

House File 156 - Introduced

HOUSE FILE 156

BY ISENHART

A BILL FOR

1 An Act providing a property tax exemption for land used to
2 produce food within the limits of a city.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, Code 2023, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 25. *Urban farm ordinance.* Property
4 certified as an urban farm by a city in compliance with this
5 subsection.

6 a. The city council must adopt an urban farm ordinance
7 providing for terms and conditions of the exemption.

8 b. The property must be owned by a person for an exemption
9 period equal to at least ten consecutive assessment years.
10 The owner may lease the property to a person or that person's
11 successor in interest. A lease may be renewed or extended.
12 Title to or a leasehold interest in the property may be
13 transferred to a successor in interest.

14 c. The property must be located within the corporate limits
15 of the city.

16 d. The property must be in continuous use as an urban farm
17 to produce food suitable for human consumption. Property is
18 in continuous use during any period of a production cycle,
19 including the period in which the property is fallow prior to
20 the spring planting. The food may be further processed or
21 packaged prior to distribution as provided in this subsection.

22 e. The food must be used by, sold to, or otherwise
23 distributed to a food bank, emergency feeding organization,
24 or other nonprofit organization recognized by the department
25 of revenue. The food bank, emergency feeding organization,
26 or other nonprofit organization must prepare and serve or
27 distribute the food within the corporate limits of the city.

28 f. Prior to adopting a proposed ordinance providing for
29 the terms and conditions of the tax exemption, the city shall
30 mail a copy of the proposed ordinance to each affected taxing
31 entity, including a county or school district which levied
32 or certified for levy a property tax on any portion of the
33 property subject to the proposed ordinance in the fiscal year
34 beginning prior to the calendar year in which a proposed
35 ordinance is to be adopted. Unless an affected taxing entity

1 objects to the ordinance by resolution adopted within fourteen
2 days after delivery of the notice, the affected taxing entity
3 shall be deemed to have approved any approval of the ordinance
4 by the city during that calendar year. If an affected taxing
5 entity objects to the proposed ordinance, future consideration
6 of the proposed ordinance shall be indefinitely deferred.

7 *g.* The city must certify that the property is an urban
8 farm. The city must send a copy of the certification to
9 the appropriate assessor not later than February 1 of the
10 assessment year for which the exemption is requested.

11 *h.* The exemption shall apply until the person's ownership
12 interest in the property terminates or the city decertifies
13 the property as provided in this subsection, whichever
14 occurs earlier. The person shall notify the city of the
15 termination. The city shall deliver a written notification of
16 the termination or decertification to the assessor.

17 *i.* The city shall decertify the property if any of the
18 following apply:

19 (1) The property has not been continuously used as an urban
20 farm.

21 (2) The property has been continuously used as an urban
22 farm, and a person's ownership interest in the property has
23 terminated.

24 (3) The person who holds an ownership or a leasehold
25 interest in the property fails to comply with the requirements
26 of this subsection, including the terms of the ordinance.

27 *j.* (1) If a city decertifies property as provided in
28 this subsection, all taxes that would have been levied for
29 the period of time the exemption was in effect under this
30 subsection shall be immediately entered against the property on
31 the tax list for the current year and shall constitute a lien
32 against the property in the same manner as a lien for property
33 taxes. The tax when collected shall be apportioned in the same
34 manner provided for the apportionment of property taxes for the
35 applicable tax year. The ordinance may allow the city to use

1 revenue collected from the tax to assist a person whose lease
2 was terminated due to a decertification in leasing new property
3 that has been certified by the city.

4 (2) Subparagraph (1) does not apply if the property was
5 decertified because of any of the following:

6 (a) A lease was terminated by the owner for breach by the
7 lessee.

8 (b) The lessee failed to comply with the requirements of
9 this subsection, including the terms of the ordinance.

10 Sec. 2. IMPLEMENTATION OF ACT. Section 25B.7 shall not
11 apply to the property tax exemption enacted in this Act.

12 EXPLANATION

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

15 This bill provides a property tax exemption for property
16 located within a city and certified as an urban farm by a city
17 council pursuant to an urban farm ordinance. The ordinance
18 cannot be adopted if another affected taxing entity objects.
19 The property must be owned by a person who uses the property to
20 produce food for use by, sale to, or otherwise for distribution
21 to a nonprofit organization such as a food bank or emergency
22 feeding organization. The person must own the property
23 during the exemption period equal to at least 10 consecutive
24 assessment years. The property may be leased to a person. The
25 exemption applies to a person who has been transferred a title
26 or leasehold interest in the property.

27 The city must decertify the property if the property has not
28 been continuously used as an urban farm or a person who holds
29 an ownership or a leasehold interest in the property fails to
30 comply with the requirements of the bill.

31 A so-called "clawback" provision applies. The ordinance
32 may provide that if property is decertified, all taxes that
33 would have been levied during the period the exemption was
34 in effect are due. A city may use revenue collected from
35 the tax to assist a person whose lease was terminated due to

1 a decertification in leasing new property certified by the
2 city. The clawback provision does not apply if the property
3 was decertified because the lessee was in breach of contract or
4 the lessee failed to comply with the requirements of the bill,
5 including the terms of the ordinance.

6 The bill makes inapplicable Code section 25B.7. Code
7 section 25B.7 provides that for a property tax credit or
8 exemption enacted on or after January 1, 1997, if a state
9 appropriation made to fund the credit or exemption is not
10 sufficient to fully fund the credit or exemption, the political
11 subdivision shall be required to extend to the taxpayer only
12 that portion of the credit or exemption estimated by the
13 department of revenue to be funded by the state appropriation.