

House File 395 - Introduced

HOUSE FILE 395

BY KERR

A BILL FOR

1 An Act relating to determinations of actual value of certain
2 agricultural property based on productivity and net earning
3 capacity.

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

1 Section 1. Section 441.21, subsection 1, paragraph e, Code
2 2021, is amended to read as follows:

3 e. (1) The actual value of agricultural property shall
4 be determined on the basis of productivity and net earning
5 capacity of the property determined on the basis of its use
6 for agricultural purposes capitalized at a rate of seven
7 percent and applied uniformly among counties and among classes
8 of property. Any formula or method employed to determine
9 productivity and net earning capacity of property shall be
10 adopted in full by rule.

11 (2) For assessment years beginning on or after January
12 1, 2022, in addition to adjustments to productivity and net
13 earning capacity based on the per acre drainage and levee
14 district taxes in the county assessed under chapter 468 in the
15 rules adopted by the department under subparagraph (1), the
16 actual value of each acre of agricultural property subject
17 to drainage and levee district taxes for the assessment year
18 shall be reduced by an amount equal to the difference, but
19 not less than zero, between the actual per acre drainage and
20 levee district taxes imposed on the property for the assessment
21 year minus the per acre drainage and levee district taxes in
22 the county used to determine productivity and net earning
23 capacity for the assessment year under the rules adopted by the
24 department under subparagraph (1).

25 EXPLANATION

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

28 Code section 441.21 provides that the actual value of
29 agricultural property shall be determined on the basis
30 of productivity and net earning capacity of the property
31 determined on the basis of its use for agricultural purposes
32 capitalized at a rate of 7 percent and applied uniformly among
33 counties and among classes of property.

34 This bill provides that for assessment years beginning
35 on or after January 1, 2022, in addition to adjustments to

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1 productivity and net earning capacity based on the per acre
2 drainage and levee district taxes in the county assessed under
3 Code chapter 468, the actual value of each acre of agricultural
4 property subject to drainage and levee district taxes for the
5 assessment year shall be reduced by an amount equal to the
6 difference, but not less than zero, between the actual per
7 acre drainage and levee district taxes imposed on the property
8 for the assessment year minus the per acre drainage and levee
9 district taxes in the county used to determine productivity and
10 net earning capacity for the assessment year.