

To: Iowa Property Tax Administrators

From: Jim Moyle

Sent: August 28, 2009

Subject: Forest Reservation

The Natural Resources Conservation Service, as a part of the United States Department of Agriculture, has established a conservation stewardship program. Land owners who enroll in the program are eligible for an annual payment that is estimated to be from \$6 to \$12 per acre of forestland. The annual payment is available to land owners who install new conservation activities or are maintaining existing activities.

Iowa Code section 427C.10, which provides for a property tax exemption for forest and fruit-tree reservation, provides in part that fruit-tree and forest reservation shall not be used for economic gain other than the gain from raising fruit or forest trees. The department of natural resources has determined that the federal payment received by a landowner is not gain from the harvest of trees as defined in Iowa Administrative code rule 571-73.1(6) and owners receiving such payments would not be eligible for the tax exemption under Iowa Code Chapter 427C. The recapture tax provisions enumerated in Iowa Code section 427C.12 may also apply to landowners who currently have the property exempt as a forest reservation and elect to participate in the program.