

# IOWA STATE UNIVERSITY

Center for Agricultural Law & Taxation

## Hay Ground, Horses and Home Rule: *An Ag Law Year in Review*

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Iowa Bar Annual Meeting

June 19, 2017





IOWA STATE UNIVERSITY

**Center for Agricultural Law & Taxation**

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# IOWA DEVELOPMENTS



## Property Issues (page 11)

# Partition in Kind

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# Partition in Kind

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- *Newhall v. Roll*, No. 14-1622 (Iowa Sup. Ct. Dec. 23, 2016)
- Good overview of Iowa partition law:
  - Iowa law favors ***partition by sale***, not ***partition in kind*** (many other states favor partition in kind—avoid forced sale)
    - Person seeking partition in kind has burden to prove both **equitable** and **practicable**.

# Partition in Kind

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- Two tracts, one in Hardin County and one in Butler County. Difference in value between two tracts was \$151,000-\$535,500.
  - Sister offered equalization payment to make up the difference.
    - Family farm, both claimed emotional connection to land. Brother lived in North Dakota, but continued to farm Iowa property. Sister lived nearby and took care of her parents until they died.
    - Sister wanted to avoid tax liability.

# Partition in Kind

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- Supreme Court denied sister's request for partition in kind.
  - Did not prove both **equitable and practicable** to get the home place.
    - They both wanted it. Not easy to apportion fairly.

# Companion Case

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- *Newhall v. Roll*, No. 15-1838 (Iowa Sup. Ct. Dec. 23, 2016)
  - Fact that brother was adopted by paternal aunt after biological mother's will was executed did not prevent him from inheriting under the will.
    - Identified by name and class (children, Russell and Marcia).
      - Individual, not class gift.

# Partition in Kind

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- *Wihlm v. Campbell*, No. 15-0011 (Iowa Ct. App. Sept. 14, 2016)(currently under consideration for review by S Ct)
  - Three siblings inherited approximately 300 acres of farmland--including a multi-generational family homestead--from their father.
  - Two siblings wished to sell
  - The third sibling wished to retain the homestead, a property that had been in the family for many years.

# Partition in Kind

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- At trial, owner of a real estate business testified that the parcels should be sold together to maximize their sales price. This expert, who was not a certified appraiser, testified that he did not believe that appraisal values would yield a fair result if the property were to be divided in-kind.
- Certified appraiser testified the parcels requested by the third sibling could be divided from the remainder of the properties without materially impacting the sale value of the remainder.

# Partition in Kind

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- Trial court sided with sale, but Court of Appeals **reversed**.
  - Disagreed with the district court's conclusion that "the volatile nature of farmland as affected by the crop prices has made a partition in kind merely guesswork when factoring in the nature and qualities of the land."
    - Because the property she requested was a multi-generational family farm, the sentimental attachment she may have to the property weighed in favor of dividing her interest in kind.

12

# Wind Agreement Trips up Sale of Farmland p.12

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*Krummen v. Winger*, No. 15-1044 (Ia. Ct. App. Sept. 28, 2016).



# Wind Agreement Trips Up Sale

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- Sellers agreed to convey 77 / 149 acres of property impacted by wind energy agreement to Buyers.
  - **Sales contract:** The Sellers shall assign *all of the rights and obligations* in the “Memorandum of Wind Energy Lease and Agreement” to the Buyers.
- Seller delivered deed to plaintiffs assigning them *all rights under the agreement*.

# Wind Agreement Trips Up Sale

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- Wind energy company: lease prohibits wind energy rights from being severed from property. Could not transfer rights that were still tied to property owned by the seller.
  - Courts: This was a breach.
    - But court of appeals ruled that purchase agreement may have merged into deed, in which damages, not termination was proper remedy... Remanded.

# City Must Pay to Expand Easement

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*Hamner v. City of Bettendorf*, No. 15-2154 (Iowa Ct. App. Oct. 12, 2016).

- City of Bettendorf acquired 25-foot wide “utility and drainage easements” on plaintiffs’ property.
- City initiated a new streambank-stabilization project without acquiring expanded easements.
  - Grantors of the original easement did not contemplate the expansive use of the easement now sought.
  - Landowners were entitled to just compensation for an additional taking of their property.

# City Must Pay to Expand Easement

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**General Principle of Iowa Law:** Once a valid easement has been created and the servient landowner justly compensated, the continued use of the easement must not place a greater burden on the servient estate than was contemplated at the time of formation.

# But Watch for General Terms...

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- Where the existence of an easement is in *general* terms, it implies a grant of *unlimited reasonable* use such as is reasonably necessary and convenient and as little burdensome as possible to the servient owner.
- When the purpose of an express easement is not clear, a court must ascertain the objectively manifested intention of the parties

# Unrestricted Terms of Easement Sufficient to Allow Parking in Driveway

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*Halvorson v. Bentley*, No. 15-0877, 2016 Iowa App. LEXIS 1390 (Iowa Ct. App. 2016)

- Bank reacquired mortgaged property, including a house and a duplex, after a default. Bank decided to sell it in separate lots.
- Bank sold the house lot including a driveway, to one buyer and the duplex lot to another buyer.
- Bank included an easement for the house's driveway in warranty deed delivered to duplex buyer before it finalized the sale of a house lot.

# Unrestricted Terms of Easement Sufficient to Allow Parking in Driveway

- House buyers alleged driveway was only for access, but duplex owners said parking...
  - The Bank could have limited the scope of the easement in the duplex owner's deed, but it did not. The easement was a driveway used for parking *before the Bank sold the lot*.
  - The court ruled that a reasonable person in the duplex owner's position would believe the easement's purpose includes not only ingress and egress to the upper unit of the duplex but also parking.

# Boundary by Acquiescence Established p. 13

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- *Albert v. Conger*, 886 N.W.2d 877 (Iowa Ct. App. 2016).
  - Plaintiff purchased property in 1972.
  - Defendant purchased property in 1993.
    - Installed vinyl fence and built a new driveway in 1999.
  - Survey by plaintiff in 2012 showed defendant had encroached on plaintiff's property.
  - Boundary by acquiescence under Iowa Code § 650.14 established
    - Longtime use and care of property (mowing and maintenance)



## Farm Lease

# Single Grazing Horse Does not Establish Farm Tenancy p. 15

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- *Porter v. Harden*, 2016 Iowa App. LEXIS 478 (Iowa Ct. App. May 11, 2016)(single horse on residential acreage sufficient to create a farm tenancy...must send September 1 notice to terminate as required by Iowa Code §562.6.)



# Iowa Code § 562.6

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- Except for a farm tenant who is a mere cropper or a person who holds a farm tenancy with an acreage of less than forty acres where an animal feeding operation is the primary use of the acreage, a farm tenancy shall continue beyond the agreed term for the following crop year and otherwise upon the same terms and conditions...

# Farm Tenancy

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- “Farm tenancy” means a leasehold interest in land held by a person who produces crops or provides for the care and feeding of livestock on the land, including by grazing or supplying feed to the livestock. Iowa Code § 562.1A.

# Exception to Notice

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- < 40 acres
- Animal feeding operation is primary use.
  - “Animal feeding operation” means a lot, yard, corral, building, or other area in which animals are confined and fed and maintained for forty-five days or more in any 12-month period. Iowa Code § 459.102.4.

# Iowa Court of Appeals

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- Don't like it, but...plain language of text demands it.



# Single Grazing Horse Does not Establish Farm Tenancy

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- *Porter v. Harden*, No-15-0683 (Iowa Sup. Ct. March 10, 2017)
  - Reversed court of appeals and ruled that farm tenancy was **not** established.
  - Must look at “*primary purpose*” of land.
    - “Land which is not devoted primarily to the production of crops or the care and feeding of livestock cannot be foundation of Iowa Code chapter 562 farm tenancy.”

# Single Grazing Horse Does not Establish Farm Tenancy

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- Justice Wiggins, the single dissenting justice, wrote that the majority had gone too far.
- He argued that the majority was “manipulating the plain language chosen by the general assembly to reach what it feels is a just result.”
  - Argued that it wrongly places judges in the position of policymakers.
- Justice Wiggins noted that it is unclear how the “primary purpose” test will work.



## Estate Issues

# Intentional Interference with Inheritance p. 18

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*Boman v. Cramer*, No. 16-0110 (Iowa Ct. App. Feb. 8, 2017) (Iowa Supreme Court denied petition for further review March 29, 2017).

- Brother was on-farm with father
- Sisters were off-farm
- Dispute arose...things got ugly
- Sisters ensured that parents wrote brother out of the will.

# Brother Prevails in Intentional Interference with Inheritance Claim

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## Elements:

- The brother expected to receive an inheritance from his father upon his father's death.
- The sisters knew of the brother's expected inheritance.
- The brother's sisters intentionally and improperly interfered with the brother's expectancy by way of defamation and undue influence.

# Brother Prevails in Intentional Interference with Inheritance Claim

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- There was reasonable certainty that the brother would have received an inheritance, but for his sisters' interference.
- The brother suffered damages as a result of his loss of inheritance.

**Brother won \$1.5 million in damages.**

# Update Estate Planning Documents (Not in Materials)

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- Ademption is broadly defined as a “taking away” of a specific bequest from a will or trust before the death of the testator.
- If a will directs that 20 shares of IBM stock be given to Joe at the testator’s death, that bequest is *adeemed* if the testator no longer owns IBM stock when he dies.
  - In other words, Joe won’t get the gift.

# Update Estate Planning Documents

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*Steinberg v. Steinberg*, 2017 Iowa Sup. LEXIS 44 (April 28, 2017)

- Parents created a revocable living trust, appointing the farming son as their co-trustee.
- At the death of the last parent, trust would become irrevocable and other son would also become a co-trustee.
- Trust specified that non-farming son was to receive a house and a 40-acre Iowa parcel.
- Trust specified that farming son was to receive an 80-acre Iowa parcel.

# Update Estate Planning Documents

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- While the mother was still alive, the farming son and his mother traded the 80-acre Iowa parcel for an 80-acre parcel in Minnesota using a § 1031 exchange.
- The trust was not amended.
- At the mother's death, the non-farming son argued that the farming son was not entitled to the Minnesota farm.
- Farming son argued it was replacement property and it was the intent of his mother that he receive that farm.

# Update Estate Planning Documents

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- Iowa Supreme Court says:
  - Property had to be split between the brothers. If the original property is not owned by the testator or the trustee at death, the gift is ***extinguished***.
  - Other states → different result. They would say that replacement property would continue to go to the original beneficiary.



## **Nuisance**

# Half-Million Dollar Nuisance Verdict Upheld p. 18

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- Neighbor to Prestage Farms filed a nuisance action alleging that hog confinement substantially deprived her of the “comfortable use and enjoyment” of her property.
  - Jury awarded \$100,000 for loss of past enjoyment, \$300,000 for loss of future enjoyment, and \$125,000 for diminution of property value (reduced by half because she was joint owner).
    - Jury found that Prestage failed to use “generally accepted management practices.”

39

# Half-Million Dollar Nuisance Verdict Upheld

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- *McIlrath v. Prestage Farms, LLC*, No. 15-1599 (Iowa Ct. App. 2016)(Sup. Ct. still considering whether to review).
  - Court of Appeals affirmed.
  - Large damages award was reasonable and represented “personal inconvenience, annoyance, discomfort, and loss of full enjoyment of the property caused by the offensive odor.”

# Half-Million Dollar Nuisance Verdict Upheld

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- Court followed *Gacke v. Pork Xtra, 19 L.L.C.*, 684 N.W.2d 168 (Iowa 2004), which specifically found that the statutory immunity provided by Iowa Code § 657.11(2) violated article I, section 1 of the Iowa Constitution.
  - Immunity would still not have applied if jury finding of failure to use “generally accepted management practices...”

# New Law Limits Ag Nuisance Damages p. 20

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- SF 447
  - Signed into law March 29, 2017. Effective immediately.

# New Law Limits Ag Nuisance Damages

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Damages to a prevailing plaintiff limited to:

1. The reduction in the FMV of the plaintiff's share of property caused by the animal feeding operation.
  - FMV determined based upon the price that a willing buyer would pay a willing seller not compelled to sell the property.

# New Law Limits Ag Nuisance Damages

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2. Compensatory damages for past, present, and future adverse health conditions, using “only objective and documented medical evidence.”  
AND
3. “Special damages” stemming from “annoyance and the loss of comfortable use and enjoyment of real property,” ***not to exceed 1.5 times the amount of damages awarded in categories one and two above.***

# New Law Limits Ag Nuisance Damages

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Plaintiffs in a nuisance action can exempt their lawsuit from the limitations if they also prove:

- The nuisance is caused by the animal feeding operation's failure to comply with state or federal laws, rules, or regulations applying to animal feeding operations OR
- The nuisance is caused by the animal feeding operation's failure to use existing prudent generally utilized management practices reasonable for the operation.

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(not in written materials)

# **OTHER IOWA LEGISLATION OF INTEREST**

# Palmer Amaranth

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- HF 410, signed by the Governor on April 21, classifies Palmer Amaranth as a noxious weed.
  - Also classifies it as an invasive plant that is prohibited for import, sale, or distribution in Iowa.
  - Effective July 1.

# Electrician Requirement for Farm Property

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- SF 357 eliminates the requirement under Iowa law that electrical work on a farm always be completed by an electrician licensed by the State.
- To comply with this law, the person who completes the electrical work on the farm must have a **business interest in the farm, be related to the farm owner, or be an operator or manager of the farm**
- Signed April 20, **effective July 1.**



# Liability Protection for Fairs

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- SF 362 exempts the state fair and county fairs from liability to spectators or participants for injuries arising from a pathogen transmitted from a location at a fair where an animal is kept for more than three hours.
- To receive this protection, the fair must post a ***conspicuous sign*** notifying participants and spectators that they must use necessary sanitary precautions during and after their visit.
- Signed April 20, effective July 1.

# First-Time Homebuyer Savings Accounts

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- Iowa SF 505, signed into law on May 9, 2017, authorizes tax-preferred “First-Time Homebuyer Savings Accounts.”
- These new accounts will be available beginning in tax year 2018.

# First-Time Homebuyer Savings Accounts

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- Account holders may exclude from their Iowa AGI yearly deposits into FTHSAs in amounts up to \$2,000 a year.
- Married taxpayers who file a joint return may exclude up to \$4,000 a year if that money is deposited into a joint account.
  - These exclusion amounts will be adjusted yearly for inflation.
  - Yearly interest earned on these accounts is also excluded from Iowa income.

# Beginning Farmer Tax Credit

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- No legislation relating to the Beginning Farmer Tax Credit program in 2017.
- Custom Farming Contract Tax Credit will **expire** at the end of 2017, and the credits for the Agricultural Assets Transfer Tax Credit will return to pre-2013 levels.
  - 5% of the value of a cash rent lease (as opposed to 7% in 2017) and 15% of the value of a crop share lease (as opposed to 17% in 2017).
  - \$6 million cap on allowable credits, as opposed to an \$8 million cap for the AATC in 2017. Finally, there will not be a 1% bonus for leasing to a veteran.

# No Coupling in 2016

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- Legislature chose not to couple with key federal tax provisions in 2016 or beyond.
- "No coupling" means that Iowa references to the Internal Revenue Code are to the Internal Revenue Code in effect on January 1, 2015.
  - Of particular concern to farmers is that Iowa Section 179 is now back to a \$25,000 deduction with a \$200,000 threshold. This is in contrast to the federal Section 179, which in 2017 allows an immediate \$510,000 deduction with a \$2,030,000 threshold.

# No Water Quality Funding Legislation Passed in 2017

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- SF 512
- HSB 135



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# FEDERAL DEVELOPMENTS



## **Des Moines Water Works Lawsuit (p. 9)**

# Counts I and II: Federal and State Water Quality Laws

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- Primary claim was that drainage districts are “**point sources**” of nitrate pollution under Clean Water Act.
  - Must comply with federal and NPDES permitting process (administered by IDNR)
  - Violators subject to fines up to \$37,500 per day per violation, in addition to criminal penalties
- Asked court to enjoin all discharges not authorized by permit
- Sought civil penalties for each day of continuing violation (to be paid to U.S. Treasury)

# Counts III-X

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- ***Trespass***: Districts' discharge of nitrates is a substantial physical invasion of DMWW's use and enjoyment of property
- ***Negligence***: Districts negligent in creating and maintaining the network of drainage facilities.
- ***Nuisance***: Drainage tiles are a nuisance in their "normal and intended operation."
- ***Constitutional Claims***: Districts took DMWW property without just compensation.
- ***Injunctive Relief***: Districts should be ordered to take all steps reasonably necessary within a reasonable period of time to reduce the discharge of nitrate

# Counts III-X

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- On **January 27, 2017**, Iowa Supreme Court answered four certified questions posed by federal court:
  - Can Iowa drainage districts be liable for money damages in response to a tort action?
  - Can a court grant injunctive relief against an Iowa drainage district?
  - Can DMWW assert constitutional rights under the Iowa Constitution?
  - Does DMWW have a property right in the water flowing into its facility?

☐ YES

☒ No

# Fractured Court

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- Justices Wiggins and Hecht did not participate in the decision.
- Of the remaining five, three Justices (**Waterman**, Mansfield, and Zager) answered the questions for the majority.
  - The remaining two Justices (Cady and Appel) concurred in part and dissented in part (disagreed as to availability of injunctive relief)

# Iowa Supreme Court

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- The Court said, “for over one hundred years” it has been the law in Iowa that “a drainage district is not susceptible for a suit for money damages. It has no corporate existence for that purpose.”
- “A century’s worth of precedent, including a case our court decided unanimously just four years ago, precludes any remedy against drainage districts ***other than mandamus.***”

# Iowa Supreme Court

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- The Iowa Constitution “does not provide a basis for one public entity to sue another over the use of state-owned assets.”
- Home rule (enacted in 1978) did not change the limited powers of drainage districts.
- DMWW’s claim that putting nitrates into the Raccoon River creates a public nuisance is at odds with its own practice of depositing those nitrates back into the same river.”

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# FEDERAL COURT JUDGMENT

# Federal Court Dismisses Action

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On March 17, 2017, Judge Strand ***dismissed the entire action.***

- The court based the dismissal of **all counts** on the Iowa Supreme Court's decision.
- Even if DMWW were to prevail in its Clean Water Act claims, drainage districts would have **no legal ability to redress DMWW's alleged injuries.**
- If a claim is not ***redressable***, a federal court has no jurisdiction to hear it. Consequently, the federal court dismissed the tort and the Clean Water Act claims for **lack of standing.**

# Federal Court Dismisses Action

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- The court also ruled that the immunity Iowa law affords to drainage districts **does not violate the Equal Protection Clause or the Due Process Clause of the United States Constitution.**
  - Because drainage districts have limited powers and serve a limited purpose, there is a rational basis to allow suits against municipalities but not drainage districts.
- A public entity such as DMWW cannot assert a Fifth Amendment takings claim against another political subdivision of the state.

# Clean Water Rule

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- The Rule went into effect on August 28, 2015; however, the United States Court of Appeals for the Sixth Circuit stayed the Rule nationwide in October of 2015. *Murray Energy Corp. v. EPA*, no. 15-3751.
  - *Controversial because of it's potential to sweep more land into jurisdiction of federal government for Clean Water Act enforcement.*

# Status of Clean Water Rule

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- On February 28, 2017, President Trump directed the EPA to prepare for public notice and comment a proposed rule to **rescind or revise** the Clean Water rule.
  - Define **WOTUS** as “only those wetlands with a continuous surface connection to adjacent waters covered by the Clean Water Act are ‘waters of the United States.’” Justice Scalia in *Rapanos*.
- On March 6, 2017, the agencies published in the Federal Register their intent to “review and rescind the Clean Water Rule.” 82 FR 12532.

# Syngenta Litigation

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- Syngenta developed MIR162 insecticidal trait, a genetically modified trait stack-labeled for control of “true armyworm.”
- Syngenta began marketing the corn before it was approved for import by China.
- Lawsuits allege Syngenta is to blame for drop in corn prices.



# Main Legal Claims

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- Negligence
- Violation of Lanham Act
  - False Statements



# Syngenta

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- Nationwide Class and *eight state classes* were certified September 16, 2016.
- ***Producers who priced corn for sale after November 18, 2013, and who did not purchase Viptera or Duracade corn seed.*** A “producer” is defined as “any person or entity listed as a producer on an FSA-578 form filed with the United States Department of Agriculture.”
  - In other words, a cash rent landlord who does not share any risk of production is not part of this class. A crop-share landlord who meets the other definitions, however, may be.

# Syngenta

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- Producers who did not “opt out” by April 1, are part of class action.
- Thousands of producers signed up with other lawyers.

# Syngenta Litigation

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Syngenta AG MIR162 Corn Litigation (federal Multidistrict Litigation)

- <http://www.ksd.uscourts.gov/syngenta-ag-mir162-corn-litigation/>
  - First trial began June 7 with Kansas state claims
  - Court dismissed Lanham Act claims (nationwide class).
    - Negligence Remains for state class actions
- Consolidated litigation also proceeding in Minnesota.
  - First trial was to start at the end of April, but it has been delayed to later this summer.

# Compare with Settled Class Actions

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- *In re StarLink Corn Prods. Liability Litigation*, 212 F. Supp. 2d 828 (N.D. Ill. 2002)(**unapproved** biotech trait found in **human food supply**).
- *In re Genetically Modified Rice Litigation*, 666 F. Supp. 2d 1004 (E.D. Mo. 2009) (GM rice, not yet approved for human consumption, was found in human rice supply).

# Commercial Use of UAV/UAS

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- FAA had to issue new rules to integrate commercial unmanned aerial vehicles into the U.S. airspace.
- Difficult process that got way off schedule.



# Final Regulations

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- On June 21, 2016, the FAA issued its long-awaited **final rule**, 14 CFR part 107 (Part 107), for integrating small unmanned aircraft systems (UAS) into the U.S. airspace.
- The new rule was effective **August 29, 2016**.

# Final Regulations

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- Flying a small UAS (less than 55 lbs) for commercial purposes requires:
  - a **“remote pilot airman certificate with a small UAS rating”**
    - Pass a knowledge test (every 24 months)
    - Complete a security screen conducted by the Transportation Safety Administration.
    - Be 16 years old or older
    - Speak, write, and read English.

# Regulations

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A remote pilot is required to, among other things:

- Keep the UAS in visual line of sight (but operator could be assisted by an unlicensed visual observer and certificate of waiver possible)(section 107.31)
- Fly at or below 400 feet
- Fly only during daylight hours (but considering “reasonable mitigation”)
- Not exceed flight speeds of 100 MPH
- Avoid flying over people not involved in the operation (certificate of waiver possible)(section 107.39)
- Daylight and “civil twilight” operation only (certificate of waivers possible) (section 107.29))

# Registration of UAVs

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*Taylor v. Huerta*, 2017 U.S. App. LEXIS 8790 (D.C. Cir. May 19, 2017).

- On December 14, 2015, the FAA announced a new Rule requiring registration of small unmanned aircraft systems (UAS) weighing more than 0.55 pounds and less than 55 pounds.
- Effective December 21, 2015, the Rule required owners of small UAS, *including those operated strictly as model aircraft*, to complete a registration process.

# Registration of UAVs

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- Shortly after the Rule was issued, a D.C. model aircraft hobbyist filed an action against the FAA, alleging that the Rule violated § 336(a) of the FAA Modernization and Reform Act (Act).
- On May 19, 2017, the U.S. Court of Appeals for the District of Columbia agreed. The court granted the hobbyist's petition and vacated the Rule to the extent it applies to model aircraft.
  - *Federal Aviation Administration may not promulgate any rule or regulation regarding a model aircraft*

# Animal Farms to Report Air Emissions

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*Waterkeeper Alliance v. EPA*, 2017 U.S. App. LEXIS 6174 (D.C. Cir. Apr. 11, 2017).

- Livestock farms large enough to emit levels of ammonia or hydrogen sulfide in excess of 100 pounds per day will be subject to CERCLA and EPCRA reporting requirements.
  - \$60 million over 10 years.
- Most can issue an annual report of continuous releases.
- EPA guidance will issue.

# 21<sup>st</sup> Century Cures Act (H.R. 34)

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- December 2016
- Tucked away in its “Other Provisions” is Section 18001:
- **“Exception from group health plan requirements for qualified small employer health reimbursement arrangements”**

# Qualified Small Employer Health Reimbursement Arrangements

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- The arrangement is offered by an “**eligible employer**”:
  - (1) fewer than 50 full-time equivalent employees AND
  - (2) does not provide group health care coverage to its employees.

# Qualified Small Employer Health Reimbursement Arrangements

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The arrangement is “**provided on the same terms to all eligible employees**” of the eligible employer. May exclude the following (105(h)):

- employees who have not completed **90 days of service (as opposed to 3 years)**
- employees who have not attained age 25
- part-time (< 30 hours / week) or seasonal employees
- some collective bargaining employees
- nonresident aliens with no U.S. sourced income

# Qualified Small Employer Health Reimbursement Arrangements

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- The arrangement must be funded solely by an **eligible employer**. No salary reduction contributions may be made under such arrangement.
- The arrangement may provide for the reimbursement for or payment of expenses for **medical care incurred by the eligible employee or the eligible employee's family members**
  - But only after the employee provides **proof of coverage**.

# Qualified Small Employer Health Reimbursement Arrangements

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- The amount of payments and reimbursements made by the employer for any year **do not exceed \$4,950 for the employee or \$10,000 for family coverage.**
  - This amount will be adjusted for inflation, and it is prorated for the number of months during which the arrangement is offered.

# Qualified Small Employer Health Reimbursement Arrangements

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- If requirements are not followed:
  - Plan is a “group health plan” subject to market reform requirements.

# Dakota Access Pipeline

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- Still in litigation.
- Landowners appealed February 15 order ruling that IUB properly found “public convenience and necessity,” so as to allow eminent domain. Briefing...



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**Check out our May Newsletter**  
Our May CALT Brief summarizes key agricultural law and taxation happenings this month. Topics include a CWA case where landowner faces a \$2.8 million fine, class certification in nuisance action, and a case showing need to regularly review estate plans.

**Upcoming Events**  
Jun 6, 2017 [Webinar: Ethics Part 1 and Part 2 \(June 6\)](#)  
Jun 7, 2017 [The Scoop - Hot Issues \(June 7\)](#)  
Jun 7, 2017 [Problem Resolution Day - Iowa Taxpayer Advocate Service](#)

# IOWA FARM LEASES: *A LEGAL REVIEW*

By Kristine A. Tidgren<sup>i</sup>

June 20, 2016



As of 2012, Iowa had 88,637 farms.<sup>ii</sup> Of those, 40 percent were farmed under a cash rent lease, and 7.1 percent were farmed pursuant to a crop share lease.<sup>iii</sup> Given these numbers, it is crucial that Iowa landowners and producers understand the legal implications and requirements of their farmland leases.

## ► Contract Considerations

A lease is a contract under which a right to use and occupy real property is conveyed. A farm lease is a binding legal contract, whether or not that lease is reduced to writing. To ward off disputes over agreed-upon terms, it is very important that those terms be put into writing, signed by both parties. The writing should be definite and certain and should include all of the terms the parties wish to enforce. The parties to the lease should not execute side agreements or additional promises separate and apart from the written lease. These agreements are difficult to prove and can lead to expensive litigation. Likewise, if parties choose to modify their lease, they should always record those modifications in writing.

# IOWA AGRICULTURAL LIENS: *A LEGAL REVIEW*

By Kristine A. Tidgren<sup>1</sup>  
September 30, 2016



## Overview

During a financial downturn, the law of secured transactions becomes more important. More financial impairment means more disputes over who has priority in a pot that's not large enough to go around. During these times, a key, but sometimes overlooked, component of debtor-creditor law—the law of agricultural liens—rises in importance. This fact sheet provides readers with a review of agricultural lien law in Iowa, including the creation, perfection, and enforcement of these nonconsensual, statutory liens.

## Background

A statutory lien is a right to a debtor's property granted by law to a creditor. A statutory lien automatically attaches to the property by virtue of the creditor's relationship to the debtor. A mechanic's lien, for example, arises when a contractor provides material or labor to improve a building. Iowa law<sup>2</sup> grants the contractor a lien on the property until the debt is paid.

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The screenshot displays the Twitter homepage. At the top, navigation links for Home, Moments, Notifications, and Messages are visible, along with a search bar and a 'Tweet' button. The profile of the 'Center for AgLaw&...' (@CALT\_IowaState) is shown on the left, featuring a profile picture of a farm and statistics: 1,610 tweets, 639 following, and 1,265 followers. Below the profile is a 'Who to follow' section with suggestions for 'VT Dept. of Taxes' and 'ISUEO Webster County'. The main feed shows a tweet from the 'Nat'l Ag Law Center' (@nataglaw) posted 7 seconds ago, with the text 'Iowa farmer ordered to lower grain leg' and a link to 'agdaily.com/news/iowa-farm...'. The tweet includes a photo of a wooden gavel and a caption: 'Iowa farmer ordered to lower grain leg | AGDAILY. An Iowa judge has sided with an airport commission over a farmer's grain leg being a flight hazard, ordering the Carroll County farmer to lower it. agdaily.com'.

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