

SENATE FILE 321

FILLED MAR 6 1973

Rep. Mem 3/6, Page 5/8
See Rep. Mem 4/9

Senate File 321
Potter, Chairman
Kinley
Pymat

By WINKELMAN, ROBINSON, GRIFFIN,
TIEDEN, DeKOSTER, KELLY and
COLEMAN
(Millen, Stromer, Clark of
Lee and Crabb)

Passed Senate, Date 5-23-73 (1393) Passed House, Date 4-25-74 (2110)

Vote: Ayes 30 Nays 15 Vote: Ayes 56 Nays 39

Approved 6-3-74

Motion to reconsider filed 7/23 (1315) Tabled (1374) Motion to reconsider filed and lost 4/25
Passed Senate as amended by the House
5-2-74 (1867)

33-1C

A BILL FOR

1 An Act to exempt facilities used to control air and water
2 pollution from property taxation.

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

4 Section 1. Section four hundred twenty-seven point one
5 (427.1), Code 1973, is amended by adding the following new
6 subsection:

7 NEW SUBSECTION. All property used or purchased for use
8 primarily to control or abate pollution of any water or air
9 of the state or used or purchased primarily to enhance the
10 quality of any water or air of the state, shall be exempt
11 from assessment for property taxation upon compliance with
12 the provisions of this subsection. This exemption shall apply
13 to existing facilities for a period of ten years from July
14 1, 1973, and to new installations for ten years from the date
15 of acquisition of such property. Application for such exemp-
16 tion shall be filed with the assessor not later than the
17 first of February of the year for which the exemption is
18 requested on forms provided by the department of revenue.
19 The application shall describe and locate the property to
20 be exempted. The first of such annual applications on any
21 specific property shall have a certificate attached in which
22 the executive director of the department of environmental
23 quality has stated that the air quality commission or the
24 water quality commission has directed the department of
25 environmental quality to certify that the use of the property

1 controls or abates pollution or that the property enhances
2 the quality of any water or air of the state. The air quality
3 commission and the water quality commission of the department
4 of environmental quality may adopt rules relating to
5 information to be submitted for evaluating the property for
6 which the certificate is requested. All rules adopted shall
7 be subject to the provisions of chapter seventeen A (17A)
8 of the Code.

9 A taxpayer may appeal a determination by the air quality
10 commission or the water quality commission of the department
11 of environmental quality to the district court of the county
12 in which the property is located within sixty days and the
13 appeal shall be tried de novo. Further appeal may be taken
14 to the supreme court of this state.

15 When used in this subsection, "pollution" means air pollu-
16 tion as defined in section four hundred fifty-five B point
17 ten (455B.10) of the Code or water pollution as defined in
18 section four hundred fifty-five B point thirty (455B.30) of
19 the Code. "Water of the state" means the water of the state
20 as defined in section four hundred fifty-five B point thirty
21 (455B.30) of the Code. "Enhance the quality" means to diminish
22 the level of pollutants below the air or water quality stan-
23 dards established by the water quality commission or the air
24 quality commission of the department of environmental quality.

25 EXPLANATION

26 The purpose of this bill is to provide a property tax
27 incentive to encourage and expedite the control of water and
28 air pollution. This bill will allow a ten-year exemption
29 from property taxation for facilities used to control such
30 pollution.

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LSB 1237
tj/cc/1

SENATE FILE 321

H—2919

1 Amend Senate File 321 as amended and passed by
2 the Senate as follows:
3 1. Page 1, by striking all after line 6 and
4 inserting in lieu thereof the following:
5 NEW SUBSECTION. The impoundment structure and any
6 land underlying an impoundment located outside any in-
7 corporated city or town, which are not developed or
8 used directly or indirectly for nonagricultural
9 income-producing purposes and which are maintained in
10 a condition satisfactory to the soil conservation
11 district commissioners of the county in which the
12 impoundment structure and the impoundment are located.
13 Any person owning land which qualifies for a property
14 tax exemption under this subsection shall apply to
15 the county assessor each year before the first of
16 July for the exemption. The application shall be
17 made on forms prescribed by the department of revenue.
18 The first application shall be accompanied by a copy
19 of the water storage permit approved by the water com-
20 missioner of the Iowa natural resources council and
21 a copy of the plan for the construction of the impound-
22 ment structure and the impoundment. The construction
23 plan shall be used to determine the total acre-feet
24 of the impoundment and the amount of land which is
25 eligible for the property tax exemption status. The
26 county assessor shall annually review each applica-
27 tion for the property tax exemption under this sub-
28 section and submit it, with the recommendation of the
29 soil conservation district commissioners, to the
30 board of supervisors for approval or denial. Any
31 applicant for a property tax exemption under this
32 subsection may appeal the decision of the board of
33 supervisors to the district court. As used in this
34 subsection, "impoundment" means any reservoir or pond
35 which has a storage capacity of at least eighteen
36 acre-feet of water or sediment at the time of con-
37 struction, "storage capacity" means the total area
38 below the crest elevation of the principal spillway
39 including the volume of any excavation in such area,
40 and "impoundment structure" means any dam, earthfill,
41 or other structure used to create an impoundment.
42 2. Page 2, by striking lines 1 through 24.

H—2919 Filed, motion to
suspend rules to substitute
for amendment H—2820A, lost
April 18, 1974

By EGENES of Story

HOUSE CLIP SHEET

Friday, April 19, 1974

SENATE FILE 321

H-2916

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, as follows:

4 1. By striking lines 3 through 75 and inserting
5 in lieu thereof the following:

6 1. Page 1, by striking lines 4 through 25 and
7 page 2 by striking lines 1 through 24 and inserting
8 in lieu thereof the following:

9 Section 1. Section four hundred twenty-two point
10 forty-five (422.45), Code 1973, as amended by Acts
11 of the Sixty-fifth General Assembly, 1973 Session,
12 chapter one hundred fifty-three (153), section
13 fourteen (14) and chapter two hundred forty-seven
14 (247), section one (1), is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. a. Any taxpayer who purchases
17 tangible personal property for use or services
18 rendered, furnished, or performed to control or abate
19 pollution of the water or air of this state or to
20 enhance the quality of any water or air of this state
21 may apply for a refund of any sales or use tax paid
22 on the purchase of tangible personal property or
23 services.

24 b. Any taxpayer who purchased tangible personal
25 property or services to control or abate pollution
26 of the water or air of this state may apply for re-
27 fund of any sales and use tax paid on such tangible
28 personal property or services if application is made
29 within five years after purchase, except that no
30 application for a refund shall be accepted after
31 July 1, 1978.

32 c. The taxpayer shall submit an application
33 for certification of a refund to the department of
34 environmental quality for certification which shall
35 thereafter certify to the department of revenue that
36 percentage of the expenditure for which a refund
37 shall be granted. In determining the percentage of
38 the expenditure for which a refund shall be allowed,
39 the department of environmental quality shall consider
40 the economic benefit which the taxpayer derives from

41 the expenditure and that percentage of the expenditure
42 used solely to control or abate pollution of the water
43 or air of this state and which is not of additional
44 economic benefit to the taxpayer. The taxpayer filing
45 an application for refund shall submit the application,
46 accompanied with the certificate issued by the depart-
47 ment of environmental quality and receipts showing
48 that the sales or use tax was levied and paid, to the
49 department of revenue. The director of revenue may
50 require the taxpayer to submit such other information
51 as the director of revenue may require to validate the
52 payment of the sales or use tax. The director of
53 revenue shall audit the claim and request the state
54 comptroller to issue a warrant in the amount of the
55 approved refund. The director of revenue and the
56 executive director of the department of environmental
57 quality may promulgate rules necessary to administer
58 the provisions of this subsection pursuant to the
59 provisions of chapter seventeen A (17A) of the Code.

60 2. By striking lines 130 through 135 and insert-
61 ing in lieu thereof the following:

62 3. Amend the title, page 1, by striking all of
63 such title after the word "Act" in line 1 and insert-
64 ing in lieu thereof the words "to provide for sales
65 and use tax exemptions on expenditures for air and
66 water pollution control and to provide a property tax
67 exemption for certain property used for water im-
68 poundments."

H-2916 Filed, ruled not
germane, motion to suspend
rules lost
April 18, 1974

By EGENES of Story

EXPLANATION OF AMENDMENT

This amendment provides for the refund, upon certification of the percentage of public benefit involved by the Department of Environmental Quality to the Department of Revenue, of sales and use tax paid on personal property used or services rendered in connection with the control or abatement of pollution if done not more than five years following purchase and before July 1, 1978.

H-2333

1 Amend Senate File 321 as passed by the Senate
2 as follows:
3 1. Page 1, line 10 by striking the words
4 "assessed but".
5 2. Page 1, line 11 by inserting after the
6 word "from" the words "assessment for".

H-2333 Filed - *w.d. 4/18*
February 26, 1974

By BRINCK of Lee
CLARK of Lee

H-2342

1 Amend Senate File 321 as passed by the Senate
2 as follows:
3 1. Page 1, line 14, by striking the numeral
4 "1973" and inserting in lieu thereof "1974".

H-2342 Filed - *w.d. 4/18*
February 26, 1974

By BRINCK of Lee
CLARK of Lee

H-2343

1 Amend Senate File 321 as passed by the Senate
2 page 1, line 15 by inserting after the period the
3 following:
4 "At the end of the ten-year period the exempted
5 property shall be assessed at the depreciated value
6 of said property as determined by the local assessor."

H-2343 Filed - *withdrawn 4/18*
February 26, 1974

By BRINCK of Lee
CLARK of Lee

H-2865

1 Amend the Rapp, et al., amendment H-2841, to page 1
2 of Senate File 321, as amended and passed by the Senate,
3 as follows:
4 1. Line 7, insert after the word "striking" the
5 words and figures "unnumbered paragraphs two (2),
6 three (3), and four (4), and".
7 2. Line 8, strike the words "new subsections".
8 3. Insert after line 8 the following:
9 On the first twenty-five thousand dollars of tax-
10 able income, or any part thereof, the rate of ~~six~~
11 four percent.
12 On taxable income between twenty-five thousand
13 dollars and one hundred thousand dollars or any part
14 thereof, the rate of ~~eight~~ seven percent
15 On taxable income of one hundred thousand dollars
16 or more, the rate of ten percent.
17 4. Line 238, insert after the word "including"
18 the words "rates of taxation on corporate income,".

H-2865 Filed
April 11, 1974

By RAPP of Black Hawk
SMALL of Johnson
MENNENGA of Clinton
COCHRAN of Webster
NIELSEN of Polk
MILLER of Cerro Gordo

SENATE FILE 321

H-2820

1 Amend Senate File 321, as amended and passed by
2 the Senate, as follows:

3 1. Page 1, by striking lines 7 through 25, and
4 page 2, by striking lines 1 through 24, and inserting
5 in lieu thereof the following:

6 NEW SUBSECTION. Pollution control property as de-
7 fined in this subsection shall be exempt from taxation
8 for the periods and to the extent provided in this
9 subsection, upon compliance with the provisions of
10 this subsection.

11 This exemption shall apply to new installations of
12 pollution control property for a period of ten years
13 beginning on January first after the construction or
14 installation of the property is completed. This ex-
15 emption shall apply for a period of ten years beginning
16 on January 1, 1975, to existing pollution control
17 property if its construction or installation was com-
18 pleted after September 23, 1970. This exemption shall
19 apply with respect to each of the ten annual assessments
20 within the ten-year exemption period and the property
21 taxes payable on the basis of each of such ten annual
22 assessments. This exemption for existing pollution
23 control property shall begin with respect to the
24 assessment as of January 1, 1975, and the taxes payable
25 on the basis of this assessment during the fiscal
26 year beginning July 1, 1976.

27 This exemption shall be limited to the market value,
28 as defined in section four hundred forty-one point
29 twenty-one (441.21) of the Code, of the pollution con-
30 trol property. If the pollution control property is
31 assessed with other property as a unit, this exemption
32 shall be limited to the net market value added by the
33 pollution control property, determined as of the
34 assessment date.

35 Application for this exemption shall be filed with
36 the assessing authority not later than the first of
37 February of the year for which the exemption is re-
38 quested, on forms provided by the department of
39 revenue. The application shall describe and locate
40 the specific pollution control property to be ex-
41 empted.

42 The first annual application for any specific
43 pollution control property shall be accompanied by a
44 certificate of the executive director of the depart-
45 ment of environmental quality stating that the air
46 quality commission or the water quality commission
47 has directed the department of environmental quality
48 to certify that the primary use of the pollution con-
49 trol property is to control or abate pollution of any
50 air or water of this state or to enhance the quality

51 of any air or water of this state.

52 A taxpayer may appeal a determination by the air
53 quality commission or the water quality commission of
54 the department of environmental quality to the district
55 court of the county in which the property is located
56 within sixty days and the appeal shall be tried de
57 novi. Further appeal may be taken to the supreme
58 court of this state.

59 The air quality commission and the water quality
60 commission of the department of environmental quality
61 shall adopt rules relating to certification under
62 this Act and information to be submitted for evaluating
63 pollution control property for which a certificate is
64 requested. The revenue department shall adopt any
65 rules necessary to implement this Act, including
66 rules on identification and valuation of pollution
67 control property. All rules adopted shall be subject
68 to the provisions of the statutes on departmental
69 rules.

70 For the purposes of this subsection "pollution
71 control property" means personal property or improve-
72 ments to real property, or any portion thereof, used
73 primarily to control or abate pollution of any air or
74 water of this state or used primarily to enhance the
75 quality of any air or water of this state.

76 For the purposes of this subsection "pollution"
77 means air pollution as defined in section four hun-
78 dred fifty-five B point ten (455B.10) of the Code or
79 water pollution as defined in section four hundred
80 fifty-five B point thirty (455B.30) of the Code.
81 "Water of the state" means the water of the state as
82 defined in section four hundred fifty-five B point
83 thirty (455B.30) of the Code. "Enhance the quality"
84 means to diminish the level of pollutants below the
85 air or water quality standards established by the
86 water quality commission or the air quality commis-
87 sion of the department of environmental quality.

88 2. Page 2, by inserting after line 24 the follow-
89 ing: B

90 Sec. _____. Section four hundred twenty-seven point
91 one (427.1), Code 1973, is amended by adding the fol-
92 lowing new subsection:

93 NEW SUBSECTION. The impoundment structure and any
94 land underlying an impoundment located outside any
95 incorporated city or town, which are not developed
96 or used directly or indirectly for nonagricultural
97 income-producing purposes and which are maintained
98 in a condition satisfactory to the soil conservation
99 district commissioners of the county in which the
100 impoundment structure and the impoundment are located.

House 13
April 10, 1974

101 Any person owning land which qualifies for a property
102 tax exemption under this subsection shall apply to
103 the county assessor each year before the first of
104 July for the exemption. The application shall be
105 made on forms prescribed by the department of revenue.
106 The first application shall be accompanied by a copy
107 of the water storage permit approved by the water com-
108 missioner of the Iowa natural resources council and
109 a copy of the plan for the construction of the impound-
110 ment structure and the impoundment. The construction
111 plan shall be used to determine the total acre-feet
112 of the impoundment and the amount of land which is
113 eligible for the property tax exemption status. The
114 county assessor shall annually review each applica-
115 tion for the property tax exemption under this sub-
116 section and submit it, with the recommendation of the
117 soil conservation district commissioners, to the
118 board of supervisors for approval or denial. Any
119 applicant for a property tax exemption under this
120 subsection may appeal the decision of the board of
121 supervisors to the district court. As used in this
122 subsection, "impoundment" means any reservoir or pond
123 which has a storage capacity of at least eighteen
124 acre-feet of water or sediment at the time of con-
125 struction, "storage capacity" means the total area
126 below the crest elevation of the principal spillway
127 including the volume of any excavation in such area,
128 and "impoundment structure" means any dam, earthfill,
129 or other structure used to create an impoundment.
130 3. Page 1, amend the title by striking lines 1 and
131 2 and inserting in lieu thereof the following:
132 An Act to provide a limited exemption from property
133 taxation for property used to control air or water
134 pollution, and to provide a property tax exemption
135 for certain property used for water impoundments.

H-2820 Filed *adopted on amendment* By COMMITTEE ON WAYS AND MEANS
April 9, 1974 *by 2854 ~~4/15~~* STANLEY of Muscatine, Chairman
(1892) Amendment, amended by 2970 and adopted 4/25

H-2970
1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, line 75, by inserting after the period
4 the following:
5 "In the event such property shall also serve
6 other purposes or uses or productive benefit to the
7 owner of the property, only such portion of the
8 assessed valuation thereof as may reasonably be
9 calculated to be necessary for and devoted to the
10 control or abatement of pollution or to the enhance-
11 ment of the quality of the air or water of this state
12 shall be exempt from taxation under this subsection."

H-2970 Filed *adopted 4/25*
April 23, 1974 By HOLDEN of Scott
EGENES of Story
JUNKER of Woodbury
MILLEN of Van Buren

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, as follows:

4 1. By inserting after line 87 the following:
5 Sec. _____. Chapter four hundred twenty-seven (427),
6 Code 1973, as amended by Acts of the Sixty-fifth Gen-
7 eral Assembly, 1973 Session, chapter two hundred
8 fifty-four (254), is amended by adding the following
9 new section:

10 NEW SECTION.

11 1. A tax credit shall be allowed each taxing dis-
12 trict in the state for the property exempt from taxa-
13 tion under section one (1) of this Act. The tax
14 credit shall commence and be effective for the fiscal
15 year beginning July 1, 1975 and each fiscal year
16 thereafter based upon the eligible pollution control
17 property existing as of July 1, 1974.

18 2. On or before the fifteenth of February of each
19 year, the county auditor of each county shall prepare
20 a statement listing the assessed or taxable values of
21 the property in the county eligible for the tax ex-
22 emption as provided in section one (1) of this Act.
23 The statement shall also show the tax rates of the
24 various taxing districts and the total amount of taxes
25 which in the absence of this Act would have been
26 levied upon such pollution control property. The
27 county auditor shall certify and forward copies to the
28 director of revenue not later than the fifteenth of
29 February of each year. The director of revenue shall
30 compute the applicable tax credit and certify to the
31 state comptroller the amount due to each taxing dis-
32 trict, which amount shall be the dollar amount which
33 would be payable if such pollution control property
34 so assessed were taxed.

35 3. The amounts due each taxing district shall be
36 paid on warrants payable to the respective county
37 treasurers in two equal payments by the state comp-
38 troller on March fifteenth and September fifteenth of
39 each year with the first payment starting September
40 15, 1975. The county treasurer shall apportion the
41 proceeds to the various taxing districts in the
42 county. If the amount appropriated under subsection
43 four (4) of this section is insufficient to pay the
44 full amounts certified to the state comptroller, he
45 shall prorate the appropriation to the respective
46 county treasurers and notify the respective county
47 auditors of the pro rata percentage on or before the
48 first of March.

49 4. There is appropriated from the general fund of
50 the state to the state comptroller for the fiscal
51 year beginning July 1, 1975 and ending June 30, 1976
52 and for each succeeding fiscal year, the sum of nine
53 hundred thousand (900,000) dollars, or so much
54 thereof as may be necessary, to carry out the provi-
55 sions of this section.

56 2. Line 133, by inserting after the word "taxation"
57 the words "and a tax credit".

58 3. Line 135, by inserting after the word "impound-
59 ments" the words ", to provide an appropriation".

SENATE FILE 321

H-2841

1 Amend Senate File 321, as amended and passed by
2 the Senate, as follows:

3 1. Page 1, strike line 4 and insert in lieu
4 thereof the following:

5 Section 1. Section four hundred twenty-two point
6 thirty-three (422.33), Code 1973, is amended by
7 striking subsections one (1) and two (2) and inserting
8 in lieu thereof the following new subsections:

9 1. NEW SUBSECTION. ALLOCATION OF BUSINESS INCOME.
10 If the trade or business of the taxpayer is carried
11 on entirely within the state, the tax shall be imposed
12 on the entire net income. Any taxpayer having income
13 from business activity which is taxable both within
14 and without this state, other than the rendering
15 of purely personal services by an individual, shall
16 allocate and apportion his net income as provided
17 in this section.

18 2. NEW SUBSECTION. DEFINITIONS. As used in
19 this section, unless the context otherwise requires:

20 a. "Business income" means income arising from
21 transactions and activity in the regular course of
22 the taxpayer's trade or business and includes income
23 from tangible and intangible property if the
24 acquisition, management, and disposition of the
25 property constitute integral parts of the taxpayer's
26 regular trade or business operations.

27 b. "Commercial domicile" means the principal
28 place from which the trade or business of the taxpayer
29 is directed or managed.

30 c. "Compensation" means wages, salaries,
31 commissions, and any other form of remuneration paid
32 to employees for personal services.

33 d. "Nonbusiness income" means all income other
34 than business income.

35 e. "Sales" means all gross receipts of the
36 taxpayer not allocated under subsections four (4)
37 through eight (8) of this section.

38 f. "State" means any state of the United States,
39 the District of Columbia, the Commonwealth of Puerto
40 Rico, any territory or possession of the United
41 States, and any foreign country or political
42 subdivision thereof.

43 3. NEW SUBSECTION. NONRESIDENT TAXPAYER. For
44 purposes of allocation and apportionment of income
45 under this chapter, a taxpayer is taxable in another
46 state if:

47 a. In that state he is subject to a net income
48 tax, a franchise tax measured by net income, a
49 franchise tax for the privilege of doing business,
50 or a corporate stock tax; or

51 b. That state has jurisdiction to subject the
52 taxpayer to a net income tax regardless of whether,
53 in fact, the state does or does not.

54 4. NEW SUBSECTION. ALLOCATION OF CERTAIN ITEMS.
55 Rents and royalties from real or tangible personal
56 property, capital gains, interest, dividends, or
57 patent or copyright royalties, to the extent that
58 they constitute nonbusiness income, shall be allocated
59 as provided in subsections five (5) through eight
60 (8) of this section.

61 5. NEW SUBSECTION. RENTS AND ROYALTIES.

62 a. Net rents and royalties from real property
63 located in this state are allocable to this state.

64 b. Net rents and royalties from tangible personal
65 property are allocable to this state:

66 (1) If and to the extent that the property is
67 utilized in this state; or

68 (2) In their entirety if the taxpayer's commercial
69 domicile is in this state and the taxpayer is not
70 organized under the laws of or taxable in the state
71 in which the property is utilized.

72 c. The extent of utilization of tangible personal
73 property in a state is determined by multiplying
74 the rents and royalties by a fraction, the numerator
75 of which is the number of days of physical location
76 of the property in the state during the rental or
77 royalty period in the taxable year and the denominator
78 of which is the number of days of physical location
79 of the property everywhere during all rental or roy-
80 alty periods in the taxable year. If the physical
81 location of the property during the rental or royalty
82 period is unknown or unascertainable by the taxpayer,
83 tangible personal property is utilized in the state
84 in which the property was located at the time the
85 rental or royalty payer obtained possession.

86 6. NEW SUBSECTION. PROPERTY--CAPITAL GAINS AND
87 LOSSES.

88 a. Capital gains and losses from sales of real
89 property located in this state are allocable to this
90 state.

91 b. Capital gains and losses from sales of tangible
92 personal property are allocable to this state if:

93 (1) The property had a situs in this state at
94 the time of the sale; or

95 (2) The taxpayer's commercial domicile is in
96 this state and the taxpayer is not taxable in the
97 state in which the property had a situs.

98 c. Capital gains and losses from sales of
99 intangible personal property are allocable to this
100 state if the taxpayer's commercial domicile is in

101 this state.

102 7. NEW SUBSECTION. INTEREST AND DIVIDENDS.
103 Interest and dividends are allocable to this state
104 if the taxpayer's commercial domicile is in this
105 state.

106 8. NEW SUBSECTION. PATENTS AND COPYRIGHTS.

107 a. Patent and copyright royalties are allocable
108 to this state:

109 (1) If and to the extent that the patent or
110 copyright is utilized by the taxpayer in this state;
111 or

112 (2) If and to the extent that the patent or
113 copyright is utilized by the taxpayer in a state
114 in which the taxpayer is not taxable and the
115 taxpayer's commercial domicile is in this state.

116 b. A patent is utilized in a state to the extent
117 that it is employed in production, fabrication,
118 manufacturing, or other processing in the state or
119 to the extent that a patented product is produced
120 in the state. If the basis of receipts from patent
121 royalties does not permit allocation to states or
122 if the accounting procedures do not reflect states
123 of utilization, the patent is utilized in the state
124 in which the taxpayer's commercial domicile is
125 located.

126 c. A copyright is utilized in a state to the
127 extent that printing or other publication originates
128 in the state. If the basis of receipts from copyright
129 royalties does not permit allocation to states or
130 if the accounting procedures do not reflect states
131 of utilization, the copyright is utilized in the
132 state in which the taxpayer's commercial domicile
133 is located.

134 9. NEW SUBSECTION. BUSINESS INCOME. All business
135 income shall be apportioned to this state by
136 multiplying the income by a fraction, the numerator
137 of which is the property factor plus the payroll
138 factor plus the sales factor, and the denominator
139 of which is three.

140 10. NEW SUBSECTION. PROPERTY FACTOR. The
141 property factor is a fraction, the numerator of which
142 is the average value of the taxpayer's real and
143 tangible personal property owned or rented and used
144 in this state during the tax period and the
145 denominator of which is the average value of all
146 the taxpayer's real and tangible personal property
147 owned or rented and used during the tax period.

148 11. NEW SUBSECTION. PROPERTY OWNED AND RENTED.
149 Property owned by the taxpayer is valued at its
150 original cost. Property rented by the taxpayer is

151 valued at eight times the net annual rental rate.
152 Net annual rental rate is the annual rental rate
153 paid by the taxpayer less any annual rental rate
154 received by the taxpayer from subrentals.

155 12. NEW SUBSECTION. AVERAGE VALUE OF PROPERTY.
156 The average value of property shall be determined
157 by averaging the values at the beginning and ending
158 of the tax period, but the director of revenue may
159 require the averaging of monthly values during the
160 tax period if reasonably required to reflect properly
161 the average value of the taxpayer's property.

162 13. NEW SUBSECTION. PAYROLL FACTOR. The payroll
163 factor is a fraction, the numerator of which is the
164 total amount paid in this state during the tax period
165 by the taxpayer for compensation, and the denominator
166 of which is the total compensation paid everywhere
167 during the tax period.

168 14. NEW SUBSECTION. COMPENSATION. Compensation
169 is paid in this state if:

170 a. The individual's service is performed entirely
171 within the state; or

172 b. The individual's service is performed both
173 within and without the state, but the service
174 performed without the state is incidental to the
175 individual's service within the state; or

176 c. Some of the service is performed in the state
177 and:

178 (1) The base of operations or, if there is no
179 base of operations, the place from which the service
180 is directed or controlled is in the state; or

181 (2) The base of operations or the place from
182 which the service is directed or controlled is not
183 in any state in which some part of the service is
184 performed, but the individual's residence is in this
185 state.

186 15. NEW SUBSECTION. SALES FACTOR. The sales
187 factor is a fraction, the numerator of which is the
188 total sales of the taxpayer in this state during
189 the tax period, and the denominator of which is the
190 total sales of the taxpayer everywhere during the
191 tax period.

192 16. NEW SUBSECTION. LOCAL SALES OF TANGIBLE
193 PERSONAL PROPERTY. Sales of tangible personal
194 property are in this state if:

195 a. The property is delivered or shipped to a
196 purchaser, other than the United States government,
197 within this state regardless of the f.o.b. point
198 or other conditions of the sale; or

199 b. The property is shipped from an office, store,
200 warehouse, factory, or other place of storage in

201 this state and:
202 (1) The purchaser is the United States government;
203 or
204 (2) The taxpayer is not taxable in the state
205 of the purchaser.
206 17. NEW SUBSECTION. OTHER SALES. Sales, other
207 than sales of tangible personal property, are in
208 this state if:
209 (a) The income-producing activity is performed
210 in this state; or
211 (b) The income-producing activity is performed
212 both in and outside this state and a greater
213 proportion of the income-producing activity is
214 performed in this state than in any other state,
215 based on costs of performance.
216 18. NEW SUBSECTION. ADDITIONAL METHODS OF
217 DETERMINING BUSINESS SITUS. If the allocation and
218 apportionment provisions of this section do not
219 fairly represent the extent of the taxpayer's business
220 activity in this state, the taxpayer may petition
221 for or the director of revenue may require, in respect
222 to all or any part of the taxpayer's business activ-
223 ity, if reasonable:
224 (a) Separate accounting except to a unitary
225 business;
226 (b) The exclusion of any one or more of the
227 factors;
228 (c) The inclusion of one or more additional
229 factors which will fairly represent the taxpayer's
230 business activity in this state; or
231 (d) The employment of any other method to
232 effectuate an equitable allocation and apportionment
233 of the taxpayer's income.
234 Sec. 2. Section four hundred twenty-seven point
235 one.
236 2. Amend the title, page 1, line 1, by inserting
237 after the word "Act" the words "relating to income
238 and property taxes, including procedures to allocate
239 business and nonbusiness income, and".

H-2841 Filed *Revised not germane 4/18*
April 10, 1974

By RAPP of Black Hawk
SMALL of Johnson
HIGGINS of Scott
BRUNOW of Appanoose
CUSACK of Scott
BYERLY of Polk
FITZGERALD of Webster
AVENSON of Fayette
HORN of Linn
NIELSEN of Polk
WELLS of Linn
PATHCETT of Johnson
WOODS of Polk
MONROE of Des Moines
RINAS of Linn
NEWHARD of Jones

JESSE of Polk
CARR of Dubuque
DUNTON of Keokuk
COCHRAN of Webster
CAFFREY of Polk
KRAUSE of Palo Alto
DOYLE of Woodbury
HUTCHINS of Guthrie
HARGRAVE of Johnson
HOWELL of Floyd
HENNESSEY of Delaware
CONNORS of Polk
O'HALLORAN of Black Hawk
MILLER of Buchanan
JORDAN of Linn

H—2854

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, by striking lines 52 through 58 and in-
4 serting in lieu thereof the following:
5 "A taxpayer may appeal a determination of the air
6 quality commission or the water quality commission in
7 accordance with the provisions of sections four hun-
8 dred fifty-five B point nineteen (455B.19) and four
9 hundred fifty-five B point thirty-nine (455B.39) of
10 the Code."

H—2854 Filed - *Adopted 4/15*
April 11, 1974

By KRAUSE of Palo Alto

H—2859

1 Amend the Committee on Ways and Means Amendment
2 H-2820 to Senate File 321 as follows:
3 1. Lines 48 and 49 by striking the words "that
4 the primary use of the pollution control property"
5 and inserting in lieu thereof the words "the
6 percentage of a new installation qualifying as
7 pollution control property for reason that its
8 sole use".
9 2. Line 51 by striking the period and adding
10 the words "and which is not of additional economic
11 benefit to the owner."

H—2859 Filed - *w.d. 4/18*
April 11, 1974

By EGENES of Story

H—2860

1 Amend the Committee on Ways and Means Amendment
2 H-2820 to Senate File 321 as follows:
3 1. Line 14 following the period by inserting
4 the words: "This exemption shall apply only to
5 pollution control property installed or constructed
6 and assessed prior to July 1, 1978."

H—2860 Filed - *Adopted 4/15 (1533)*
April 11, 1974

By EGENES of Story

H—2861

1 Amend the Committee on Ways and Means Amendment
2 H-2820 to Senate File 321 as follows:
3 1. Line 72, by striking the word "portion" and
4 inserting in lieu thereof the word "percentage".
5 2. Line 73, by striking the word "primarily"
6 and inserting in lieu thereof the word "solely".
7 3. Line 74, by striking the word "primarily"
8 and inserting in lieu thereof the word "solely".
9 4. Line 75, by striking the period and adding
10 the words "and which is not of additional economic
11 benefit to the owner."

H—2861 Filed - *w.d. 4/15*
April 11, 1974

By EGENES of Story

H-2862

1 Amend the Committee on Ways and Means Amendment
2 H-2820 to Senate File 321 by inserting after line 10
3 the following:
4 1. For the purpose of this subsection "pollution
5 control property" means personal property or
6 improvements to real property, or any percentage
7 thereof, used solely to control or abate pollution
8 of any air or water of this state or used solely to
9 enhance the quality of any air or water of this
10 state and which is not of additional economic
11 benefit to the owner.
12 2. By striking lines 70 through 75.

H-2862 Filed - *Adopted 4/18 (1879)* BY EGENES of Story
April 11, 1974 *Revised and lost 4/18 (1856)*

H-2863

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, on line 18, by striking the words
4 "September 23, 1970" and inserting in lieu thereof
5 the words "January 1, 1965".

H-2863 Filed - *Lost 4/18* BY NORLAND of Worth
April 11, 1974

H-2864

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, as follows:
4 1. Line 16, by striking the word "existing".
5 2. By striking lines 17 and 18, and inserting in
6 lieu thereof the words "property placed in operation
7 on or after July 1, 1974. This exemption shall".

H-2864 Filed - *Lost 4/18* BY NORLAND of Worth
April 11, 1974

H-2920

1 Amend the Ways and Means Committee Amendment
2 H-2820 to Senate File 321 as follows:
3 1. By striking lines 70 through 75.

H-2920 Filed and withdrawn BY EGENES of Story
April 18, 1974

H-2866

1 Amend the Committee on Ways and Means amendment,
2 H-2820, to Senate File 321, as amended and passed by
3 the Senate, line 87, by inserting after the period the
4 following:
5 "New installation" means the first installation of
6 pollution control property and does not include the
7 replacement or reconstruction of such property.

H-2866 Filed - *Lost 4/18* BY NORLAND of Worth
April 11, 1974

Senitt

S-656

- 1 Amend Senate File 321, page 1:
- 2 1. line 10, by adding the words "assessed but" after the
- 3 word "be".
- 4 2. line 11, by striking the words "assessment for".

14

S-656 Filed and adopted
May 23, 1973

By DODERER, BLOUIN and PALMER

SENATE FILE 321
FISCAL NOTE

Date prepared March 28, 1973

Requested by Senator Winkelman, et al.

Prepared in regard to S.F. 321 - An Act to exempt facilities used to control air and water pollution from property taxation. Following is the fiscal effect in dollars of the legislative proposal as required by Senate Rule 31.

No fiscal estimate available.

No estimate can be made from available information.

Source: Department of Revenue

Filed
May 8, 1973

GERRY D. RANKIN
Legislative Fiscal Director

S-657

- 1 Amend Senate File 321, page 1, line 15 by inserting after the
- 2 period the following:
- 3 To the extent usable material is recovered from the use of
- 4 pollution control facilities or equipment, the tax exemption
- 5 provided by this subsection shall be reduced proportionately.

S-657 Filed and lost
May 23, 1973

By ORR

S-658

- 1 Amend Senate File 321, page 2, by adding after line 24 the
- 2 following new subsection;
- 3 NEW SUBSECTION. The provisions of this act do not
- 4 apply to counties with population in excess of two hundred
- 5 fifty thousand.

S-658 Filed and lost
May 23, 1973

By PALMER

HOUSE AMENDMENT TO SENATE FILE 321

1 Amend Senate File 321, as amended and passed by the Senate,
2 as follows:

3 1. Page 1, by striking lines 7 through 25, and page 2,
4 by striking lines 1 through 24, and inserting in lieu thereof
5 the following:

6 NEW SUBSECTION. Pollution-control property as defined
7 in this subsection shall be exempt from taxation for the
8 periods and to the extent provided in this subsection, upon
9 compliance with the provisions of this subsection.

10 This exemption shall apply to new installations of
11 pollution-control property for a period of ten years be-
12 ginning on January first after the construction or installa-
13 tion of the property is completed. This exemption shall apply
14 for a period of ten years beginning on January 1, 1975, to
15 existing pollution-control property if its construction or
16 installation was completed after September 23, 1970. This
17 exemption shall apply with respect to each of the ten annual
18 assessments within the ten-year exemption period and the
19 property taxes payable on the basis of each of such ten
20 annual assessments. This exemption for existing pollution-
21 control property shall begin with respect to the assessment
22 as of January 1, 1975, and the taxes payable on the basis of
23 this assessment during the fiscal year beginning July 1, 1976.

24 This exemption shall be limited to the market value, as
25 defined in section four hundred forty-one point twenty-one

Page 2

1 (441.21) of the Code, of the pollution-control property. If
2 the pollution-control property is assessed with other property
3 as a unit, this exemption shall be limited to the net market
4 value added by the pollution-control property, determined
5 as of the assessment date.

6 Application for this exemption shall be filed with the
7 assessing authority not later than the first of February
8 of the year for which the exemption is requested, on forms
9 provided by the department of revenue. The application
10 shall describe and locate the specific pollution-control
11 property to be exempted.

12 The first annual application for any specific pollution-
13 control property shall be accompanied by a certificate of
14 the executive director of the department of environmental
15 quality stating that the air quality commission or the
16 water quality commission has directed the department of
17 environmental quality to certify that the primary use of the
18 pollution-control property is to control or abate pollution
19 of any air or water of this state or to enhance the quality
20 of any air or water of this state.

21 A taxpayer may appeal a determination of the air
22 quality commission or the water quality commission in
23 accordance with the provisions of sections four hundred
24 fifty-five B point nineteen (455B.19) and four hundred
25 fifty-five B point thirty-nine (455B.39) of the Code.

Page 3

1 The air quality commission and the water quality
2 commission of the department of environmental quality shall
3 adopt rules relating to certification under this Act and
4 information to be submitted for evaluating pollution-control
5 property for which a certificate is requested. The revenue
6 department shall adopt any rules necessary to implement this
7 Act, including rules on identification and valuation of
8 pollution-control property. All rules adopted shall be sub-
9 ject to the provisions of the statutes on departmental rules.

10 For the purposes of this subsection "pollution-control
11 property" means personal property or improvements to real
12 property, or any portion thereof, used primarily to control
13 or abate pollution of any air or water of this state or used
14 primarily to enhance the quality of any air or water of this
15 state. In the event such property shall also serve other
16 purposes or uses of productive benefit to the owner of the
17 property, only such portion of the assessed valuation thereof
18 as may reasonably be calculated to be necessary for and
19 devoted to the control or abatement of pollution or to the
20 enhancement of the quality of the air or water of this state
21 shall be exempt from taxation under this subsection.

22 For the purposes of this subsection "pollution" means
23 air pollution as defined in section four hundred fifty-five B
24 point ten (455B.10) of the Code or water pollution as defined
25 in section four hundred fifty-five B point thirty (455B.30)

Page 4

1 of the Code. "Water of the state" means the water of the
2 state as defined in section four hundred fifty-five B point
3 thirty (455B.30) of the Code. "Enhance the quality" means
4 to diminish the level of pollutants below the air or water
5 quality standards established by the water quality commission
6 or the air quality commission of the department of
7 environmental quality.

8 Sec. 2. Section four hundred twenty-seven point one
9 (427.1), Code 1973, is amended by adding the following new
10 subsection:

11 NEW SUBSECTION. The impoundment structure and any land
12 underlying an impoundment located outside any incorporated
13 city or town, which are not developed or used directly or
14 indirectly for nonagricultural income-producing purposes and
15 which are maintained in a condition satisfactory to the soil
16 conservation district commissioners of the county in which the
17 impoundment structure and the impoundment are located. Any
18 person owning land which qualifies for a property tax
19 exemption under this subsection shall apply to the county
20 assessor each year before the first of July for the exemption.
21 The application shall be made on forms prescribed by the
22 department of revenue. The first application shall be
23 accompanied by a copy of the water storage permit approved by
24 the water commissioner of the Iowa natural resources council
25 and a copy of the plan for the construction of the impoundment

Page 5

1 structure and the impoundment. The construction plan shall
2 be used to determine the total acre-feet of the impoundment
3 and the amount of land which is eligible for the property
4 tax exemption status. The county assessor shall annually
5 review each application for the property tax exemption under
6 this subsection and submit it, with the recommendation of the
7 soil conservation district commissioners, to the board of
8 supervisors for approval or denial. Any applicant for a
9 property tax exemption under this subsection may appeal the
10 decision of the board of supervisors to the district court.
11 As used in this subsection, "impoundment" means any reservoir
12 or pond which has a storage capacity of at least eighteen
13 acre-feet of water or sediment at the time of construction;
14 "storage capacity" means the total area below the crest
15 elevation of the principal spillway including the volume of
16 any excavation in such area; and "impoundment structure" means
17 any dam, earthfill, or other structure used to create an
18 impoundment.

19 2. Page 1, amend the title by striking lines 1 and 2 and
20 inserting in lieu thereof the following:

21 An Act to provide a limited exemption from property
22 taxation for property used to control air or water pollution,
23 and to provide a property tax exemption for certain property
24 used for water impoundments.

Received from the House
April 29, 1974

S-2974

1 Amend the House amendment to Senate File 321, page
2 1, line 20, by inserting after the word "assessments."
3 the following sentence:
4 "The state shall refund to all tax districts
5 an amount equal to the amount lost through the
6 exemption provided under this subsection."

S-2974 Filed - *Ruled out of order 5/2* By PALMER, GLUBA and DODERER
May 1, 1974

S-2977

1 Amend the House amendment to Senate File 321, as
2 follows:
3 1. Page 1, line 11, by striking the word "ten"
4 and inserting in lieu thereof the word "five".
5 2. Page 1, line 14, by striking the word "ten"
6 and inserting in lieu thereof the word "five".
7 3. Page 1, line 17, by striking the word "ten"
8 and inserting in lieu thereof the word "five".
9 4. Page 1, line 18, by striking the word "ten"
10 and inserting in lieu thereof the word "five".
11 5. Page 1, line 19, by striking the word "ten"
12 and inserting in lieu thereof the word "five".

S-2977 Filed - *Ruled out of order 5/2* By GLUBA, PALMER and
May 1, 1974 DODERER

S—2988

1 Amend the House amendment to Senate File 321 as
2 follows:

- 3 1. By striking lines 8 through 25 on page 4.
- 4 2. Page 5, by striking lines 1 through 18 and
5 lines 23 and 24.
- 6 3. By striking the comma in line 22 and insert-
7 ing in lieu thereof a period.

S—2988 Filed and lost
May 2, 1974

By MURRAY

S—2986

- 1 Amend the House amendment to Senate File 321
2 as follows:
3 Page 1, line 16, by striking "September 23, 1970"
4 and inserting in lieu thereof "July 1, 1974".

S—2986 Filed and lost
May 2, 1974

By WILLITS

S-641

1 Amend Senate File 321 as follows:

- 2 1. Page 1, line 13 by striking the word "ten" and inserting
- 3 in lieu thereof the word "five".
- 4 2. Page 1, line 14 by striking the word "ten" and inserting
- 5 in lieu thereof the word "five".

S-641 Filed - *Lost 5/23*
May 22, 1973

By GLUBA

S-643

- 1 Amend Senate File 321 by adding after line 24, page 2 the follow
- 2 NEW SECTION. The state shall refund to all tax districts a
- 3 amount equal to the amount lost through the exemptions provided
- 4 through this Act.

S-643 Filed - *Lost 5/23*
May 22, 1973

By PALMER and BLOUIN

S-647

- 1 Amend the Palmer and Blouin amendment S-643, filed May 22,
- 2 Senate File 321, by striking from lines 3 and 4 the words
1973 to
"exemptions
3 provided through this Act." and inserting in lieu thereof the
words "exemption
4 for existing facilities provided in this Act."

S-647 Filed and lost
May 23, 1973

By JUNKINS

S-651

- 1 Amend Senate File 321, page 1 by striking lines 7 through
- 2 9, inclusive, and inserting in lieu thereof the following:
- 3 "NEW SUBSECTION. All certified anti-pollution facilities
- 4 or equipment used primarily to control or abate pollution
- 5 of any water or air of the state or used primarily to enhance
- 6 the".

S-651 Filed and lost
May 23, 1973

By DODERER

S-654

- 1 Amend the Doderer amendment S-651, to Senate File 321, line
- 2 by striking the word "anti-pollution" and by inserting in lieu
- 3 thereof the words "pollution control".

S-654 Filed and adopted
May 23, 1973

By DODERER

S-655

- 1 Amend Senate File 321, as follows:
- 2 1. Page 1, by striking all after the period in line 20 and
- 3 by striking all of lines 21 through 25.
- 4 2. Page 2, by striking all of lines 1 through 14.

S-655 Filed and lost
May 23, 1973

By NOLIN