

House Study Bill 66 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

- 1 An Act establishing an exemption for certain property
- 2 classified as agricultural based on levee and drainage
- 3 district assessments.
- 4 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. 42. *Certain property classified as*
4 *agricultural located in a levee and drainage district.* For
5 assessment years beginning on or after January 1, 2024,
6 a portion of the actual value of property classified as
7 agricultural, as determined on the basis of productivity and
8 net earning capacity as determined under section 441.21,
9 subsection 1, paragraph "e", located in a levee and drainage
10 district under chapter 468, if the district is adjacent to
11 both the Mississippi river and the Iowa river and consists of
12 at least thirty-five thousand acres. The exemption on such
13 property classified as agricultural shall be allowed if the
14 property's per-acre levee and drainage district taxes assessed
15 under chapter 468 exceed the applicable county's per-acre
16 five-year average levee and drainage district tax amount. The
17 amount of the exemption shall be an amount equal to the number
18 of net acres comprising the property multiplied by the amount
19 by which the property's per-acre levee and drainage district
20 taxes exceed the county's per-acre five-year average levee
21 and drainage district tax amount divided by seven percent.
22 However, in no case shall the amount of the exemption under
23 this subsection exceed fifty percent of the actual land value
24 of the property.

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 Under this bill, for assessment years beginning on or after
35 January 1, 2024, a portion of the actual value of property

1 classified as agricultural located in a levee and drainage
2 district that is located adjacent to both the Mississippi river
3 and the Iowa river and consists of at least 35,000 acres shall
4 be exempt from taxation. The exemption on such agricultural
5 property shall be allowed if the property's per-acre levee and
6 drainage district taxes assessed exceed the applicable county's
7 per-acre five-year average levee and drainage district tax
8 amount. The amount of the exemption shall be an amount equal
9 to the number of net acres comprising the property multiplied
10 by the amount by which the property's per-acre levee and
11 drainage district taxes exceed the county's per-acre five-year
12 average levee and drainage district tax amount divided by 7
13 percent. However, in no case shall the amount of the exemption
14 exceed 50 percent of the actual land value of the property.