

Senate File 352 - Introduced

SENATE FILE 352
BY COMMITTEE ON NATURAL
RESOURCES AND ENVIRONMENT

(SUCCESSOR TO SF 112)

A BILL FOR

1 An Act relating to the property tax exemption for forest
2 reservations and fruit-tree reservations and including
3 effective date, applicability, and retroactive applicability
4 provisions.

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

1 Section 1. Section 427C.1, Code 2021, is amended to read as
2 follows:

3 **427C.1 Tax exemption — amount of exemption.**

4 1. 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 2. a. For assessment years beginning before January 1,
8 2022, the exemption for forest or fruit-tree reservations
9 authorized in this chapter shall be one hundred percent of the
10 actual value of the property comprising the reservation.

11 b. For assessment years beginning on or after January 1,
12 2022, the exemption for forest or fruit-tree reservations
13 authorized in this chapter shall be seventy-five percent of the
14 actual value of the property comprising the reservation.

15 Sec. 2. Section 427C.2, Code 2021, is amended to read as
16 follows:

17 **427C.2 Reservations.**

18 1. ~~On~~ For assessment years beginning before January 1, 2022,
19 on any tract of land in the state of Iowa, the owner or owners
20 may select a permanent forest reservation or reservations, each
21 not less than two acres in continuous area, or a fruit-tree
22 reservation or reservations, not less than one nor more than
23 ten acres in total area, or both, and upon compliance with
24 the provisions of [this chapter](#), such owner or owners shall be
25 entitled to the benefits provided by law.

26 2. For assessment years beginning on or after January
27 1, 2022, on any tract of land in the state of Iowa, the
28 owner or owners may select a permanent forest reservation or
29 reservations, each not less than ten acres in continuous area,
30 or a fruit-tree reservation or reservations, not less than
31 one nor more than ten acres in total area, or both, and upon
32 compliance with the provisions of this chapter, such owner or
33 owners shall be entitled to the benefits provided by law.

34 Sec. 3. Section 427C.3, Code 2021, is amended to read as
35 follows:

1 **427C.3 Forest reservation — duration of exemption.**

2 1. A forest reservation shall contain not less than two
3 hundred growing forest trees on each acre. ~~If~~ Except as
4 provided in subsection 2, if the area selected is a forest
5 containing the required number of growing forest trees, it
6 shall be accepted as a forest reservation under this chapter
7 for a period of five years provided application is made or
8 on file on or before February 1 of the exemption year. If
9 any buildings are standing on an area selected as a forest
10 reservation under this section or a fruit-tree reservation
11 under ~~section 427C.7~~, one acre of that area shall be excluded
12 from the tax exemption. However, the exclusion of that acre
13 shall not affect the area's meeting the acreage requirement of
14 section 427C.2.

15 2. a. For forest reservation exemption applications filed
16 on or before February 1, 2021, unless the reservation fails
17 to meet the acreage requirement of section 427C.2, subsection
18 2, and is terminated under paragraph "b", the period of the
19 exemption ends at the conclusion of the fifth assessment year
20 following the certification conducted by the department of
21 natural resources under section 427C.13, subsection 2.

22 b. For forest reservation exemption applications filed on
23 or before February 1, 2021, if the reservation fails to meet
24 the acreage requirement of section 427C.2, subsection 2, the
25 reservation's exemption shall terminate beginning with the
26 assessment year beginning January 1, 2022.

27 3. For forest reservation exemption applications filed
28 after February 1, 2021, in addition to the other requirements
29 of this chapter, if the department of natural resources
30 determines that the forest reservation meets the criteria for
31 depredation licenses and permits, the owner shall enter into a
32 depredation agreement with the department of natural resources
33 under section 481C.2A for each of the remaining years of the
34 exemption period following determination by the department and
35 the depredation agreement shall be subject to section 481C.2A,

1 subsection 1, paragraph "e".

2 Sec. 4. Section 427C.6, Code 2021, is amended to read as
3 follows:

4 **427C.6 Groves.**

5 The trees of a forest reservation shall be in groves not
6 less than four rods wide except when the trees are growing or
7 are planted in or along a gully or ditch to control erosion in
8 which case any width will qualify provided the area meets the
9 size acreage requirement of two acres.

10 Sec. 5. Section 427C.7, Code 2021, is amended to read as
11 follows:

12 **427C.7 Fruit-tree reservation — duration of exemption.**

13 A fruit-tree reservation shall contain on each acre,
14 at least forty apple trees, or seventy other fruit trees,
15 growing under proper care and annually pruned and sprayed.
16 A reservation may be claimed as a fruit-tree reservation,
17 under [this chapter](#), for a period of eight years after planting
18 provided application is made or on file on or before February
19 1 of the exemption year. If any buildings are standing on an
20 area selected as a fruit-tree reservation under this section,
21 one acre of that area shall be excluded from the tax exemption.
22 However, the exclusion of that acre shall not affect the area's
23 meeting the acreage requirement of section 427C.2.

24 Sec. 6. Section 427C.12, Code 2021, is amended to read as
25 follows:

26 **427C.12 Application — inspection — continuation of**
27 **exemption — recapture of tax.**

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

34 2. a. The board of supervisors shall designate the county
35 conservation board or the assessor who shall inspect the area

1 for which an application is filed for a fruit-tree ~~or forest~~
2 reservation tax exemption before the application is accepted.

3 b. The department of natural resources shall inspect the
4 area for which an application is filed for a forest reservation
5 tax exemption before the application is accepted.

6 c. Use of aerial photographs may be substituted for on-site
7 inspection when appropriate.

8 3. The application can only be accepted if it meets the
9 criteria established by the natural resource commission to be a
10 fruit-tree or forest reservation.

11 4. Once the application has been accepted, the area shall
12 continue to receive the tax exemption during each year of the
13 exemption period under section 427C.3 or 427C.7 in which the
14 area is maintained as a ~~fruit-tree or forest~~ or fruit-tree
15 reservation without the owner having to refile. If the
16 property is sold or transferred, the seller shall notify the
17 buyer that all, or part of, the property is in fruit-tree or
18 forest reservation and subject to the recapture tax provisions
19 of [this section](#). The tax exemption shall continue to be
20 granted for the remainder of the ~~eight-year~~ exemption period
21 ~~for fruit-tree reservation and for the following years for~~
22 ~~forest reservation~~ under section 427C.3 or 427C.7, or until
23 the property no longer qualifies as a ~~fruit-tree or forest~~ or
24 fruit-tree reservation.

25 5. a. The An area that is a fruit-tree reservation may
26 be inspected each year by the county conservation board or
27 the assessor to determine if the area is maintained as a
28 ~~fruit-tree or forest~~ reservation. An area that is a forest
29 reservation may be inspected each year by the department of
30 natural resources to determine if the area is maintained as
31 forest reservation. If the area is not maintained or is used
32 for economic gain other than as a fruit-tree reservation during
33 any year of the ~~eight-year~~ exemption period ~~and any year of~~
34 ~~the following five years~~ under section 427C.7 or as a forest
35 reservation during any year ~~for which~~ of the exemption is

1 ~~granted and any of the five years following those exemption~~
2 years period under section 427C.3, the assessor shall assess
3 the property for taxation at its fair market value as of
4 January 1 of that year and in addition the area shall be
5 subject to a recapture tax. However, the area shall not be
6 subject to the recapture tax if the owner, including one
7 possessing under a contract of sale, and the owner's direct
8 antecedents or descendants have owned the area for more than
9 ten years.

10 b. The recapture tax shall be computed by multiplying the
11 consolidated levy for each of those years, if any, of the five
12 preceding years for which the area received the exemption for
13 fruit-tree or forest reservation times the assessed value of
14 the area that would have been taxed but for the tax exemption.
15 This tax shall be entered against the property on the tax list
16 for the current year and shall constitute a lien against the
17 property in the same manner as a lien for property taxes. The
18 tax when collected shall be apportioned in the manner provided
19 for the apportionment of the property taxes for the applicable
20 tax year.

21 Sec. 7. Section 427C.13, Code 2021, is amended to read as
22 follows:

23 **427C.13 Report to department of natural resources.**

24 1. The county assessor shall keep a record of all forest
25 and fruit-tree reservations in the county and submit a report
26 of the reservations to the department of natural resources not
27 later than June 15 of each year.

28 2. a. Based on the reports submitted under subsection 1,
29 the department of natural resources shall conduct an inspection
30 of each forest reservation receiving an exemption that meets
31 the acreage requirement of section 427C.2, subsection 2, and
32 that was approved for an assessment year beginning before
33 January 1, 2022.

34 b. If the forest reservation meets the requirements for
35 the exemption, the department shall certify the reservation's

1 compliance to the county auditor of the county where the
2 forest reservation is located to be used in determining the
3 period of the exemption under section 427C.3, subsection 2.
4 If the forest reservation fails to meet the requirements for
5 the exemption, the department shall deny certification and
6 shall notify the owner and the county auditor of the county
7 where the forest reservation is located of the denial and the
8 exemption shall cease beginning with the immediately succeeding
9 assessment year.

10 c. The certification or denial of certification by the
11 director of the department of natural resources for each of
12 the forest reservations identified in paragraph "a" shall be
13 completed by July 1, 2026.

14 3. If, following approval of the exemption for a forest
15 reservation, the department of natural resources determines
16 that the area comprising the forest reservation meets the
17 criteria for depredation under chapter 481C, the owner
18 shall enter into an agreement as required by section 427C.3,
19 subsection 3.

20 Sec. 8. Section 441.22, Code 2021, is amended to read as
21 follows:

22 **441.22 Forest and fruit-tree reservations.**

23 Forest and fruit-tree reservations fulfilling the conditions
24 of ~~sections 427C.1 to 427C.13~~ chapter 427C shall be exempt from
25 taxation to the extent authorized in that chapter. In all
26 other cases where trees are planted upon any tract of land,
27 without regard to area, for forest, fruit, shade, or ornamental
28 purposes, or for windbreaks, the assessor shall not increase
29 the valuation of the property because of such improvements.

30 Sec. 9. Section 481C.2A, subsection 1, Code 2021, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. e. For a depredation agreement entered into
33 for land that is a forest reservation under section 427C.3, the
34 number of licenses issued each year under this subsection to
35 persons other than the landowner or a family member shall not

1 be less than twenty-five percent of the total licenses issued
2 under this subsection for that year.

3 Sec. 10. SAVINGS PROVISION. Except as provided in this
4 Act, this Act, pursuant to section 4.13, does not affect the
5 operation of, or prohibit the application of, prior provisions
6 of chapter 427C or section 441.22, or rules adopted under
7 chapter 17A to administer prior provisions of chapter 427C
8 or section 441.22, for assessment years beginning before
9 January 1, 2022, and for duties, powers, protests, appeals,
10 proceedings, actions, or remedies attributable to an assessment
11 year beginning before January 1, 2022.

12 Sec. 11. EFFECTIVE DATE. This Act, being deemed of
13 immediate importance, takes effect upon enactment.

14 Sec. 12. APPLICABILITY. This Act applies to assessment
15 years beginning on or after January 1, 2022.

16 Sec. 13. RETROACTIVE APPLICABILITY. The following apply
17 retroactively to February 1, 2021, for forest reservation
18 property tax exemption applications filed on or after that
19 date:

20 1. The section of this Act amending section 427C.3.

21 2. The provision of this Act enacting section 427C.12,
22 subsection 2, paragraph "b".

23 EXPLANATION

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

26 Current Code chapter 427C authorizes a property tax
27 exemption for certain forest reservations and fruit-tree
28 reservations. To qualify for the exemption as a forest
29 reservation, the property must be at least two acres in
30 continuous area and meet certain tree density requirements.

31 This bill provides that for assessment years beginning on or
32 after January 1, 2022, the exemption for forest reservations
33 and fruit-tree reservations is 75 percent of the actual
34 value of the property comprising the forest or fruit-tree
35 reservation.

1 Current law requires each forest reservation to be not
2 less than two acres in continuous area. For assessment
3 years beginning on or after January 1, 2022, each forest
4 reservation must be not less than 10 acres in continuous area
5 and the period of the exemption is for a period of five years.
6 However, the bill establishes provisions to governing forest
7 reservation exemption applications filed on or before February
8 1, 2021. For forest reservation exemption applications filed
9 on or before February 1, 2021, unless the reservation fails
10 to meet the 10-acre requirement, the period of the exemption
11 ends at the conclusion of the fifth assessment year following
12 the certification conducted by the department of natural
13 resources as provided in the bill. For forest reservation
14 exemption applications filed on or before February 1, 2021,
15 if the reservation fails to meet the 10-acre requirement,
16 the reservation's exemption terminates beginning with the
17 assessment year beginning January 1, 2022.

18 The bill provides that for forest reservation exemption
19 applications filed after February 1, 2022, if, following
20 approval of the exemption, the department of natural resources
21 determines that the forest reservation meets the criteria for
22 depredation under Code chapter 481C, the owner must enter
23 into a depredation agreement with the department of natural
24 resources for each of the remaining years of the exemption
25 period. For each such depredation agreement, the number of
26 licenses issued each year to persons other than the landowner
27 or a family member shall not be less than 25 percent of the
28 total licenses issued for that year.

29 The bill also requires the department of natural resources
30 to inspect the area for which an application is filed for a
31 forest reservation tax exemption before the application is
32 accepted. Additionally, an area that is a forest reservation
33 may be inspected each year by the department of natural
34 resources to determine if the area is maintained as forest
35 reservation. The bill also directs the department of natural

1 resources to conduct an inspection of each forest reservation
2 receiving an exemption that meets the 10-acre requirement that
3 was approved for an assessment year beginning before January
4 1, 2022. If the forest reservation meets the requirements for
5 the exemption, the department shall certify the reservation's
6 compliance to the county auditor of the county where the
7 forest reservation is located to be used in determining the
8 period of the exemption. If the forest reservation fails to
9 meet the requirements for the exemption, the department shall
10 deny certification and shall notify the owner and the county
11 auditor of the county where the forest reservation is located
12 of the denial and the exemption shall cease beginning with the
13 immediately succeeding assessment year. The certification or
14 denial of certification by the director of the department of
15 natural resources for each of the forest reservations shall be
16 completed by July 1, 2026.

17 Except as provided in the bill does not affect the operation
18 of, or prohibit the application of, prior provisions of
19 Code chapter 427C or Code section 441.22, or rules adopted
20 to administer prior provisions of Code chapter 427C or
21 Code section 441.22, for assessment years beginning before
22 January 1, 2022, and for duties, powers, protests, appeals,
23 proceedings, actions, or remedies attributable to an assessment
24 year beginning before January 1, 2022.