

MAR 16 2001

WAYS AND MEANS

HOUSE FILE 644
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HF 509)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the annual filing for the family farm tax
2 credit, to the notification to the assessor of the change in
3 ownership or the person actively engaged in farming the tract
4 of agricultural land for which the family farm tax credit is
5 allowed, providing a penalty, and including effective and
6 applicability date provisions.

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

HF 644

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1 Section 1. Section 425A.4, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. To apply for the credit, the person shall ~~each-year~~
4 ~~between-July-1-and-October-15~~ deliver to the county assessor a
5 verified statement and designation of the tracts of
6 agricultural land for which the credit is claimed. The
7 assessor shall return the statement and designation on or
8 before November 15 of each year to the county board of
9 supervisors with a recommendation for allowance or
10 disallowance. A claim for credit filed after November 15 of
11 the year shall be considered as a claim filed for the
12 following year.

13 Sec. 2. Section 425A.4, Code 2001, is amended by adding
14 the following new subsections:

15 NEW SUBSECTION. 3. Upon the filing and allowance of the
16 claim, the claim shall be allowed on that tract for successive
17 years without further filing as long as the property is
18 legally or equitably owned by that person or that person's
19 spouse on July 1 of each of those successive years, and the
20 designated person who is actively engaged in farming remains
21 the same during these years. When the property is sold or
22 transferred, the buyer or transferee who wishes to qualify
23 shall file for the credit. However, when the property is
24 transferred as part of a distribution made pursuant to chapter
25 598, the transferee who is the spouse retaining ownership of
26 the property is not required to file for the credit. In the
27 case where the owner remains the same but the person who is
28 actively engaged in farming changes, the owner shall refile
29 for the credit. The owner shall provide written notice if the
30 person actively engaged in farming changes.

31 NEW SUBSECTION. 4. The assessor shall retain a permanent
32 file of current family farm credit claims filed in the
33 assessor's office.

34 The county recorder shall give notice to the assessor of
35 each transfer of title filed in the recorder's office. The

1 notice shall describe the tract of agricultural land
2 transferred, the name of the person transferring the title to
3 the tract, and the name of the person to whom title to the
4 tract has been transferred.

5 The assessor shall file with the county board of
6 supervisors a notice of transfer of property for which a claim
7 is filed when notice is received from the office of the county
8 recorder.

9 The assessor shall send notice to the new owner that the
10 person may be eligible for the family farm tax credit under
11 this chapter and that forms for filing for the tax credit are
12 available upon request.

13 Sec. 3. Section 425A.8, Code 2001, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. A person who fails to notify the
16 assessor of a change in the person who is actively engaged in
17 farming the tract for which the credit under section 425A.3,
18 is allowed shall be liable for the amount of the credit plus a
19 penalty equal to five percent of the amount of the credit.
20 The amounts shall be collected by the county treasurer in the
21 same manner as other property taxes and any penalty are
22 collected and when collected shall be paid to the director of
23 revenue and finance.

24 Sec. 4. This Act takes effect July 1, 2001, and applies to
25 claims for family farm tax credits filed on or after that
26 date.

27 **EXPLANATION**

28 Under current law, to obtain the family farm tax credit, an
29 owner must file annually. The bill provides that after the
30 first filing and approval, the owner need not file again until
31 such time as the person actively engaged in the farming of the
32 tract of land changes. In addition, the owner must notify the
33 assessor of such change. The bill also allows the owner
34 claiming the credit to file at any time instead of between
35 July 1 and October 15 as in current law. However, if the

1 claim is filed after November 15, it shall be considered as
2 being filed for the following year. If the tract is
3 transferred, the new owner must file for the credit. The
4 assessor is to provide notice to the new owner that the person
5 may qualify for the family farm tax credit and the recorder
6 must notify the assessor of the change in ownership.

7 The bill also provides a penalty if the person actively
8 engaged in farming changes and notification is not provided.

9 The penalty equals the amount of credit paid plus 5 percent of
10 the amount of credit paid. The bill takes effect July 1,
11 2001, and applies to claims filed on or after that date.

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