

House File 304 - Introduced

HOUSE FILE 304

BY HANSON

A BILL FOR

- 1 An Act relating to the taxation of forest reservations
- 2 and fruit-tree reservations and including retroactive
- 3 applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427C.12, unnumbered paragraph 2, Code
2 2013, is amended to read as follows:

3 The board of supervisors shall designate the county
4 conservation board or the assessor who shall inspect the area
5 for which an application is filed for a fruit-tree or forest
6 reservation tax exemption before the application is accepted.
7 Use of aerial photographs may be substituted for on-site
8 inspection when appropriate. The application can only be
9 accepted if it meets the criteria established by the natural
10 resource commission to be a fruit-tree or forest reservation.
11 Once the application has been accepted, the area shall continue
12 to receive the tax exemption during each year in which the
13 area is maintained as a fruit-tree or forest reservation
14 without the owner having to refile. If the property is
15 sold or transferred, the seller shall notify the buyer that
16 all, or part of, the property is in fruit-tree or forest
17 reservation and subject to the recapture tax provisions of
18 this section. The tax exemption shall continue to be granted
19 for the remainder of the eight-year period for fruit-tree
20 reservation and for the following years for forest reservation
21 or until the property no longer qualifies as a fruit-tree or
22 forest reservation. The area may be inspected each year by
23 the county conservation board or the assessor to determine if
24 the area is maintained as a fruit-tree or forest reservation.
25 If the area is not maintained or is used for economic gain
26 other than as a fruit-tree reservation during any year of the
27 eight-year exemption period and any year of the following five
28 years or as a forest reservation during any year for which the
29 exemption is granted and any of the five years following those
30 exemption years, the assessor shall assess the property for
31 taxation at its fair market value as of January 1 of that year
32 and in addition the area shall be subject to a recapture tax.
33 However, the area shall not be subject to the recapture tax if
34 the owner, including one possessing under a contract of sale,
35 and the owner's direct antecedents or descendants have owned

1 the area for more than ten years. ~~The~~ For taxes applicable
2 to assessment years beginning before January 1, 2013, the
3 tax shall be computed by multiplying the consolidated levy
4 for each of those years, if any, of the five preceding years
5 for which the area received the exemption for fruit-tree or
6 forest reservation times the assessed value of the area that
7 would have been taxed but for the tax exemption. For taxes
8 applicable to assessment years beginning on or after January 1,
9 2013, the tax shall be computed by multiplying the consolidated
10 levy for each of those years, if any, of the five preceding
11 years for which the area received the exemption for fruit-tree
12 or forest reservation, less the amount of those levies or
13 portions of levies specified in section 427C.12A, subsection
14 1, paragraphs "a" through "f", for each of those years, times
15 the assessed value of the area that would have been taxed but
16 for the tax exemption. This tax shall be entered against
17 the property on the tax list for the current year and shall
18 constitute a lien against the property in the same manner as
19 a lien for property taxes. The tax when collected shall be
20 apportioned in the manner provided for the apportionment of the
21 property taxes for the applicable tax year.

22 Sec. 2. NEW SECTION. **427C.12A Amount of exemption.**

23 1. For assessment years beginning on or after January
24 1, 2013, forest reservations and fruit-tree reservations
25 fulfilling the conditions of this chapter shall be exempt from
26 taxation except for the following tax levies:

27 a. General county services levy under section 331.423,
28 subsection 1.

29 b. Rural county services levy under section 331.423,
30 subsection 2.

31 c. Township levy under section 359.43.

32 d. County levy under section 331.385, if the county is
33 exercising the powers and duties of township trustees relating
34 to fire protection service and emergency medical service.

35 e. County hospital levies under section 347.7.

1 f. Those portions of a city's tax levy for the city's
2 general fund under section 384.1 that are attributable to
3 programs in the city budget for any of the following:

4 (1) Public safety, including the equipping of fire, police,
5 emergency services, sanitation, street, and civil defense
6 departments.

7 (2) The establishment, construction, reconstruction,
8 repair, equipping, remodeling, and extension of public works,
9 public utilities, and public transportation systems, and the
10 acquisition of real estate needed for such purposes.

11 (3) The construction, reconstruction, or repair of streets,
12 highways, bridges, sidewalks, pedestrian underpasses and
13 overpasses, and street lighting fixtures, and the acquisition
14 of real estate needed for such purposes.

15 2. The department of management shall adopt rules necessary
16 to implement this section.

17 Sec. 3. Section 441.22, Code 2013, is amended to read as
18 follows:

19 **441.22 Forest and fruit-tree reservations.**

20 Forest and fruit-tree reservations fulfilling the conditions
21 of sections 427C.1 to 427C.13 and to the extent provided
22 under section 427C.12A shall be exempt from taxation. In all
23 other cases where trees are planted upon any tract of land,
24 without regard to area, for forest, fruit, shade, or ornamental
25 purposes, or for windbreaks, the assessor shall not increase
26 the valuation of the property because of such improvements.

27 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
28 retroactively to January 1, 2013, for assessment years
29 beginning on or after that date.

30 EXPLANATION

31 Code chapter 427C establishes a forest reservation and
32 fruit-tree reservation property tax exemption. In order to
33 qualify for the tax exemption, a forest reservation must have a
34 minimum of two acres with not less than 200 trees per acre and
35 a fruit-tree reservation must have at least 10 acres with at

1 least 40 apple trees or 70 other fruit trees. The exemption
2 applies in perpetuity for forest tree reservations and eight
3 years for fruit-tree reservations. Neither reservation can be
4 used for grazing livestock or for economic gain other than the
5 gain from raising fruit or forest trees.

6 This bill enacts new Code section 427C.12A which specifies
7 property tax levies for which the forest reservation and
8 fruit-tree reservation property tax exemption shall not apply.
9 The bill provides that for assessment years beginning on or
10 after January 1, 2013, forest reservations and fruit-tree
11 reservations fulfilling the conditions of Code chapter 427C are
12 exempt from taxation except for all of the following levies or
13 portions of levies: (1) general county services levy under
14 Code section 331.423(1); (2) rural county services levy under
15 Code section 331.423(2); (3) township levy for fire protection
16 and certain other emergency services under Code section 359.43;
17 (4) county levy for emergency services under Code section
18 331.385; (5) county hospital levies under Code section 347.7;
19 and (6) those portions of a city's tax levy for the city's
20 general fund under Code section 384.1 that are attributable to
21 programs in the city budget for purposes specified in the bill,
22 including public safety, public works, and road construction
23 and repair.

24 The bill requires the department of management to adopt
25 rules necessary to implement new Code section 427C.12A.

26 The bill applies retroactively to January 1, 2013, for
27 assessment years beginning on or after that date.