

FEB 6 2002

HOUSE FILE 2244
BY GIPP

WAYS AND MEANS

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

A BILL FOR

1 An Act relating to the qualification of property for purposes of
2 the forest reservation property tax exemption and including an
3 applicability date provision.

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

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HF 2244

1 Section 1. Section 427C.3, Code Supplement 2001, is
2 amended to read as follows:

3 427C.3 FOREST RESERVATION.

4 A forest reservation shall contain not less than two
5 hundred growing forest trees on each acre. If the area
6 selected is a forest containing the required number of growing
7 forest trees, it shall be accepted as a forest reservation
8 under this chapter provided application is made or on file on
9 or before February 1 of the exemption year and all owners of
10 the property being claimed as a forest reservation declare
11 residency in Iowa for purposes of income taxation. If any
12 buildings are standing on an area selected as a forest
13 reservation under this section or a fruit-tree reservation
14 under section 427C.7, one acre of that area shall be excluded
15 from the tax exemption. However, the exclusion of that acre
16 shall not affect the area's meeting the acreage requirement of
17 section 427C.2.

18 Sec. 2. Section 427C.12, unnumbered paragraph 2, Code
19 2001, is amended to read as follows:

20 The board of supervisors shall designate the county
21 conservation board or the assessor who shall inspect the area
22 for which an application is filed for a fruit-tree or forest
23 reservation tax exemption before the application is accepted.
24 Use of aerial photographs may be substituted for on-site
25 inspection when appropriate. The application can only be
26 accepted if it meets the criteria established by the natural
27 resource commission to be a fruit-tree or forest reservation.
28 Once the application has been accepted, the area shall
29 continue to receive the tax exemption without the owner having
30 to refile during each year in which the area is maintained as
31 a fruit-tree or forest reservation ~~without-the-owner-having-to~~
32 refile and with respect to use as a forest reservation, all of
33 the owners declaring residency in Iowa for income taxation
34 purposes during each year. If the property is sold or
35 transferred, the seller shall notify the buyer that all, or

1 part of, the property is in fruit-tree or forest reservation
2 and subject to the recapture tax provisions of this section.
3 The tax exemption shall continue to be granted for the
4 remainder of the eight-year period for fruit-tree reservation
5 and for the following years for forest reservation or until
6 the property no longer qualifies as a fruit-tree or forest
7 reservation. The area may be inspected each year by the
8 county conservation board or the assessor to determine if the
9 area is maintained as a fruit-tree or forest reservation.

10 PARAGRAPH DIVIDED. If the area is not maintained or is
11 used for economic gain other than as a fruit-tree reservation
12 during any year of the eight-year exemption period and any
13 year of the following five years or as a forest reservation
14 during any year for which the exemption is granted and any of
15 the five years following those exemption years, the assessor
16 shall assess the property for taxation at its fair market
17 value as of January 1 of that year and in addition the area
18 shall be subject to a recapture tax. However, the area shall
19 not be subject to the recapture tax if the owner, including
20 one possessing under a contract of sale, and the owner's
21 direct antecedents or descendants have owned the area for more
22 than ten years. The tax shall be computed by multiplying the
23 consolidated levy for each of those years, if any, of the five
24 preceding years for which the area received the exemption for
25 fruit-tree or forest reservation times the assessed value of
26 the area that would have been taxed but for the tax exemption.
27 This tax shall be entered against the property on the tax list
28 for the current year and shall constitute a lien against the
29 property in the same manner as a lien for property taxes. The
30 tax when collected shall be apportioned in the manner provided
31 for the apportionment of the property taxes for the applicable
32 tax year.

33 Sec. 3. APPLICABILITY DATE. This Act applies to claims
34 filed or on file on or after January 1, 2003.

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EXPLANATION

1 This bill requires that before an area of property may
2 receive and continue to receive the property tax exemption as
3 a forest reservation, all of the owners must declare residency
4 in Iowa for purposes of income taxation. This requirement is
5 the same as that for claiming the homestead tax credit.

6 The bill applies to claims filed or on file on or after
7 January 1, 2003.

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