight-  
22 year exemption period and any year of the following five years  
23 or as a forest reservation during any year for which the  
24 exemption is granted and any of the five years following those  
25 exemption years, the assessor shall assess the property for  
26 taxation at its fair market value as of January 1 of that  
27 year and in addition the area shall be subject to a recapture  
28 tax. The tax shall be computed by multiplying the consolidated  
29 levy for each of those years, if any, of the five preceding  
30 years for which the area received the exemption for fruit-  
31 tree or forest reservation times the assessed value of the  
32 area that would have been taxed but for the tax exemption.  
33 This tax shall be entered against the property on the tax  
34 list for the current year and shall constitute a lien against  
35 the property in the same manner as a lien for property taxes.

1 The tax when collected shall be apportioned in the manner  
2 provided for the apportionment of the property taxes for the  
3 applicable tax year.

4 Sec. 5. Section 427.1, subsection 36, unnumbered para-  
5 graphs 1 and 2, Code Supplement 1983, are amended to read  
6 as follows:

7 Wetlands, recreational lakes, forest covers, forest  
8 ~~reservations~~, rivers and streams, river and stream banks,  
9 and open prairies as designated by the board of supervisors  
10 of the county in which located. The board of supervisors  
11 shall annually designate the real property, not to exceed  
12 in the aggregate for the fiscal year beginning July 1, 1983  
13 the greater of one percent of the acres assessed as  
14 agricultural land or three thousand acres in each county,  
15 for which this exemption shall apply. For subsequent fiscal  
16 years, the limitation on the maximum acreage of real property  
17 that may be granted exemptions shall be the limitation for  
18 the previous fiscal year, unless the amount of acreage granted  
19 exemptions for the previous fiscal year equaled the limitation  
20 for that year, then the limitation for the subsequent fiscal  
21 year is the limitation for the previous fiscal year plus an  
22 increase, not to exceed three hundred acres, of ten percent  
23 of that limitation. ~~However, the board of supervisors shall~~  
24 ~~grant a tax exemption to a tract of land if it fulfills the~~  
25 ~~conditions of sections 161.1 to 161.13 for a forest~~  
26 ~~reservation. The acreage granted this exemption for a forest~~  
27 ~~reservation shall not be included within the limitation for~~  
28 ~~the fiscal year for which the exemption is granted.~~ The  
29 procedures of this subsection shall be followed for each  
30 assessment year to procure an exemption for the fiscal year  
31 beginning in the assessment year. The exemption shall be  
32 only for the fiscal year for which it is granted, except that  
33 an exemption granted for wetlands shall be for three fiscal  
34 years. A parcel of property may be granted subsequent  
35 exemptions. The exemption shall only be granted for parcels

1 of property of two acres or more.

2 Application for this exemption shall be filed with the  
3 commissioners of the soil conservation district in which the  
4 property is located, or if not located in a district, to the  
5 board of supervisors, not later than April 15 of the assessment  
6 year, on forms provided by the department of revenue. However,  
7 in the case of an exemption granted for wetlands an application  
8 does not have to be filed for the second and third years of  
9 the three-year exemption period. The application shall  
10 describe and locate the property to be exempted and have  
11 attached to it an aerial photo of that property on which is  
12 outlined the boundaries of the property to be exempted. In  
13 the case of an open prairie which is or includes a gully area  
14 susceptible to severe erosion, an approved erosion control  
15 plan must accompany the application. Upon receipt of the  
16 application, the commissioners or the board of supervisors,  
17 if the property is not located in a soil conservation district,  
18 shall certify whether the property is eligible to receive  
19 the exemption. The commissioners or board shall not withhold  
20 certification of the eligibility of property because of the  
21 existence upon the property of an abandoned building or  
22 structure which is not used for economic gain. If the  
23 commissioners certify that the property is eligible, the  
24 application shall be forwarded to the board of supervisors  
25 by May 1 of that assessment year with the certification of  
26 the eligible acreage. An application must be accompanied  
27 by an affidavit signed by the applicant that if an exemption  
28 is granted, the property ~~if-ether-than-a-forest-reservation~~  
29 will not be used for economic gain during the assessment year  
30 in which the exemption is granted.

31 Sec. 6. Section 427.1, subsection 36, unnumbered para-  
32 graph 5, Code Supplement 1983, is amended to read as follows:

33 The board of supervisors, ~~-except-as-required-for-forest~~  
34 ~~reservations,~~ does not have to grant tax exemptions under  
35 this subsection, grant tax exemptions in the aggregate of

1 the maximum acreage which may be granted exemptions, or grant  
2 a tax exemption for the total acreage for which the applicant  
3 requested the exemption. Only real property in parcels of  
4 two acres or more which is wetlands, recreational lakes,  
5 forest cover, ~~forest-reservations~~, river and stream, river  
6 and stream banks or open prairie and which is utilized for  
7 the purposes of providing soil erosion control or wildlife  
8 habitat or both, and which is subject to property tax for  
9 the fiscal year for which the tax exemption is requested is  
10 eligible for the exemption under this subsection. However,  
11 in addition to the above, in order for a gully area which  
12 is susceptible to severe erosion to be eligible, there must  
13 be an erosion control plan for it approved by the commissioners  
14 of the soil conservation district in which it is located or  
15 the state soil conservation committee if not located in a  
16 district. In the case of an exemption for river and stream  
17 or river and stream banks, the exemption shall not be granted  
18 unless there is included in the exemption land located at  
19 least thirty-three feet from the ordinary high water mark  
20 of the river and stream or river and stream banks. Property  
21 shall not be denied an exemption because of the existence  
22 upon the property of an abandoned building or structure which  
23 is not used for economic gain. If the real property is located  
24 within a city, the approval of the governing body must be  
25 obtained before the real property may be eligible for an  
26 exemption. For purposes of this subsection:

27 Sec. 7. Section 427.1, subsection 36, lettered paragraph  
28 e, Code Supplement 1983, is amended by striking the lettered  
29 paragraph.

30 Sec. 8. Section 441.22, Code 1983, is amended to read  
31 as follows:

32 441.22 FOREST AND FRUIT-TREE RESERVATIONS. Forest and  
33 fruit-tree reservations fulfilling the conditions of sections  
34 161.1 to 161.13 ~~which-are-located-within-the-corporate-limits~~  
35 ~~of-a-city-and-which-are-not-open-to-public-use-shall-be~~

1 ~~assessed-at-market-value~~ shall be exempt from taxation.  
2 ~~Fruit-tree-reservations-fulfilling-the-conditions-of-sections~~  
3 ~~161-1-to-161-13-shall-be-assessed-on-a-taxable-valuation-of~~  
4 ~~twenty-dollars-per-acre-for-a-period-of-eight-years-from-the~~  
5 ~~time-of-planting-except-that-a-fruit-tree-reservation-located~~  
6 ~~within-the-corporate-limits-of-a-city-which-is-not-open-to~~  
7 ~~public-use-shall-be-assessed-at-market-value.~~ In all other  
8 cases where trees are planted upon any tract of land, without  
9 regard to area, for forest, fruit, shade, or ornamental  
10 purposes, or for windbreaks, the assessor shall not increase  
11 the valuation of ~~such~~ the property because of such  
12 improvements.

13 Sec. 9. This Act is effective for valuations established  
14 for assessment years beginning on or after January 1, 1985.

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HOUSE FILE 2481

S-5848

- 1 Amend House File 2481 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 2, line 28, by inserting after the word
- 4 "tax." the following: "However, the area shall not
- 5 be subject to the recapture tax if the owner, including
- 6 one possessing under a contract of sale, and the
- 7 owner's direct antecedents or descendants have owned
- 8 the area for more than ten years."

S-5848 FILED

BY EDGAR H. HOLDEN

APRIL 10, 1984

*Adopted 4/14 (p. 1677)*

HOUSE FILE 2481

S-5868

- 1 Amend House File 2481 as amended, passed, and re-
- 2 printed by the House as follows:
- 3 1. Page 2, by striking lines 16 through 19 and
- 4 inserting in lieu thereof the words "reservation. If
- 5 the".

S-5868 FILED

BY HURLEY W. HALL

APRIL 12, 1984

*Adopted 4/14 (p. 1677)*

HOUSE FILE 2481

S-5871

- 1 Amend House File 2481 as amended, passed, and re-
- 2 printed by the House as follows:
- 3 1. Page 2, line 16, by striking the word "shall"
- 4 and inserting in lieu thereof the word "may".

S-5871 FILED

BY JAMES V. GALLAGHER

APRIL 12, 1984

HURLEY W. HALL

*Adopted 4/19 (p. 1677)*

SENATE AMENDMENT TO HOUSE FILE 2481

H-6473

- 1 Amend House File 2481 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 2, line 16, by striking the word "shall"
- 4 and inserting in lieu thereof the word "may".
- 5 2. Page 2, line 28, by inserting after the word
- 6 "tax." the following: "However, the area shall not
- 7 be subject to the recapture tax if the owner, including
- 8 one possessing under a contract of sale, and the
- 9 owner's direct antecedents or descendants have owned
- 10 the area for more than ten years."

H-6473 FILED APRIL 19, 1984

RECEIVED FROM THE SENATE

*Adopted 4/19*

*Have concurred 4/26 (p. 2489)*

HOUSE FILE 2481

AN ACT

RELATING TO THE TAXATION, VALUATION, AND QUALIFICATION OF  
A FRUIT-TREE OR FOREST RESERVATION FOR PROPERTY TAX PURPOSES.

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

Section 1. Section 161.3, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

161.3 FOREST RESERVATION. A forest reservation shall contain not less than two hundred growing forest trees on each acre. If the area selected is a forest containing the required number of growing forest trees, it shall be accepted as a forest reservation under this chapter provided application is made or on file on or before April 15 of the exemption year. If any buildings are standing on an area selected as a forest reservation under this section or a fruit-tree reservation under section 161.7 one acre of that area shall be excluded from the tax exemption. However, the exclusion of that acre shall not affect the area's meeting the acreage requirement of section 161.2.

Sec. 2. Section 161.7, Code 1983, is amended to read as follows:

161.7 FRUIT-TREE RESERVATION. A fruit-tree reservation shall contain on each acre, at least forty apple trees, or seventy other fruit trees, growing under proper care and annually pruned and sprayed. Such a reservation may be claimed as such a fruit-tree reservation, under this chapter, for a period of eight years after planting provided application is made or on file on or before April 15 of the exemption year.

Sec. 3. Section 161.10, Code 1983, is amended to read as follows:

161.10 RESTRAINT OF LIVESTOCK AND LIMITATION ON USE. Cattle, horses, mules, sheep, goats, and hogs shall not be permitted upon a fruit-tree or forest reservation. Fruit-tree and forest reservations shall not be used for economic gain other than the gain from raising fruit or forest trees.

Sec. 4. Section 161.12, Code 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The appropriate county conservation board or, in a county without a county conservation board, the assessor shall inspect the area for which an application is filed for a fruit-tree or forest reservation tax exemption before the application is accepted. The application can only be accepted if it meets the criteria established by the state conservation commission to be a fruit-tree or forest reservation. Once the application has been accepted, the area shall continue to receive the tax exemption during each year in which the area is maintained as a fruit-tree or forest reservation without the owner having to refile. If the property is sold or transferred, the buyer or transferee does not have to refile for the tax exemption. The tax exemption shall continue to be granted for the remainder of the eight-year period for fruit-tree reservation and for the following years for forest reservation or until the property no longer qualifies as a fruit-tree or forest reservation. The area may be inspected each year by the

county conservation board or, in a county without a county conservation board, the assessor to determine if the area is maintained as a fruit-tree or forest reservation. If the area is not maintained or is used for economic gain other than as a fruit-tree reservation during any year of the eight-year exemption period and any year of the following five years or as a forest reservation during any year for which the exemption is granted and any of the five years following those exemption years, the assessor shall assess the property for taxation at its fair market value as of January 1 of that year and in addition the area shall be subject to a recapture tax. However, the area shall not be subject to the recapture tax if the owner, including one possessing under a contract of sale, and the owner's direct antecedents or descendants have owned the area for more than ten years. The tax shall be computed by multiplying the consolidated levy for each of those years, if any, of the five preceding years for which the area received the exemption for fruit-tree or forest reservation times the assessed value of the area that would have been taxed but for the tax exemption. This tax shall be entered against the property on the tax list for the current year and shall constitute a lien against the property in the same manner as a lien for property taxes. The tax when collected shall be apportioned in the manner provided for the apportionment of the property taxes for the applicable tax year.

Sec. 5. Section 427.1, subsection 36, unnumbered paragraphs 1 and 2, Code Supplement, 1983, are amended to read as follows:

Wetlands, recreational lakes, forest covers, ~~forest reservations~~, rivers and streams, river and stream banks, and open prairies as designated by the board of supervisors of the county in which located. The board of supervisors shall annually designate the real property, not to exceed in the aggregate for the fiscal year beginning July 1, 1983

the greater of one percent of the acres assessed as agricultural land or three thousand acres in each county, for which this exemption shall apply. For subsequent fiscal years, the limitation on the maximum acreage of real property that may be granted exemptions shall be the limitation for the previous fiscal year, unless the amount of acreage granted exemptions for the previous fiscal year equaled the limitation for that year, then the limitation for the subsequent fiscal year is the limitation for the previous fiscal year plus an increase, not to exceed three hundred acres, of ten percent of that limitation. ~~However, the board of supervisors shall grant a tax exemption to a tract of land if it fulfills the conditions of sections 161.1 to 161.13 for a forest reservation. The acreage granted this exemption for a forest reservation shall not be included within the limitation for the fiscal year for which the exemption is granted.~~ The procedures of this subsection shall be followed for each assessment year to procure an exemption for the fiscal year beginning in the assessment year. The exemption shall be only for the fiscal year for which it is granted, except that an exemption granted for wetlands shall be for three fiscal years. A parcel of property may be granted subsequent exemptions. The exemption shall only be granted for parcels of property of two acres or more.

Application for this exemption shall be filed with the commissioners of the soil conservation district in which the property is located, or if not located in a district, to the board of supervisors, not later than April 15 of the assessment year, on forms provided by the department of revenue. However, in the case of an exemption granted for wetlands an application does not have to be filed for the second and third years of the three-year exemption period. The application shall describe and locate the property to be exempted and have attached to it an aerial photo of that property on which is outlined the boundaries of the property to be exempted. In

the case of an open prairie which is or includes a gully area susceptible to severe erosion, an approved erosion control plan must accompany the application. Upon receipt of the application, the commissioners or the board of supervisors, if the property is not located in a soil conservation district, shall certify whether the property is eligible to receive the exemption. The commissioners or board shall not withhold certification of the eligibility of property because of the existence upon the property of an abandoned building or structure which is not used for economic gain. If the commissioners certify that the property is eligible, the application shall be forwarded to the board of supervisors by May 1 of that assessment year with the certification of the eligible acreage. An application must be accompanied by an affidavit signed by the applicant that if an exemption is granted, the property ~~if other than a forest reservation~~ will not be used for economic gain during the assessment year in which the exemption is granted.

Sec. 6. Section 427.1, subsection 36, unnumbered paragraph 5, Code Supplement 1983, is amended to read as follows:

The board of supervisors ~~except as required for forest reservations~~ does not have to grant tax exemptions under this subsection, grant tax exemptions in the aggregate of the maximum acreage which may be granted exemptions, or grant a tax exemption for the total acreage for which the applicant requested the exemption. Only real property in parcels of two acres or more which is wetlands, recreational lakes, forest cover, ~~forest reservations~~, river and stream, river and stream banks or open prairie and which is utilized for the purposes of providing soil erosion control or wildlife habitat or both, and which is subject to property tax for the fiscal year for which the tax exemption is requested is eligible for the exemption under this subsection. However, in addition to the above, in order for a gully area which is susceptible to severe erosion to be eligible, there must

be an erosion control plan for it approved by the commissioners of the soil conservation district in which it is located or the state soil conservation committee if not located in a district. In the case of an exemption for river and stream or river and stream banks, the exemption shall not be granted unless there is included in the exemption land located at least thirty-three feet from the ordinary high water mark of the river and stream or river and stream banks. Property shall not be denied an exemption because of the existence upon the property of an abandoned building or structure which is not used for economic gain. If the real property is located within a city, the approval of the governing body must be obtained before the real property may be eligible for an exemption. For purposes of this subsection:

Sec. 7. Section 427.1, subsection 36, lettered paragraph e, Code Supplement 1983, is amended by striking the lettered paragraph.

Sec. 8. Section 441.22, Code 1983, is amended to read as follows:

441.22 FOREST AND FRUIT-TREE RESERVATIONS. Forest and fruit-tree reservations fulfilling the conditions of sections 161.1 to 161.13 ~~which are located within the corporate limits of a city and which are not open to public use shall be assessed at market value~~ shall be exempt from taxation. ~~Fruit-tree reservations fulfilling the conditions of sections 161.1 to 161.13 shall be assessed on a taxable valuation of twenty dollars per acre for a period of eight years from the time of planting except that a fruit-tree reservation located within the corporate limits of a city which is not open to public use shall be assessed at market value.~~ In all other cases where trees are planted upon any tract of land, without regard to area, for forest, fruit, shade, or ornamental purposes, or for windbreaks, the assessor shall not increase the valuation of such the property because of such improvements.

Sec. 9. This Act is effective for valuations established for assessment years beginning on or after January 1, 1985.

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DONALD D. AVENSON  
Speaker of the House

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CHARLES P. MILLER  
President Pro Tempore of the  
Senate

I hereby certify that this bill originated in the House and is known as House File 2481, Seventieth General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved *May 8*, 1984

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TERRY E. BRANSTAD  
Governor