

# House File 697 - Introduced

HOUSE FILE \_\_\_\_\_  
BY KAUFMANN and GRASSLEY

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

## A BILL FOR

1 An Act relating to an exemption from inheritance tax of  
2 agricultural land or an interest therein passing to certain  
3 relatives under certain circumstances and including an  
4 applicability date provision.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1546YH 82  
7 mg/je/5

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1 1 Section 1. Section 450.10, Code 2007, is amended by adding  
2 the following new subsection:  
3 NEW SUBSECTION. 7. a. Notwithstanding subsections 1  
4 through 5, agricultural land used in farming as defined in  
5 section 9H.1 or interest in such land that passes to any  
6 individual who is related to the decedent by blood, marriage,  
7 or adoption and who is not an individual designated in section  
8 450.9, is not taxable under this section if one of the  
9 following conditions applies:

1 10 (1) The agricultural land is used in farming by such  
1 11 individual or the individual's heirs for at least twenty  
1 12 consecutive years.

1 13 (2) The agricultural land is leased under a crop share  
1 14 agreement to a beginning farmer, as defined in section 175.2,  
1 15 for at least twenty consecutive years.

1 16 (3) The agricultural land is used or leased as provided in  
1 17 subparagraphs (1) and (2) for a combined total of at least  
1 18 twenty consecutive years.

1 19 b. If the conditions under paragraph "a" are not  
1 20 fulfilled, the agricultural land or the interest in such land  
1 21 which was exempt from inheritance tax pursuant to this  
1 22 subsection shall be subject to tax under this chapter. The  
1 23 tax is due nine months from the date of the failure to fulfill  
1 24 the conditions under paragraph "a". For purposes of computing  
1 25 the tax, the valuation of the agricultural land or interest  
1 26 therein shall be the valuation as of the date of the  
1 27 decedent's death. The potential taxes under this paragraph  
1 28 "b" shall be considered deferred taxes until such time as the  
1 29 conditions under paragraph "a" are met and the lien provisions  
1 30 under section 450.7 shall apply.

1 31 Sec. 2. APPLICABILITY DATE. This Act applies to estates  
1 32 of decedents dying on or after the effective date of this Act.

### EXPLANATION

1 34 This bill exempts from the inheritance tax agricultural  
1 35 land used in farming or any interest therein which passes to  
2 1 any individual related to the decedent by blood, marriage, or  
2 2 adoption except those individuals who are already exempt under  
2 3 Code section 450.9 from the inheritance tax. However, in  
2 4 order to be exempt, one of three conditions must be met.  
2 5 These conditions are that the land is used in farming by the  
2 6 individual for at least 20 consecutive years, the land is  
2 7 leased under a crop share agreement to a beginning farmer for  
2 8 at least 20 consecutive years, or any combination of the  
2 9 preceding that lasts for at least 20 consecutive years.

2 10 The bill applies to estates of decedents dying on or after  
2 11 the effective date.

2 12 LSB 1546YH 82

2 13 mg:sc/je/5