

Senate File 5 - Introduced

SENATE FILE 5
BY SINCLAIR

A BILL FOR

1 An Act repealing the property tax exemption for forest
2 reservations and including applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427C.1, Code 2019, is amended to read as
2 follows:

3 **427C.1 Tax exemption.**

4 Any person who establishes a ~~forest or~~ fruit-tree
5 reservation as provided in [this chapter](#) shall be entitled to
6 the tax exemption provided by law.

7 Sec. 2. Section 427C.2, Code 2019, is amended to read as
8 follows:

9 **427C.2 Reservations.**

10 On any tract of land in the state of Iowa, the owner
11 or owners may select a permanent ~~forest reservation or~~
12 ~~reservations, each not less than two acres in continuous area,~~
13 ~~or a~~ fruit-tree reservation or reservations, not less than
14 one nor more than ten acres in total area, ~~or both,~~ and upon
15 compliance with the provisions of [this chapter](#), such owner or
16 owners shall be entitled to the benefits provided by law.

17 Sec. 3. Section 427C.3, Code 2019, is amended to read as
18 follows:

19 **427C.3 ~~Forest reservation~~ Buildings — acre exclusion.**

20 ~~A forest reservation shall contain not less than two hundred~~
21 ~~growing forest trees on each acre. If the area selected is a~~
22 ~~forest containing the required number of growing forest trees,~~
23 ~~it shall be accepted as a forest reservation under this chapter~~
24 ~~provided application is made or on file on or before February~~
25 ~~1 of the exemption year. If any buildings are standing on an~~
26 area selected as a forest reservation under [this section](#) ~~or a~~
27 fruit-tree reservation under [section 427C.7](#), one acre of that
28 area shall be excluded from the tax exemption. However, the
29 exclusion of that acre shall not affect the area's meeting the
30 acreage requirement of [section 427C.2](#).

31 Sec. 4. Section 427C.9, Code 2019, is amended to read as
32 follows:

33 **427C.9 Replacing trees.**

34 When any tree or trees on a fruit-tree ~~or forest~~ reservation
35 shall be removed or die, the owner or owners of such

1 reservation shall, within one year, plant and care for other
2 fruit ~~or forest~~ trees, in order that the number of such trees
3 may not fall below that required by [this chapter](#).

4 Sec. 5. Section 427C.10, Code 2019, is amended to read as
5 follows:

6 **427C.10 Restraint of livestock and limitation on use.**

7 Cattle, horses, mules, sheep, goats, ostriches, rheas, emus,
8 and swine shall not be permitted upon a fruit-tree ~~or forest~~
9 reservation. Fruit-tree ~~and forest~~ reservations shall not be
10 used for economic gain other than the gain from raising fruit
11 ~~or forest trees~~.

12 Sec. 6. Section 427C.11, Code 2019, is amended to read as
13 follows:

14 **427C.11 Penalty.**

15 If the owner or owners of a fruit-tree ~~or forest~~ reservation
16 violate any provision of [this chapter](#) within the two years
17 preceding the making of an assessment, the assessor shall
18 not list any tract belonging to such owner or owners, as a
19 reservation within the meaning of [this chapter](#), for the ensuing
20 two years.

21 Sec. 7. Section 427C.12, Code 2019, is amended to read as
22 follows:

23 **427C.12 Application — inspection — continuation of**
24 **exemption — recapture of tax.**

25 1. It shall be the duty of the assessor to secure the facts
26 relative to fruit-tree ~~and forest~~ reservations by taking the
27 sworn statement, or affirmation, of the owner or owners making
28 application under [this chapter](#); and to make special report to
29 the county auditor of all reservations made in the county under
30 the provisions of [this chapter](#).

31 2. The board of supervisors shall designate the county
32 conservation board or the assessor who shall inspect the area
33 for which an application is filed for a fruit-tree ~~or forest~~
34 reservation tax exemption before the application is accepted.
35 Use of aerial photographs may be substituted for on-site

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

1 constitute a lien against the property in the same manner as
2 a lien for property taxes. The tax when collected shall be
3 apportioned in the manner provided for the apportionment of the
4 property taxes for the applicable tax year.

5 Sec. 8. Section 427C.13, Code 2019, is amended to read as
6 follows:

7 **427C.13 Report to department of natural resources.**

8 The county assessor shall keep a record of all ~~forest and~~
9 ~~fruit-tree~~ reservations in the county and submit a report of
10 the reservations to the department of natural resources not
11 later than June 15 of each year.

12 Sec. 9. Section 441.22, Code 2019, is amended to read as
13 follows:

14 **441.22 ~~Forest and fruit-tree~~ Fruit-tree reservations.**

15 ~~Forest and fruit-tree~~ Fruit-tree reservations fulfilling
16 the conditions of [sections 427C.1 to 427C.13](#) shall be exempt
17 from taxation. In all other cases where trees are planted upon
18 any tract of land, without regard to area, for forest, fruit,
19 shade, or ornamental purposes, or for windbreaks, the assessor
20 shall not increase the valuation of the property because of
21 such improvements.

22 Sec. 10. REPEAL. Sections 427C.4, 427C.5, and 427C.6, Code
23 2019, are repealed.

24 Sec. 11. SAVINGS PROVISION. This Act, pursuant to section
25 4.13, does not affect the operation of, or prohibit the
26 application of, prior provisions of chapter 427C or section
27 441.22, or rules adopted under chapter 17A to administer prior
28 provisions of chapter 427C or section 441.22, for assessment
29 years beginning before January 1, 2020, and for duties,
30 powers, protests, appeals, proceedings, actions, or remedies
31 attributable to an assessment year beginning before January 1,
32 2020.

33 Sec. 12. APPLICABILITY. This Act applies to assessment
34 years beginning on or after January 1, 2020.

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EXPLANATION

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

3 Current Code chapter 427C authorizes a property tax
4 exemption for certain forest reservations and fruit-tree
5 reservations. To qualify for the exemption as a forest
6 reservation, the property must be at least two acres in
7 continuous area and meet certain tree density requirements.

8 This bill repeals the exemption for forest reservations for
9 assessment years beginning on or after January 1, 2020.

10 The bill does not affect the operation of, or prohibit the
11 application of, prior provisions of Code chapter 427C or Code
12 section 441.22, or rules adopted to administer prior provisions
13 of Code chapter 427C or Code section 441.22, for assessment
14 years beginning before January 1, 2020, and for duties,
15 powers, protests, appeals, proceedings, actions, or remedies
16 attributable to an assessment year beginning before January 1,
17 2020.