SENATE FILE 633
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 219)

(As Amended and Passed by the Senate May 13, 2025)

_____ = New Language by the Senate

A BILL FOR

An Act relating to forest and fruit-tree reservations by establishing a program fee and including contingent effective date provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. **427C.14 Program fee.**

1. *a.* For each assessment year beginning on or after January 1, 2026, each acre of forest and fruit-tree reservation that is exempt from tax pursuant to this chapter shall be subject to a program fee to be paid no later than September 1 of each assessment year to the county treasurer of the county where the forest or fruit-tree reservation is located to be deposited into the county general fund.

b. (1) Amounts collected by the county that are due on September 1, 2026, and due on September 1, 2027, may be used for any county general fund purpose.

(2) Amounts collected by a county that are due on or after September 1, 2028, shall be used for property tax relief for fiscal years beginning on or after July 1, 2029, including, for counties subject to section 331.423, subsection 1, paragraph "*d*", subparagraph (2), as enacted in 2025 Iowa Acts, Senate File 651, an adjustment to the calculation of the county's authorized levy rate for general county services under section 331.423, subsection 1, paragraph "*d*", subparagraph (2), subparagraph division (a), as enacted in 2025 Iowa Acts, Senate File 651.

2. Fee rates shall be in the following amounts:

a. Subject to paragraph "*c*", for forest and fruit-tree reservations located in the county where at least one of the owners of the forest or fruit-tree reservation maintains a homestead, as defined in section 425.11, two dollars per acre, as adjusted pursuant to subsection 4.

b. Subject to paragraph "*c*", for forest and fruit-tree reservations not subject to paragraph "*a*" and located in a county that is contiguous to the county where at least one of the owners of the forest or fruit-tree reservation maintains a homestead, as defined in section 425.11, three dollars per acre, as adjusted pursuant to subsection 4.

c. (1) For forest and fruit-tree reservations not described by paragraph "*a*" or "*b*", and forest and fruit-tree reservations

located inside the corporate limits of a city, a rate per acre equal to the product of the average property taxes due per acre of agricultural property in the county with the most acres of land subject to an exemption under this chapter for the most recently available assessment year multiplied by the quotient of thirteen divided by the average corn suitability rating for agricultural property located in the county with the most acres of property subject to an exemption under this chapter.

(2) The department of management shall make all calculations necessary to determine the fee rate in subparagraph (1) and transmit the rate to each county treasurer no later than July 1 of each year.

3. For purposes of this section:

a. "Annual inflation factor" means an index, expressed as a percentage, determined by the department of management based upon the consumer price index for all urban consumers for the twelve-month period ending six months prior to January 1 of the assessment year for which the factor is determined. In determining the annual inflation factor, the department of management shall use the annual percent change, but not less than zero percent, in the consumer price index for all urban consumers in the applicable twelve-month period and shall add all of that percent change to one hundred percent. The annual inflation factor and the cumulative inflation factor shall each be expressed as a percentage rounded to the nearest one-tenth of one percent. The annual inflation factor shall not be less than one hundred percent. The annual inflation factor for the assessment year beginning January 1, 2026, is one hundred percent.

b. "Cumulative inflation factor" means the product of the annual inflation factor for the assessment year beginning on January 1, 2027, and all annual inflation factors for subsequent assessment years as determined pursuant to this subsection. The cumulative inflation factor applies to all assessment years beginning on or after January 1 of the

assessment year for which the latest annual inflation factor has been determined pursuant to paragraph "a".

4. For each assessment year beginning on or after January 1, 2027, the department of management shall multiply the adjusted fee amount, if applicable, set forth in subsection 2, paragraphs "a" and "b", by the cumulative inflation factor, and shall round off the resulting product to the nearest cent. The resulting factor shall be the fee rate used in subsection 2, paragraphs "a" and "b", for the applicable assessment year. However, the fee rate in subsection 2, paragraphs "a" and "b", including any adjusted fee amount calculated under this subsection, shall not exceed the fee rate calculated under subsection 2, paragraph "c", used during the same assessment year. The department of management shall transmit the fee rate as adjusted pursuant to this subsection, if applicable, to the county treasurer no later than July 1 of each year.

Sec. 2. Section 331.423, subsection 1, paragraph d, subparagraph (2), subparagraph division (a), as enacted by 2025 Iowa Acts, Senate File 651, section 3, is amended to read as follows:

(a) If the total assessed value, excluding value attributable to new valuation, used to calculate taxes for general county services under this subsection 1 for the budget year is equal to or exceeds one hundred two percent of the total assessed value used to calculate taxes for general county services for the current fiscal year, the levy rate imposed under this subsection 1 shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing the product of the budget adjustment factor multiplied by the remainder of current fiscal year's actual property tax dollars certified for levy under this subsection 1 minus, for fiscal years beginning on or after July 1, 2029, the amount of fees collected by the county under section 427C.14 due by September 1 preceding the budget year by the remainder of the total

assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

Sec. 3. CONTINGENT EFFECTIVE DATE. This Act takes effect on the effective date of 2025 Iowa Acts, Senate File 651, division I.