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SENATE FILE 2123
BY MILLER

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by requiring funding for
2 state mandates, establishing an ending fund balance limitation
3 for counties, excepting school district revenue from taxes
4 collected for tax increment financing districts, repealing
5 certain property tax credits, amending provisions relating to
6 certain property tax exemptions, providing for an ad valorem
7 tax on mobile homes and manufactured homes, making changes to
8 the method of assessment of property, establishing limits on
9 taxes collectible by class of property and by taxpayer, and
10 lowering the rate on interest charged on delinquent taxes, and
11 providing for other properly related matters.

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

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SF 2123
LOCAL GOVERNMENT

1 Section 1. Section 25B.2, subsection 3, Code 2001, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. 25B.5A UNFUNDED STATE MANDATES --
4 EFFECT.

5 If, on or after July 1, 2003, a state mandate is enacted by
6 the general assembly, or otherwise imposed, on a political
7 subdivision and the state mandate requires a political
8 subdivision to engage in any new activity, to provide a new
9 service, or to provide any service beyond that required by any
10 law enacted prior to July 1, 2003, and the state does not
11 appropriate moneys to fully fund the cost of the state mandate
12 as identified pursuant to section 25B.5, subsections 1 and 2,
13 the political subdivision is not required to perform the
14 activity or provide the new or increased service and the
15 political subdivision shall not be subject to any liabilities
16 imposed by the state or the imposition of any fines or
17 penalties for the failure to comply with the state mandate.

18 Sec. 3. Section 25B.7, subsection 2, paragraph a, Code
19 2001, is amended by striking the paragraph.

20 Sec. 4. Section 100.18, subsection 2, paragraph b, Code
21 2001, is amended to read as follows:

22 b. The rules shall require the installation of smoke
23 detectors in existing single-family rental units and multiple-
24 unit residential buildings. Existing single-family dwelling
25 units shall be equipped with approved smoke detectors. A
26 ~~person-who-files-for-a-homestead-credit-pursuant-to-chapter~~
27 ~~425-shall-certify-that-the-single-family-dwelling-unit-for~~
28 ~~which-the-credit-is-filed-has-a-smoke-detector-installed-in~~
29 ~~compliance-with-this-section, or that one will be installed~~
30 ~~within-thirty-days-of-the-date-the-filing-for-the-credit-is~~
31 ~~made.~~ The state fire marshal shall adopt rules and establish
32 appropriate procedures to administer this subsection.

33 Sec. 5. Section 216.12, subsection 5, Code 2001, is
34 amended to read as follows:

35 5. The rental or leasing of a housing accommodation in a

1 building which contains housing accommodations for not more
2 than four families living independently of each other, if the
3 owner resides in one of the housing accommodations for which
4 ~~the owner qualifies for the homestead tax credit under section~~
5 ~~425.1~~ at least six months of the calendar year.

6 Sec. 6. Section 331.401, subsection 1, paragraph g, Code
7 2001, is amended by striking the paragraph.

8 Sec. 7. NEW SECTION. 331.423A ENDING FUND BALANCE.

9 Effective for a fiscal year beginning on or after July 1,
10 2007, budgeted ending fund balances shall not exceed twenty-
11 five percent of actual expenditures in the previous fiscal
12 year for either the general fund or the rural services fund.
13 An ending fund balance does not include funds reserved or
14 designated for a specific purpose and specifically described
15 in the certified budget. For purposes of this section, the
16 general fund includes the general services basic fund and the
17 general services supplemental fund and the rural services fund
18 includes the rural services basic fund and the rural services
19 supplemental fund.

20 Sec. 8. Section 331.424A, subsection 4, Code Supplement
21 2001, is amended to read as follows:

22 4. For the fiscal year beginning July 1, 1996, and for
23 each subsequent fiscal year, the county shall certify a levy
24 for payment of services. For each fiscal year, county
25 revenues from taxes imposed by the county credited to the
26 services fund shall not exceed an amount equal to the amount
27 of base year expenditures for services as defined in section
28 331.438, less the amount of property tax relief to be received
29 pursuant to section 426B.2, in the fiscal year for which the
30 budget is certified. The county auditor and the board of
31 supervisors shall reduce the amount of the levy certified for
32 the services fund by the amount of property tax relief to be
33 received. A levy certified under this section is not subject
34 to the appeal provisions of ~~sections~~ section 331.426 and
35 ~~444.25B~~ or to any other provision in law authorizing a county

1 to exceed, increase, or appeal a property tax levy limit.

2 Sec. 9. Section 331.424B, Code 2001, is amended to read as
3 follows:

4 331.424B CEMETERY LEVY.

5 The board may levy annually a tax not to exceed six and
6 three-fourths cents per thousand dollars of the assessed value
7 of all taxable property in the county to repair and maintain
8 all cemeteries under the jurisdiction of the board including
9 pioneer cemeteries and to pay other expenses of the board or
10 the cemetery commission as provided in section 331.325. The
11 proceeds of the tax levy shall be credited to the county
12 general fund. ~~Sections 444-25A and 444-25B do not apply to~~
13 ~~the property tax levied or expended for cemeteries pursuant to~~
14 ~~section 331-325.~~

15 Sec. 10. Section 331.429, subsection 1, paragraphs a and
16 b, Code Supplement 2001, are amended to read as follows:

17 a. Transfers from the general fund not to exceed in any
18 year the dollar equivalent of a tax of sixteen and seven-
19 eighths cents per thousand dollars of assessed value on all
20 taxable property in the county multiplied by the ratio of
21 current taxes actually collected and apportioned for the
22 general basic levy to the total general basic levy for the
23 current year, and an amount equivalent to the moneys derived
24 by the general fund from military service tax credits under
25 chapter 426A, ~~manufactured or mobile home taxes under section~~
26 ~~435-227~~, and delinquent taxes for prior years collected and
27 apportioned to the general basic fund in the current year,
28 multiplied by the ratio of sixteen and seven-eighths cents to
29 three dollars and fifty cents.

30 b. Transfers from the rural services fund not to exceed in
31 any year the dollar equivalent of a tax of three dollars and
32 three-eighths cents per thousand dollars of assessed value on
33 all taxable property not located within the corporate limits
34 of a city in the county multiplied by the ratio of current
35 taxes actually collected and apportioned for the rural

1 services basic levy to the total rural services basic levy for
2 the current year and an amount equivalent to the moneys
3 derived by the rural services fund from military service tax
4 credits under chapter 426A, ~~manufactured-or-mobile-home-taxes~~
5 ~~under-section-435-227~~ and delinquent taxes for prior years
6 collected and apportioned to the rural services basic fund in
7 the current year, multiplied by the ratio of three dollars and
8 three-eighths cents to three dollars and ninety-five cents.

9 Sec. 11. Section 331.512, subsection 3, Code 2001, is
10 amended by striking the subsection.

11 Sec. 12. Section 331.559, subsection 12, Code Supplement
12 2001, is amended by striking the subsection.

13 Sec. 13. Section 331.559, subsection 13, Code Supplement
14 2001, is amended by striking the subsection.

15 Sec. 14. Section 403.19, subsection 2, Code Supplement
16 2001, is amended to read as follows:

17 2. That portion of the taxes each year in excess of such
18 amount shall be allocated to and when collected be paid into a
19 special fund of the municipality to pay the principal of and
20 interest on loans, moneys advanced to, or indebtedness,
21 whether funded, refunded, assumed, or otherwise, including
22 bonds issued under the authority of section 403.9, subsection
23 1, incurred by the municipality to finance or refinance, in
24 whole or in part, an urban renewal project within the area,
25 and to provide assistance for low and moderate income family
26 housing as provided in section 403.22, except that taxes for
27 ~~the-regular-and-voter-approved-physical-plant-and-equipment~~
28 ~~levy-of~~ levied by a school district ~~imposed-pursuant-to~~
29 ~~section-298-2~~ and taxes for the payment of bonds and interest
30 of each taxing district must be collected against all taxable
31 property within the taxing district without limitation by the
32 provisions of this subsection. However, all or a portion of
33 ~~the-taxes-for-the-physical-plant-and-equipment-levy~~ school
34 district property tax revenue shall be paid by the school
35 district to the municipality if the auditor certifies to the

1 school district by July 1 the amount of such ~~levy~~ school
2 district property tax revenue that is necessary to pay the
3 principal and interest on bonds issued by the municipality to
4 finance an urban renewal project, which bonds were issued
5 before July 1, ~~2001~~ 2003. Indebtedness incurred to refund
6 bonds issued prior to July 1, ~~2001~~ 2003, shall not be included
7 in the certification. Such school district shall pay over the
8 amount certified by November 1 and May 1 of the fiscal year
9 following certification to the school district. Unless and
10 until the total assessed valuation of the taxable property in
11 an urban renewal area exceeds the total assessed value of the
12 taxable property in such area as shown by the last equalized
13 assessment roll referred to in subsection 1, all of the taxes
14 levied and collected upon the taxable property in the urban
15 renewal area shall be paid into the funds for the respective
16 taxing districts as taxes by or for the taxing districts in
17 the same manner as all other property taxes. When such loans,
18 advances, indebtedness, and bonds, if any, and interest
19 thereon, have been paid, all moneys thereafter received from
20 taxes upon the taxable property in such urban renewal area
21 shall be paid into the funds for the respective taxing
22 districts in the same manner as taxes on all other property.

23 Sec. 15. Section 403.19, subsection 7, Code Supplement
24 2001, is amended by striking the subsection and inserting in
25 lieu thereof the following:

26 7. For any fiscal year, a municipality may certify to the
27 county auditor for school district property tax revenue
28 necessary for payment of principal and interest on bonds
29 issued prior to July 1, 2003. The municipality may receive
30 school district property tax revenue only if the municipality
31 certified for such revenue for the fiscal year beginning July
32 1, 2003. A municipality shall not certify more than the
33 amount the municipality certified for the fiscal year
34 beginning July 1, 2003. If for any fiscal year a municipality
35 fails to certify to the county auditor for a school district

1 by July 1 the amount of school district property tax revenue
2 necessary for payment of principal and interest on such bonds,
3 as provided in subsection 2, the school district is not
4 required to pay over the revenue to the municipality.

5 If in any fiscal year a school district and a municipality
6 are unable to agree on the amount of school district property
7 tax revenue for which a municipality may certify, either party
8 may request that the state appeal board review and finally
9 pass upon the amount that may be certified. Such appeals must
10 be presented in writing to the state appeal board no later
11 than July 31 following certification. The burden shall be on
12 the municipality to prove that the school district property
13 tax revenue is necessary to pay principal and interest on
14 bonds issued prior to July 1, 2003. A final decision must be
15 issued by the state appeal board no later than the following
16 October 1.

17 Sec. 16. Section 403.20, Code 2001, is amended to read as
18 follows:

19 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
20 ASSESSMENT.

21 In determining the assessed value of property within an
22 urban renewal area which is subject to a division of tax
23 revenues pursuant to section 403.19, the ~~difference-between~~
24 ~~the-actual-value-of-the-property-as-determined-by-the-assessor~~
25 ~~each-year-and-the-percentage-of-adjustment-certified-for-that~~
26 ~~year-by-the-director-of-revenue-and-finance-on-or-before~~
27 ~~November-1~~ reductions applied to the property pursuant to
28 section 441.21, subsection 9 4, 5, 5A, or 5B, ~~multiplied-by~~
29 ~~the-actual-value-of-the-property-as-determined-by-the~~
30 ~~assessor~~, shall be subtracted from the actual value of the
31 property as determined pursuant to section 403.19, subsection
32 1. If the assessed value of the property as determined
33 pursuant to section 403.19, subsection 1, is reduced to zero,
34 the additional valuation reduction shall be subtracted from
35 the actual value of the property as determined by the

1 assessor.

2 Sec. 17. Section 404.3, subsection 1, Code 2001, is
3 amended to read as follows:

4 1. All qualified real estate assessed as residential
5 property is eligible to receive an exemption from taxation
6 based on the actual value added by the improvements. The
7 exemption is for a period of ten years. The amount of the
8 exemption is equal to a percent of the actual value added by
9 the improvements, determined as follows: One hundred fifteen
10 percent of the value added by the improvements. However, the
11 amount of the actual value added by the improvements which
12 shall be used to compute the exemption shall not exceed twenty
13 thousand dollars ~~and the granting of the exemption shall not~~
14 ~~result in the actual value of the qualified real estate being~~
15 ~~reduced below the actual value on which the homestead credit~~
16 ~~is computed under section 425.1.~~

17 Sec. 18. Section 425.16, Code 2001, is amended to read as
18 follows:

19 425.16 ADDITIONAL TAX CREDIT.

20 ~~In addition to the homestead tax credit allowed under~~
21 ~~section 425.17, subsections 1 to 4, persons~~ Persons who own or
22 rent their homesteads and who meet the qualifications provided
23 in this division are eligible for an extraordinary property
24 tax credit or reimbursement.

25 Sec. 19. Section 425.23, subsection 1, Code 2001, is
26 amended to read as follows:

27 1. a. The tentative credit or reimbursement for a
28 claimant described in section 425.17, subsection 2, paragraph
29 "a" and paragraph "b" if no appropriation is made to the fund
30 created in section 425.40 shall be determined in accordance
31 with the following schedule:

32	Percent of property taxes
33	due or rent constituting
34	property taxes paid
35	allowed as a credit or
	If the household

1 income is:	reimbursement:
2 \$ 0 -- 8,499.99	100%
3 8,500 -- 9,499.99	85
4 9,500 -- 10,499.99	70
5 10,500 -- 12,499.99	50
6 12,500 -- 14,499.99	35
7 14,500 -- 16,499.99	25

8 b. If moneys have been appropriated to the fund created in
 9 section 425.40, the tentative credit or reimbursement for a
 10 claimant described in section 425.17, subsection 2, paragraph
 11 "b", shall be determined as follows:

12 (1) If the amount appropriated under section 425.40 plus
 13 any supplemental appropriation made for a fiscal year for
 14 purposes of this lettered paragraph is at least twenty-seven
 15 million dollars, the tentative credit or reimbursement shall
 16 be determined in accordance with the following schedule:

17	Percent of property taxes
18	due or rent constituting
19	property taxes paid
20 If the household	allowed as a credit or
21 income is:	reimbursement:

22 \$ 0 -- 8,499.99	100%
23 8,500 -- 9,499.99	85
24 9,500 -- 10,499.99	70
25 10,500 -- 12,499.99	50
26 12,500 -- 14,499.99	35
27 14,500 -- 16,499.99	25

28 (2) If the amount appropriated under section 425.40 plus
 29 any supplemental appropriation made for a fiscal year for
 30 purposes of this lettered paragraph is less than twenty-seven
 31 million dollars, the tentative credit or reimbursement shall
 32 be determined in accordance with the following schedule:

33	Percent of property taxes
34	due or rent constituting
35	property taxes paid

1 If the household allowed as a credit or
2 income is: reimbursement:

3	\$	0	--	8,499.99	.....	50%
4		8,500	--	9,499.99	.....	42
5		9,500	--	10,499.99	.....	35
6		10,500	--	12,499.99	.....	25
7		12,500	--	14,499.99	.....	17
8		14,500	--	16,499.99	.....	12

9 Sec. 20. Section 425.23, subsection 2, Code 2001, is
10 amended by striking the subsection.

11 Sec. 21. Section 425.23, subsection 3, paragraph a, Code
12 2001, is amended to read as follows:

13 a. A person who is eligible to file a claim for credit for
14 property taxes due and who has a household income of eight
15 thousand five hundred dollars or less and who has an unpaid
16 special assessment levied against the homestead may file a
17 claim for a special assessment credit with the county
18 treasurer. The department shall provide to the respective
19 treasurers the forms necessary for the administration of this
20 subsection. The claim shall be filed not later than September
21 30 of each year. Upon the filing of the claim, interest for
22 late payment shall not accrue against the amount of the unpaid
23 special assessment due and payable. The claim filed by the
24 claimant constitutes a claim for credit of an amount equal to
25 the actual amount due upon the unpaid special assessment, plus
26 interest, payable during the fiscal year for which the claim
27 is filed against the homestead of the claimant. However,
28 where the claimant is an individual described in section
29 425.17, subsection 2, paragraph "b", and the tentative credit
30 is determined according to the schedule in subsection 1,
31 paragraph "b", subparagraph (2), of this section, the claim
32 filed constitutes a claim for credit of an amount equal to
33 one-half of the actual amount due and payable during the
34 fiscal year. The treasurer shall certify to the director of
35 revenue and finance not later than October 15 of each year the

1 total amount of dollars due for claims allowed. The amount of
2 reimbursement due each county shall be paid by the director of
3 revenue and finance by November 15 of each year, drawn upon
4 warrants payable to the respective treasurer. There is
5 appropriated annually from the general fund of the state to
6 the department of revenue and finance an amount sufficient to
7 carry out the provisions of this subsection. The treasurer
8 shall credit any moneys received from the department against
9 the amount of the unpaid special assessment due and payable on
10 the homestead of the claimant.

11 Sec. 22. Section 427.1, subsection 19, unnumbered
12 paragraph 3, Code Supplement 2001, is amended to read as
13 follows:

14 This exemption shall be limited to the first twenty-five
15 thousand dollars of market value, as defined in section
16 441.21, of the pollution-control or recycling property. If
17 the pollution-control or recycling property is assessed with
18 other property as a unit, this exemption shall be limited to
19 the net market value added by the pollution-control or
20 recycling property, determined as of the assessment date.

21 Sec. 23. Section 427.1, subsection 19, unnumbered
22 paragraph 4, Code Supplement 2001, is amended to read as
23 follows:

24 Application for this exemption shall be filed with the
25 assessing authority not later than the first of February of
26 the first year for which the exemption is requested, on forms
27 provided by the department of revenue and finance. The
28 application shall describe and locate the specific pollution-
29 control or recycling property to be exempted. A taxpayer can
30 only apply for one exemption per county.

31 Sec. 24. Section 427A.1, subsection 1, paragraph c, Code
32 Supplement 2001, is amended to read as follows:

33 c. Buildings, structures or improvements, any of which are
34 constructed on or in the land, attached to the land, or placed
35 upon a foundation whether or not attached to the foundation.

1 ~~However, property taxed under chapter 435 shall not be~~
2 ~~assessed and taxed as real property.~~

3 Sec. 25. Section 427C.12, unnumbered paragraph 2, Code
4 2001, is amended to read as follows:

5 The board of supervisors shall designate the county
6 conservation board or the assessor who shall inspect the area
7 for which an application is filed for a fruit-tree or forest
8 reservation tax exemption before the application is accepted.
9 Use of aerial photographs may be substituted for on-site
10 inspection when appropriate. The application can only be
11 accepted if it meets the criteria established by the natural
12 resource commission to be a fruit-tree or forest reservation.
13 Once the application has been accepted, the area shall
14 continue to receive the tax exemption during each year in
15 which the area is maintained as a fruit-tree or forest
16 reservation without the owner having to refile. Acres in a
17 forest reservation shall be exempt from school district levies
18 only.

19 PARAGRAPH DIVIDED. If the property is sold or transferred,
20 the seller shall notify the buyer that all, or part of, the
21 property is in fruit-tree or forest reservation and subject to
22 the recapture tax provisions of this section. The tax
23 exemption shall continue to be granted for the remainder of
24 the eight-year period for fruit-tree reservation and for the
25 following years for forest reservation or until the property
26 no longer qualifies as a fruit-tree or forest reservation.

27 The owner of the forest or fruit-tree reservation shall
28 annually certify to the county conservation board or the
29 assessor that the area is being maintained with proper forest
30 or fruit-tree management, including necessary pruning and
31 planting of trees. The area may be inspected each year by the
32 county conservation board or the assessor to determine if the
33 area is maintained as a fruit-tree or forest reservation. If
34 the area is not maintained or is used for economic gain other
35 than as a fruit-tree reservation during any year of the eight-

1 year exemption period and any year of the following five years
2 or as a forest reservation during any year for which the
3 exemption is granted and any of the five years following those
4 exemption years, the assessor shall assess the property for
5 taxation at its fair market value as of January 1 of that year
6 and in addition the area shall be subject to a recapture tax.
7 However, the area shall not be subject to the recapture tax if
8 the owner, including one possessing under a contract of sale,
9 and the owner's direct antecedents or descendants have owned
10 the area for more than ten years. ~~The~~ In the case of a fruit-
11 tree reservation, the tax shall be computed by multiplying the
12 consolidated levy for each of those years, if any, of the five
13 preceding years for which the area received the exemption for
14 fruit-tree or-forest reservation times the assessed value of
15 the area that would have been taxed but for the tax exemption.
16 In the case of a forest reservation, the tax shall be computed
17 by multiplying the school district levy for each of those
18 years, if any, of the five preceding years for which the area
19 received the exemption for forest reservation times the
20 assessed value of the area that would have been taxed but for
21 the tax exemption. ~~This~~ The tax shall be entered against the
22 property on the tax list for the current year and shall
23 constitute a lien against the property in the same manner as a
24 lien for property taxes. The tax when collected shall be
25 apportioned in the manner provided for the apportionment of
26 the property taxes for the applicable tax year.

27 Sec. 26. Section 433.6, Code 2001, is amended to read as
28 follows:

29 433.6 TAXABLE VALUE.

30 The taxable value shall be ~~determined-by-taking-the~~
31 ~~percentage-of-the-actual-value-so-ascertained,~~ reduced as
32 provided by section 441.21, and the ratio between the actual
33 value and the assessed or taxable value of the property of
34 each of said companies shall be the same as in the case of
35 property of private individuals.

1 Sec. 27. Section 435.22, unnumbered paragraph 1, Code
2 Supplement 2001, is amended by striking the unnumbered
3 paragraph and inserting in lieu thereof the following:

4 A mobile home or manufactured home shall be assessed as
5 residential property pursuant to section 441.21, subsection 4,
6 and shall be taxed an annual ad valorem tax in the same manner
7 as other residential property. Persons who own or rent a
8 mobile home or manufactured home as a homestead and who meet
9 the qualifications provided in sections 425.17 through 425.40
10 are eligible for an extraordinary property tax credit or
11 reimbursement. A person who owns a mobile home or
12 manufactured home is eligible to apply for the military tax
13 exemption as provided in section 426A.11.

14 Sec. 28. Section 435.24, subsections 1, 2, and 4, Code
15 Supplement 2001, are amended to read as follows:

16 1. ~~The annual tax is due and payable to the county~~
17 ~~treasurer on or after July 1 in each fiscal year and is~~
18 ~~collectible in the same manner and at the same time as~~
19 ~~ordinary taxes as provided in sections 445.367, 445.377, and~~
20 ~~445.397. Interest at the rate prescribed by law shall accrue~~
21 ~~on unpaid taxes. Both installments of taxes may be paid at~~
22 ~~one time. The September installment represents a tax period~~
23 ~~beginning July 1 and ending December 31. The March~~
24 ~~installment represents a tax period beginning January 1 and~~
25 ~~ending June 30.~~ A mobile home, manufactured home, or modular
26 home coming into this state from outside the state, put in use
27 from a dealer's inventory, or put in use at any time after
28 July 1 or January 1, and located in a manufactured home
29 community or mobile home park, is subject to the taxes
30 prorated for the remaining unexpired months of the tax period,
31 but the purchaser is not required to pay the tax at the time
32 of purchase. Interest attaches the following April 1 for
33 taxes prorated on or after October 1. Interest attaches the
34 following October 1 for taxes prorated on or after April 1.
35 Interest at the rate prescribed by law shall accrue on unpaid

1 taxes. If the taxes are not paid, the county treasurer shall
2 send a statement of delinquent taxes as part of the notice of
3 tax sale as provided in section 446.9. The owner of a home
4 who sells the home between July 1 and December 31 and obtains
5 a tax clearance statement is responsible only for the
6 September tax payment and is not required to pay taxes for
7 subsequent tax periods. If the owner of a home located in a
8 manufactured home community or mobile home park sells the
9 home, obtains a tax clearance statement, and obtains a
10 replacement home to be located in a manufactured home
11 community or mobile home park, the owner shall not pay taxes
12 under this chapter for the newly acquired home for the same
13 tax period that the owner has paid taxes on the home sold.
14 Interest for delinquent taxes shall be calculated to the
15 nearest whole dollar. In calculating interest each fraction
16 of a month shall be counted as an entire month.

17 2. The home owners upon issuance of a certificate of title
18 or upon transporting to a new site shall file the address,
19 township, and school district, of the location where the home
20 is parked with the county treasurer's office. Failure to
21 comply is punishable as set out in section 435.18. ~~When-the~~
22 ~~new-location-is-outside-of-a-manufactured-home-community-or~~
23 ~~mobile-home-park,-the~~ The county treasurer shall provide to
24 the assessor a copy of the tax clearance statement for
25 purposes of assessment as real estate on the following January
26 1.

27 4. The tax is a lien on the vehicle senior to any other
28 lien upon it except a judgment obtained in an action to
29 dispose of an abandoned home under section 555B.8. The home
30 bearing a current registration issued by any other state and
31 remaining within this state for an accumulated period not to
32 exceed ninety days in any twelve-month period is not subject
33 to Iowa tax. However, when one or more persons occupying a
34 home bearing a foreign registration are employed in this
35 state, there is no exemption from the Iowa tax. ~~This-tax-is~~

1 ~~in-lieu-of-all-other-taxes-general-or-local-on-a-home.~~

2 Sec. 29. Section 435.26, subsection 1, paragraph a, Code
3 Supplement 2001, is amended to read as follows:

4 a. A mobile home or manufactured home which is located
5 outside a manufactured home community or mobile home park
6 ~~shall-be-converted-to-real-estate-by-being~~ shall be placed on
7 a permanent foundation and shall be assessed for real estate
8 taxes. ~~A-home,-after-conversion-to-real-estate,-is-eligible~~
9 ~~for-the-homestead-tax-credit-and-the-military-tax-exemption-as~~
10 ~~provided-in-sections-425.2-and-426A.11.~~ Such mobile home or
11 manufactured home is subject to the requirements of this
12 section.

13 Sec. 30. Section 435.27, subsection 1, Code Supplement
14 2001, is amended to read as follows:

15 1. A mobile home or manufactured home ~~converted-to-real~~
16 ~~estate~~ under section 435.26 ~~may-be-reconverted-to-a-home-as~~
17 ~~provided-in-this-section-when-it~~ that is moved to a
18 manufactured home community or mobile home park or a
19 manufactured home retailer's inventory is subject to the
20 requirements of this section. ~~When-the-home-is-located-within~~
21 ~~a-manufactured-home-community-or-mobile-home-park,-the-home~~
22 ~~shall-be-taxed-pursuant-to-section-435.22,-subsection-1.~~

23 Sec. 31. Section 435.27, subsection 3, Code Supplement
24 2001, is amended by striking the subsection.

25 Sec. 32. Section 435.28, Code Supplement 2001, is amended
26 to read as follows:

27 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

28 Upon issuance of a certificate of title to a mobile home or
29 manufactured home which is not located in a ~~manufactured-home~~
30 ~~community-or-mobile-home-park-or~~ dealer's inventory, the
31 county treasurer shall notify the assessor of the existence of
32 the home for tax assessment purposes.

33 Sec. 33. Section 435.35, Code Supplement 2001, is amended
34 to read as follows:

35 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME

1 COMMUNITY OR MOBILE HOME PARK -- EXEMPTION.

2 A taxable mobile home or manufactured home which is not
3 located in a manufactured home community or mobile home park
4 as of January 1, 1995, ~~shall be assessed and taxed as real~~
5 ~~estate.~~ The home is also exempt from the permanent foundation
6 requirements of this chapter until the home is relocated.

7 Sec. 34. Section 436.8, Code 2001, is amended to read as
8 follows:

9 436.8 ACTUAL VALUE PER MILE -- TAXABLE VALUE.

10 The director of revenue and finance shall thereupon
11 ascertain the value per mile of the property within the state,
12 by dividing the total value as above ascertained, after
13 deducting the specific properties locally assessed within the
14 state, by the number of miles within the state, and the result
15 shall be deemed and held to be the actual value per mile of
16 the property of such company within the state. The assessed
17 or taxable value shall be ~~determined by taking that percentage~~
18 ~~of the actual value so ascertained,~~ reduced as is provided by
19 section 441.21, and such valuation and assessment shall be in
20 the same ratio as that of the property of individuals.

21 Sec. 35. Section 437.7, Code 2001, is amended to read as
22 follows:

23 437.7 TAXABLE VALUE.

24 The taxable value of such line or lines of which the
25 director of revenue and finance by this chapter is required to
26 find the value, shall be determined by taking the percentage
27 ~~of the actual~~ reduction in value so ascertained, as provided
28 by section 441.21, and the ratio between the actual value and
29 the assessed or taxable value of the transmission line or
30 lines of each of said companies located outside of cities
31 shall be the same as in the case of the property of private
32 individuals.

33 Sec. 36. Section 441.21, subsection 1, paragraphs e, f,
34 and g, Code Supplement 2001, are amended by striking the
35 paragraphs.

1 Sec. 37. Section 441.21, subsection 2, Code Supplement
2 2001, is amended to read as follows:

3 2. In the event market value of the property being
4 assessed cannot be readily established in the foregoing
5 manner, then the assessor may determine the value of the
6 property using the other uniform and recognized appraisal
7 methods including its productive and earning capacity, if any,
8 industrial conditions, its cost, physical and functional
9 depreciation and obsolescence and replacement cost, and all
10 other factors which would assist in determining the fair and
11 reasonable market value of the property but the actual value
12 shall not be determined by use of only one such factor. The
13 following shall not be taken into consideration: Special
14 value or use value of the property to its present owner, and
15 the good will or value of a business which uses the property
16 as distinguished from the value of the property as property.
17 However, in assessing property that is rented or leased to
18 low-income individuals and families as authorized by section
19 42 of the Internal Revenue Code, as amended, and which section
20 limits the amount that the individual or family pays for the
21 rental or lease of units in the property, the assessor shall
22 use the productive and earning capacity from the actual rents
23 received as a method of appraisal and shall take into account
24 the extent to which that use and limitation reduces the market
25 value of the property. The assessor shall not consider any
26 tax credit equity or other subsidized financing as income
27 provided to the property in determining the assessed value.
28 Upon adoption of uniform rules by the revenue department or
29 succeeding authority covering assessments and valuations of
30 such properties, said valuation on such properties shall be
31 determined in accordance ~~therewith~~ with such uniform rules for
32 assessment purposes to assure uniformity, but such rules shall
33 not be inconsistent with or change the foregoing means of
34 determining the actual, market, taxable, and assessed values.

35 In the event market value of newly constructed residential

1 property being assessed cannot be readily established because
2 of insufficient comparable sales, the assessor shall use the
3 replacement cost method to value the property.

4 Sec. 38. Section 441.21, subsection 4, Code Supplement
5 2001, is amended by striking the subsection and inserting in
6 lieu thereof the following:

7 4. For valuations established as of January 1, 2003, the
8 actual value at which residential property is assessed shall
9 be reduced by ten thousand dollars on each parcel of
10 residential property assessed for taxation.

11 Sec. 39. Section 441.21, subsection 5, Code Supplement
12 2001, is amended to read as follows:

13 ~~5. For valuations established as of January 1, 1979,~~
14 ~~commercial property and industrial property, excluding~~
15 ~~properties referred to in section 427A.1, subsection 7, shall~~
16 ~~be assessed as a percentage of the actual value of each class~~
17 ~~of property. The percentage shall be determined for each~~
18 ~~class of property by the director of revenue for the state in~~
19 ~~accordance with the provisions of this section. For~~
20 ~~valuations established as of January 1, 1979, the percentage~~
21 ~~shall be the quotient of the dividend and divisor as defined~~
22 ~~in this section. The dividend for each class of property~~
23 ~~shall be the total actual valuation for each class of property~~
24 ~~established for 1978, plus six percent of the amount so~~
25 ~~determined. The divisor for each class of property shall be~~
26 ~~the valuation for each class of property established for 1978,~~
27 ~~as reported by the assessors on the abstracts of assessment~~
28 ~~for 1978, plus the amount of value added to the total actual~~
29 ~~value by the revaluation of existing properties in 1979 as~~
30 ~~equalized by the director of revenue pursuant to section~~

31 ~~441.49.~~ For valuations established as of January 1, 1979,
32 property valued by the department of revenue pursuant to
33 sections 428.24 through 428.29, and chapters 428, 433, 436,
34 437, and 438 shall be considered as one class of property and
35 shall be assessed as a percentage of its actual value. The

1 percentage shall be determined by the director of revenue in
2 accordance with the provisions of this section. For
3 valuations established as of January 1, 1979, the percentage
4 shall be the quotient of the dividend and divisor as defined
5 in this section. The dividend shall be the total actual
6 valuation established for 1978 by the department of revenue,
7 plus ten percent of the amount so determined. The divisor for
8 property valued by the department of revenue pursuant to
9 sections 428.24 through 428.29, and chapters 428, 433, 436,
10 437, and 438 shall be the valuation established for 1978, plus
11 the amount of value added to the total actual value by the
12 revaluation of the property by the department of revenue as of
13 January 1, 1979. For valuations established as of January 1,
14 1980, commercial property and industrial property, excluding
15 properties referred to in section 427A.1, subsection 7, shall
16 be assessed at a percentage of the actual value of each class
17 of property. The percentage shall be determined for each
18 class of property by the director of revenue for the state in
19 accordance with the provisions of this section. For
20 valuations established as of January 1, 1980, the percentage
21 shall be the quotient of the dividend and divisor as defined
22 in this section. The dividend for each class of property
23 shall be the dividend as determined for each class of property
24 for valuations established as of January 1, 1979, adjusted by
25 the product obtained by multiplying the percentage determined
26 for that year by the amount of any additions or deletions to
27 actual value, excluding those resulting from the revaluation
28 of existing properties, as reported by the assessors on the
29 abstracts of assessment for 1979, plus four percent of the
30 amount so determined. The divisor for each class of property
31 shall be the total actual value of all such property in 1979,
32 as equalized by the director of revenue pursuant to section
33 441.49, plus the amount of value added to the total actual
34 value by the revaluation of existing properties in 1980. The
35 director shall utilize information reported on the abstracts

1 of-assessment-submitted-pursuant-to-section-441.45-in
2 determining-such-percentage: For valuations established as of
3 January 1, 1980, property valued by the department of revenue
4 pursuant to sections 428.24 through 428.29, and chapters 428,
5 433, 436, 437, and 438 shall be assessed at a percentage of
6 its actual value. The percentage shall be determined by the
7 director of revenue in accordance with the provisions of this
8 section. For valuations established as of January 1, 1980,
9 the percentage shall be the quotient of the dividend and
10 divisor as defined in this section. The dividend shall be the
11 total actual valuation established for 1979 by the department
12 of revenue, plus eight percent of the amount so determined.
13 The divisor for property valued by the department of revenue
14 pursuant to sections 428.24 through 428.29, and chapters 428,
15 433, 436, 437, and 438 shall be the valuation established for
16 1979, plus the amount of value added to the total actual value
17 by the revaluation of the property by the department of
18 revenue as of January 1, 1980. ~~For valuations established as
19 of January 1, 1981, and each year thereafter, the percentage
20 of actual value as equalized by the director of revenue and
21 finance as provided in section 441.49 at which commercial
22 property and industrial property, excluding properties
23 referred to in section 427A.1, subsection 7, shall be assessed
24 shall be calculated in accordance with the methods provided
25 herein, except that any references to six percent in this
26 subsection shall be four percent.~~ For valuations established
27 as of January 1, 1981, and each year thereafter, the
28 percentage of actual value at which property valued by the
29 department of revenue and finance pursuant to sections 428.24
30 through 428.29, and chapters 428, 433, 436, 437, and 438 shall
31 be assessed shall be calculated in accordance with the methods
32 provided herein in this section, except that any references to
33 ten percent in this subsection shall be eight percent.
34 Beginning with valuations established as of January 1, 1979,
35 and each year thereafter, property valued by the department of

1 revenue and finance pursuant to chapter 434 shall also be
2 assessed at a percentage of its actual value which percentage
3 shall be equal to the percentage determined by the director of
4 revenue and finance for commercial property, industrial
5 property, or property valued by the department of revenue and
6 finance pursuant to sections 428.24 through 428.29, and
7 chapters ~~428~~, 433, 436, 437, and 438, whichever is lowest.

8 Sec. 40. Section 441.21, Code Supplement 2001, is amended
9 by adding the following new subsections:

10 NEW SUBSECTION. 5A. For valuations established as of
11 January 1, 2003, the actual value at which commercial property
12 and industrial property is assessed shall be reduced by
13 twenty-five thousand dollars on each parcel of commercial
14 property or industrial property assessed for taxation.

15 NEW SUBSECTION. 5B. For valuations established as of
16 January 1, 2003, the actual value at which agricultural
17 property is assessed shall be reduced by twenty-five thousand
18 dollars per tract of agricultural land. For purposes of this
19 subsection, "tract of agricultural land" means an area of
20 agricultural land which is comprised of all the contiguous
21 tracts under identical legal ownership that are located within
22 the same county. Before assigning assessed value per tract of
23 agricultural land, the assessor shall establish a per acre
24 assessment for the agricultural property.

25 Sec. 41. Section 441.21, subsections 9 and 10, Code
26 Supplement 2001, are amended to read as follows:

27 9. Not later than November 1, ~~1979~~ 2003, and November 1 of
28 each subsequent year, the director shall certify to the county
29 auditor of each county the percentages of actual value at
30 which ~~residential-property, agricultural-property, commercial~~
31 ~~property, industrial-property, and~~ property valued by the
32 department of revenue and finance pursuant to sections 428.24
33 through 428.29, and chapters ~~428~~, 433, 434, 436, 437, and 438
34 in each assessing jurisdiction in the county shall be assessed
35 for taxation. The county auditor shall proceed to determine

1 the assessed values of ~~agricultural-property,-residential~~
2 ~~property,-commercial-property,-industrial-property,-and~~
3 property valued by the department of revenue and finance
4 pursuant to sections 428.24 through 428.29, and chapters ~~428,~~
5 433, 434, 436, 437, and 438 by applying such percentages to
6 the current actual value of such property, as reported to the
7 county auditor by the assessor, and the assessed values so
8 determined shall be the taxable values of such properties upon
9 which the levy shall be made.

10 10. The percentage of actual value computed by the
11 director for agricultural property, residential property,
12 commercial property, industrial property and property valued
13 by the department of revenue and finance pursuant to sections
14 428.24 through 428.29, and chapters ~~428,~~ 433, 434, 436, 437,
15 and 438 and used to determine assessed values of those classes
16 of property does not constitute a rule as defined in section
17 17A.2, subsection 11.

18 Sec. 42. Section 441.22, Code 2001, is amended to read as
19 follows:

20 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

21 Forest and fruit-tree reservations fulfilling the
22 conditions of sections 427C.1 to 427C.13 shall be exempt from
23 taxation, except as otherwise provided in section 427C.12. In
24 all other cases where trees are planted upon any tract of
25 land, without regard to area, for forest, fruit, shade, or
26 ornamental purposes, or for windbreaks, the assessor shall not
27 increase the valuation of the property because of such
28 improvements.

29 Sec. 43. Section 441.73, subsection 4, Code 2001, is
30 amended to read as follows:

31 4. The executive council shall transfer for the fiscal
32 year beginning July 1, 1992, and each fiscal year thereafter,
33 from funds the fund established in sections section 405A.8,
34 ~~425-17,-and-426-17,~~ an amount necessary to pay litigation
35 expenses. The amount of the fund for each fiscal year shall

1 not exceed seven hundred thousand dollars. ~~The executive~~
2 ~~council shall determine annually the proportionate amounts to~~
3 ~~be transferred from the three separate funds.~~ At any time
4 when no litigation is pending or in progress the balance in
5 the litigation expense fund shall not exceed one hundred
6 thousand dollars. Any excess moneys shall be transferred ~~in a~~
7 ~~proportionate amount~~ back to the funds fund from which they
8 ~~were it was~~ originally transferred.

9 Sec. 44. Section 443.2, unnumbered paragraph 2, Code 2001,
10 is amended to read as follows:

11 The county auditor shall list the aggregate actual value
12 and the aggregate taxable value of all taxable property within
13 the county and each political subdivision including property
14 subject to the statewide property tax imposed under section
15 437A.18 on the tax list in order that the actual value of the
16 taxable property within the county or a political subdivision
17 may be ascertained and shown by the tax list for the purpose
18 of computing the debt-incurring capacity of the county or
19 political subdivision. As used in this section, "actual
20 value" is the value determined under section 441.21,
21 subsections 1 to 3, prior to the reduction ~~to a percentage of~~
22 in actual value as otherwise provided in section 441.21.
23 "Actual value" of property subject to statewide property tax
24 is the assessed value under section 437A.18.

25 Sec. 45. NEW SECTION. 444.25 PROPERTY TAX LIMITATION.

26 1. a. For property taxes due and payable in the fiscal
27 year beginning July 1, 2004, and all subsequent fiscal years,
28 property taxes levied by a county against residential property
29 shall not exceed an amount equal to one and one-half percent
30 of the actual value of the property as determined by the
31 assessor before the reduction in section 441.21, subsection 4,
32 is applied.

33 b. For property taxes due and payable in the fiscal year
34 beginning July 1, 2004, and all subsequent fiscal years,
35 property taxes levied by a city against residential property

1 shall not exceed an amount equal to one and one-half percent
2 of the actual value of the property as determined by the
3 assessor before the reduction in section 441.21, subsection 4,
4 is applied.

5 2. a. (1) For property taxes due and payable in the
6 fiscal year beginning July 1, 2004, property taxes levied by a
7 county against commercial property or industrial property
8 shall not exceed an amount equal to four percent of the actual
9 value of the property as determined by the assessor before the
10 reduction in section 441.21, subsection 5A, is applied.

11 (2) For property taxes due and payable in the fiscal year
12 beginning July 1, 2005, property taxes levied by a county
13 against commercial property or industrial property shall not
14 exceed an amount equal to three and three-fourths percent of
15 the actual value of the property as determined by the assessor
16 before the reduction in section 441.21, subsection 5A, is
17 applied.

18 (3) For property taxes due and payable in the fiscal year
19 beginning July 1, 2006, property taxes levied by a county
20 against commercial property or industrial property shall not
21 exceed an amount equal to three and one-half percent of the
22 actual value of the property as determined by the assessor
23 before the reduction in section 441.21, subsection 5A, is
24 applied.

25 (4) For property taxes due and payable in the fiscal year
26 beginning July 1, 2007, property taxes levied by a county
27 against commercial property or industrial property shall not
28 exceed an amount equal to three and one-fourth percent of the
29 actual value of the property as determined by the assessor
30 before the reduction in section 441.21, subsection 5A, is
31 applied.

32 (5) For property taxes due and payable in the fiscal year
33 beginning July 1, 2008, and all subsequent fiscal years,
34 property taxes levied by a county against commercial property
35 or industrial property shall not exceed an amount equal to

1 three percent of the actual value of the property as
2 determined by the assessor before the reduction in section
3 441.21, subsection 5A, is applied.

4 b. (1) For property taxes due and payable in the fiscal
5 year beginning July 1, 2004, property taxes levied by a city
6 against commercial property or industrial property shall not
7 exceed an amount equal to four percent of the actual value of
8 the property as determined by the assessor before the
9 reduction in section 441.21, subsection 5A, is applied.

10 (2) For property taxes due and payable in the fiscal year
11 beginning July 1, 2005, property taxes levied by a city
12 against commercial property or industrial property shall not
13 exceed an amount equal to three and three-fourths percent of
14 the actual value of the property as determined by the assessor
15 before the reduction in section 441.21, subsection 5A, is
16 applied.

17 (3) For property taxes due and payable in the fiscal year
18 beginning July 1, 2006, property taxes levied by a city
19 against commercial property or industrial property shall not
20 exceed an amount equal to three and one-half percent of the
21 actual value of the property as determined by the assessor
22 before the reduction in section 441.21, subsection 5A, is
23 applied.

24 (4) For property taxes due and payable in the fiscal year
25 beginning July 1, 2007, property taxes levied by a city
26 against commercial property or industrial property shall not
27 exceed an amount equal to three and one-fourth percent of the
28 actual value of the property as determined by the assessor
29 before the reduction in section 441.21, subsection 5A, is
30 applied.

31 (5) For property taxes due and payable in the fiscal year
32 beginning July 1, 2008, and all subsequent fiscal years,
33 property taxes levied by a city against commercial property or
34 industrial property shall not exceed an amount equal to three
35 percent of the actual value of the property as determined by

1 the assessor before the reduction in section 441.21,
2 subsection 5A, is applied.

3 3. a. For property taxes due and payable in the fiscal
4 year beginning July 1, 2004, and all subsequent fiscal years,
5 property taxes levied by a county against agricultural
6 property shall not exceed an amount equal to one and one-half
7 percent of the actual value of the property as determined by
8 the assessor before the reduction in section 441.21,
9 subsection 5B, is applied.

10 b. For property taxes due and payable in the fiscal year
11 beginning July 1, 2004, and all subsequent fiscal years,
12 property taxes levied by a city against agricultural property
13 shall not exceed an amount equal to one and one-half percent
14 of the actual value of the property as determined by the
15 assessor before the reduction in section 441.21, subsection
16 5B, is applied.

17 Sec. 46. Section 444.25A, Code 2001, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 444.25A PROPERTY TAX LIMITATION -- CONSUMER PRICE INDEX.

21 1. Notwithstanding the limitations in section 444.25, the
22 percentage increase in the amount of property taxes to be
23 levied against any class of property for the next fiscal year
24 cannot exceed the following percentage: the product of the
25 amount of property taxes paid as a percent of actual value in
26 the current fiscal year and the sum of one plus the consumer
27 price index.

28 2. This limitation does not apply to new construction,
29 reclassified property, and property for which a tax abatement
30 under chapter 404 has expired.

31 3. For purposes of this section, "consumer price index"
32 means the percentage rate of change in the consumer price
33 index as tabulated by the United States department of labor,
34 bureau of labor statistics, for the twelve-month period ending
35 June 30 of the previous fiscal year.

1 Sec. 47. Section 445.1, subsection 6, Code Supplement
2 2001, is amended to read as follows:

3 6. "Taxes" means an annual ad valorem tax, a special
4 assessment, a drainage tax, and a rate or charge, ~~and taxes on~~
5 ~~homes-pursuant-to-chapter-435~~ which are collectible by the
6 county treasurer.

7 Sec. 48. Section 445.39, Code 2001, is amended to read as
8 follows:

9 445.39 INTEREST ON DELINQUENT TAXES.

10 If the first installment of taxes is not paid by the
11 delinquent date specified in section 445.37, the installment
12 becomes due and draws interest of three-fourths of one and
13 ~~one-half~~ percent per month until paid, from the delinquent
14 date following the levy. If the last half is not paid by the
15 delinquent date specified for it in section 445.37, the same
16 interest shall be charged from the date the last half became
17 delinquent. However, after April 1 in a fiscal year when late
18 delivery of the tax list referred to in chapter 443 results in
19 a delinquency date later than October 1 for the first
20 installment, interest on delinquent first installments shall
21 accrue as if delivery were made on the previous June 30. The
22 interest imposed under this section shall be computed to the
23 nearest whole dollar and the amount of interest shall not be
24 less than one dollar. In calculating interest each fraction
25 of a month shall be counted as an entire month. The interest
26 percentage on delinquent special assessments and rates or
27 charges is the same as that for the first installment of
28 delinquent ad valorem taxes.

29 Sec. 49. Section 447.1, unnumbered paragraph 1, Code 2001,
30 is amended to read as follows:

31 A parcel sold under this chapter and chapter 446 may be
32 redeemed at any time before the right of redemption expires,
33 by payment to the county treasurer, to be held by the
34 treasurer subject to the order of the purchaser, of the amount
35 for which the parcel was sold, including the fee for the

1 certificate of purchase, and interest of ~~two~~ one percent per
2 month, counting each fraction of a month as an entire month,
3 from the month of sale, and the total amount paid by the
4 purchaser or the purchaser's assignee for any subsequent year,
5 with interest at the same rate added on the amount of the
6 payment for each subsequent year from the month of payment,
7 counting each fraction of a month as an entire month. The
8 amount of interest must be at least one dollar and shall be
9 rounded to the nearest whole dollar. Interest shall accrue on
10 subsequent amounts from the month of payment by the
11 certificate holder.

12 Sec. 50. Section 499A.14, Code 2001, is amended to read as
13 follows:

14 499A.14 TAXATION.

15 The real estate shall be taxed in the name of the
16 cooperative, and each member of the cooperative shall pay that
17 member's proportionate share of the tax in accordance with the
18 proration formula set forth in the bylaws, and each member
19 ~~occupying-an-apartment-as-a-residence-shall-receive-that~~
20 ~~member's-proportionate-homestead-tax-credit-and-each~~ veteran
21 of the military services of the United States identified as
22 such under the laws of the state of Iowa or the United States
23 shall receive as a credit that member's veterans tax benefit
24 as prescribed by the laws of the state of Iowa.

25 Sec. 51. Chapters 425A and 426, Code 2001 and Code
26 Supplement 2001, are repealed. Sections 435.33, 444.25B,
27 444.26, and 444.27, Code 2001, are repealed. Section 435.34,
28 Code Supplement 2001, is repealed. Sections 425.1 through
29 425.15, Code 2001 and Code Supplement 2001, are repealed.

30 Sec. 52. EFFECTIVE AND APPLICABILITY DATES.

31 1. This Act takes effect January 1, 2003, and, except as
32 provided in subsections 2 and 3, applies to assessment years
33 beginning on or after that date.

34 2. The sections of this Act amending section 403.19 apply
35 to taxes due and payable in the fiscal years beginning on or

1 after July 1, 2003.

2 3. The sections of this Act repealing chapters 425A and
3 426 and sections 425.1 through 425.15, apply to taxes due and
4 payable in fiscal years beginning on or after July 1, 2004.

5 EXPLANATION

6 This bill makes several changes relating to property
7 taxation.

8 The bill provides that if a new state mandate is imposed on
9 or after July 1, 2003, which requires the performance of a new
10 activity or service or the expansion of a service beyond what
11 was required before July 1, 2003, the state mandate must be
12 fully funded. If the state mandate is not fully funded, the
13 affected political subdivisions are not required to comply or
14 implement the state mandate. Also, no fines or penalties may
15 be imposed on a political subdivision for failure to comply or
16 carry out an unfunded state mandate.

17 The bill strikes Code section 25B.2, subsection 3, and
18 rewrites it as a new section outside the intent section of
19 Code chapter 25B. The rewritten section removes a qualifying
20 phrase which limits the circumstances under which a political
21 subdivision may still be required to carry out an unfunded
22 state mandate. The rewritten section also strikes the
23 exception for federal mandates and for mandates relating to
24 public retirement systems.

25 The bill limits the ending general fund and rural services
26 fund balances of a county to 25 percent of actual expenditures
27 from each fund in the previous fiscal year. The limitation
28 applies to fiscal years beginning on or after July 1, 2007.

29 The bill provides that the revenues from school district
30 property taxes imposed in an urban renewal area that is
31 utilizing tax increment financing shall not be paid to the
32 municipality implementing the urban renewal plan, but shall be
33 paid to the school district imposing the taxes unless the
34 school district revenue is needed to pay indebtedness for the
35 urban renewal area incurred before July 1, 2003. The

1 municipality must have certified for the school revenue by
2 July 1, 2003. The amount certified is to be paid to the
3 municipality by November 1 and May 1 following certification.

4 The bill provides that any land in a forest reservation is
5 exempt from school district levies only. The bill requires
6 the owner of land in a forest or fruit-tree reservation to
7 annually certify that proper management techniques, such as
8 pruning and planting, are being followed.

9 The bill limits the pollution-control property tax
10 exemption to \$25,000 of value and a taxpayer may only apply
11 for one exemption per county.

12 The bill removes the square footage tax on mobile homes and
13 manufactured homes and replaces it with the ad valorem tax
14 imposed on other residences.

15 The bill removes the property tax assessment limitations on
16 residential, commercial, industrial, and agricultural property
17 and requires that all such property be valued at its fair
18 market value. The bill provides a reduction from actual value
19 of \$25,000 per tract of agricultural property. "Tract of
20 agricultural property" is defined in the bill. The bill also
21 provides a reduction from actual value of \$10,000 for
22 residential property and \$25,000 for commercial and industrial
23 property.

24 The bill makes conforming amendments to sections pertaining
25 to valuation of property in an urban renewal area and
26 valuation of property owned by telegraph and telephone
27 companies, express companies, and electric cooperatives.

28 The bill also provides that if the assessor is unable to
29 establish fair market value of newly constructed residential
30 property because of a lack of comparable sales, the assessor
31 shall use the replacement cost method to value the property.

32 The bill provides that, beginning with the fiscal year
33 beginning in 2004, a city or a county cannot levy property tax
34 in excess of 1.5 percent of the actual value of residential
35 and agricultural property and 4 percent of commercial or

1 industrial property. The 4 percent is lowered by one-fourth
2 of 1 percent for successive years until it reaches 3 percent.
3 The bill also provides that an individual taxpayer's property
4 tax bill cannot increase by more than the consumer price index
5 for the preceding 12 months.

6 The bill lowers the amount of interest that can be charged
7 against delinquent property taxes. The interest rate is
8 changed from one and one-half percent to three-fourths of 1
9 percent before tax sale. The interest rate is changed from 2
10 percent to 1 percent after the delinquent taxes are sold at
11 tax sale.

12 The bill repeals the homestead property tax credit, the
13 family farm property tax credit, and the agricultural land
14 property tax credit. The bill makes conforming amendments
15 pertaining to these repeals.

16 The bill takes effect January 1, 2003, and applies to
17 assessment years beginning on or after January 1, 2003.

18 The section of the bill amending Code section 403.19 on tax
19 increment financing applies to taxes due and payable in fiscal
20 years beginning on or after July 1, 2003. The sections of the
21 bill repealing the homestead tax credit, the family farm tax
22 credit, and the agricultural land tax credit apply to taxes
23 due and payable in fiscal years beginning on or after July 1,
24 2004.

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