

**Senate File 17 - Introduced**

SENATE FILE 17  
BY SINCLAIR

**A BILL FOR**

1 An Act modifying provisions governing the taxation of forest  
2 reservations and fruit-tree reservations, and including  
3 effective date and retroactive applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 427C.3, Code 2025, is amended to read as  
2 follows:

3 **427C.3 Forest reservation.**

4 A forest reservation shall contain not less than two hundred  
5 growing forest trees on each acre. If the area selected is a  
6 forest containing the required number of growing forest trees,  
7 it shall be accepted as a forest reservation under this chapter  
8 provided a qualifying application under section 427C.12 is made  
9 or on file on or before February 1 of the exemption year.  
10 If any buildings are standing on an area selected as a forest  
11 reservation under this section or a fruit-tree reservation under  
12 section 427C.7, one acre of that area shall be excluded from  
13 the tax exemption. However, the exclusion of that acre shall  
14 not affect the area's meeting the acreage requirement of section  
15 427C.2.

16 Sec. 2. Section 427C.12, Code 2025, is amended to read as  
17 follows:

18 **427C.12 Application — inspection — continuation of  
19 exemption — recapture of tax.**

20 1. It shall be the duty of the assessor to secure the facts  
21 relative to fruit-tree and forest reservations by taking the  
22 sworn statement, or affirmation, of the owner or owners making  
23 an application under this chapter; and to make special report to  
24 the county auditor of all reservations made in the county under  
25 the provisions of this chapter.

26 2. a. The board of supervisors shall designate the county  
27 conservation board or the assessor who shall inspect the area  
28 for which an application is filed for a fruit-tree or forest  
29 reservation tax exemption before the application is accepted.  
30 Use of aerial photographs may be substituted for on-site  
31 inspection when appropriate.

32 b. The application ~~can~~ shall only be accepted if it meets all  
33 of the criteria following conditions:

34 (1) Any criteria established by the natural resource  
35 commission to be a fruit-tree or forest reservation.

1     (2) The owner or owners are receiving a homestead tax credit  
2 under chapter 425 at the time of the application.

3     c. Once the application has been accepted, the area shall  
4 continue to receive the tax exemption during each year in which  
5 the area is maintained as a fruit-tree or forest reservation  
6 without the owner having to refile, if the fruit-tree or forest  
7 reservation continues to meet all of the conditions under  
8 paragraph "b", including that the owner or owners continue to  
9 receive a homestead credit for each applicable assessment year.

10    d. If the property is sold or transferred, the seller shall  
11 notify the buyer that all, or part of, the property is in  
12 fruit-tree or forest reservation and subject to the recapture  
13 tax provisions of this section. The If the new owner or owners  
14 satisfy the homestead credit requirement, the tax exemption shall  
15 continue to be granted for the remainder of the eight-year  
16 period for fruit-tree reservation and for the following years for  
17 forest reservation or until the property no longer qualifies as a  
18 fruit-tree or forest reservation.

19    e. The area may be inspected each year by the county  
20 conservation board or the assessor to determine if the area is  
21 maintained as a fruit-tree or forest reservation. If the owner  
22 or owners fail to satisfy the homestead credit requirement or the  
23 area is not maintained or is used for economic gain other than  
24 as a fruit-tree reservation during any year of the eight-year  
25 exemption period and any year of the following five years or  
26 as a forest reservation during any year for which the exemption  
27 is granted and any of the five years following those exemption  
28 years, the assessor shall assess the property for taxation at its  
29 fair market value as of January 1 of that year and in addition  
30 the area shall be subject to a recapture tax. However, the area  
31 shall not be subject to the recapture tax if the owner, including  
32 one possessing under a contract of sale, and the owner's direct  
33 antecedents or descendants have owned the area for more than ten  
34 years. The tax shall be computed by multiplying the consolidated  
35 levy for each of those years, if any, of the five preceding

1 years for which the area received the exemption for fruit-tree  
2 or forest reservation times the assessed value of the area that  
3 would have been taxed but for the tax exemption. This tax shall  
4 be entered against the property on the tax list for the current  
5 year and shall constitute a lien against the property in the same  
6 manner as a lien for property taxes. The tax when collected  
7 shall be apportioned in the manner provided for the apportionment  
8 of the property taxes for the applicable tax year.

9 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate  
10 importance, takes effect upon enactment.

11 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
12 retroactively to existing and new exemptions under chapter 427C  
13 for assessment years beginning on or after January 1, 2025.

14 EXPLANATION

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

17 This bill modifies provisions governing the taxation of forest  
18 reservations and fruit-tree reservations.

19 Current Code chapter 427C authorizes a property tax exemption  
20 for certain forest reservations and fruit-tree reservations, if  
21 the owner meets certain criteria established by the natural  
22 resource commission to be a forest or fruit-tree reservation.

23 In addition to meeting the criteria established by the natural  
24 resource commission to be a forest or fruit-tree reservation, the  
25 bill requires the owner to also be receiving the homestead tax  
26 credit under Code chapter 425 in each assessment year the forest  
27 or fruit-tree tax exemption is received by the owner.

28 The bill takes effect upon enactment and applies retroactively  
29 to existing and new exemptions under Code chapter 427C for  
30 assessment years beginning on or after January 1, 2025.