

House Study Bill 78 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON PAUSTIAN)

A BILL FOR

1 An Act establishing a partial property tax exemption for
2 certain agricultural land planted with cover crops,
3 providing penalties, and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 427D.1 Cover crop property tax
2 exemption — definitions.

3 1. The owner of agricultural land, as defined in section
4 9H.1, that is planted with cover crops shall be entitled to a
5 property tax exemption as provided in this chapter.

6 2. a. "Cover crop" means the same as a cover crop under
7 section 161A.73 that would be eligible for financial incentives
8 as a soil erosion control management practice.

9 b. "Department" means the department of agriculture and land
10 stewardship.

11 Sec. 2. NEW SECTION. 427D.2 Eligibility and application.

12 1. Fifty percent of the assessed value of that portion
13 of the owner's agricultural land planted with cover crops
14 during the growing season of the assessment year for which the
15 exemption is claimed shall be exempt from taxation.

16 2. If agricultural land for which an application is filed
17 meets the requirements of this chapter, it shall receive the
18 exemption under this chapter if the application is made or
19 on file with the department on or before February 1 of the
20 exemption year. The exemption shall be only for the assessment
21 year for which it is granted. Property may be granted
22 subsequent exemptions.

23 3. To apply for the exemption, the applicant shall deliver
24 to the department a verified statement and designation of
25 the tracts of agricultural land for which the exemption is
26 claimed on forms prescribed by the department. If approved,
27 the department shall return the statement and designation on or
28 before November 15 of each year to the appropriate assessor.
29 The department may inspect the property for compliance with
30 the requirements of this chapter. If the land fails to meet
31 the established standards for the exemption, the owner and the
32 appropriate assessor shall be given written notice of such
33 determination.

34 Sec. 3. NEW SECTION. 427D.3 False claim — penalty.

35 If a person makes a false claim or affidavit with fraudulent

1 intent to obtain the exemption under this chapter, the claim
2 shall be disallowed in full. If the exemption has been
3 provided, the amount of the exempted taxes plus interest,
4 at the rate in effect under section 421.7, from the time of
5 payment shall be collected by the county treasurer in the same
6 manner as other property taxes, penalty, and interest are
7 collected. If a claim is disallowed under this section, the
8 person shall not be eligible to claim an exemption under this
9 chapter for the succeeding five assessment years.

10 Sec. 4. NEW SECTION. **427D.4 Rules.**

11 The department, in consultation with the department of
12 revenue, shall adopt rules pursuant to chapter 17A for the
13 interpretation and proper administration of the exemption
14 provided in this chapter.

15 Sec. 5. **IMPLEMENTATION.** Section 25B.7 shall not apply to
16 this Act.

17 Sec. 6. **APPLICABILITY.** This Act applies to assessment years
18 beginning on or after January 1, 2020.

19 **EXPLANATION**

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

22 This bill establishes a property tax exemption for
23 agricultural land that is planted with cover crops, as defined
24 in the bill. Fifty percent of the assessed value of the
25 eligible land planted with cover crops during the growing
26 season of the assessment year shall be exempt from taxation.

27 To apply for the exemption, the applicant is required to
28 deliver to the department of agriculture and land stewardship
29 (the department) a verified statement and designation of the
30 tracts of agricultural land for which the exemption is claimed
31 on forms prescribed by the department. The bill authorizes
32 the department to inspect the land for compliance with the
33 requirements for the exemption.

34 Under the bill, if a person makes a false claim or affidavit
35 with fraudulent intent to obtain the exemption, the claim

1 shall be disallowed in full and if the exemption has been
2 provided, the amount of the exempted taxes plus interest shall
3 be collected by the county treasurer. In addition, the person
4 is not be eligible to claim the exemption for the succeeding
5 five assessment years.

6 The bill requires the department to, in consultation with
7 the department of revenue, adopt rules for the interpretation
8 and proper administration of the exemption provided in the
9 bill.

10 The bill makes inapplicable Code section 25B.7. Code
11 section 25B.7 provides that for a property tax credit or
12 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 applies to assessment years beginning on or after
19 January 1, 2020.