

CHAPTER 255

PERSONAL PROPERTY TAX CREDIT

H. F. 740

AN ACT relating to the personal property tax credit, establishing the personal property tax replacement fund and making an appropriation thereto, and relating to debt limitations for municipalities, political subdivisions, school districts and taxing districts.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter four hundred twenty-seven A (427A), Code
2 1973, is amended by adding the following new sections:

3 NEW SECTION. Each taxpayer entitled to the personal property
4 tax credit granted pursuant to sections four hundred twenty-seven
5 A point one (427A.1) through four hundred twenty-seven A point
6 five (427A.5) of this chapter is granted an additional personal prop-
7 erty tax credit against the taxpayer's assessed value of personal
8 property which would otherwise be taxable in the tax year.

9 The amount of the additional personal property tax credit shall
10 be a fixed amount for each tax year. The amount of the additional
11 personal property tax credit shall be increased for the extended
12 tax year beginning January 1, 1974 and ending June 30, 1975 and
13 shall be increased for each tax year immediately following a tax
14 year in which the growth of state general fund revenues, adjusted
15 for changes in rate or basis, exceeds five and one-half percent. An
16 increase in the additional personal property tax credit, once granted,
17 shall continue for each succeeding tax year. For the purposes of
18 this chapter the state comptroller may estimate the state percent of
19 growth if necessary to avoid delay in the collection of taxes. After
20 nine such increases have been made, all taxes on personal property
21 shall be repealed as provided in the following section. The director
22 of revenue and the state comptroller, jointly, shall determine the
23 amount of the credit for each such tax year. Such amount shall be
24 the maximum amount, rounded to the nearest ten dollars, which will
25 permit complete funding of the replacement obligation under this
26 Act, including the replacement obligation for the tax credit granted
27 pursuant to sections four hundred twenty-seven A point one
28 (427A.1) through four hundred twenty-seven A point five (427A.5)
29 of this chapter, out of the appropriation provided in this chapter.

30 As used in this Act "additional personal property tax credit"
31 means the additional personal property tax credit granted pursuant
32 to this section.

33 As used in this Act "tax year" means the year in which taxes are
34 payable.

35 No application shall be required for the additional personal prop-
36 erty tax credit. The assessor and county auditor shall take all
37 necessary action to assure that each taxpayer receives the credit.

38 NEW SECTION. Effective on July first after the tax year in which
39 the ninth increase in the additional personal property tax credit be-
40 comes effective, all taxes on personal property as defined in section
41 four hundred twenty-seven A point one (427A.1) of the Code are
42 repealed, and personal property shall not thereafter be listed or
43 assessed. This section shall prevail over all inconsistent statutes.

44 NEW SECTION. For each annual assessment of personal property
45 through the final assessment, the total assessed value of all personal
46 property in each assessing jurisdiction shall not exceed the total
47 assessed value of all personal property in the assessing jurisdiction
48 as of January 1, 1973, excluding livestock. The assessor shall deter-
49 mine the tentative assessed value of all taxable personal property
50 in accordance with chapter four hundred forty-one (441) of the
51 Code. If the total tentative assessed value exceeds the limitation
52 established by this section, the assessor shall reduce the tentative
53 assessed value of each taxpayer's personal property by the same
54 percentage, so that the total assessed value of all personal property
55 in the assessing jurisdiction shall be equal to the total assessed value
56 of all personal property in the assessing jurisdiction as of January
57 1, 1973, excluding livestock. This section shall prevail over all in-
58 consistent statutes.

59 NEW SECTION.

60 1. A personal property tax replacement fund is established as a
61 permanent fund in the office of the treasurer of state, for the pur-
62 pose of reimbursing the taxing districts for their loss of revenue
63 from personal property taxes due to the provisions of this chapter,
64 determined as provided in this section.

65 2. On or before January 15, 1974, the county auditor of each
66 county shall prepare a statement listing for each taxing district in
67 the county:

68 a. The total assessed value of all personal property assessed for
69 taxation as of January 1, 1973, excluding livestock but including
70 other personal property eligible for tax credits granted by this chap-
71 ter.

72 b. The millage rate of each taxing district levied in 1972 and pay-
73 able in 1973.

74 c. The personal property tax replacement base for each taxing
75 district, which shall be equal to the amount determined pursuant to
76 paragraph a of this subsection multiplied by the millage rate speci-
77 fied in paragraph b of this subsection.

78 3. The county auditor shall certify and forward one copy each of
79 the statement to the state comptroller and to the director of revenue
80 not later than January 15, 1974. The director of revenue shall make
81 any necessary corrections and certify to the state comptroller the
82 amount of the personal property tax replacement base for each taxing
83 district in the state, determined pursuant to subsection two (2) of
84 this section.

85 4. The personal property tax replacement base for each taxing
86 district shall be permanent and shall not be adjusted, except that
87 the state comptroller shall make any necessary corrections and shall
88 make appropriate adjustments to reflect mergers, annexations, and
89 other changes in taxing districts or their boundaries.

90 5. For each state fiscal year ending with or before the year in
91 which the ninth increase in the additional personal property tax
92 credit under this Act becomes effective, each taxing district shall be
93 reimbursed from the personal property tax replacement fund in an
94 amount equal to its personal property tax replacement base multi-
95 plied by a fraction the numerator of which is the total assessed value
96 of all personal property, excluding livestock, in the taxing district on

97 which taxes are not payable during such fiscal year because of the
98 various tax credits granted by this chapter, and the denominator of
99 which is the total assessed value of all personal property in the taxing
100 district, excluding livestock but including other personal property
101 eligible for tax credits granted by this chapter. For the half year
102 beginning January 1, 1974 and ending June 30, 1974, the amount of
103 reimbursement shall be half the amount determined pursuant to this
104 subsection. The county auditor shall certify and forward to the
105 state comptroller and the director of revenue, at the times and in
106 the form directed by the director of revenue, any information needed
107 for the purposes of this paragraph. The director of revenue shall
108 make any necessary corrections and certify the appropriate informa-
109 tion to the state comptroller.

110 6. For each state fiscal year beginning after the year in which
111 the ninth increase in the additional personal property tax credit
112 under this Act becomes effective, each taxing district shall be reim-
113 bursed from the personal property tax replacement fund in an
114 amount equal to its personal property tax replacement base.

115 7. The amount due each taxing district shall be paid in the form
116 of warrants payable to the respective county treasurers by the state
117 comptroller in two equal payments on September fifteenth and March
118 fifteenth of each fiscal year. The first payment shall be made on
119 March 15, 1974. The county treasurer shall pay the proceeds
120 to the various taxing districts in the county.

121 8. It is the intent of the general assembly that the amounts appro-
122 priated by this Act shall be sufficient to pay in full the amounts due
123 to all taxing districts. If, for any fiscal year the amount appropr-
124 iated to the personal property tax replacement fund is insufficient to
125 pay in full the amounts due to all taxing districts, then the amount
126 of each payment shall be reduced by the same percentage, so that
127 the aggregate payments to all taxing districts shall be equal to the
128 amount appropriated for such payments.

129 **NEW SECTION.** There is hereby appropriated from the general
130 fund of the state of Iowa to the personal property tax replacement
131 fund the following sums, or so much thereof as may be necessary,
132 to carry out the provisions of this chapter as amended by this Act.
133 For the fiscal year beginning July 1, 1973 and ending June 30, 1974,
134 there is appropriated the sum of thirty-one million nine hundred
135 thousand (31,900,000) dollars. For the fiscal year beginning July 1,
136 1974 and ending June 30, 1975, and each succeeding fiscal year,
137 there is appropriated the sum of thirty-five million seven hundred
138 thousand (35,700,000) dollars. For each fiscal year for which an
139 increase in the additional personal property tax credit becomes effec-
140 tive as provided in this Act, the appropriation under this section shall
141 be increased by three million eight hundred thousand (3,800,000)
142 dollars, and such increased appropriation shall continue for each
143 succeeding fiscal year. For the fiscal year for which the ninth
144 increase in the additional personal property tax credit becomes effec-
145 tive as provided in this Act, and for each succeeding fiscal year, the
146 total appropriation shall be sixty-eight million (68,000,000) dollars
147 per year.

1 SEC. 2. Section four hundred twenty-seven A point three
2 (427A.3), Code 1973, is amended by striking everything after un-
3 numbered paragraph one (1).

1 SEC. 3. Section four hundred twenty-seven A point six (427A.6),
2 Code 1973, is amended to read as follows:

3 427A.6 **Listing by auditor.** On or before January 1 of each year,
4 the auditor of each county shall prepare a statement listing for each
5 taxing district in the county all personal property upon which taxes
6 shall not be collected due to the tax credit granted in this chapter.
7 The statement shall show the tax rates of the various taxing dis-
8 tricts and the total amount of taxes which shall not be collected in
9 each district because of the tax credit. The auditor shall certify and
10 forward one copy each of the statement to the state comptroller and
11 to the department of revenue on or before January 15 of such year.
12 The department of revenue shall have the responsibility of auditing
13 credits allowed in all counties in the state, *and the assessed values*
14 *and assessment practices which affect the amounts of credits* and
15 such audit shall be completed within eighteen months from July 1
16 of the year the claims were filed. A copy of the audit containing dis-
17 allowed credits shall be sent to the county auditor, the county treas-
18 urer and state comptroller, and such individuals shall be directed to
19 correct their books and records accordingly. The amount of such
20 erroneous credit shall be charged to the county by the state comp-
21 troller. The director of revenue shall be authorized and directed to
22 disallow any claim where the audit or investigation revealed that the
23 claimant was not entitled to the credit claimed. Persons and business
24 enterprises may appeal any disallowed personal property credit to the
25 state board of tax review.

1 SEC. 4. Effective January 1, 1974, sections four hundred twenty-
2 seven A point seven (427A.7) and four hundred twenty-seven A
3 point eight (427A.8), Code 1973, are repealed.

1 SEC. 5. Section four hundred forty-two point two (442.2), Code
2 1973, is amended by adding the following new paragraph:

3 **NEW PARAGRAPH.** The amount paid to each school district from
4 the personal property tax replacement fund established by this Act
5 shall be regarded as property tax. For budget years beginning after
6 the year in which the ninth increase in the additional personal prop-
7 erty tax credit become effective as provided in this Act, the portion
8 of the payment which is foundation property tax shall be deter-
9 mined by applying the foundation property tax millage rate to the
10 total assessed value of all personal property assessed for taxation
11 in the district as of January 1, 1973, excluding livestock, but includ-
12 ing other personal property eligible for tax credits granted by chap-
13 ter four hundred twenty-seven A (427A) of the Code as amended by
14 this Act. For budget years to and including the year in which the
15 ninth increase in the additional personal property tax credit becomes
16 effective as provided in this Act, the portion of the payment which is
17 foundation property tax shall be determined by the state comptroller
18 pursuant to uniform methods established by him.

1 SEC. 6. NEW SECTION. For the purposes of computing all debt
 2 limitations for municipalities, political subdivisions, school districts
 3 and taxing districts with respect to any debt incurred or proposed to
 4 be incurred after July 1, 1973, the actual value of all personal prop-
 5 erty as defined in section four hundred twenty-seven A point one
 6 (427A.1) of the Code shall not exceed its actual value as of Janu-
 7 ary 1, 1973.

Approved July 21, 1973.

This Act was passed by the G. A. before July 1, 1973.

CHAPTER 256

ELECTRIC POWER PLANTS

S. F. 557

AN ACT providing a method of apportionment of valuation of electric power generating plants of more than twelve million dollars in taxable valuation.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter four hundred twenty-eight (428), Code 1973,
 2 is amended by adding the following new section:
 3 NEW SECTION. 1. As used in this section, unless the context other-
 4 wise requires:
 5 a. "Taxable value" means twenty-seven percent of the actual value
 6 of an electric power generating plant.
 7 b. "Electric power generating plant" means each taxable name
 8 plate rated electric power generating plant owned solely or jointly by
 9 any person in which electrical energy is produced from other forms
 10 of energy, including all equipment used in the production of such en-
 11 ergy through its step-up transformer.
 12 c. "Electric operating property" means all electric property be-
 13 longing to such owner, as determined by the department of revenue
 14 and assessed by it under chapter four hundred twenty-eight (428)
 15 and chapter four hundred thirty-seven (437) of the Code, except elec-
 16 tric power generating plants.
 17 2. Notwithstanding sections four hundred twenty-eight point twen-
 18 ty-five (428.25) and four hundred twenty-eight point twenty-seven
 19 (428.27) of the Code, the taxable value of an electric power generating
 20 plant placed in commercial service after December 31, 1972, shall be
 21 apportioned by the director of revenue, commencing with the year
 22 1973, as follows:
 23 a. The first twelve million dollars of taxable value shall be appor-
 24 tioned to the taxing districts in which each such electric power gen-
 25 erating plant is situated.
 26 b. The remaining taxable value shall be apportioned to each taxing
 27 district in which electric operating property of the owner thereof is
 28 located, in the ratio that the actual value of that part of such owner's
 29 electric operating property which is located in the affected taxing
 30 district bears to the total actual value of the electric operating prop-
 31 erty of such owner located in the state. If the owner has no taxable
 32 property in this state other than the electric power generating plant