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Jenkins

FILED FEB 13 1980

SENATE FILE 2205

By HUTCHINS and SCOTT

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

- 1 An Act allowing an exemption from property taxation for
- 2 alcohol fuel production property.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 4

### SENATE FILE 2205 FISCAL NOTE

DATE: MARCH 11, 1980  
REQUESTED BY: SENATOR HUTCHINS

In compliance with a written request received February 13, 19 80, there is hereby submitted a Fiscal Note for Senate File 2205 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

S.F. 2205, An Act allowing an exemption from property taxation for alcohol fuel production property.

S.F. 2205 provides a property tax exemption for up to \$50,000 of market valuation to certain alcohol production facilities and public utilities involved in the production of alcohol for use as fuel.

Most of the effects of S.F. 2205 are local, since the proposed legislation could reduce the amount of taxable property within local districts. There is also the state fiscal impact of a possible increase in state school aid costs. No estimate of the magnitude of the effects is available.

SOURCE: DEPARTMENT OF REVENUE  
RECEIVED BY THE SECRETARY OF THE SENATE MARCH 11, 1980  
FILED: BY GERRY RANKIN, DIRECTOR  
MARCH 13, 1980 LEGISLATIVE FISCAL BUREAU

1 Section 1. Section four hundred twenty-seven point one  
2 (427.1), Code 1979, is amended by adding the following new  
3 subsection:

4 NEW SUBSECTION. a. Alcohol fuel production property as  
5 defined in this subsection is exempt from taxation for the  
6 periods and to the extent provided in this subsection, upon  
7 compliance with the provisions of this subsection.

8 b. This exemption applies to alcohol fuel production  
9 property for a period beginning with the first assessment  
10 year in which the property is first assessed for taxation  
11 and ending with the first assessment year beginning on or  
12 after January 1, 1990. An exemption under this subsection  
13 shall not be granted for an assessment year beginning on or  
14 after January 1, 1991.

15 c. This exemption is limited to the first fifty thousand  
16 dollars of market value, as defined in section four hundred  
17 forty-one point twenty-one (441.21) of the Code, of the alcohol  
18 fuel production property. If the alcohol fuel production  
19 property is assessed with other property as a unit, this  
20 exemption is limited to the first fifty thousand dollars of  
21 market value added by the alcohol fuel production property.

22 d. This exemption shall not be granted unless the  
23 application is filed with the assessing authority not later  
24 than February first of the year for which the exemption is  
25 requested. The application shall be on forms provided by  
26 the department of revenue and shall describe and locate the  
27 specific alcohol fuel production property to be exempted.

28 e. For the purposes of this subsection "alcohol fuel  
29 production property" means real and personal property or  
30 improvements and additions to the property which are first  
31 assessed for taxation on or after the effective date of this  
32 Act and which are used primarily to produce alcohol from  
33 agricultural products solely for use as fuel to be consumed  
34 primarily by the owner of the property. If the property also  
35 serves other purposes or uses of productive benefit to the

1 owner of the property other than as a byproduct of the  
2 production of alcohol for use as fuel, only the market value  
3 of that portion of the alcohol fuel production property  
4 reasonably calculated to be necessary for and devoted to  
5 production of alcohol from agricultural products solely for  
6 use as fuel to be consumed primarily by the owner of the  
7 property is exempt from taxation under this subsection.

8 Sec. 2. Section four hundred twenty-seven point one  
9 (427.1), Code 1979, is amended by adding the following new  
10 subsection:

11 NEW SUBSECTION. a. Alcohol fuel production property as  
12 defined in this subsection is exempt from taxation for the  
13 periods and to the extent provided in this subsection, upon  
14 compliance with the provisions of this subsection.

15 b. This exemption applies to alcohol fuel production prop-  
16 erty for five assessment years beginning with the first assess-  
17 ment year after the construction of the alcohol fuel produc-  
18 tion plant is completed.

19 c. This exemption is limited to the first fifty thousand  
20 dollars of market value, as defined in section four hundred  
21 forty-one point twenty-one (441.21) of the Code, of the alcohol  
22 fuel production property.

23 d. This exemption shall not be granted unless application  
24 for this exemption is filed with the assessing authority not  
25 later than February first of the year for which the exemption  
26 is requested. The application shall be on forms provided  
27 by the department of revenue and shall describe and locate  
28 the specific alcohol fuel production property to be exempted.

29 e. For the purposes of this subsection, "alcohol fuel  
30 production property" means:

- 31 (1) The real and personal property or improvements and  
32 additions to the property of a public utility electrical power  
33 generating plant which supplies heat, steam, or water or a  
34 combination of these products directly to an alcohol fuel  
35 production plant for the purpose of producing alcohol for

1 use as fuel.

2 (2) The real and personal property or improvements and  
3 additions to the property of an alcohol fuel production plant  
4 which receives heat, steam or water or a combination of these  
5 products directly from a public utility electrical power  
6 generating plant and uses the heat, steam or water or a  
7 combination of these products in the production of alcohol  
8 for use as a fuel.

9 Sec. 3. This Act takes effect January first following  
10 its enactment.

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EXPLANATION

12 The bill provides a property tax exemption on the first  
13 \$50,000 of the market value of property which produces alcohol  
14 from agricultural products to be used solely as fuel to be  
15 consumed primarily by the owner of the property and the first  
16 \$50,000 of market value of the property of a public utility  
17 electrical power generating plant which supplies heat, steam  
18 or water directly to an alcohol fuel production plant and  
19 the property of the alcohol fuel production plant which  
20 receives the heat, steam or water products for use in alcohol  
21 fuel production from the electrical power generating plant.  
22 The exemption for the alcohol production property producing  
23 fuel for the owner's consumption is allowed until January  
24 1, 1991 and the exemption for the electrical power generating  
25 plant and connected alcohol production plant is allowed for  
26 five years. Each exemption must be applied for each year  
27 it is desired.

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