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APR 12 2001

WAYS & MEANS CALENDAR

HOUSE FILE 712
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 509)

(SUCCESSOR TO HF 644)

Passed House, ^(P. 1438) Date 4/24/01 Passed Senate, ^(P. 1430) Date 5/1/01
Vote: Ayes 97 Nays 0 Vote: Ayes 45 Nays 0
Approved May 21, 2001

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:

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HF 712

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

7 NEW UNNUMBERED PARAGRAPH. A person who fails to notify the
8 assessor of a change in the person who is actively engaged in
9 farming the tract for which the credit under section 425A.3,
10 is allowed shall be liable for the amount of the credit plus a
11 penalty equal to five percent of the amount of the credit.
12 The amounts shall be collected by the county treasurer in the
13 same manner as other property taxes and any penalty are
14 collected and when collected shall be paid to the director of
15 revenue and finance.

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

19 EXPLANATION

20 Under current law, to obtain the family farm tax credit, an
21 owner must file annually. The bill provides that after the
22 first filing and approval, the owner need not file again until
23 such time as the person actively engaged in the farming of the
24 tract of land changes. In addition, the owner must notify the
25 assessor of such change. The bill also allows the owner
26 claiming the credit to file at any time instead of between
27 July 1 and October 15 as in current law. However, if the
28 claim is filed after November 1, it shall be considered as
29 being filed for the following year. If the tract is
30 transferred, the new owner must file for the credit.

31 The bill also provides a penalty if the person actively
32 engaged in farming changes and notification is not provided.
33 The penalty equals the amount of credit paid plus 5 percent of
34 the amount of credit paid. The bill takes effect July 1,
35 2001, and applies to claims filed on or after that date.

HOUSE FILE 712

H-1651

1 Amend House File 712 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 425.7, subsection 3,
5 unnumbered paragraph 2, Code 2001, is amended to read
6 as follows:

7 If a claim is disallowed by the director of revenue
8 and finance and not appealed to the state board of tax
9 review or appealed to and upheld by the state board of
10 tax review and a petition for judicial review is not
11 filed with respect to the disallowance, any amounts of
12 credits allowed and paid from the homestead credit
13 fund including the penalty, if any, become a lien upon
14 the property on which credit was originally granted,
15 if still in the hands of the claimant, and not in the
16 hands of a bona fide purchaser, and any amount so
17 erroneously paid including the penalty, if any, shall
18 be collected by the county treasurer in the same
19 manner as other taxes and the collections shall be
20 returned to the department of revenue and finance and
21 credited to the homestead credit fund. The director
22 of revenue and finance may institute legal proceedings
23 against a homestead credit claimant for the collection
24 of payments made on disallowed credits and the
25 penalty, if any. If a person makes a false claim or
26 affidavit with fraudulent intent to obtain the
27 homestead, the person is guilty of a fraudulent
28 practice and the claim shall be disallowed in full.
29 If the credit has been paid, the amount of the credit
30 plus a penalty equal to twenty-five percent of the
31 amount of credit plus interest, at the rate in effect
32 under section 421.7, from the time of payment shall be
33 collected by the county treasurer in the same manner
34 as other property taxes, penalty, and interest are
35 collected and when collected shall be paid to the
36 director of revenue and finance. If a homestead
37 credit is disallowed and the claimant failed to give
38 written notice to the assessor as required by section
39 425.2 when the property ceased to be used as a
40 homestead by the claimant, a civil penalty equal to
41 fifty five percent of the amount of the disallowed
42 credit is assessed against the claimant."

43 2. Page 2, by inserting after line 15 the
44 following:

45 "Sec. ____ . Section 425.14, Code 2001, is
46 repealed."

47 3. Page 2, line 17 by inserting after the word
48 "for" the following: "homestead tax credits filed or
49 on file and for".

50 4. Title page, line 1, by inserting after the

H-1651

H-1651

Page 2

1 word "relating" the following: "to the homestead tax
2 credit and".

By SIEVERS of Scott
GRUNDBERG of Polk

H-1651 FILED APRIL 24, 2001

W/D
4/24/01 (p. 1437)

HOUSE FILE 712

H-1659

Amend House File 712 as follows:

1. Page 1, by inserting before line 1 the following:

"Section 1. Section 425.7, subsection 3, unnumbered paragraph 2, Code 2001, is amended to read as follows:

If a claim is disallowed by the director of revenue and finance and not appealed to the state board of tax review or appealed to and upheld by the state board of tax review and a petition for judicial review is not filed with respect to the disallowance, any amounts of credits allowed and paid from the homestead credit fund including the penalty, if any, become a lien upon the property on which credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid including the penalty, if any, shall be collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and finance and credited to the homestead credit fund. The director of revenue and finance may institute legal proceedings against a homestead credit claimant for the collection of payments made on disallowed credits and the penalty, if any. If a person makes a false claim or affidavit with fraudulent intent to obtain the homestead credit, the person is guilty of a fraudulent practice and the claim shall be disallowed in full. If the credit has been paid, the amount of the credit plus a penalty equal to twenty-five percent of the amount of credit plus interest, at the rate in effect under section 421.7, from the time of payment shall be collected by the county treasurer in the same manner as other property taxes, penalty, and interest are collected and when collected shall be paid to the director of revenue and finance. If a homestead credit is disallowed and the claimant failed to give written notice to the assessor as required by section 425.2 when the property ceased to be used as a homestead by the claimant, a civil penalty equal to ~~fifty~~ five percent of the amount of the disallowed credit is assessed against the claimant."

2. Page 2, by inserting after line 15 the following:

"Sec. ____ . Section 425.14, Code 2001, is repealed."

3. Page 2, line 17 by inserting after the word "for" the following: "homestead tax credits filed or on file and for".

4. Title page, line 1, by inserting after the

H-1659

H-1659

Page 2

1 word "relating" the following: "to the homestead tax
2 credit and".

By SIEVERS of Scott
GRUNDBERG of Polk

H-1659 FILED APRIL 24, 2001

Adopted
4/24/01
(p. 1438)

S-4/24/01 Ways & Means
S-4/27/01 Do Pass

HOUSE FILE 712
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 509)
(SUCCESSOR TO HF 644)

(As Amended and Passed by the House April 24, 2001)

Passed House, ^(P. 1438) Date 4/24/01 Passed Senate, ^(P. 1430) Date 5/1/01
Vote: Ayes 97 Nays 0 Vote: Ayes 45 Nays 0
Approved May 21, 2001

A BILL FOR

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

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

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House Amendments _____

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1 Section 1. Section 425.7, subsection 3, unnumbered
2 paragraph 2, Code 2001, is amended to read as follows:

3 If a claim is disallowed by the director of revenue and
4 finance and not appealed to the state board of tax review or
5 appealed to and upheld by the state board of tax review and a
6 petition for judicial review is not filed with respect to the
7 disallowance, any amounts of credits allowed and paid from the
8 homestead credit fund including the penalty, if any, become a
9 lien upon the property on which credit was originally granted,
10 if still in the hands of the claimant, and not in the hands of
11 a bona fide purchaser, and any amount so erroneously paid
12 including the penalty, if any, shall be collected by the
13 county treasurer in the same manner as other taxes and the
14 collections shall be returned to the department of revenue and
15 finance and credited to the homestead credit fund. The
16 director of revenue and finance may institute legal
17 proceedings against a homestead credit claimant for the
18 collection of payments made on disallowed credits and the
19 penalty, if any. If a person makes a false claim or affidavit
20 with fraudulent intent to obtain the homestead credit, the
21 person is guilty of a fraudulent practice and the claim shall
22 be disallowed in full. If the credit has been paid, the
23 amount of the credit plus a penalty equal to twenty-five
24 percent of the amount of credit plus interest, at the rate in
25 effect under section 421.7, from the time of payment shall be
26 collected by the county treasurer in the same manner as other
27 property taxes, penalty, and interest are collected and when
28 collected shall be paid to the director of revenue and
29 finance. If a homestead credit is disallowed and the claimant
30 failed to give written notice to the assessor as required by
31 section 425.2 when the property ceased to be used as a
32 homestead by the claimant, a civil penalty equal to fifty five
33 percent of the amount of the disallowed credit is assessed
34 against the claimant.

35 Sec. 2. Section 425A.4, subsection 1, Code 2001, is

1 amended to read as follows:

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

12 Sec. 3. Section 425A.4, Code 2001, is amended by adding
13 the following new subsections:

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

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

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

1 transferred, the name of the person transferring the title to
2 the tract, and the name of the person to whom title to the
3 tract has been transferred.

4 Sec. 4. Section 425A.8, Code 2001, is amended by adding
5 the following new unnumbered paragraph:

6 NEW UNNUMBERED PARAGRAPH. A person who fails to notify the
7 assessor of a change in the person who is actively engaged in
8 farming the tract for which the credit under section 425A.3,
9 is allowed shall be liable for the amount of the credit plus a
10 penalty equal to five percent of the amount of the credit.
11 The amounts shall be collected by the county treasurer in the
12 same manner as other property taxes and any penalty are
13 collected and when collected shall be paid to the director of
14 revenue and finance.

15 Sec. 5. Section 425.14, Code 2001, is repealed.

16 Sec. 6. This Act takes effect July 1, 2001, and applies to
17 claims for homestead tax credits filed or on file and for
18 family farm tax credits filed on or after that date.

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HOUSE FILE 712

AN ACT

RELATING TO THE HOMESTEAD TAX CREDIT AND TO THE ANNUAL FILING FOR THE FAMILY FARM TAX CREDIT, TO THE NOTIFICATION TO THE ASSESSOR OF THE CHANGE IN OWNERSHIP OR THE PERSON ACTIVELY ENGAGED IN FARMING THE TRACT OF AGRICULTURAL LAND FOR WHICH THE FAMILY FARM TAX CREDIT IS ALLOWED, PROVIDING A PENALTY, AND INCLUDING EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 425.7, subsection 3, unnumbered paragraph 2, Code 2001, is amended to read as follows:

If a claim is disallowed by the director of revenue and finance and not appealed to the state board of tax review or appealed to and upheld by the state board of tax review and a petition for judicial review is not filed with respect to the disallowance, any amounts of credits allowed and paid from the homestead credit fund including the penalty, if any, become a lien upon the property on which credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid including the penalty, if any, shall be collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and finance and credited to the homestead credit fund. The director of revenue and finance may institute legal

proceedings against a homestead credit claimant for the collection of payments made on disallowed credits and the penalty, if any. If a person makes a false claim or affidavit with fraudulent intent to obtain the homestead credit, the person is guilty of a fraudulent practice and the claim shall be disallowed in full. If the credit has been paid, the amount of the credit plus a penalty equal to twenty-five percent of the amount of credit plus interest, at the rate in effect under section 421.7, from the time of payment shall be collected by the county treasurer in the same manner as other property taxes, penalty, and interest are collected and when collected shall be paid to the director of revenue and finance. If a homestead credit is disallowed and the claimant failed to give written notice to the assessor as required by section 425.2 when the property ceased to be used as a homestead by the claimant, a civil penalty equal to fifty five percent of the amount of the disallowed credit is assessed against the claimant.

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

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

Sec. 3. Section 425A.4, Code 2001, is amended by adding the following new subsections:

NEW SUBSECTION. 3. Upon the filing and allowance of the claim, the claim shall be allowed on that tract for successive years without further filing as long as the property is

legally or equitably owned by that person or that person's spouse on July 1 of each of those successive years, and the designated person who is actively engaged in farming remains the same during these years. When the property is sold or transferred, the buyer or transferee who wishes to qualify shall file for the credit. However, when the property is transferred as part of a distribution made pursuant to chapter 598, the transferee who is the spouse retaining ownership of the property is not required to file for the credit. In the case where the owner remains the same but the person who is actively engaged in farming changes, the owner shall refile for the credit. The owner shall provide written notice if the person actively engaged in farming changes.

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

The county recorder shall give notice to the assessor of each transfer of title filed in the recorder's office. The notice shall describe the tract of agricultural land transferred, the name of the person transferring the title to the tract, and the name of the person to whom title to the tract has been transferred.

Sec. 4. Section 425A.8, Code 2001, is amended by adding the following new unnumbered paragraph:

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

Sec. 5. Section 425.14, Code 2001, is repealed.

Sec. 6. This Act takes effect July 1, 2001, and applies to claims for homestead tax credits filed or on file and for family farm tax credits filed on or after that date.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 712, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved May 21, 2001

THOMAS J. VILSACK
Governor