

MAR 16 2005
WAYS AND MEANS

HOUSE FILE 803
BY SWAIM

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

A BILL FOR

1 An Act limiting the property tax exemption for fruit-tree and
2 forest reservations to resident landowners.

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

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HF 803

1 Section 1. Section 427C.1, Code 2005, is amended to read
2 as follows:

3 427C.1 TAX EXEMPTION.

4 Any owner or designated person who establishes a forest or
5 fruit-tree reservation as provided in this chapter and who is
6 a resident of the state shall be entitled to the tax exemption
7 provided by law.

8 Sec. 2. NEW SECTION. 427C.1A DEFINITIONS.

9 As used in this chapter, unless the context otherwise
10 requires:

11 1. "Designated person" means one of the following:

12 a. If the owner is a partnership, a partner and the
13 partner's spouse if the combined partnership interest owned by
14 them is at least fifty-one percent.

15 b. If the owner is a corporation, a shareholder and the
16 shareholder's spouse if they own at least fifty-one percent of
17 the stock of the corporation.

18 2. "Owner" means any of the following:

19 a. An individual who holds the fee simple title to the
20 land.

21 b. An individual who owns the land under a contract of
22 purchase which has been recorded in the office of the county
23 recorder of the county in which the land is located.

24 c. An individual who owns the land under a deed or
25 contract of purchase which conveys a divided interest, where
26 the divided interest constitutes at least fifty-one percent of
27 the ownership of the land.

28 d. A partnership or corporation.

29 Sec. 3. Section 427C.2, Code 2005, is amended to read as
30 follows:

31 427C.2 RESERVATIONS.

32 On any tract of land in the state of Iowa, the owner or
33 owners designated person who is a resident of the state may
34 select a permanent forest reservation or reservations, each
35 not less than two acres in continuous area, or a fruit-tree

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

11 EXPLANATION

12 This bill requires that only owners who are residents of
13 the state may claim a property tax exemption for fruit-tree
14 and forest reservations. In the case where the land is owned
15 by a partnership or corporation, then a partner or shareholder
16 must be a resident and must own at least 51 percent of the
17 partnership or corporation, before the land may receive the
18 reservation exemption.

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