

Maddox  
Johnson  
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SSB-3211  
Ways & Means

Succeeded By  
SENATE FILE SI/HF 2426  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL  
BY CHAIRPERSON JOHNSON)

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

**A BILL FOR**

1 An Act relating to the designation, valuation, and taxation of  
2 property in a horizontal property regime and including an  
3 effective date.

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

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1 Section 1. Section 499B.3, Code 1999, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. If the declaration is to convert  
4 an existing structure, the declarant shall file the  
5 declaration of the horizontal property regime with the city in  
6 which the regime is located or with the county if not located  
7 within a city at least forty-five days before being recorded  
8 in the office of the county recorder to enable the city or  
9 county, as applicable, to establish that the converted  
10 structure meets appropriate building code requirements as  
11 provided in section 499B.20. However, if the city or county,  
12 as applicable, does not have a building code, the declarant  
13 shall file the declaration with the state building code  
14 commissioner instead of the applicable city or county at least  
15 forty-five days before the recording of the declaration to  
16 enable the commissioner to establish that the converted  
17 structure meets the state building code.

18 Sec. 2. Section 499B.10, Code 1999, is amended to read as  
19 follows:

20 499B.10 INDIVIDUAL APARTMENTS AND INTEREST IN COMMON  
21 ELEMENTS ARE ALIENABLE.

22 When real property containing a building is committed to a  
23 horizontal property regime, each individual apartment located  
24 therein in the building and the interests in the general  
25 common elements and limited common elements if any,  
26 appurtenant thereto, shall ~~be vested as,~~ constitute for all  
27 purposes a separate parcel of real property and shall be as  
28 completely and freely alienable as any separate parcel of real  
29 property is or may be under the laws of this state, except as  
30 limited by the provisions of this chapter.

31 Sec. 3. Section 499B.11, subsection 1, Code Supplement  
32 1999, is amended to read as follows:

33 1. All real property taxes and special assessments shall  
34 be assessed and levied on each apartment and its respective  
35 appurtenant fractional share or percentage of the land,

1 general common elements and limited common elements where  
 2 applicable as such these apartments and appurtenances are  
 3 separately owned, and not on the entire horizontal property  
 4 regime. The fair market value determined for an apartment  
 5 includes the value of its appurtenant share or percentage of  
 6 the land, general common elements, and limited common  
 7 elements.

8 Sec. 4. NEW SECTION. 499B.20 CONVERSIONS TO MEET  
 9 BUILDING CODES.

10 After the effective date of this Act, an existing structure  
 11 shall not be converted to a horizontal property regime unless  
 12 the converted structure meets local city or county, as  
 13 applicable, building code requirements in effect on the date  
 14 of conversion or the state building code requirements if the  
 15 local city or county does not have a building code. For  
 16 purposes of this section, if the structure is located in a  
 17 city, the city building code applies and if the structure is  
 18 located in the unincorporated area of the county, the county  
 19 building code applies.

20 Sec. 5. EFFECTIVE DATE. This Act, being deemed of  
 21 immediate importance, takes effect upon enactment.

22 EXPLANATION

23 The bill specifies that a building unit, general common  
 24 interests, and limited common interests, appurtenant to the  
 25 building unit, in a horizontal property regime, i.e.,  
 26 condominium complex, constitutes a separate parcel of real  
 27 property. Also, the bill provides that for property taxation  
 28 purposes, the fair market value determined for the building  
 29 unit in a condominium complex includes the value of the land  
 30 and general and limited common elements. After the effective  
 31 date of the bill, existing structures meet shall not be  
 32 converted to condominiums unless the structures the city or  
 33 county, as applicable, building codes or the state building  
 34 code, if the applicable city or county does not have a  
 35 building code. The bill provides that 45-day notice must be

1 provided to the applicable city, county, or state before the  
2 filing of the declaration to convert a structure to a  
3 condominium complex.

4 The bill takes effect upon enactment.

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Substituted for H.R. 2553  
4-5-00  
P. 1257

3/16/00 Unfinished Business Calendar

FILED MAR 13 '00

SENATE FILE 2426  
BY COMMITTEE ON WAYS  
AND MEANS

(SUCCESSOR TO SSB 3211)

Passed Senate, <sup>(p. 873)</sup> Date 3-27-00 Passed House, <sup>(p. 1259)</sup> Date 4-5-00  
Vote: Ayes 46 Nays 2 Vote: Ayes 90 Nays 6  
Approved 4/25/00

A BILL FOR

1 An Act relating to the designation, valuation, and taxation of  
2 property in a horizontal property regime and including an  
3 effective date.

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

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SF 2426

1 Section 1. Section 499B.3, Code 1999, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. If the declaration is to convert  
4 an existing structure, the declarant shall file the  
5 declaration of the horizontal property regime with the city in  
6 which the regime is located or with the county if not located  
7 within a city at least sixty days before being recorded in the  
8 office of the county recorder to enable the city or county, as  
9 applicable, to establish that the converted structure meets  
10 appropriate building code requirements as provided in section  
11 499B.20. However, if the city or county, as applicable, does  
12 not have a building code, the declarant shall file the  
13 declaration with the state building code commissioner instead  
14 of the applicable city or county at least sixty days before  
15 the recording of the declaration to enable the commissioner to  
16 establish that the converted structure meets the state  
17 building code.

18 Sec. 2. Section 499B.10, Code 1999, is amended to read as  
19 follows:

20 499B.10 INDIVIDUAL APARTMENTS AND INTEREST IN COMMON  
21 ELEMENTS ARE ALIENABLE.

22 When real property containing a building is committed to a  
23 horizontal property regime, each individual apartment located  
24 therein in the building and the interests in the general  
25 common elements and limited common elements if any,  
26 appurtenant thereto, shall ~~be vested as,~~ constitute for all  
27 purposes a separate parcel of real property and shall be as  
28 completely and freely alienable as any separate parcel of real  
29 property is or may be under the laws of this state, except as  
30 limited by the provisions of this chapter.

31 Sec. 3. Section 499B.11, subsection 1, Code Supplement  
32 1999, is amended to read as follows:

33 1. All real property taxes and special assessments shall  
34 be assessed and levied on each apartment and its respective  
35 appurtenant fractional share or percentage of the land,

1 general common elements and limited common elements where  
2 applicable as ~~such~~ these apartments and appurtenances are  
3 separately owned, and not on the entire horizontal property  
4 regime. The fair market value determined for an apartment  
5 includes the value of its appurtenant share or percentage of  
6 the land, general common elements, and limited common  
7 elements.

8 Sec. 4. NEW SECTION. 499B.20 CONVERSIONS TO MEET  
9 BUILDING CODES.

10 After the effective date of this Act, an existing structure  
11 shall not be converted to a horizontal property regime unless  
12 the converted structure meets local city or county, as  
13 applicable, building code requirements in effect on the date  
14 of conversion or the state building code requirements if the  
15 local city or county does not have a building code. For  
16 purposes of this section, if the structure is located in a  
17 city, the city building code applies and if the structure is  
18 located in the unincorporated area of the county, the county  
19 building code applies.

20 Sec. 5. EFFECTIVE DATE. This Act, being deemed of  
21 immediate importance, takes effect upon enactment.

22 EXPLANATION

23 The bill specifies that a building unit, general common  
24 interests, and limited common interests, appurtenant to the  
25 building unit, in a horizontal property regime, i.e.,  
26 condominium complex, constitutes a separate parcel of real  
27 property. Also, the bill provides that for property taxation  
28 purposes, the fair market value determined for the building  
29 unit in a condominium complex includes the value of the land  
30 and general and limited common elements. After the effective  
31 date of the bill, existing structures shall not be converted  
32 to condominiums unless the structures meet the city or county,  
33 as applicable, building codes or the state building code, if  
34 the applicable city or county does not have a building code.  
35 The bill provides that 60-day notice must be provided to the

1 applicable city, county, or state before the filing of the  
2 declaration to convert a structure to a condominium complex.

3 The bill takes effect upon enactment.

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SENATE FILE 2426

H-8731

1 Amend Senate File 2426, as passed by the Senate, as  
2 follows:

3 1. Page 1, by inserting after line 17 the  
4 following:

5 "Sec. \_\_\_\_\_. Section 499B.4, Code 1999, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 10. If an existing structure is  
8 to be converted after the effective date of this Act,  
9 a maximum property tax percentage shall be determined  
10 and specified for each unit to be converted. The  
11 "maximum property tax percentage" for a unit equals  
12 the percentage of the average monthly gross rent  
13 charged for the previous two years for that unit that  
14 is paid as property taxes."

15 2. Page 2, by inserting after line 19 the  
16 following:

17 "Sec. \_\_\_\_\_. NEW SECTION. 499B.21 REDUCTION IN  
18 GROSS RENT -- PENALTY.

19 1. In the case of an existing structure that is  
20 converted to a horizontal property regime after the  
21 effective date of this Act, any reduction in property  
22 taxes levied on an apartment resulting from such  
23 conversion shall be passed on to the tenant by means  
24 of a reduction in gross rent. The reduction in gross  
25 rent required under this subsection shall only apply  
26 to the first fiscal year in which the reduction in  
27 property tax first occurs. The amount of the  
28 reduction in gross rent shall result in the percentage  
29 of gross rent paid in property taxes to be equal to  
30 the maximum property tax percentage specified pursuant  
31 to section 499B.4, subsection 10.

32 2. The landlord shall provide notice to the tenant  
33 at the beginning of the fiscal year for which a  
34 reduction in rent is to occur. The notice shall state  
35 that the reduction in rent is due to the reduction in  
36 property taxes payable by the landlord as a result of  
37 the conversion of the property to a horizontal  
38 property regime. The notice shall also state that the  
39 law requires this reduction in rent for only one  
40 fiscal year.

41 3. If gross rent is not reduced in violation of  
42 this section, the excess gross rent shall be returned,  
43 along with interest at the rate of two percent per  
44 month, to the renter or to the city or county building  
45 inspector, as appropriate, if the renter is  
46 unavailable. A suit for return of excess gross rent  
47 may be brought by the renter or the appropriate local  
48 building inspector on behalf of the renter."

By SHOULTZ of Black Hawk

H-8731 FILED APRIL 5, 2000

*Lost*  
*4-5-00*  
*(p. 1258)*

SENATE FILE 2426

AN ACT  
RELATING TO THE DESIGNATION, VALUATION, AND TAXATION OF  
PROPERTY IN A HORIZONTAL PROPERTY REGIME AND INCLUDING  
AN EFFECTIVE DATE.

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

Section 1. Section 499B.3, Code 1999, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the declaration is to convert an existing structure, the declarant shall file the declaration of the horizontal property regime with the city in which the regime is located or with the county if not located within a city at least sixty days before being recorded in the office of the county recorder to enable the city or county, as applicable, to establish that the converted structure meets appropriate building code requirements as provided in section 499B.20. However, if the city or county, as applicable, does not have a building code, the declarant shall file the declaration with the state building code commissioner instead of the applicable city or county at least sixty days before the recording of the declaration to enable the commissioner to establish that the converted structure meets the state building code.

Sec. 2. Section 499B.10, Code 1999, is amended to read as follows:

499B.10 INDIVIDUAL APARTMENTS AND INTEREST IN COMMON ELEMENTS ARE ALIENABLE.

When real property containing a building is committed to a horizontal property regime, each individual apartment located therein in the building and the interests in the general common elements and limited common elements if any, appurtenant thereto, shall be-vested-as, constitute for all purposes a separate parcel of real property and shall be as completely and freely alienable as any separate parcel of real property is or may be under the laws of this state, except as limited by the provisions of this chapter.

Sec. 3. Section 499B.11, subsection 1, Code Supplement 1999, is amended to read as follows:

1. All real property taxes and special assessments shall be assessed and levied on each apartment and its respective appurtenant fractional share or percentage of the land, general common elements and limited common elements where applicable as such these apartments and appurtenances are separately owned, and not on the entire horizontal property regime. The fair market value determined for an apartment includes the value of its appurtenant share or percentage of the land, general common elements, and limited common elements.

Sec. 4. NEW SECTION. 499B.20 CONVERSIONS TO MEET BUILDING CODES.

After the effective date of this Act, an existing structure shall not be converted to a horizontal property regime unless the converted structure meets local city or county, as applicable, building code requirements in effect on the date of conversion or the state building code requirements if the local city or county does not have a building code. For purposes of this section, if the structure is located in a city, the city building code applies and if the structure is located in the unincorporated area of the county, the county building code applies.

SF 2426

Senate File 2426, p. 3

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2426, Seventy-eighth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved 4/25, 2000

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THOMAS J. VILSACK  
Governor