

JAN 28 2002  
WAYS AND MEANS

HOUSE FILE 2137  
BY HORBACH

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to property taxation of certain lands leased to  
2 others by the department of corrections or department of human  
3 services and providing for the Act's applicability.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2137

1 Section 1. Section 427.1, subsection 1, Code Supplement  
2 2001, is amended to read as follows:

3 1. FEDERAL AND STATE PROPERTY. The property of the United  
4 States and this state, including state university, university  
5 of science and technology, and school lands, except as  
6 otherwise provided in this subsection. The exemption herein  
7 provided shall not include any real property subject to  
8 taxation under any federal statute applicable thereto, but  
9 such exemption shall extend to and include all machinery and  
10 equipment owned exclusively by the United States or any  
11 corporate agency or instrumentality thereof without regard to  
12 the manner of the affixation of such machinery and equipment  
13 to the land or building upon or in which such property is  
14 located, until such time as the Congress of the United States  
15 shall expressly authorize the taxation of such machinery and  
16 equipment.

17 Sec. 2. Section 427.1, subsection 1, Code Supplement 2001,  
18 is amended by adding the following new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. Property of the state operated  
20 pursuant to section 904.302, 904.705, or 904.706 that is  
21 leased to a private individual or corporation shall not be  
22 exempt from taxation for the term of the lease. Property  
23 taxes levied against such leased property shall be paid from  
24 the revolving farm fund created in section 904.706. The  
25 lessor shall file a copy of the lease with the county assessor  
26 of the county where the property is located.

27 Sec. 3. Section 904.302, Code 2001, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. 7A. Pay property taxes levied against  
30 land leased by the department of corrections or department of  
31 human services as provided in section 427.1, subsection 1.

32 Sec. 4. Section 904.705, unnumbered paragraph 2, Code  
33 2001, is amended to read as follows:

34 The director may with the assistance of the department of  
35 natural resources establish and operate forestry nurseries on

1 state-owned land under the control of the department.  
 2 Residents of the adult correctional institutions shall provide  
 3 the labor for the operation. Nursery stock shall be sold in  
 4 accordance with the rules of the natural resource commission.  
 5 The department shall pay the costs of establishing and  
 6 operating the forestry nurseries out of the revolving farm  
 7 fund created in section 904.706. The department of natural  
 8 resources shall pay the costs of transporting, sorting, and  
 9 distributing nursery stock to and from or on state-owned land  
 10 under the control of the department of natural resources.  
 11 Receipts from the sale of nursery stock produced under this  
 12 section shall be divided between the department and the  
 13 department of natural resources in direct proportion to their  
 14 respective costs as a percentage of the total costs. However,  
 15 if land subject to this section is leased to a private  
 16 individual or corporation, property taxes due and payable on  
 17 the land shall be deducted before receipts of sale are divided  
 18 between the two departments. The department shall deposit its  
 19 receipts in the revolving farm fund created in section  
 20 904.706.

21 Sec. 5. APPLICABILITY. This Act applies to leases entered  
 22 into on or after the effective date of this Act.

23 EXPLANATION

24 This bill provides that nursery land or farmland leased by  
 25 the department of corrections or the department of human  
 26 services to a private individual or corporation is subject to  
 27 property taxation for the term of the lease.

28 The bill applies to leases entered into on or after the  
 29 effective date of the bill.

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