

FILED FEB 27 1989
ways-means
Do. pass per amend
3-23-89 (p. 992)
3400

SENATE FILE 280
BY COMMITTEE ON SMALL
BUSINESS AND ECONOMIC
DEVELOPMENT

(SUCCESSOR TO SF 178)

Passed Senate, Date 3-29-89 (p. 1008) Passed House, Date 1/26/90 (p. 212)
Vote: Ayes 47 Nays 2 Vote: Ayes 95 Nays 0
Approved Feb 20, 1990

A BILL FOR

1 An Act relating to the provision of economic development
2 assistance to communities by authorizing certain property tax
3 exemptions.

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

SF 280

1 Section 1. Section 427.1, Code 1989, is amended by adding
2 the following new subsection:

3400,
3318, 3316-3

NEW SUBSECTION. 41. SPECIAL PROPERTY EXEMPTION.

4 Industrial buildings built by community development
5 organizations for speculative purposes are exempt from
6 property taxation for the assessment year in which the
7 building is first assessed for property tax purposes and all
8 subsequent years until the property is sold or leased.

3453-

9 Nothing in this subsection shall prevent a subsequent owner
10 from seeking further exemption under another provision of the
11 Code.

EXPLANATION

13 This bill exempts industrial buildings built by community
14 development organizations for speculative purposes from
15 property taxation for the assessment year in which the
16 building is first assessed. The exemption continues for all
17 subsequent years until the property is sold or leased.

18 This bill imposes a state mandate as defined in section
19 25B.3.

20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 280

S-3400

1 Amend Senate File 280 as follows:

2 1. Page 1, line 4, by striking the word
3 "Industrial" and inserting the following:
4 "Speculative shell".

5 2. Page 1, line 6 by inserting after the word
6 "taxation" the following: "following a motion by a
7 city council or a county board of supervisors".

8 3. Page 1, by inserting after line 8 the
9 following: "For purposes of this subsection, a
10 speculative shell building shall only be leased for a
11 purpose consistent with the purpose for which it was
12 built."

By COMMITTEE ON WAYS AND MEANS
WILLIAM W. DIELEMAN, Chairperson

S-3400 FILED MARCH 23, 1989

Adopted 3-29-89 (p.1057)

SENATE FILE 280

S-3318

1 Amend Senate File 280 as follows:

2 1. Page 1, line 4, by striking the word
3 "Industrial" and inserting the following:
4 "Speculative shell".

5 2. Page 1, line 6 by inserting after the word
6 "taxation" the following: "following a motion by a
7 city council or a county board of supervisors".

8 3. Page 1, by inserting after line 8 the
9 following: "For purposes of this subsection, a
10 speculative shell building shall only be leased for a
11 purpose consistent with the purpose for which it was
12 built."

By JOHN P. KIBBIE

S-3318 FILED MARCH 20, 1989

Out of Order 3-29-89 (p.1057)

SENATE FILE 280

S-3266

1 Amend Senate File 280 as follows:

2 1. Page 1, line 4, by inserting after the word
3 "built" the following: "in an urban revitalization
4 area".

5 2. Page 1, line 7, by striking the word "all" and
6 inserting the following: "for two".

7 3. Page 1, line 8, by striking the word "until"
8 and inserting the following: "unless".

By ELAINE SZYMONIAK

S-3266 FILED MARCH 14, 1989

Withdrawn 3-29-89 (p.1057)

SENATE FILE 280

S-3453

1 Amend Senate File 280 as follows:
2 1. Page 1, line 8, by inserting after the word
3 "leased." the following: "Once the industrial
4 building or any portion of the industrial building is
5 sold or leased, the industrial building or portion of
6 the industrial building which is sold or leased shall
7 not again be entitled to an exemption under this
8 subsection."

By MICHAEL E. GRONSTAL

S-3453 FILED MARCH 28, 1989

Adopted 3-29-89 (P. 1057)

SENATE FILE 280
FISCAL NOTE

A fiscal note for SENATE FILE 280 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 280 exempts industrial buildings build by community development organizations for speculative purposes from property taxation for the assessment year in which the building is first assessed. The exemption continues for all subsequent years until the property is sold or leased. This bill imposes a state mandate as defined in section 25.83, Iowa Code.

Fiscal Effect

The impact of this proposal is a decrease in the property tax base. It is not known how many buildings may be exempted from property tax as a result of this legislation; therefore, an estimate can not be provided.

Source: Department of Revenue and Finance

(LSB 2465sv, PDD)

FILED MARCH 27, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

House Small bus. & Commerce
House Ways + Means + 489 (p. 1236)
Amended from SF 178 to SF 280 (p. 95)

SENATE FILE 280
BY COMMITTEE ON SMALL
BUSINESS AND ECONOMIC
DEVELOPMENT

(SUCCESSOR TO SF 178)
(AS AMENDED AND PASSED BY THE SENATE MARCH 29, 1989)

_____ - New Language by the Senate

Passed Senate, Date 2/7/90 (p. 407) Passed House, Date 1/26/90 (p. 212)
Vote: Ayes 47 Nays 0 Vote: Ayes 95 Nays 0
Approved February 20, 1990 (p. 622)

A BILL FOR

1 An Act relating to the provision of economic development
2 assistance to communities by authorizing certain property tax
3 exemptions.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

S.F. 280

1 Section 1. Section 427.1, Code 1989, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 41. SPECIAL PROPERTY EXEMPTION.

4 Speculative shell buildings built by community development
5 organizations for speculative purposes are exempt from
6 property taxation following a motion by a city council or a
7 county board of supervisors for the assessment year in which
8 the building is first assessed for property tax purposes and
9 all subsequent years until the property is sold or leased.

10 Once the industrial building or any portion of the industrial
11 building is sold or leased, the industrial building or portion
12 of the industrial building which is sold or leased shall not
13 again be entitled to an exemption under this subsection. For
14 purposes of this subsection, a speculative shell building
15 shall only be leased for a purpose consistent with the purpose
16 for which it was built. Nothing in this subsection shall
17 prevent a subsequent owner from seeking further exemption
18 under another provision of the Code.

19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 280

H-5007

1 Amend Senate File 280 as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. Section 427.1, Code Supplement 1989,
6 is amended by adding the following new subsection:
7 NEW SUBSECTION. 41. SPECIAL PROPERTY EXEMPTION.
8 Shell buildings built or in the process of being built
9 by community development organizations for speculative
10 purposes or the portion of the value added to
11 buildings being reconstructed or renovated by
12 community development organizations in order to become
13 speculative shell buildings. The exemption shall be
14 allowed only pursuant to ordinance of a city council
15 or board of supervisors and shall be effective for the
16 assessment year in which the building is first
17 assessed for property taxation or the assessment year
18 in which the reconstruction or renovation first adds
19 value and all subsequent years until the property is
20 leased or sold or for a specific time period stated in
21 the ordinance or until the exemption is terminated by
22 ordinance of the city council or board of supervisors
23 which approved the exemption. If the shell building
24 or any portion of the shell building is leased or
25 sold, the portion of the shell building which is
26 leased or sold shall not be entitled to an exemption
27 under this subsection for subsequent years. An
28 application shall be filed pursuant to section 427B.4
29 for each project for which an exemption is claimed.
30 Upon the sale of the shell building, the shell
31 building shall be considered new construction for
32 purposes of section 427B.1 if used for purposes set
33 forth in section 427B.1.
34 For purposes of this subsection the following
35 definitions apply:
36 a. (1) "Community development organization" means
37 an organization, which meets the membership
38 requirements of subparagraph (2), formed within a city
39 or county or multicomunity group for one or more of
40 the following purposes:
41 (a) To promote, stimulate, develop, and advance
42 the business prosperity and economic welfare of the
43 community, area, or region and its citizens.
44 (b) To encourage and assist the location of new
45 business and industry.
46 (2) For purposes of this definition, a community
47 development organization must have at least fifteen
48 members with representation from the following:
49 (a) A representative from government at the level
50 or levels corresponding to the community development

H-5007

Page 2

1 organization's area of operation.

2 (b) A representative from a private sector lending
3 institution.

4 (c) A representative of a community organization
5 in the area.

6 (d) A representative of business in the area.

7 (e) A representative of private citizens in the
8 community, area, or region.

9 (3) To rehabilitate and assist existing business
10 and industry.

11 (4) To stimulate and assist in the expansion of
12 business activity.

13 b. "New construction" means new buildings or
14 structures and includes new buildings or structures
15 which are constructed as additions to existing
16 buildings or structures. "New construction" also
17 includes reconstruction or renovation of an existing
18 building or structure which constitutes complete
19 replacement of an existing building or structure or
20 refitting of an existing building or structure, if the
21 reconstruction or renovation of the existing building
22 or structure is required due to economic obsolescence,
23 if the reconstruction or renovation is necessary to
24 implement recognized industry standards for the
25 manufacturing or processing of products, and the
26 reconstruction or renovation is required in order to
27 competitively manufacture or process products or for
28 community development organizations to market a
29 building or structure as a speculative shell building,
30 which determination must receive prior approval from
31 the city council of the city or county board of
32 supervisors of the county.

33 c. "Speculative shell building" means a building
34 or structure owned and erected or reconstructed by a
35 community development organization without a tenant or
36 buyer for the purpose of attracting an employer or
37 user which will complete the building to the
38 employer's or user's specification for manufacturing,
39 processing, or warehousing the employer's or user's
40 product line."

By COMMITTEE ON WAYS AND MEANS
TABOR of Jackson, Chairperson

H-5007 FILED JANUARY 16, 1990

Approved and recommended by S. 27 (125 (3, 2, 1))

SENATE FILE 280

H-5014

1 Amend the amendment, H-5007, to Senate File 280, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 13, by inserting after the word
5 "exemption" the following: "or partial exemption".

6 2. Page 1, by inserting after line 45, the
7 following:

8 "(c) To rehabilitate and assist existing business
9 and industry.

10 (d) To stimulate and assist in the expansion of
11 business activity."

12 3. Page 2, by striking lines 9 through 12.

By GRONINGA of Cerro Gordo

H-5014 FILED JANUARY 17, 1990

James H. H. H. H.

SENATE FILE 280

H-5037

1 Amend the amendment, H-5007, to Senate File 280, as
2 amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking line 8 and inserting the
5 following: "New construction of shell buildings".

6 2. Page 1, line 13, by inserting after the word
7 "exemption" the following: "or partial exemption".

8 3. Page 1, by inserting after line 45, the
9 following:

10 "(c) To rehabilitate and assist existing business
11 and industry.

12 (d) To stimulate and assist in the expansion of
13 business activity."

14 4. Page 2, by striking lines 9 through 12.

15 5. Page 2, line 34, by striking the word
16 "erected" and inserting the following: "constructed".

By GRONINGA of Cerro Gordo
DODERER of Johnson

H-5037 FILED JANUARY 24, 1990

Adopted January 24, 1990

HOUSE AMENDMENT TO
SENATE FILE 280

S-5037

1 Amend Senate File 280 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 427.1, Code Supplement 1989,
6 is amended by adding the following new subsection:
7 NEW SUBSECTION. 41. SPECIAL PROPERTY EXEMPTION.

8 New construction of shell buildings by community
9 development organizations for speculative purposes or
10 the portion of the value added to buildings being
11 reconstructed or renovated by community development
12 organizations in order to become speculative shell
13 buildings. The exemption or partial exemption shall
14 be allowed only pursuant to ordinance of a city
15 council or board of supervisors and shall be effective
16 for the assessment year in which the building is first
17 assessed for property taxation or the assessment year
18 in which the reconstruction or renovation first adds
19 value and all subsequent years until the property is
20 leased or sold or for a specific time period stated in
21 the ordinance or until the exemption is terminated by
22 ordinance of the city council or board of supervisors
23 which approved the exemption. If the shell building
24 or any portion of the shell building is leased or
25 sold, the portion of the shell building which is
26 leased or sold shall not be entitled to an exemption
27 under this subsection for subsequent years. An
28 application shall be filed pursuant to section 427B.4
29 for each project for which an exemption is claimed.
30 Upon the sale of the shell building, the shell
31 building shall be considered new construction for
32 purposes of section 427B.1 if used for purposes set
33 forth in section 427B.1.

34 For purposes of this subsection the following
35 definitions apply:

36 a. (1) "Community development organization" means
37 an organization, which meets the membership
38 requirements of subparagraph (2), formed within a city
39 or county or multicomunity group for one or more of
40 the following purposes:

41 (a) To promote, stimulate, develop, and advance
42 the business prosperity and economic welfare of the
43 community, area, or region and its citizens.

44 (b) To encourage and assist the location of new
45 business and industry.

46 (c) To rehabilitate and assist existing business
47 and industry.

48 (d) To stimulate and assist in the expansion of
49 business activity.

50 2) For purposes of this definition, a community

S-5037

Page 2

1 development organization must have at least fifteen
2 members with representation from the following:

3 (a) A representative from government at the level
4 or levels corresponding to the community development
5 organization's area of operation.

6 (b) A representative from a private sector lending
7 institution.

8 (c) A representative of a community organization
9 in the area.

10 (d) A representative of business in the area.

11 (e) A representative of private citizens in the
12 community, area, or region.

13 b. "New construction" means new buildings or
14 structures and includes new buildings or structures
15 which are constructed as additions to existing
16 buildings or structures. "New construction" also
17 includes reconstruction or renovation of an existing
18 building or structure which constitutes complete
19 replacement of an existing building or structure or
20 refitting of an existing building or structure, if the
21 reconstruction or renovation of the existing building
22 or structure is required due to economic obsolescence,
23 if the reconstruction or renovation is necessary to
24 implement recognized industry standards for the
25 manufacturing or processing of products, and the
26 reconstruction or renovation is required in order to
27 competitively manufacture or process products or for
28 community development organizations to market a
29 building or structure as a speculative shell building,
30 which determination must receive prior approval from
31 the city council of the city or county board of
32 supervisors of the county.

33 c. "Speculative shell building" means a building
34 or structure owned and constructed or reconstructed by
35 a community development organization without a tenant
36 or buyer for the purpose of attracting an employer or
37 user which will complete the building to the
38 employer's or user's specification for manufacturing,
39 processing, or warehousing the employer's or user's
40 product line."

RECEIVED FROM THE HOUSE

S-5037 FILED JANUARY 30, 1990

Amended 2/17 (p. 401)

SENATE FILE 280

AN ACT
RELATING TO THE PROVISION OF ECONOMIC DEVELOPMENT ASSISTANCE
TO COMMUNITIES BY AUTHORIZING CERTAIN PROPERTY TAX
EXEMPTIONS.

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

Section 1. Section 427.1, Code Supplement 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 41. SPECIAL PROPERTY EXEMPTION. New construction of shell buildings by community development organizations for speculative purposes or the portion of the value added to buildings being reconstructed or renovated by community development organizations in order to become speculative shell buildings. The exemption or partial exemption shall be allowed only pursuant to ordinance of a city council or board of supervisors and shall be effective for the assessment year in which the building is first assessed for property taxation or the assessment year in which the reconstruction or renovation first adds value and all subsequent years until the property is leased or sold or for a specific time period stated in the ordinance or until the exemption is terminated by ordinance of the city council or board of supervisors which approved the exemption. If the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold shall not be entitled to an exemption under this subsection for subsequent years. An application shall be filed pursuant to section 427B.4 for each project for which an exemption is claimed. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of section 427B.1 if used for purposes set forth in section 427B.1.

For purposes of this subsection the following definitions apply:

a. (1) "Community development organization" means an organization, which meets the membership requirements of subparagraph (2), formed within a city or county or multicommunity group for one or more of the following purposes:

(a) To promote, stimulate, develop, and advance the business prosperity and economic welfare of the community, area, or region and its citizens.

(b) To encourage and assist the location of new business and industry.

(c) To rehabilitate and assist existing business and industry.

(d) To stimulate and assist in the expansion of business activity.

(2) For purposes of this definition, a community development organization must have at least fifteen members with representation from the following:

(a) A representative from government at the level or levels corresponding to the community development organization's area of operation.

(b) A representative from a private sector lending institution.

(c) A representative of a community organization in the area.

(d) A representative of business in the area.

(e) A representative of private citizens in the community, area, or region.

b. "New construction" means new buildings or structures and includes new buildings or structures which are constructed as additions to existing buildings or structures. "New construction" also includes reconstruction or renovation of an existing building or structure which constitutes complete replacement of an existing building or structure or refitting of an existing building or structure, if the reconstruction or renovation of the existing building or structure is required due to economic obsolescence, if the reconstruction or renovation is necessary to implement recognized industry standards for the manufacturing or processing of products, and

the reconstruction or renovation is required in order to competitively manufacture or process products or for community development organizations to market a building or structure as a speculative shell building, which determination must receive prior approval from the city council of the city or county board of supervisors of the county.

c. "Speculative shell building" means a building or structure owned and constructed or reconstructed by a community development organization without a tenant or buyer for the purpose of attracting an employer or user which will complete the building to the employer's or user's specification for manufacturing, processing, or warehousing the employer's or user's product line.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 280, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1990

TERRY E. BRANSTAD
Governor