

**House File 485 - Introduced**

HOUSE FILE 485

BY KELLEY

**A BILL FOR**

1 An Act establishing a property tax exemption for property used  
2 for certain gardening activities within a city and including  
3 applicability provisions.

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

1 Section 1. Section 427.1, subsection 2, Code 2015, is  
2 amended to read as follows:

3 2. *Municipal and military property.* The property of a  
4 county, township, city, school corporation, levee district,  
5 drainage district, district organized under chapter 357E, or  
6 the Iowa national guard, when devoted to public use and not  
7 held for pecuniary profit, except property of a municipally  
8 owned electric utility held under joint ownership and property  
9 of an electric power facility financed under chapter 28F or  
10 476A that shall be subject to taxation under chapter 437A  
11 and facilities of a municipal utility that are used for the  
12 provision of local exchange services pursuant to chapter 476,  
13 but only to the extent such facilities are used to provide such  
14 services, which shall be subject to taxation under chapter 433,  
15 except that section 433.11 shall not apply. The exemption for  
16 property owned by a city or county also applies to property  
17 which is operated by a city or county as a library, art  
18 gallery or museum, conservatory, botanical garden or display,  
19 observatory or science museum, or as a location for holding  
20 athletic contests, sports or entertainment events, expositions,  
21 meetings or conventions, or leased from the city or county for  
22 any such purposes, or leased from the city or county by the  
23 Iowa national guard or by a federal agency for the benefit of  
24 the Iowa national guard when devoted for public use and not  
25 for pecuniary profit. Food and beverages may be served at the  
26 events or locations without affecting the exemptions, provided  
27 the city has approved the serving of food and beverages on the  
28 property if the property is owned by the city or the county  
29 has approved the serving of food and beverages on the property  
30 if the property is owned by the county. The exemption for  
31 property owned by a city or county also applies to property  
32 which is located at an airport and leased to a fixed base  
33 operator providing aeronautical services to the public. The  
34 exemption for property owned by a city also applies to land  
35 operated by the city as a fruit or vegetable garden or leased

1 from the city by a nonprofit corporation for use as a fruit or  
2 vegetable garden, and the sale of fruits or vegetables grown  
3 on the land by the city or the lessee shall not affect the  
4 exemption.

5 Sec. 2. Section 427.1, Code 2015, is amended by adding the  
6 following new subsection:

7 NEW SUBSECTION. 40. *Nonprofit fruit and vegetable*  
8 *gardens.* Land owned by a nonprofit corporation and located  
9 within the corporate boundaries of a city, not exceeding five  
10 acres, if devoted to public use by the nonprofit corporation as  
11 a fruit or vegetable garden. The sale of fruits or vegetables  
12 grown on the land shall not affect the exemption. To be  
13 allowed the exemption under this subsection, the nonprofit  
14 corporation that owns the land shall have as one of its  
15 objectives or purposes the cultivation and sale of fresh fruits  
16 and vegetables to residents of the community and shall not be a  
17 political organization as defined in section 13C.1.

18 Sec. 3. IMPLEMENTATION. Section 25B.7 does not apply to the  
19 property tax exemption enacted in this Act.

20 Sec. 4. APPLICABILITY. This Act applies to assessment years  
21 beginning on or after January 1, 2016.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with  
24 the explanation's substance by the members of the general assembly.

25 This bill provides a property tax exemption for certain  
26 property located in a city used as a fruit or vegetable garden.

27 The bill modifies the current municipal property tax  
28 exemption under Code section 427.1(2) to include land operated  
29 by the city as a fruit or vegetable garden or leased from  
30 the city by a nonprofit corporation for use as a fruit or  
31 vegetable garden. The bill provides that the sale of fruits  
32 or vegetables grown on such land by the city or the nonprofit  
33 corporation lessee shall not affect the exemption.

34 The bill also establishes a property tax exemption for  
35 land owned by a nonprofit corporation and located within the

1 corporate boundaries of a city, not exceeding five acres,  
2 if the property is devoted to public use by the nonprofit  
3 corporation as a fruit or vegetable garden. The bill provides  
4 that the sale of fruits or vegetables grown on the land shall  
5 not affect the exemption. To be allowed the exemption under  
6 the bill, the nonprofit corporation that owns the land must  
7 have as one of its objectives or purposes the cultivation  
8 and sale of fresh fruits and vegetables to residents of the  
9 community and shall not be a political organization as defined  
10 in the bill.

11 Code section 25B.7 provides that for a property tax credit  
12 or exemption enacted on or after January 1, 1997, if a state  
13 appropriation made to fund the credit or exemption is not  
14 sufficient to fully fund the credit or exemption, the political  
15 subdivision shall be required to extend to the taxpayer only  
16 that portion of the credit or exemption estimated by the  
17 department of revenue to be funded by the state appropriation.  
18 The bill provides that Code section 25B.7 does not apply to the  
19 exemption in the bill.

20 The bill applies to assessment years beginning on or after  
21 January 1, 2016.