

**House File 2672 - Introduced**

HOUSE FILE 2672

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2093)

**A BILL FOR**

- 1 An Act relating to forest and fruit-tree reservation tax
- 2 exemptions, including county participation and minimum size
- 3 requirements for forest reservations.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427C.1, Code 2024, is amended to read as  
2 follows:

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

4 Any Subject to the provisions of section 427C.14, any person  
5 who establishes a forest or fruit-tree reservation as provided  
6 in this chapter shall be entitled to the tax exemption provided  
7 by law.

8 Sec. 2. Section 427C.2, Code 2024, is amended to read as  
9 follows:

10 **427C.2 Reservations.**

11 On any tract of land in the state of Iowa, the owner or  
12 owners may select a permanent, subject to section 427C.14,  
13 forest reservation or reservations, each not less than ~~two~~  
14 five acres in continuous area, or a fruit-tree reservation or  
15 reservations, not less than one nor more than ten acres in  
16 total area, or both, and upon compliance with the provisions  
17 of this chapter, such owner or owners shall be entitled to the  
18 benefits provided by law.

19 Sec. 3. Section 427C.6, Code 2024, is amended to read as  
20 follows:

21 **427C.6 Groves.**

22 The trees of a forest reservation shall be in groves not  
23 less than four rods wide except when the trees are growing or  
24 are planted in or along a gully or ditch to control erosion in  
25 which case any width will qualify provided the area meets the  
26 size requirement of ~~two~~ five acres.

27 Sec. 4. Section 427C.7, Code 2024, is amended to read as  
28 follows:

29 **427C.7 Fruit-tree reservation — duration of exemption.**

30 A fruit-tree reservation shall contain on each acre,  
31 at least forty apple trees, or seventy other fruit trees,  
32 growing under proper care and annually pruned and sprayed. A  
33 reservation may be claimed as a fruit-tree reservation, under  
34 this chapter, for a period of eight years, subject to section  
35 427C.14, after planting provided application is made or on file

1 on or before February 1 of the exemption year.

2 Sec. 5. Section 427C.12, Code 2024, is amended to read as  
3 follows:

4 **427C.12 Application — inspection — continuation of**  
5 **exemption — recapture of tax.**

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

12 2. a. The board of supervisors shall designate the county  
13 conservation board or the assessor who shall inspect the area  
14 for which an application is filed for a fruit-tree or forest  
15 reservation tax exemption before the application is accepted.

16 b. Use of aerial photographs may be substituted for on-site  
17 inspection when appropriate.

18 c. The application can only be accepted if it meets the  
19 criteria established by the natural resource commission to be a  
20 fruit-tree or forest reservation.

21 3. Once the application has been accepted, and subject to  
22 section 427C.14, the area shall continue to receive the tax  
23 exemption during each year in which the area is maintained as a  
24 fruit-tree or forest reservation without the owner having to  
25 refile.

26 4. If the property is sold or transferred, the seller shall  
27 notify the buyer that all, or part of, the property is in  
28 fruit-tree or forest reservation and subject to the recapture  
29 tax provisions of [this section](#).

30 5. The tax exemption shall continue to be granted for the  
31 remainder of the eight-year period for fruit-tree reservation  
32 and for the following years for forest reservation or until  
33 the property no longer qualifies as a fruit-tree or forest  
34 reservation.

35 6. a. The area may be inspected each year by the county

1 conservation board or the assessor to determine if the area is  
2 maintained as a fruit-tree or forest reservation.

3 b. If the area is not maintained, no longer meets the  
4 requirements applicable to the type of exemption granted  
5 for the area, or is used for economic gain other than as a  
6 fruit-tree reservation during any year of the eight-year  
7 exemption period and any year of the following five years or as  
8 a forest reservation during any year for which the exemption  
9 is granted and any of the five years following those exemption  
10 years, the assessor shall assess the property for taxation  
11 at its fair market value as of January 1 of that year and  
12 in addition the area shall be subject to a recapture tax.  
13 ~~However, the~~

14 c. The area shall not be subject to the recapture tax if the  
15 owner, including one possessing under a contract of sale, and  
16 the owner's direct antecedents or descendants have owned the  
17 area for more than ten years.

18 7. a. The tax due after a county conservation board or  
19 assessor determines, pursuant to subsection 6, paragraph "b",  
20 that an area is no longer entitled to an exemption shall be  
21 computed by multiplying the consolidated levy for each of those  
22 years, if any, of the five preceding years for which the area  
23 received the exemption for fruit-tree or forest reservation  
24 times the assessed value of the area that would have been taxed  
25 but for the tax exemption.

26 b. This tax shall be entered against the property on the tax  
27 list for the current year and shall constitute a lien against  
28 the property in the same manner as a lien for property taxes.

29 c. The tax when collected shall be apportioned in the manner  
30 provided for the apportionment of the property taxes for the  
31 applicable tax year.

32 Sec. 6. Section 427C.13, Code 2024, is amended to read as  
33 follows:

34 **427C.13 Report to department of natural resources.**

35 The county assessor shall keep a record of all forest and

1 fruit-tree reservations in the county and submit a report of  
2 the reservations to the department of natural resources not  
3 later than June 15 of each year. This section shall not apply  
4 to counties which have an ordinance passed pursuant to section  
5 427C.14, subsection 1, in effect.

6 Sec. 7. NEW SECTION. **427C.14 Availability of exemptions**  
7 **within county.**

8 1. A county board of supervisors may discontinue exemptions  
9 pursuant to this chapter in the county by ordinance.

10 2. Areas within a county designated as a forest or  
11 fruit-tree reservation pursuant to this chapter prior to the  
12 passage of such an ordinance shall no longer be designated as a  
13 forest or fruit-tree reservation on January 1 of the assessment  
14 year after passage of the ordinance.

15 3. An application for an exemption pursuant to this chapter  
16 that has not been processed by January 1 of the assessment  
17 year after the passage of an ordinance pursuant to subsection  
18 1 shall be disallowed.

19 4. *a.* If a county previously passed an ordinance pursuant  
20 to subsection 1, the board may reinstate exemptions pursuant  
21 to this chapter by ordinance.

22 *b.* An owner of an area previously designated as a forest or  
23 fruit-tree reservation shall be required to reapply in order to  
24 receive a forest or fruit-tree reservation exemption upon the  
25 passage of an ordinance pursuant to this subsection.

26 EXPLANATION

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

29 Current Code chapter 427C authorizes a property tax  
30 exemption for certain forest reservations and fruit-tree  
31 reservations. This bill sets a new minimum required acreage  
32 for forest reservations and authorizes county boards of  
33 supervisors (boards) to determine whether the boards'  
34 respective county permits forest and fruit-tree reservation tax  
35 exemptions.

1 Under current law, a forest reservation must be not less than  
2 two acres in continuous area to receive an exemption. The bill  
3 increases this minimum size to five acres.

4 The bill allows a board to discontinue any exemptions for  
5 establishing a forest or fruit-tree reservation by ordinance.  
6 The bill removes all designations of areas within a county as a  
7 forest or fruit-tree reservation on January 1 of the assessment  
8 year following the passage of an ordinance to discontinue the  
9 exemptions in the county. Any applications which have not  
10 yet been processed for a forest or fruit-tree reservation  
11 exemption upon January 1 of the assessment year following  
12 the passage of an ordinance to discontinue the exemptions  
13 are disallowed. A board may reinstate forest and fruit-tree  
14 reservation exemptions by ordinance. An owner of an area  
15 previously designated as a forest or fruit-tree reservation  
16 must reapply in order to receive the exemption upon the passage  
17 of an ordinance reinstating the exemptions.

18 The bill allows county assessors to assess land designated  
19 as a forest or fruit-tree reservation at the land's fair market  
20 value as of January 1 of any year in which the land no longer  
21 meets the requirements applicable to the type of exemption  
22 granted to the land.

23 The bill makes conforming changes.