

House File 142 - Introduced

HOUSE FILE 142
BY WILLS

A BILL FOR

1 An Act creating conservation area designations subject to
2 modified property tax levy rates and eliminating the forest
3 and fruit-tree reservation property tax exemption program.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

CONSERVATION AREAS

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Section 1. NEW SECTION. **427D.1 Conservation area designation — taxation.**

1. For assessment years beginning on or after January 1, 2026, any person who receives a conservation area designation as provided in this chapter shall be taxed at the following levy rates:

a. For a commercial conservation area, twelve dollars per commercial conservation acre.

b. For any other conservation area, eight dollars per acre.

2. The revenue generated from the levy pursuant to this section shall be apportioned by the county treasurer among the several taxing districts in which the area is located in proportion to each taxing district's portion of the consolidated levy rate that would otherwise be applicable to the area but for the designation under this chapter.

Sec. 2. NEW SECTION. **427D.2 Conservation area.**

On any tract of land in the state of Iowa, the owner or owners may apply for a conservation area designation. The conservation area shall encompass not less than five acres in continuous area. Upon compliance with the provisions of this chapter, such owner or owners shall be entitled to the benefits of this chapter.

Sec. 3. NEW SECTION. **427D.3 Commercial conservation area.**

1. In addition to the other requirements of a conservation area under this chapter, a commercial conservation area must be used primarily for one or more of the following:

a. Fruit production.

b. Pasture land, if the pasture land is managed with a certified management plan from the United States department of agriculture or the United States natural resource conservation service, and has a minimum stubble height of four inches to improve habitat.

c. Hunting or fishing pursuant to a lease agreement.

Sec. 4. NEW SECTION. **427D.4 Conservation area — forests.**

1 A conservation area that does not satisfy the requirements
2 for a commercial conservation area, but is comprised of forested
3 land, which is compliant with a forest improvement plan, shall be
4 designated as a conservation area.

5 Sec. 5. NEW SECTION. **427D.5 Penalty.**

6 If the owner or owners violate any provision of this chapter,
7 the land shall lose the conservation area designation and any tax
8 shall be subject to recapture as provided in section 427D.6.

9 Sec. 6. NEW SECTION. **427D.6 Application — inspection —
10 continuation of exemption — recapture of tax.**

11 1. It shall be the duty of the assessor to secure the
12 facts relative to a proposed conservation area by taking the
13 sworn statement, or affirmation, of the owner or owners making
14 application under this chapter; and to make a report to the
15 county auditor of all conservation areas made in the county under
16 the provisions of this chapter.

17 2. The board of supervisors shall designate the county
18 conservation board or the assessor who shall inspect the
19 area for which an application is filed for conservation area
20 designations before the application is approved. Use of aerial
21 photographs may be substituted for on-site inspection when
22 appropriate. The application can only be approved if it meets
23 the criteria established by the natural resource commission to
24 be a conservation area. Once the application has been approved,
25 the area shall continue to be taxed as a conservation area under
26 this chapter during each year in which the area is maintained
27 as a conservation area without the owner having to refile. If
28 the property is sold or transferred, the seller shall notify the
29 buyer that all, or part of, the property is a conservation area
30 and subject to the recapture tax provisions of this section.
31 The area may be inspected each year by the county conservation
32 board or the assessor to determine if the area is maintained
33 as a conservation area. If the area is not maintained or is
34 used for economic gain other than for the purposes permitted
35 under this chapter, the assessor shall classify and assess the

1 property in the same manner as all other property subject to
2 taxation as of January 1 of that year and, in addition, the
3 area shall be subject to a recapture tax. However, the area
4 shall not be subject to the recapture tax if the owner, including
5 one possessing under a contract of sale, and the owner's direct
6 antecedents or descendants have owned the area for more than ten
7 years. The tax shall be computed by multiplying the consolidated
8 levy for each of the applicable years by the assessed value of
9 the area that would have been taxed but for reduced taxation.
10 This tax shall be entered against the property on the tax list
11 for the current year and shall constitute a lien against the
12 property in the same manner as a lien for property taxes. The
13 tax when collected shall be apportioned in the manner provided
14 for the apportionment of the property taxes for the applicable
15 tax year.

16 Sec. 7. NEW SECTION. **427D.7 Report to department of natural**
17 **resources.**

18 The county assessor shall keep a record of all conservation
19 areas in the county and submit a report of the reservations to
20 the department of natural resources beginning not later than June
21 15, 2027, and each June 15 thereafter.

22 Sec. 8. NEW SECTION. **441.22A Conservation area**
23 **designation.**

24 Conservation areas fulfilling the conditions of chapter 427D
25 shall be subject to tax as provided in section 427D.1. 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 the
29 valuation of the property because of such improvements.

30 DIVISION II

31 FOREST AND FRUIT-TREE RESERVATIONS — REPEAL

32 Sec. 9. NEW SECTION. **427C.14 Applicability and future**
33 **repeal.**

34 1. This chapter applies to assessment years beginning prior
35 to January 1, 2026.

1 2. This chapter is repealed January 1, 2031.

2 Sec. 10. Section 441.22, Code 2025, is amended to read as
3 follows:

4 **441.22 Forest and fruit-tree reservations — future repeal.**

5 Forest and fruit-tree reservations fulfilling the conditions
6 of chapter 427C shall be exempt from taxation for assessment
7 years beginning prior to January 1, 2026. In all other cases
8 where trees are planted upon any tract of land, without regard
9 to area, for forest, fruit, shade, or ornamental purposes, or for
10 windbreaks, the assessor shall not increase the valuation of the
11 property because of such improvements. This section is repealed
12 January 1, 2031.

13 EXPLANATION

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

16 This bill creates conservation area designations and
17 eliminates the forest and fruit-tree property tax exemption
18 program.

19 DIVISION I — CONSERVATION AREAS. The bill establishes a
20 conservation area designation, to be taxed at the following levy
21 rates: for a commercial conservation area, \$12 per acre; and for
22 any other conservation area, \$8 per acre.

23 The bill specifies the revenue generated from the levies shall
24 be apportioned by the county treasurer among the several taxing
25 districts in which the area is located in proportion to each
26 taxing district's portion of the consolidated levy rate that
27 would otherwise be applicable to the area but for the designation
28 under the bill.

29 The bill specifies any owner may select any tract of land as
30 a conservation area. The conservation area must consist of five
31 continuous acres.

32 A commercial conservation area must consist of fruit
33 production, pasture land, or an area encompassing a hunting or
34 fishing lease. The bill requires the pasture land to be managed
35 with a certified management plan and have a minimum stubble

1 height of four inches to improve habitat.

2 The bill requires a conservation area containing forested land
3 to have an implemented forest improvement plan.

4 The bill establishes an application process for the
5 establishment of a conservation area.

6 An owner who does not maintain the conservation area is
7 subject to a recapture tax as described in the bill.

8 DIVISION II — FOREST AND FRUIT-TREE RESERVATIONS —
9 REPEAL. The bill eliminates the forest and fruit-tree reservation
10 tax exemption under Code chapter 427C for assessment years
11 beginning on or after January 1, 2026.

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