

Miller, Houser, Horn

SSB 3175

Local Government

Succeeded By  
SF HF 2284

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON LOCAL  
GOVERNMENT BILL BY  
CHAIRPERSON 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, amending the regular program school foundation  
3 base percentage, limiting certain school district property tax  
4 levies, establishing an ending fund balance limitation for  
5 counties, excepting school district revenue from taxes  
6 collected for tax increment financing districts, repealing  
7 certain property tax credits, amending provisions relating to  
8 certain property tax exemptions, providing for an ad valorem  
9 tax on mobile homes and manufactured homes, making changes to  
10 the method of assessment of property, establishing limits on  
11 taxes collectible by class of property and by taxpayer, and  
12 lowering the rate on interest charged on delinquent taxes, and  
13 providing for other properly related matters and including  
14 effective and applicability date provisions.

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

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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 257.1, subsection 2, unnumbered paragraph  
7 2, Code 2001, is amended to read as follows:

8 For the budget year commencing July 1, ~~1999~~ 2004, and for  
9 each succeeding budget year the regular program foundation  
10 base per pupil is ~~eighty-seven-and-five-tenths~~ ninety-eight  
11 and four-tenths percent of the regular program state cost per  
12 pupil. For the budget year commencing July 1, 1991, and for  
13 each succeeding budget year the special education support  
14 services foundation base is seventy-nine percent of the  
15 special education support services state cost per pupil. The  
16 combined foundation base is the sum of the regular program  
17 foundation base and the special education support services  
18 foundation base.

19 Sec. 7. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

20 1. For property taxes due and payable in the fiscal year  
21 beginning July 1, 2004, and all subsequent fiscal years,  
22 property taxes levied by a school district against residential  
23 property shall not exceed an amount equal to one-half of one  
24 percent.

25 2. For property taxes due and payable in the fiscal year  
26 beginning July 1, 2004, and all subsequent fiscal years,  
27 property taxes levied by a school district against  
28 agricultural property shall not exceed an amount equal to one-  
29 half of one percent.

30 3. For property taxes due and payable in the fiscal year  
31 beginning July 1, 2004, and all subsequent fiscal years,  
32 property taxes levied by a school district against commercial  
33 and industrial property shall not exceed an amount equal to  
34 one percent.

35 4. This section applies to all school district property

1 tax levies, other than those authorized in sections 257.3 and  
2 257.4.

3 Sec. 8. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION --  
4 CONSUMER PRICE INDEX.

5 1. Notwithstanding the limitation in section 257A.1, in  
6 any one fiscal year, the amount of property taxes to be levied  
7 by a school district against any class of property for the  
8 budget year cannot exceed the amount computed in this section.  
9 This section applies to all school district property tax  
10 levies, other than those authorized in sections 257.3 and  
11 257.4.

12 2. The school district property tax limitation shall be  
13 computed as follows:

14 a. Determine the amount of property taxes levied as a  
15 percent of actual value in the current fiscal year.

16 b. Determine the sum of the amount of actual value of all  
17 taxable property for the current fiscal year and the increase  
18 in actual value of property due to new construction, additions  
19 or improvements to existing structures, expiration of tax  
20 abatement under chapter 404, and any increase in valuation due  
21 to reclassification of property.

22 c. Multiply the percent calculated in paragraph "a" times  
23 the amount in paragraph "b".

24 d. Multiply the product determined in paragraph "c" times  
25 the sum of one plus the consumer price index.

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

31 Sec. 9. Section 331.401, subsection 1, paragraph g, Code  
32 2001, is amended by striking the paragraph.

33 Sec. 10. NEW SECTION. 331.423A ENDING FUND BALANCE.

34 Effective for a fiscal year beginning on or after July 1,  
35 2007, budgeted ending fund balances shall not exceed twenty-

1 five percent of actual expenditures in the previous fiscal  
 2 year for either the general fund or the rural services fund.  
 3 An ending fund balance does not include funds reserved or  
 4 designated for a specific purpose and specifically described  
 5 in the certified budget. For purposes of this section, the  
 6 general fund includes the general services basic fund and the  
 7 general services supplemental fund and the rural services fund  
 8 includes the rural services basic fund and the rural services  
 9 supplemental fund.

10 Sec. 11. Section 331.424A, subsection 4, Code Supplement  
 11 2001, is amended to read as follows:

12 4. For the fiscal year beginning July 1, 1996, and for  
 13 each subsequent fiscal year, the county shall certify a levy  
 14 for payment of services. For each fiscal year, county  
 15 revenues from taxes imposed by the county credited to the  
 16 services fund shall not exceed an amount equal to the amount  
 17 of base year expenditures for services as defined in section  
 18 331.438, less the amount of property tax relief to be received  
 19 pursuant to section 426B.2, in the fiscal year for which the  
 20 budget is certified. The county auditor and the board of  
 21 supervisors shall reduce the amount of the levy certified for  
 22 the services fund by the amount of property tax relief to be  
 23 received. A levy certified under this section is not subject  
 24 to the appeal provisions of ~~sections~~ section 331.426 and  
 25 ~~444-25B~~ or to any other provision in law authorizing a county  
 26 to exceed, increase, or appeal a property tax levy limit.

27 Sec. 12. Section 331.424B, Code 2001, is amended to read  
 28 as follows:

29 331.424B CEMETERY LEVY.

30 The board may levy annually a tax not to exceed six and  
 31 three-fourths cents per thousand dollars of the assessed value  
 32 of all taxable property in the county to repair and maintain  
 33 all cemeteries under the jurisdiction of the board including  
 34 pioneer cemeteries and to pay other expenses of the board or  
 35 the cemetery commission as provided in section 331.325. The

1 proceeds of the tax levy shall be credited to the county  
2 general fund. ~~Sections-444-25A-and-444-25B-do-not-apply-to~~  
3 ~~the-property-tax-levied-or-expended-for-cemeteries-pursuant-to~~  
4 ~~section-331-325-~~

5 Sec. 13. Section 331.429, subsection 1, paragraphs a and  
6 b, Code Supplement 2001, are amended to read as follows:

7 a. Transfers from the general fund not to exceed in any  
8 year the dollar equivalent of a tax of sixteen and seven-  
9 eighths cents per thousand dollars of assessed value on all  
10 taxable property in the county multiplied by the ratio of  
11 current taxes actually collected and apportioned for the  
12 general basic levy to the total general basic levy for the  
13 current year, and an amount equivalent to the moneys derived  
14 by the general fund from military service tax credits under  
15 chapter 426A, ~~manufactured-or-mobile-home-taxes-under-section~~  
16 ~~435-22,~~ and delinquent taxes for prior years collected and  
17 apportioned to the general basic fund in the current year,  
18 multiplied by the ratio of sixteen and seven-eighths cents to  
19 three dollars and fifty cents.

20 b. Transfers from the rural services fund not to exceed in  
21 any year the dollar equivalent of a tax of three dollars and  
22 three-eighths cents per thousand dollars of assessed value on  
23 all taxable property not located within the corporate limits  
24 of a city in the county multiplied by the ratio of current  
25 taxes actually collected and apportioned for the rural  
26 services basic levy to the total rural services basic levy for  
27 the current year and an amount equivalent to the moneys  
28 derived by the rural services fund from military service tax  
29 credits under chapter 426A, ~~manufactured-or-mobile-home-taxes~~  
30 ~~under-section-435-22,~~ and delinquent taxes for prior years  
31 collected and apportioned to the rural services basic fund in  
32 the current year, multiplied by the ratio of three dollars and  
33 three-eighths cents to three dollars and ninety-five cents.

34 Sec. 14. Section 331.512, subsection 3, Code 2001, is  
35 amended by striking the subsection.

1 Sec. 15. Section 331.559, subsection 12, Code Supplement  
2 2001, is amended by striking the subsection.

3 Sec. 16. Section 331.559, subsection 13, Code Supplement  
4 2001, is amended by striking the subsection.

5 Sec. 17. Section 335.30A, unnumbered paragraph 2, Code  
6 2001, is amended to read as follows:

7 "Land-leased community" means any site, lot, field, or  
8 tract of land under common ownership upon which ten or more  
9 occupied manufactured homes are harbored, either free of  
10 charge or for revenue purposes, and shall include any  
11 building, structure, or enclosure used or intended for use as  
12 part of the equipment of the land-leased community. The term  
13 "land-leased community" shall not be construed to include  
14 homes, buildings, or other structures temporarily maintained  
15 by any individual, educational institution, or company on  
16 their own premises and used exclusively to house their own  
17 labor or students. A manufactured home located in a land-  
18 leased community shall be taxed under section 435.22 ~~as-if-the~~  
19 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

20 Sec. 18. Section 403.19, subsection 2, Code Supplement  
21 2001, is amended to read as follows:

22 2. That portion of the taxes each year in excess of such  
23 amount shall be allocated to and when collected be paid into a  
24 special fund of the municipality to pay the principal of and  
25 interest on loans, moneys advanced to, or indebtedness,  
26 whether funded, refunded, assumed, or otherwise, including  
27 bonds issued under the authority of section 403.9, subsection  
28 1, incurred by the municipality to finance or refinance, in  
29 whole or in part, an urban renewal project within the area,  
30 and to provide assistance for low and moderate income family  
31 housing as provided in section 403.22, except that taxes for  
32 ~~the-regular-and-voter-approved-physical-plant-and-equipment~~  
33 ~~levy-of~~ levied by a school district ~~imposed-pursuant-to~~  
34 ~~section-298-2~~ and taxes for the payment of bonds and interest  
35 of each taxing district must be collected against all taxable

1 property within the taxing district without limitation by the  
2 provisions of this subsection. However, all or a portion of  
3 ~~the taxes for the physical plant and equipment levy~~ school  
4 district property tax revenue shall be paid by the school  
5 district to the municipality if the auditor certifies to the  
6 school district by July 1 the amount of such ~~levy~~ school  
7 district property tax revenue that is necessary to pay the  
8 principal and interest on bonds issued by the municipality to  
9 finance an urban renewal project, which bonds were issued  
10 before July 1, ~~2001~~ 2003. Indebtedness incurred to refund  
11 bonds issued prior to July 1, ~~2001~~ 2003, shall not be included  
12 in the certification. Such school district shall pay over the  
13 amount certified by November 1 and May 1 of the fiscal year  
14 following certification to the school district. Unless and  
15 until the total assessed valuation of the taxable property in  
16 an urban renewal area exceeds the total assessed value of the  
17 taxable property in such area as shown by the last equalized  
18 assessment roll referred to in subsection 1, all of the taxes  
19 levied and collected upon the taxable property in the urban  
20 renewal area shall be paid into the funds for the respective  
21 taxing districts as taxes by or for the taxing districts in  
22 the same manner as all other property taxes. When such loans,  
23 advances, indebtedness, and bonds, if any, and interest  
24 thereon, have been paid, all moneys thereafter received from  
25 taxes upon the taxable property in such urban renewal area  
26 shall be paid into the funds for the respective taxing  
27 districts in the same manner as taxes on all other property.

28 Sec. 19. Section 403.19, subsection 7, Code Supplement  
29 2001, is amended by striking the subsection and inserting in  
30 lieu thereof the following:

31 7. For any fiscal year, a municipality may certify to the  
32 county auditor for school district property tax revenue  
33 necessary for payment of principal and interest on bonds  
34 issued prior to July 1, 2003. The municipality may receive  
35 school district property tax revenue only if the municipality

1 certified for such revenue for the fiscal year beginning July  
 2 1, 2003. A municipality shall not certify more than the  
 3 amount the municipality certified for the fiscal year  
 4 beginning July 1, 2003. If for any fiscal year a municipality  
 5 fails to certify to the county auditor for a school district  
 6 by July 1 the amount of school district property tax revenue  
 7 necessary for payment of principal and interest on such bonds,  
 8 as provided in subsection 2, the school district is not  
 9 required to pay over the revenue to the municipality.

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

22 Sec. 20. Section 403.20, Code 2001, is amended to read as  
 23 follows:

24 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE  
 25 ASSESSMENT.

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

1 property as determined pursuant to section 403.19, subsection  
2 1. If the assessed value of the property as determined  
3 pursuant to section 403.19, subsection 1, is reduced to zero,  
4 the additional valuation reduction shall be subtracted from  
5 the actual value of the property as determined by the  
6 assessor.

7 Sec. 21. Section 404.3, subsection 1, Code 2001, is  
8 amended to read as follows:

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

22 Sec. 22. Section 414.28A, unnumbered paragraph 2, Code  
23 2001, is amended to read as follows:

24 "Land-leased community" means any site, lot, field, or  
25 tract of land under common ownership upon which ten or more  
26 occupied manufactured homes are harbored, either free of  
27 charge or for revenue purposes, and shall include any  
28 building, structure, or enclosure used or intended for use as  
29 part of the equipment of the land-leased community. The term  
30 "land-leased community" shall not be construed to include  
31 homes, buildings, or other structures temporarily maintained  
32 by any individual, educational institution, or company on  
33 their own premises and used exclusively to house their own  
34 labor or students. A manufactured home located in a land-  
35 leased community shall be taxed under section 435.22 ~~as if the~~

1 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

2 Sec. 23. Section 425.16, Code 2001, is amended to read as  
3 follows:

4 425.16 ADDITIONAL TAX CREDIT.

5 ~~In-addition-to-the-homestead-tax-credit-allowed-under~~  
6 ~~section-425.17-subsections-1-to-4,~~ Persons who own or  
7 rent their homesteads and who meet the qualifications provided  
8 in this division are eligible for an extraordinary property  
9 tax credit or reimbursement.

10 Sec. 24. Section 425.23, subsection 1, Code 2001, is  
11 amended to read as follows:

12 1. a. The ~~tentative~~ credit or reimbursement for a  
13 claimant described in section 425.17, subsection 2, paragraph  
14 "a" and paragraph "b" if no appropriation is made to the fund  
15 created in section 425.40 shall be determined in accordance  
16 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 b. If moneys have been appropriated to the fund created in  
29 section 425.40, the ~~tentative~~ credit or reimbursement for a  
30 claimant described in section 425.17, subsection 2, paragraph  
31 "b", shall be determined as follows:

32 (1) If the amount appropriated under section 425.40 plus  
33 any supplemental appropriation made for a fiscal year for  
34 purposes of this lettered paragraph is at least twenty-seven  
35 million dollars, the ~~tentative~~ credit or reimbursement shall

1 be determined in accordance with the following schedule:

2		Percent of property taxes
3		due or rent constituting
4		property taxes paid
5	If the household	allowed as a credit or
6	income is:	reimbursement:
7	\$ 0 -- 8,499.99 .....	100%
8	8,500 -- 9,499.99 .....	85
9	9,500 -- 10,499.99 .....	70
10	10,500 -- 12,499.99 .....	50
11	12,500 -- 14,499.99 .....	35
12	14,500 -- 16,499.99 .....	25

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

18		Percent of property taxes
19		due or rent constituting
20		property taxes paid
21	If the household	allowed as a credit or
22	income is:	reimbursement:
23	\$ 0 -- 8,499.99 .....	50%
24	8,500 -- 9,499.99 .....	42
25	9,500 -- 10,499.99 .....	35
26	10,500 -- 12,499.99 .....	25
27	12,500 -- 14,499.99 .....	17
28	14,500 -- 16,499.99 .....	12

29 Sec. 25. Section 425.23, subsection 2, Code 2001, is  
 30 amended by striking the subsection.

31 Sec. 26. Section 425.23, subsection 3, paragraph a, Code  
 32 2001, is amended to read as follows:

33 a. A person who is eligible to file a claim for credit for  
 34 property taxes due and who has a household income of eight  
 35 thousand five hundred dollars or less and who has an unpaid

1 special assessment levied against the homestead may file a  
2 claim for a special assessment credit with the county  
3 treasurer. The department shall provide to the respective  
4 treasurers the forms necessary for the administration of this  
5 subsection. The claim shall be filed not later than September  
6 30 of each year. Upon the filing of the claim, interest for  
7 late payment shall not accrue against the amount of the unpaid  
8 special assessment due and payable. The claim filed by the  
9 claimant constitutes a claim for credit of an amount equal to  
10 the actual amount due upon the unpaid special assessment, plus  
11 interest, payable during the fiscal year for which the claim  
12 is filed against the homestead of the claimant. However,  
13 where the claimant is an individual described in section  
14 425.17, subsection 2, paragraph "b", and the tentative credit  
15 is determined according to the schedule in subsection 1,  
16 paragraph "b", subparagraph (2), of this section, the claim  
17 filed constitutes a claim for credit of an amount equal to  
18 one-half of the actual amount due and payable during the  
19 fiscal year. The treasurer shall certify to the director of  
20 revenue and finance not later than October 15 of each year the  
21 total amount of dollars due for claims allowed. The amount of  
22 reimbursement due each county shall be paid by the director of  
23 revenue and finance by November 15 of each year, drawn upon  
24 warrants payable to the respective treasurer. There is  
25 appropriated annually from the general fund of the state to  
26 the department of revenue and finance an amount sufficient to  
27 carry out the provisions of this subsection. The treasurer  
28 shall credit any moneys received from the department against  
29 the amount of the unpaid special assessment due and payable on  
30 the homestead of the claimant.

31 Sec. 27. Section 427.1, subsection 19, unnumbered  
32 paragraph 8, Code Supplement 2001, is amended to read as  
33 follows:

34 For the purposes of this subsection "pollution-control  
5 property" means personal property or improvements to real

1 property, or any portion thereof, used primarily to control or  
2 abate pollution of any air or water of this state or used  
3 primarily to enhance the quality of any air or water of this  
4 state and "recycling property" means personal property or  
5 improvements to real property or any portion of the property,  
6 used primarily in the manufacturing process and resulting  
7 directly in the conversion of waste plastic, wastepaper  
8 products, or waste paperboard, into new raw materials or  
9 products composed primarily of recycled material. In the  
10 event such property shall also serve other purposes or uses of  
11 productive benefit to the owner of the property, only such  
12 portion of the assessed valuation thereof as may reasonably be  
13 calculated to be necessary for and devoted to the control or  
14 abatement of pollution, to the enhancement of the quality of  
15 the air or water of this state, or for recycling shall be  
16 exempt from taxation under this subsection. "Pollution-  
17 control property" includes personal or real property that is  
18 part of an animal feeding operation structure as defined in  
19 section 455B.161, if the agricultural land where the structure  
20 is located is eligible for a family farm tax credit as  
21 provided in chapter 425A. Otherwise, "pollution-control  
22 property" does not include personal or real property that is  
23 part of an animal feeding operation structure associated with  
24 a confinement feeding operation if the department of natural  
25 resources must issue a permit prior to the construction of the  
26 animal feeding operation structure pursuant to section  
27 455B.200A. The exemption calculated for pollution-control  
28 property that is part of an animal feeding operation structure  
29 and that is located on agricultural land eligible for the  
30 family farm tax credit is limited to the first one hundred  
31 thousand dollars in assessed value.

32 Sec. 28. Section 427A.1, subsection 1, paragraph c, Code  
33 Supplement 2001, is amended to read as follows:

34 c. Buildings, structures or improvements, any of which are  
35 constructed on or in the land, attached to the land, or placed

1 upon a foundation whether or not attached to the foundation.  
 2 ~~However, property taxed under chapter 435 shall not be~~  
 3 ~~assessed and taxed as real property.~~

4 Sec. 29. Section 427C.12, unnumbered paragraph 2, Code  
 5 2001, is amended to read as follows:

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

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

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

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

28 Sec. 30. Section 433.6, Code 2001, is amended to read as  
29 follows:

30 433.6 TAXABLE VALUE.

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

1 property of private individuals.

2 Sec. 31. Section 435.22, Code Supplement 2001, is amended  
3 by striking the section and inserting in lieu thereof the  
4 following:

5 435.22 ASSESSMENT -- CREDITS.

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

16 Real estate located in a manufactured home community or a  
17 mobile home park, as defined in section 435.1, shall be  
18 assessed and taxed as improved residential property. Real  
19 estate located in a land-leased community, as defined in  
20 sections 335.30A and 414.28A, shall be assessed and taxed as  
21 improved residential property.

22 Sec. 32. Section 435.23, Code Supplement 2001, is amended  
23 to read as follows:

24 435.23 EXEMPTIONS -- PRORATING TAX.

25 The manufacturer's and dealer's inventory of mobile homes,  
26 manufactured homes, or modular homes not in use as a place of  
27 human habitation shall be exempt from the annual tax. All  
28 travel trailers shall be exempt from this tax. The homes and  
29 travel trailers in the inventory of manufacturers and dealers  
30 shall be exempt from personal property tax. ~~The homes coming  
31 into Iowa from out of state and located in a manufactured home  
32 community or mobile home park shall be liable for the tax  
33 computed pro-rata to the nearest whole month, for the time the  
34 home is actually situated in Iowa.~~

35 Sec. 33. Section 435.24, subsections 1, 2, and 4, Code

1 Supplement 2001, are amended to read as follows:

2 1. ~~The annual tax is due and payable to the county~~  
3 ~~treasurer on or after July 1 in each fiscal year and is~~  
4 ~~collectible in the same manner and at the same time as~~  
5 ~~ordinary taxes as provided in sections 445.36, 445.37, and~~  
6 ~~445.39. Interest at the rate prescribed by law shall accrue~~  
7 ~~on unpaid taxes. Both installments of taxes may be paid at~~  
8 ~~one time. The September installment represents a tax period~~  
9 ~~beginning July 1 and ending December 31. The March~~  
10 ~~installment represents a tax period beginning January 1 and~~  
11 ~~ending June 30. A mobile home, manufactured home, or modular~~  
12 ~~home coming into this state from outside the state, put in use~~  
13 ~~from a dealer's inventory, or put in use at any time after~~  
14 ~~July 1 or January 1, and located in a manufactured home~~  
15 ~~community or mobile home park, is subject to the taxes~~  
16 ~~prorated for the remaining unexpired months of the tax period,~~  
17 ~~but the purchaser is not required to pay the tax at the time~~  
18 ~~of purchase. Interest attaches the following April 1 for~~  
19 ~~taxes prorated on or after October 1. Interest attaches the~~  
20 ~~following October 1 for taxes prorated on or after April 1.~~  
21 Interest at the rate prescribed by law shall accrue on unpaid  
22 taxes. If the taxes are not paid, the county treasurer shall  
23 send a statement of delinquent taxes as part of the notice of  
24 tax sale as provided in section 446.9. The owner of a home  
25 who sells the home between July 1 and December 31 and obtains  
26 a tax clearance statement is responsible only for the  
27 September tax payment and is not required to pay taxes for  
28 subsequent tax periods. If the owner of a home located in a  
29 manufactured home community or mobile home park sells the  
30 home, obtains a tax clearance statement, and obtains a  
31 replacement home to be located in a manufactured home  
32 community or mobile home park, the owner shall not pay taxes  
33 under this chapter for the newly acquired home for the same  
34 tax period that the owner has paid taxes on the home sold.  
35 Interest for delinquent taxes shall be calculated to the

1 nearest whole dollar. In calculating interest each fraction  
2 of a month shall be counted as an entire month.

3 2. The home owners upon issuance of a certificate of title  
4 or upon transporting to a new site shall file the address,  
5 township, and school district, of the location where the home  
6 is parked with the county treasurer's office. Failure to  
7 comply is punishable as set out in section 435.18. ~~When the~~  
8 ~~new location is outside of a manufactured home community or~~  
9 ~~mobile home park, the~~ The county treasurer shall provide to  
10 the assessor a copy of the tax clearance statement for  
11 purposes of assessment as real estate on the following January  
12 1.

13 4. The tax is a lien on the vehicle senior to any other  
14 lien upon it except a judgment obtained in an action to  
15 dispose of an abandoned home under section 555B.8. The home  
16 bearing a current registration issued by any other state and  
17 remaining within this state for an accumulated period not to  
18 exceed ninety days in any twelve-month period is not subject  
19 to Iowa tax. However, when one or more persons occupying a  
20 home bearing a foreign registration are employed in this  
21 state, there is no exemption from the Iowa tax. ~~This tax is~~  
22 ~~in lieu of all other taxes general or local on a home.~~

23 Sec. 34. Section 435.26, subsection 1, paragraph a, Code  
24 Supplement 2001, is amended to read as follows:

25 a. A mobile home or manufactured home which is located  
26 outside a manufactured home community or mobile home park  
27 ~~shall be converted to real estate by being~~ shall be placed on  
28 a permanent foundation and shall be assessed for real estate  
29 taxes. ~~A home, after conversion to real estate, is eligible~~  
30 ~~for the homestead tax credit and the military tax exemption as~~  
31 ~~provided in sections 425.2 and 426A.11.~~ Such mobile home or  
32 manufactured home is subject to the requirements of this  
33 section.

34 Sec. 35. Section 435.27, subsection 1, Code Supplement  
35 2001, is amended to read as follows:

1 1. A mobile home or manufactured home ~~converted-to-real~~  
2 ~~estate~~ under section 435.26 ~~may-be-reconverted-to-a-home-as~~  
3 ~~provided-in-this-section-when-it~~ that is moved to a  
4 manufactured home community or mobile home park or a  
5 manufactured home retailer's inventory is subject to the  
6 requirements of this section. ~~When-the-home-is-located-within~~  
7 ~~a-manufactured-home-community-or-mobile-home-park,~~ the home  
8 ~~shall-be-taxed-pursuant-to-section-435.22,-subsection-1.~~

9 Sec. 36. Section 435.27, subsection 3, Code Supplement  
10 2001, is amended by striking the subsection.

11 Sec. 37. Section 435.28, Code Supplement 2001, is amended  
12 to read as follows:

13 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

14 Upon issuance of a certificate of title to a mobile home or  
15 manufactured home which is not located in a ~~manufactured-home~~  
16 ~~community-or-mobile-home-park-or~~ dealer's inventory, the  
17 county treasurer shall notify the assessor of the existence of  
18 the home for tax assessment purposes.

19 Sec. 38. Section 435.35, Code Supplement 2001, is amended  
20 to read as follows:

21 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME  
22 COMMUNITY OR MOBILE HOME PARK -- EXEMPTION.

23 A taxable mobile home or manufactured home which is not  
24 located in a manufactured home community or mobile home park  
25 as of January 1, 1995, ~~shall-be-assessed-and-taxed-as-real~~  
26 ~~estate.--The-home~~ is also exempt from the permanent foundation  
27 requirements of this chapter until the home is relocated.

28 Sec. 39. Section 436.8, Code 2001, is amended to read as  
29 follows:

30 436.8 ACTUAL VALUE PER MILE -- TAXABLE VALUE.

31 The director of revenue and finance shall thereupon  
32 ascertain the value per mile of the property within the state,  
33 by dividing the total value as above ascertained, after  
34 deducting the specific properties locally assessed within the  
35 state, by the number of miles within the state, and the result

1 shall be deemed and held to be the actual value per mile of  
2 the property of such company within the state. The assessed  
3 or taxable value shall be ~~determined-by-taking-that-percentage~~  
4 ~~of-the-actual-value-so-ascertained~~, reduced as is provided by  
5 section 441.21, and such valuation and assessment shall be in  
6 the same ratio as that of the property of individuals.

7 Sec. 40. Section 437.7, Code 2001, is amended to read as  
8 follows:

9 437.7 TAXABLE VALUE.

10 The taxable value of such line or lines of which the  
11 director of revenue and finance by this chapter is required to  
12 find the value, shall be determined by taking the percentage  
13 of-the-actual reduction in value so ascertained, as provided  
14 by section 441.21, and the ratio between the actual value and  
15 the assessed or taxable value of the transmission line or  
16 lines of each of said companies located outside of cities  
17 shall be the same as in the case of the property of private  
18 individuals.

19 Sec. 41. Section 441.21, subsection 1, paragraphs e, f,  
20 and g, Code Supplement 2001, are amended by striking the  
21 paragraphs.

22 Sec. 42. Section 441.21, subsection 2, Code Supplement  
23 2001, is amended to read as follows:

24 2. In the event market value of the property being  
25 assessed cannot be readily established in the foregoing  
26 manner, then the assessor may determine the value of the  
27 property using the other uniform and recognized appraisal  
28 methods including its productive and earning capacity, if any,  
29 industrial conditions, its cost, physical and functional  
30 depreciation and obsolescence and replacement cost, and all  
31 other factors which would assist in determining the fair and  
32 reasonable market value of the property but the actual value  
33 shall not be determined by use of only one such factor. The  
34 following shall not be taken into consideration: Special  
35 value or use value of the property to its present owner, and

1 the good will or value of a business which uses the property  
2 as distinguished from the value of the property as property.  
3 However, in assessing property that is rented or leased to  
4 low-income individuals and families as authorized by section  
5 42 of the Internal Revenue Code, as amended, and which section  
6 limits the amount that the individual or family pays for the  
7 rental or lease of units in the property, the assessor shall  
8 use the productive and earning capacity from the actual rents  
9 received as a method of appraisal and shall take into account  
10 the extent to which that use and limitation reduces the market  
11 value of the property. The assessor shall not consider any  
12 tax credit equity or other subsidized financing as income  
13 provided to the property in determining the assessed value.  
14 Upon adoption of uniform rules by the revenue department or  
15 succeeding authority covering assessments and valuations of  
16 such properties, said valuation on such properties shall be  
17 determined in accordance ~~therewith~~ with such uniform rules for  
18 assessment purposes to assure uniformity, but such rules shall  
19 not be inconsistent with or change the foregoing means of  
20 determining the actual, market, taxable, and assessed values.

21 In the event market value of newly constructed residential  
22 property being assessed cannot be readily established because  
23 of insufficient comparable sales, the assessor shall use the  
24 replacement cost method to value the property.

25 Sec. 43. Section 441.21, subsection 4, Code Supplement  
26 2001, is amended by striking the subsection and inserting in  
27 lieu thereof the following:

28 4. For valuations established as of January 1, 2003, the  
29 actual value at which residential property is assessed shall  
30 be reduced by fifty percent up to a maximum of ten thousand  
31 dollars on each parcel of residential property assessed for  
32 taxation. The reduction shall be applied to an improved  
33 parcel only.

34 Sec. 44. Section 441.21, subsection 5, Code Supplement  
35 2001, is amended to read as follows:

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

1 January 1, 1979. For valuations established as of January 1,  
2 1980, commercial property and industrial property, excluding  
3 properties referred to in section 427A, subsection 7, shall  
4 be assessed at a percentage of the actual value of each class  
5 of property. The percentage shall be determined for each  
6 class of property by the director of revenue for the state in  
7 accordance with the provisions of this section. For  
8 valuations established as of January 1, 1980, the percentage  
9 shall be the quotient of the dividend and divisor as defined  
10 in this section. The dividend for each class of property  
11 shall be the dividend as determined for each class of property  
12 for valuations established as of January 1, 1979, adjusted by  
13 the product obtained by multiplying the percentage determined  
14 for that year by the amount of any additions or deletions to  
15 actual value, excluding those resulting from the revaluation  
16 of existing properties, as reported by the assessors on the  
17 abstracts of assessment for 1979, plus four percent of the  
18 amount so determined. The divisor for each class of property  
19 shall be the total actual value of all such property in 1979,  
20 as equalized by the director of revenue pursuant to section  
21 441.49, plus the amount of value added to the total actual  
22 value by the revaluation of existing properties in 1980. The  
23 director shall utilize information reported on the abstracts  
24 of assessment submitted pursuant to section 441.45 in  
25 determining such percentage. For valuations established as of  
26 January 1, 1980, property valued by the department of revenue  
27 pursuant to sections 428.24 through 428.29, and chapters 428,  
28 433, 436, 437, and 438 shall be assessed at a percentage of  
29 its actual value. The percentage shall be determined by the  
30 director of revenue in accordance with the provisions of this  
31 section. For valuations established as of January 1, 1980,  
32 the percentage shall be the quotient of the dividend and  
33 divisor as defined in this section. The dividend shall be the  
34 total actual valuation established for 1979 by the department  
35 of revenue, plus eight percent of the amount so determined.

1 The divisor for property valued by the department of revenue  
2 pursuant to sections 428.24 through 428.29, and chapters 428,  
3 433, 436, 437, and 438 shall be the valuation established for  
4 1979, plus the amount of value added to the total actual value  
5 by the revaluation of the property by the department of  
6 revenue as of January 1, 1980. ~~For valuations established as  
7 of January 1, 1981, and each year thereafter, the percentage  
8 of actual value as equalized by the director of revenue and  
9 finance as provided in section 441.49 at which commercial  
10 property and industrial property, excluding properties  
11 referred to in section 427A.1, subsection 7, shall be assessed  
12 shall be calculated in accordance with the methods provided  
13 herein, except that any references to six percent in this  
14 subsection shall be four percent.~~ For valuations established  
15 as of January 1, 1981, and each year thereafter, the  
16 percentage of actual value at which property valued by the  
17 department of revenue and finance pursuant to sections 428.24  
18 through 428.29, and chapters 428, 433, 436, 437, and 438 shall  
19 be assessed shall be calculated in accordance with the methods  
20 provided herein in this section, except that any references to  
21 ten percent in this subsection shall be eight percent.  
22 Beginning with valuations established as of January 1, 1979,  
23 and each year thereafter, property valued by the department of  
24 revenue and finance pursuant to chapter 434 shall also be  
25 assessed at a percentage of its actual value which percentage  
26 shall be equal to the percentage determined by the director of  
27 revenue and finance for commercial property, industrial  
28 property, or property valued by the department of revenue and  
29 finance pursuant to sections 428.24 through 428.29, and  
30 chapters 428, 433, 436, 437, and 438, whichever is lowest.

31 Sec. 45. Section 441.21, Code Supplement 2001, is amended  
32 by adding the following new subsections:

33 NEW SUBSECTION. 5A. For valuations established as of  
34 January 1, 2003, the actual value at which commercial property  
35 and industrial property is assessed shall be reduced by fifty

1 percent up to a maximum of twenty-five thousand dollars on  
2 each parcel of commercial property or industrial property  
3 assessed for taxation. The reduction shall be applied to an  
4 improved parcel only.

5 NEW SUBSECTION. 5B. For valuations established as of  
6 January 1, 2003, the actual value at which agricultural  
7 property is assessed shall be reduced by fifty percent up to a  
8 maximum of twenty-five thousand dollars per farm unit. For  
9 purposes of this subsection, "farm unit" means a single  
10 contiguous tract of agricultural land, or two or more adjacent  
11 tracts of agricultural land upon which farming operations are  
12 being conducted by a person who owns or is purchasing or  
13 renting all of the land, or by that person's tenant or  
14 tenants. If a landowner has multiple farm tenants, the land  
15 on which farming operations are being conducted by each tenant  
16 is a separate farm unit. Before assigning assessed value per  
17 tract of agricultural land, the assessor shall establish a per  
18 acre assessment for the agricultural property.

19 Sec. 46. Section 441.21, subsections 9 and 10, Code  
20 Supplement 2001, are amended to read as follows:

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

1 county auditor by the assessor, and the assessed values so  
2 determined shall be the taxable values of such properties upon  
3 which the levy shall be made.

4 10. The percentage of actual value computed by the  
5 director for agricultural property, residential property,  
6 commercial property, industrial property and property valued  
7 by the department of revenue and finance pursuant to sections  
8 428.24 through 428.29, and chapters 428, 433, 434, 436, 437,  
9 and 438 and used to determine assessed values of those classes  
10 of property does not constitute a rule as defined in section  
11 17A.2, subsection 11.

12 Sec. 47. Section 441.22, Code 2001, is amended to read as  
13 follows:

14 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

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

23 Sec. 48. Section 441.73, subsection 4, Code 2001, is  
24 amended to read as follows:

25 4. The executive council shall transfer for the fiscal  
26 year beginning July 1, 1992, and each fiscal year thereafter,  
27 from funds the fund established in sections section 405A.8,  
28 ~~425.17, and 426.17~~, an amount necessary to pay litigation  
29 expenses. The amount of the fund for each fiscal year shall  
30 not exceed seven hundred thousand dollars. ~~The executive~~  
31 ~~council shall determine annually the proportionate amounts to~~  
32 ~~be transferred from the three separate funds.~~ At any time  
33 when no litigation is pending or in progress the balance in  
34 the litigation expense fund shall not exceed one hundred  
35 thousand dollars. Any excess moneys shall be transferred ~~in a~~

1 proportionate-amount back to the funds fund from which they  
2 were it was originally transferred.

3 Sec. 49. Section 443.2, unnumbered paragraph 2, Code 2001,  
4 is amended to read as follows:

5 The county auditor shall list the aggregate actual value  
6 and the aggregate taxable value of all taxable property within  
7 the county and each political subdivision including property  
8 subject to the statewide property tax imposed under section  
9 437A.18 on the tax list in order that the actual value of the  
10 taxable property within the county or a political subdivision  
11 may be ascertained and shown by the tax list for the purpose  
12 of computing the debt-incurring capacity of the county or  
13 political subdivision. As used in this section, "actual  
14 value" is the value determined under section 441.21,  
15 subsections 1 to 3, prior to the reduction ~~to a percentage of~~  
16 in actual value as otherwise provided in section 441.21.  
17 "Actual value" of property subject to statewide property tax  
18 is the assessed value under section 437A.18.

19 Sec. 50. NEW SECTION. 444.25 PROPERTY TAX LIMITATION.

20 1. a. For property taxes due and payable in the fiscal  
21 year beginning July 1, 2004, and all subsequent fiscal years,  
22 property taxes levied by a county against residential property  
23 shall not exceed the following percentages of the actual value  
24 of the property as determined by the assessor after the  
25 reduction in section 441.21, subsection 4, is applied:

26 (1) In the incorporated areas of the county, three-eighths  
27 of one percent.

28 (2) In the unincorporated area of the county, three-  
29 fourths of one percent.

30 b. For property taxes due and payable in the fiscal year  
31 beginning July 1, 2004, and all subsequent fiscal years,  
32 property taxes levied by a city against residential property  
33 shall not exceed an amount equal to one percent of the actual  
34 value of the property as determined by the assessor after the  
35 reduction in section 441.21, subsection 4, is applied.

1 2. a. (1) For property taxes due and payable in the  
2 fiscal year beginning July 1, 2004, property taxes levied by a  
3 county against commercial property or industrial property  
4 shall not exceed the following percentages of the actual value  
5 of the property as determined by the assessor after the  
6 reduction in section 441.21, subsection 5A, is applied:

7 (a) In the incorporated areas of the county, one percent.

8 (b) In the unincorporated areas of the county, two  
9 percent.

10 (2) For property taxes due and payable in the fiscal year  
11 beginning July 1, 2005, property taxes levied by a county  
12 against commercial property or industrial property shall not  
13 exceed the following percentages of the actual value of the  
14 property as determined by the assessor after the reduction in  
15 section 441.21, subsection 5A, is applied:

16 (a) In the incorporated areas of the county, seven-eighths  
17 of one percent.

18 (b) In the unincorporated areas of the county, one and  
19 three-fourths of one percent.

20 (3) For property taxes due and payable in the fiscal year  
21 beginning July 1, 2006, and all subsequent fiscal years,  
22 property taxes levied by a county against commercial property  
23 or industrial property shall not exceed the following  
24 percentages of the actual value of the property as determined  
25 by the assessor after the reduction in section 441.21,  
26 subsection 5A, is applied:

27 (a) In the incorporated areas of the county, three-fourths  
28 of one percent.

29 (b) In the unincorporated areas of the county, one and  
30 one-half percent.

31 b. (1) For property taxes due and payable in the fiscal  
32 year beginning July 1, 2004, property taxes levied by a city  
33 against commercial property or industrial property shall not  
34 exceed an amount equal to two percent of the actual value of  
35 the property as determined by the assessor after the reduction

1 in section 441.21, subsection 5A, is applied.

2 (2) For property taxes due and payable in the fiscal year  
3 beginning July 1, 2005, property taxes levied by a city  
4 against commercial property or industrial property shall not  
5 exceed an amount equal to one and three-fourths percent of the  
6 actual value of the property as determined by the assessor  
7 after the reduction in section 441.21, subsection 5A, is  
8 applied.

9 (3) For property taxes due and payable in the fiscal year  
10 beginning July 1, 2006, and all subsequent fiscal years,  
11 property taxes levied by a city against commercial property or  
12 industrial property shall not exceed an amount equal to one  
13 and one-half percent of the actual value of the property as  
14 determined by the assessor after the reduction in section  
15 441.21, subsection 5A, is applied.

16 3. a. For property taxes due and payable in the fiscal  
17 year beginning July 1, 2004, and all subsequent fiscal years,  
18 property taxes levied by a county against agricultural  
19 property shall not exceed the following percentages of the  
20 actual value of the property as determined by the assessor  
21 after the reduction in section 441.21, subsection 5B, is  
22 applied:

23 (1) In the incorporated areas of the county, one-half of  
24 one percent.

25 (2) In the unincorporated areas of the county, three-  
26 fourths of one percent.

27 b. For property taxes due and payable in the fiscal year  
28 beginning July 1, 2004, and all subsequent fiscal years,  
29 property taxes levied by a city against agricultural property  
30 shall not exceed an amount equal to one percent of the actual  
31 value of the property as determined by the assessor after the  
32 reduction in section 441.21, subsection 5B, is applied.

33 Sec. 51. Section 444.25A, Code 2001, is amended by  
34 striking the section and inserting in lieu thereof the  
35 following:

1 444.25A PROPERTY TAX LIMITATION -- CONSUMER PRICE INDEX.

2 1. Notwithstanding the limitations in section 444.25, the  
3 percentage increase in the amount of property taxes to be  
4 levied against any class of property for the next fiscal year  
5 cannot exceed the amount computed in this section.

6 2. The property tax increase limitation shall be computed  
7 as follows:

8 a. Determine the amount of property taxes levied as a  
9 percent of actual value in the current fiscal year.

10 b. Determine the sum of the amount of actual value of all  
11 taxable property for the current fiscal year and the increase  
12 in actual value of property due to new construction, additions  
13 or improvements to existing structures, expiration of tax  
14 abatement under chapter 404, and any increase in valuation due  
15 to reclassification of property.

16 c. Multiply the percent calculated in paragraph "a" times  
17 the amount in paragraph "b".

18 d. Multiply the product determined in paragraph "c" times  
19 the sum of one plus the consumer price index.

20 3. For purposes of this section, "consumer price index"  
21 means the percentage rate of change in the consumer price  
22 index as tabulated by the United States department of labor,  
23 bureau of labor statistics, for the twelve-month period ending  
24 June 30 of the previous fiscal year.

25 Sec. 52. Section 445.1, subsection 6, Code Supplement  
26 2001, is amended to read as follows:

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

31 Sec. 53. Section 445.39, Code 2001, is amended to read as  
32 follows:

33 445.39 INTEREST ON DELINQUENT TAXES.

34 If the first installment of taxes is not paid by the  
35 delinquent date specified in section 445.37, the installment

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

18 Sec. 54. Section 447.1, unnumbered paragraph 1, Code 2001,  
19 is amended to read as follows:

20 A parcel sold under this chapter and chapter 446 may be  
21 redeemed at any time before the right of redemption expires,  
22 by payment to the county treasurer, to be held by the  
23 treasurer subject to the order of the purchaser, of the amount  
24 for which the parcel was sold, including the fee for the  
25 certificate of purchase, and interest of two one percent per  
26 month, counting each fraction of a month as an entire month,  
27 from the month of sale, and the total amount paid by the  
28 purchaser or the purchaser's assignee for any subsequent year,  
29 with interest at the same rate added on the amount of the  
30 payment for each subsequent year from the month of payment,  
31 counting each fraction of a month as an entire month. The  
32 amount of interest must be at least one dollar and shall be  
33 rounded to the nearest whole dollar. Interest shall accrue on  
34 subsequent amounts from the month of payment by the  
35 certificate holder.

1 Sec. 55. Section 499A.14, Code 2001, is amended to read as  
2 follows:

3 499A.14 TAXATION.

4 The real estate shall be taxed in the name of the  
5 cooperative, and each member of the cooperative shall pay that  
6 member's proportionate share of the tax in accordance with the  
7 proration formula set forth in the bylaws, and each member  
8 ~~occupying-an-apartment-as-a-residence-shall-receive-that~~  
9 ~~member's-proportionate-homestead-tax-credit-and-each~~ veteran  
10 of the military services of the United States identified as  
11 such under the laws of the state of Iowa or the United States  
12 shall receive as a credit that member's veterans tax benefit  
13 as prescribed by the laws of the state of Iowa.

14 Sec. 56. Chapters 425A and 426, Code 2001 and Code  
15 Supplement 2001, are repealed. Sections 435.33, 444.25B,  
16 444.26, and 444.27, Code 2001, are repealed. Section 435.34,  
17 Code Supplement 2001, is repealed. Sections 425.1 through  
18 425.15, Code 2001 and Code Supplement 2001, are repealed.

19 Sec. 57. EFFECTIVE AND APPLICABILITY DATES.

20 1. This Act takes effect January 1, 2003, and, except as  
21 provided in subsections 2 through 4, applies to assessment  
22 years beginning on or after that date.

23 2. The sections of this Act amending section 403.19 apply  
24 to taxes due and payable in the fiscal years beginning on or  
25 after July 1, 2003.

26 3. The sections of this Act repealing chapters 425A and  
27 426 and sections 425.1 through 425.15; apply to taxes due and  
28 payable in fiscal years beginning on or after July 1, 2004.

29 4. The section of this Act amending section 427.1,  
30 subsection 19, applies to exemptions first applied for on or  
31 after July 1, 2003.

32 EXPLANATION

33 This bill makes several changes relating to property  
34 taxation.

35 The bill provides that if a new state mandate is imposed on

1 or after July 1, 2003, which requires the performance of a new  
2 activity or service or the expansion of a service beyond what  
3 was required before July 1, 2003, the state mandate must be  
4 fully funded. If the state mandate is not fully funded, the  
5 affected political subdivisions are not required to comply or  
6 implement the state mandate. Also, no fines or penalties may  
7 be imposed on a political subdivision for failure to comply or  
8 carry out an unfunded state mandate.

9 The bill strikes Code section 25B.2, subsection 3, and  
10 rewrites it as a new section outside the intent section of  
11 Code chapter 25B. The rewritten section removes a qualifying  
12 phrase which limits the circumstances under which a political  
13 subdivision may still be required to carry out an unfunded  
14 state mandate. The rewritten section also strikes the  
15 exception for federal mandates and for mandates relating to  
16 public retirement systems.

17 The bill increases the regular program foundation base per  
18 pupil from 87.5 percent to 98.4 percent, beginning with the  
19 budget year commencing July 1, 2004, to offset the increase in  
20 school property taxes due to the changed method of assessment.

21 The bill provides that, beginning with the fiscal year  
22 beginning July 1, 2004, a school district cannot levy property  
23 tax in excess of .5 percent of the actual value of residential  
24 and agricultural property and 1 percent of commercial or  
25 industrial property. The bill also provides that school  
26 district property taxes by class cannot increase by more than  
27 the consumer price index for the preceding 12 months.

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

32 The bill provides that the revenues from school district  
33 property taxes imposed in an urban renewal area that is  
34 utilizing tax increment financing shall not be paid to the  
35 municipality implementing the urban renewal plan, but shall be

1 paid to the school district imposing the taxes unless the  
 2 school district revenue is needed to pay indebtedness for the  
 3 urban renewal area incurred before July 1, 2003. The  
 4 municipality must have certified for the school revenue by  
 5 July 1, 2003. The amount certified is to be paid to the  
 6 municipality by November 1 and May 1 following certification.

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

12 The bill limits the pollution-control property tax  
 13 exemption for agricultural land owners to \$100,000 of value  
 14 and it may only be claimed if the pollution-control property  
 15 is on agricultural land eligible for the family farm tax  
 16 credit.

17 The bill removes the square footage tax on mobile homes and  
 18 manufactured homes and replaces it with the ad valorem tax  
 19 imposed on other residences. The bill provides that real  
 20 estate of a mobile home park or land-leased community shall be  
 21 assessed and taxed as improved residential property.

22 The bill removes the property tax assessment limitations on  
 23 residential, commercial, industrial, and agricultural property  
 24 and requires that all such property be valued at its fair  
 25 market value. The bill provides a reduction from actual value  
 26 of 50 percent up to a maximum of \$25,000 per farm unit. "Farm  
 27 unit" is defined in the bill. The bill also provides a  
 28 reduction from actual value of 50 percent up to a maximum of  
 29 \$10,000 for improved residential property and 50 percent up to  
 30 a maximum of \$25,000 for improved commercial and improved  
 31 industrial property.

32 The bill makes conforming amendments to sections pertaining  
 33 to valuation of property in an urban renewal area and  
 34 valuation of property owned by telegraph and telephone  
 35 companies, express companies, and electric cooperatives.

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

5 The bill provides that, beginning with the fiscal year  
6 beginning in 2004, a county cannot levy property taxes in  
7 excess of the following percentages:

8 For residential property and agricultural property in the  
9 unincorporated area, three-fourths of 1 percent of the taxable  
10 value.

11 For commercial and industrial property in the  
12 unincorporated area, 2 percent. The 2 percent is lowered for  
13 successive years until it reaches 1 and one-half percent.

14 For residential property in the incorporated area, three-  
15 eighths of 1 percent.

16 For agricultural property in the incorporated area, one-  
17 half of 1 percent.

18 For commercial and industrial property in the incorporated  
19 area, 1 percent. The 1 percent is lowered for successive  
20 years until it reaches three-fourths of 1 percent.

21 The bill also provides that, beginning with the fiscal year  
22 beginning in 2004, a city cannot levy property taxes in excess  
23 of 1 percent of the taxable value of residential property and  
24 agricultural property, and 2 percent for commercial and  
25 industrial property. The 2 percent is lowered for successive  
26 years until it reaches 1 and one-half percent.

27 The bill also provides that city or county property taxes  
28 by class tax bill cannot increase by more than the consumer  
29 price index for the preceding 12 months.

30 The bill lowers the amount of interest that can be charged  
31 against delinquent property taxes. The interest rate is  
32 changed from 1 and one-half percent to three-fourths of 1  
33 percent before tax sale. The interest rate is changed from 2  
34 percent to 1 percent after the delinquent taxes are sold at  
35 tax sale.

1 The bill repeals the homestead property tax credit, the  
2 family farm property tax credit, and the agricultural land  
3 property tax credit. The bill makes conforming amendments  
4 pertaining to these repeals.

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

7 The section of the bill amending Code section 403.19 on tax  
8 increment financing applies to taxes due and payable in fiscal  
9 years beginning on or after July 1, 2003. The sections of the  
10 bill repealing the homestead tax credit, the family farm tax  
11 credit, and the agricultural land tax credit apply to taxes  
12 due and payable in fiscal years beginning on or after July 1,  
13 2004.

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2/28/02 Referred to C. M.

FILED FEB 25 2002

SENATE FILE 2284  
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO SSB 3175)

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, amending the regular program school foundation  
3 base percentage, limiting certain school district property tax  
4 levies, establishing an ending fund balance limitation for  
5 counties, excepting school district revenue from taxes  
6 collected for tax increment financing districts, repealing  
7 certain property tax credits, amending provisions relating to  
8 certain property tax exemptions, providing for an ad valorem  
9 tax on mobile homes and manufactured homes, making changes to  
10 the method of assessment of property, establishing limits on  
11 taxes collectible by class of property and by taxpayer, and  
12 lowering the rate on interest charged on delinquent taxes, and  
13 providing for other properly related matters and including  
14 effective and applicability date provisions.

SF 2284

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

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23

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 257.1, subsection 2, unnumbered paragraph  
7 2, Code 2001, is amended to read as follows:

8 For the budget year commencing July 1, ~~1999~~ 2004, and for  
9 each succeeding budget year the regular program foundation  
10 base per pupil is ~~eighty-seven-and-five-tenths~~ ninety-eight  
11 and four-tenths percent of the regular program state cost per  
12 pupil. For the budget year commencing July 1, 1991, and for  
13 each succeeding budget year the special education support  
14 services foundation base is seventy-nine percent of the  
15 special education support services state cost per pupil. The  
16 combined foundation base is the sum of the regular program  
17 foundation base and the special education support services  
18 foundation base.

19 Sec. 7. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

20 1. For property taxes due and payable in the fiscal year  
21 beginning July 1, 2004, and all subsequent fiscal years,  
22 property taxes levied by a school district against residential  
23 property shall not exceed an amount equal to one-half of one  
24 percent.

25 2. For property taxes due and payable in the fiscal year  
26 beginning July 1, 2004, and all subsequent fiscal years,  
27 property taxes levied by a school district against  
28 agricultural property shall not exceed an amount equal to one-  
29 half of one percent.

30 3. For property taxes due and payable in the fiscal year  
31 beginning July 1, 2004, and all subsequent fiscal years,  
32 property taxes levied by a school district against commercial  
33 and industrial property shall not exceed an amount equal to  
34 one percent.

5 4. This section applies to all school district property

1 tax levies, other than those authorized in sections 257.3 and  
2 257.4.

3 Sec. 8. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION --  
4 CONSUMER PRICE INDEX.

5 1. Notwithstanding the limitation in section 257A.1, in  
6 any one fiscal year, the amount of property taxes to be levied  
7 by a school district against any class of property for the  
8 budget year cannot exceed the amount computed in this section.  
9 This section applies to all school district property tax  
10 levies, other than those authorized in sections 257.3 and  
11 257.4.

12 2. The school district property tax limitation shall be  
13 computed as follows:

14 a. Determine the amount of property taxes levied as a  
15 percent of actual value in the current fiscal year.

16 b. Determine the sum of the amount of actual value of all  
17 taxable property for the current fiscal year and the increase  
18 in actual value of property due to new construction, additions  
19 or improvements to existing structures, expiration of tax  
20 abatement under chapter 404, and any increase in valuation due  
21 to reclassification of property.

22 c. Multiply the percent calculated in paragraph "a" times  
23 the amount in paragraph "b".

24 d. Multiply the product determined in paragraph "c" times  
25 the sum of one plus the consumer price index.

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

31 Sec. 9. Section 331.401, subsection 1, paragraph g, Code  
32 2001, is amended by striking the paragraph.

33 Sec. 10. NEW SECTION. 331.423A ENDING FUND BALANCE.

34 Effective for a fiscal year beginning on or after July 1,  
35 2007, budgeted ending fund balances shall not exceed twenty-

1 five percent of actual expenditures in the previous fiscal  
2 year for either the general fund or the rural services fund.  
3 An ending fund balance does not include funds reserved or  
4 designated for a specific purpose and specifically described  
5 in the certified budget. For purposes of this section, the  
6 general fund includes the general services basic fund and the  
7 general services supplemental fund and the rural services fund  
8 includes the rural services basic fund and the rural services  
9 supplemental fund.

10 Sec. 11. Section 331.424A, subsection 4, Code Supplement  
11 2001, is amended to read as follows:

12 4. For the fiscal year beginning July 1, 1996, and for  
13 each subsequent fiscal year, the county shall certify a levy  
14 for payment of services. For each fiscal year, county  
15 revenues from taxes imposed by the county credited to the  
16 services fund shall not exceed an amount equal to the amount  
17 of base year expenditures for services as defined in section  
18 331.438, less the amount of property tax relief to be received  
19 pursuant to section 426B.2, in the fiscal year for which the  
20 budget is certified. The county auditor and the board of  
21 supervisors shall reduce the amount of the levy certified for  
22 the services fund by the amount of property tax relief to be  
23 received. A levy certified under this section is not subject  
24 to the appeal provisions of ~~sections~~ section 331.426 and  
25 ~~444-25B~~ or to any other provision in law authorizing a county  
26 to exceed, increase, or appeal a property tax levy limit.

27 Sec. 12. Section 331.424B, Code 2001, is amended to read  
28 as follows:

29 331.424B CEMETERY LEVY.

30 The board may levy annually a tax not to exceed six and  
31 three-fourths cents per thousand dollars of the assessed value  
32 of all taxable property in the county to repair and maintain  
33 all cemeteries under the jurisdiction of the board including  
34 pioneer cemeteries and to pay other expenses of the board or  
35 the cemetery commission as provided in section 331.325. The

1 proceeds of the tax levy shall be credited to the county  
2 general fund. ~~Sections 444.25A and 444.25B do not apply to~~  
3 ~~the property tax levied or expended for cemeteries pursuant to~~  
4 ~~section 331.325.~~

5 Sec. 13. Section 331.429, subsection 1, paragraphs a and  
6 b, Code Supplement 2001, are amended to read as follows:

7 a. Transfers from the general fund not to exceed in any  
8 year the dollar equivalent of a tax of sixteen and seven-  
9 eighths cents per thousand dollars of assessed value on all  
10 taxable property in the county multiplied by the ratio of  
11 current taxes actually collected and apportioned for the  
12 general basic levy to the total general basic levy for the  
13 current year, and an amount equivalent to the moneys derived  
14 by the general fund from military service tax credits under  
15 chapter 426A, ~~manufactured or mobile home taxes under section~~  
16 ~~435.22,~~ and delinquent taxes for prior years collected and  
17 apportioned to the general basic fund in the current year,  
18 multiplied by the ratio of sixteen and seven-eighths cents to  
19 three dollars and fifty cents.

20 b. Transfers from the rural services fund not to exceed in  
21 any year the dollar equivalent of a tax of three dollars and  
22 three-eighths cents per thousand dollars of assessed value on  
23 all taxable property not located within the corporate limits  
24 of a city in the county multiplied by the ratio of current  
25 taxes actually collected and apportioned for the rural  
26 services basic levy to the total rural services basic levy for  
27 the current year and an amount equivalent to the moneys  
28 derived by the rural services fund from military service tax  
29 credits under chapter 426A, ~~manufactured or mobile home taxes~~  
30 ~~under section 435.22,~~ and delinquent taxes for prior years  
31 collected and apportioned to the rural services basic fund in  
32 the current year, multiplied by the ratio of three dollars and  
33 three-eighths cents to three dollars and ninety-five cents.

34 Sec. 14. Section 331.512, subsection 3, Code 2001, is  
35 amended by striking the subsection.

1 Sec. 15. Section 331.559, subsection 12, Code Supplement  
2 2001, is amended by striking the subsection.

3 Sec. 16. Section 331.559, subsection 13, Code Supplement  
4 2001, is amended by striking the subsection.

5 Sec. 17. Section 335.30A, unnumbered paragraph 2, Code  
6 2001, is amended to read as follows:

7 "Land-leased community" means any site, lot, field, or  
8 tract of land under common ownership upon which ten or more  
9 occupied manufactured homes are harbored, either free of  
10 charge or for revenue purposes, and shall include any  
11 building, structure, or enclosure used or intended for use as  
12 part of the equipment of the land-leased community. The term  
13 "land-leased community" shall not be construed to include  
14 homes, buildings, or other structures temporarily maintained  
15 by any individual, educational institution, or company on  
16 their own premises and used exclusively to house their own  
17 labor or students. A manufactured home located in a land-  
18 leased community shall be taxed under section 435.22 ~~as-if-the~~  
19 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

20 Sec. 18. Section 403.19, subsection 2, Code Supplement  
21 2001, is amended to read as follows:

22 2. That portion of the taxes each year in excess of such  
23 amount shall be allocated to and when collected be paid into a  
24 special fund of the municipality to pay the principal of and  
25 interest on loans, moneys advanced to, or indebtedness,  
26 whether funded, refunded, assumed, or otherwise, including  
27 bonds issued under the authority of section 403.9, subsection  
28 1, incurred by the municipality to finance or refinance, in  
29 whole or in part, an urban renewal project within the area,  
30 and to provide assistance for low and moderate income family  
31 housing as provided in section 403.22, except that taxes for  
32 ~~the-regular-and-voter-approved-physical-plant-and-equipment~~  
33 ~~levy-of~~ levied by a school district ~~imposed-pursuant-to~~  
34 ~~section-298-2~~ and taxes for the payment of bonds and interest  
35 of each taxing district must be collected against all taxable

1 property within the taxing district without limitation by the  
2 provisions of this subsection. However, all or a portion of  
3 ~~the taxes for the physical plant and equipment levy~~ school  
4 district property tax revenue shall be paid by the school  
5 district to the municipality if the auditor certifies to the  
6 school district by July 1 the amount of such levy school  
7 district property tax revenue that is necessary to pay the  
8 principal and interest on bonds issued by the municipality to  
9 finance an urban renewal project, which bonds were issued  
10 before July 1, ~~2001~~ 2003. Indebtedness incurred to refund  
11 bonds issued prior to July 1, ~~2001~~ 2003, shall not be included  
12 in the certification. Such school district shall pay over the  
13 amount certified by November 1 and May 1 of the fiscal year  
14 following certification to the school district. Unless and  
15 until the total assessed valuation of the taxable property in  
16 an urban renewal area exceeds the total assessed value of the  
17 taxable property in such area as shown by the last equalized  
18 assessment roll referred to in subsection 1, all of the taxes  
19 levied and collected upon the taxable property in the urban  
20 renewal area shall be paid into the funds for the respective  
21 taxing districts as taxes by or for the taxing districts in  
22 the same manner as all other property taxes. When such loans,  
23 advances, indebtedness, and bonds, if any, and interest  
24 thereon, have been paid, all moneys thereafter received from  
25 taxes upon the taxable property in such urban renewal area  
26 shall be paid into the funds for the respective taxing  
27 districts in the same manner as taxes on all other property.

28 Sec. 19. Section 403.19, subsection 7, Code Supplement  
29 2001, is amended by striking the subsection and inserting in  
30 lieu thereof the following:

31 7. For any fiscal year, a municipality may certify to the  
32 county auditor for school district property tax revenue  
33 necessary for payment of principal and interest on bonds  
34 issued prior to July 1, 2003. The municipality may receive  
35 school district property tax revenue only if the municipality

1 certified for such revenue for the fiscal year beginning July  
2 1, 2003. A municipality shall not certify more than the  
3 amount the municipality certified for the fiscal year  
4 beginning July 1, 2003. If for any fiscal year a municipality  
5 fails to certify to the county auditor for a school district  
6 by July 1 the amount of school district property tax revenue  
7 necessary for payment of principal and interest on such bonds,  
8 as provided in subsection 2, the school district is not  
9 required to pay over the revenue to the municipality.

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

22 Sec. 20. Section 403.20, Code 2001, is amended to read as  
23 follows:

24 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE  
25 ASSESSMENT.

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

1 property as determined pursuant to section 403.19, subsection  
2 1. If the assessed value of the property as determined  
3 pursuant to section 403.19, subsection 1, is reduced to zero,  
4 the additional valuation reduction shall be subtracted from  
5 the actual value of the property as determined by the  
6 assessor.

7 Sec. 21. Section 404.3, subsection 1, Code 2001, is  
8 amended to read as follows:

9 1. All qualified real estate assessed as residential  
10 property is eligible to receive an exemption from taxation  
11 based on the actual value added by the improvements. The  
12 exemption is for a period of ten years. The amount of the  
13 exemption is equal to a percent of the actual value added by  
14 the improvements, determined as follows: One hundred fifteen  
15 percent of the value added by the improvements. However, the  
16 amount of the actual value added by the improvements which  
17 shall be used to compute the exemption shall not exceed twenty  
18 thousand dollars ~~and the granting of the exemption shall not~~  
19 ~~result in the actual value of the qualified real estate being~~  
20 ~~reduced below the actual value on which the homestead credit~~  
21 ~~is computed under section 425-1.~~

22 Sec. 22. Section 414.28A, unnumbered paragraph 2, Code  
23 2001, is amended to read as follows:

24 "Land-leased community" means any site, lot, field, or  
25 tract of land under common ownership upon which ten or more  
26 occupied manufactured homes are harbored, either free of  
27 charge or for revenue purposes, and shall include any  
28 building, structure, or enclosure used or intended for use as  
29 part of the equipment of the land-leased community. The term  
30 "land-leased community" shall not be construed to include  
31 homes, buildings, or other structures temporarily maintained  
32 by any individual, educational institution, or company on  
33 their own premises and used exclusively to house their own  
34 labor or students. A manufactured home located in a land-  
35 leased community shall be taxed under section 435.22 ~~as if the~~

1 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

2 Sec. 23. Section 425.16, Code 2001, is amended to read as  
3 follows:

4 425.16 ADDITIONAL TAX CREDIT.

5 ~~In-addition-to-the-homestead-tax-credit-allowed-under~~  
6 ~~section-425.17-subsections-1-to-4, persons~~ Persons who own or  
7 rent their homesteads and who meet the qualifications provided  
8 in this division are eligible for an extraordinary property  
9 tax credit or reimbursement.

10 Sec. 24. Section 425.23, subsection 1, Code 2001, is  
11 amended to read as follows:

12 1. a. The tentative credit or reimbursement for a  
13 claimant described in section 425.17, subsection 2, paragraph  
14 "a" and paragraph "b" if no appropriation is made to the fund  
15 created in section 425.40 shall be determined in accordance  
16 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 b. If moneys have been appropriated to the fund created in  
29 section 425.40, the tentative credit or reimbursement for a  
30 claimant described in section 425.17, subsection 2, paragraph  
31 "b", shall be determined as follows:

32 (1) If the amount appropriated under section 425.40 plus  
33 any supplemental appropriation made for a fiscal year for  
34 purposes of this lettered paragraph is at least twenty-seven  
35 million dollars, the tentative credit or reimbursement shall

1 be determined in accordance with the following schedule:

2		Percent of property taxes
3		due or rent constituting
4		property taxes paid
5	If the household	allowed as a credit or
6	income is:	reimbursement:
7	\$ 0 -- 8,499.99 .....	100%
8	8,500 -- 9,499.99 .....	85
9	9,500 -- 10,499.99 .....	70
10	10,500 -- 12,499.99 .....	50
11	12,500 -- 14,499.99 .....	35
12	14,500 -- 16,499.99 .....	25

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

18		Percent of property taxes
19		due or rent constituting
20		property taxes paid
21	If the household	allowed as a credit or
22	income is:	reimbursement:
23	\$ 0 -- 8,499.99 .....	50%
24	8,500 -- 9,499.99 .....	42
25	9,500 -- 10,499.99 .....	35
26	10,500 -- 12,499.99 .....	25
27	12,500 -- 14,499.99 .....	17
28	14,500 -- 16,499.99 .....	12

29 Sec. 25. Section 425.23, subsection 2, Code 2001, is  
 30 amended by striking the subsection.

31 Sec. 26. Section 425.23, subsection 3, paragraph a, Code  
 32 2001, is amended to read as follows:

33 a. A person who is eligible to file a claim for credit for  
 34 property taxes due and who has a household income of eight  
 35 thousand five hundred dollars or less and who has an unpaid

1 special assessment levied against the homestead may file a  
2 claim for a special assessment credit with the county  
3 treasurer. The department shall provide to the respective  
4 treasurers the forms necessary for the administration of this  
5 subsection. The claim shall be filed not later than September  
6 30 of each year. Upon the filing of the claim, interest for  
7 late payment shall not accrue against the amount of the unpaid  
8 special assessment due and payable. The claim filed by the  
9 claimant constitutes a claim for credit of an amount equal to  
10 the actual amount due upon the unpaid special assessment, plus  
11 interest, payable during the fiscal year for which the claim  
12 is filed against the homestead of the claimant. However,  
13 where the claimant is an individual described in section  
14 425.17, subsection 2, paragraph "b", and the tentative credit  
15 is determined according to the schedule in subsection 1,  
16 paragraph "b", subparagraph (2), of this section, the claim  
17 filed constitutes a claim for credit of an amount equal to  
18 one-half of the actual amount due and payable during the  
19 fiscal year. The treasurer shall certify to the director of  
20 revenue and finance not later than October 15 of each year the  
21 total amount of dollars due for claims allowed. The amount of  
22 reimbursement due each county shall be paid by the director of  
23 revenue and finance by November 15 of each year, drawn upon  
24 warrants payable to the respective treasurer. There is  
25 appropriated annually from the general fund of the state to  
26 the department of revenue and finance an amount sufficient to  
27 carry out the provisions of this subsection. The treasurer  
28 shall credit any moneys received from the department against  
29 the amount of the unpaid special assessment due and payable on  
30 the homestead of the claimant.

31 Sec. 27. Section 427.1, subsection 19, unnumbered  
32 paragraph 8, Code Supplement 2001, is amended to read as  
33 follows:

34 For the purposes of this subsection "pollution-control  
35 property" means personal property or improvements to real

1 property, or any portion thereof, used primarily to control or  
2 abate pollution of any air or water of this state or used  
3 primarily to enhance the quality of any air or water of this  
4 state and "recycling property" means personal property or  
5 improvements to real property or any portion of the property,  
6 used primarily in the manufacturing process and resulting  
7 directly in the conversion of waste plastic, wastepaper  
8 products, or waste paperboard, into new raw materials or  
9 products composed primarily of recycled material. In the  
10 event such property shall also serve other purposes or uses of  
11 productive benefit to the owner of the property, only such  
12 portion of the assessed valuation thereof as may reasonably be  
13 calculated to be necessary for and devoted to the control or  
14 abatement of pollution, to the enhancement of the quality of  
15 the air or water of this state, or for recycling shall be  
16 exempt from taxation under this subsection. "Pollution-  
17 control property" includes personal or real property that is  
18 part of an animal feeding operation structure as defined in  
19 section 455B.161, if the agricultural land where the structure  
20 is located is eligible for a family farm tax credit as  
21 provided in chapter 425A. Otherwise, "pollution-control  
22 property" does not include personal or real property that is  
23 part of an animal feeding operation structure associated with  
24 a confinement feeding operation if the department of natural  
25 resources must issue a permit prior to the construction of the  
26 animal feeding operation structure pursuant to section  
27 455B.200A. The exemption calculated for pollution-control  
28 property that is part of an animal feeding operation structure  
29 and that is located on agricultural land eligible for the  
30 family farm tax credit is limited to the first one hundred  
31 thousand dollars in assessed value.

32 Sec. 28. Section 427A.1, subsection 1, paragraph c, Code  
33 Supplement 2001, is amended to read as follows:

34 c. Buildings, structures or improvements, any of which are  
35 constructed on or in the land, attached to the land, or placed

1 upon a foundation whether or not attached to the foundation.

2 ~~However, property taxed under chapter 435 shall not be~~

3 ~~assessed and taxed as real property.~~

4 Sec. 29. Section 427C.12, unnumbered paragraph 2, Code  
5 2001, is amended to read as follows:

6 The board of supervisors shall designate the county  
7 conservation board or the assessor who shall inspect the area  
8 for which an application is filed for a fruit-tree or forest  
9 reservation tax exemption before the application is accepted.

10 Use of aerial photographs may be substituted for on-site  
11 inspection when appropriate. The application can only be  
12 accepted if it meets the criteria established by the natural  
13 resource commission to be a fruit-tree or forest reservation.

14 Once the application has been accepted, the area shall  
15 continue to receive the tax exemption during each year in  
16 which the area is maintained as a fruit-tree or forest

17 reservation without the owner having to refile. Acres in a  
18 forest reservation shall be exempt from school district levies  
19 only.

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

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

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

28 Sec. 30. Section 433.6, Code 2001, is amended to read as  
29 follows:

30 433.6 TAXABLE VALUE.

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

1 property of private individuals.

2 Sec. 31. Section 435.22, Code Supplement 2001, is amended  
3 by striking the section and inserting in lieu thereof the  
4 following:

5 435.22 ASSESSMENT -- CREDITS.

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

16 Real estate located in a manufactured home community or a  
17 mobile home park, as defined in section 435.1, shall be  
18 assessed and taxed as improved residential property. Real  
19 estate located in a land-leased community, as defined in  
20 sections 335.30A and 414.28A, shall be assessed and taxed as  
21 improved residential property.

22 Sec. 32. Section 435.23, Code Supplement 2001, is amended  
23 to read as follows:

24 435.23 EXEMPTIONS -- PRORATING TAX.

25 The manufacturer's and dealer's inventory of mobile homes,  
26 manufactured homes, or modular homes not in use as a place of  
27 human habitation shall be exempt from the annual tax. All  
28 travel trailers shall be exempt from this tax. The homes and  
29 travel trailers in the inventory of manufacturers and dealers  
30 shall be exempt from personal property tax. ~~The homes coming~~  
31 ~~into Iowa from out-of-state and located in a manufactured home~~  
32 ~~community or mobile home park shall be liable for the tax~~  
33 ~~computed pro-rata to the nearest whole month, for the time the~~  
34 ~~home is actually situated in Iowa.~~

5 Sec. 33. Section 435.24, subsections 1, 2, and 4, Code

1 Supplement 2001, are amended to read as follows:

2 1. ~~The annual tax is due and payable to the county~~  
3 ~~treasurer on or after July 1 in each fiscal year and is~~  
4 ~~collectible in the same manner and at the same time as~~  
5 ~~ordinary taxes as provided in sections 445.36, 445.37, and~~  
6 ~~445.39. Interest at the rate prescribed by law shall accrue~~  
7 ~~on unpaid taxes. Both installments of taxes may be paid at~~  
8 ~~one time. The September installment represents a tax period~~  
9 ~~beginning July 1 and ending December 31. The March~~  
10 ~~installment represents a tax period beginning January 1 and~~  
11 ~~ending June 30. A mobile home, manufactured home, or modular~~  
12 ~~home coming into this state from outside the state, put in use~~  
13 ~~from a dealer's inventory, or put in use at any time after~~  
14 ~~July 1 or January 1, and located in a manufactured home~~  
15 ~~community or mobile home park, is subject to the taxes~~  
16 ~~prorated for the remaining unexpired months of the tax period,~~  
17 ~~but the purchaser is not required to pay the tax at the time~~  
18 ~~of purchase. Interest attaches the following April 1 for~~  
19 ~~taxes prorated on or after October 1. Interest attaches the~~  
20 ~~following October 1 for taxes prorated on or after April 1.~~  
21 Interest at the rate prescribed by law shall accrue on unpaid  
22 taxes. If the taxes are not paid, the county treasurer shall  
23 send a statement of delinquent taxes as part of the notice of  
24 tax sale as provided in section 446.9. The owner of a home  
25 who sells the home between July 1 and December 31 and obtains  
26 a tax clearance statement is responsible only for the  
27 September tax payment and is not required to pay taxes for  
28 subsequent tax periods. If the owner of a home located in a  
29 manufactured home community or mobile home park sells the  
30 home, obtains a tax clearance statement, and obtains a  
31 replacement home to be located in a manufactured home  
32 community or mobile home park, the owner shall not pay taxes  
33 under this chapter for the newly acquired home for the same  
34 tax period that the owner has paid taxes on the home sold.  
35 Interest for delinquent taxes shall be calculated to the

1 nearest whole dollar. In calculating interest each fraction  
2 of a month shall be counted as an entire month.

3 2. The home owners upon issuance of a certificate of title  
4 or upon transporting to a new site shall file the address,  
5 township, and school district, of the location where the home  
6 is parked with the county treasurer's office. Failure to  
7 comply is punishable as set out in section 435.18. ~~When the~~  
8 ~~new-location-is-outside-of-a-manufactured-home-community-or~~  
9 ~~mobile-home-park, the~~ The county treasurer shall provide to  
10 the assessor a copy of the tax clearance statement for  
11 purposes of assessment as real estate on the following January  
12 1.

13 4. The tax is a lien on the vehicle senior to any other  
14 lien upon it except a judgment obtained in an action to  
15 dispose of an abandoned home under section 555B.8. The home  
16 bearing a current registration issued by any other state and  
17 remaining within this state for an accumulated period not to  
18 exceed ninety days in any twelve-month period is not subject  
19 to Iowa tax. However, when one or more persons occupying a  
20 home bearing a foreign registration are employed in this  
21 state, there is no exemption from the Iowa tax. ~~This tax is~~  
22 ~~in-lieu-of-all-other-taxes-general-or-local-on-a-home.~~

23 Sec. 34. Section 435.26, subsection 1, paragraph a, Code  
24 Supplement 2001, is amended to read as follows:

25 a. A mobile home or manufactured home which is located  
26 outside a manufactured home community or mobile home park  
27 ~~shall-be-converted-to-real-estate-by-being~~ shall be placed on  
28 a permanent foundation and shall be assessed for real estate  
29 taxes. ~~A home, after conversion to real estate, is eligible~~  
30 ~~for-the-homestead-tax-credit-and-the-military-tax-exemption-as~~  
31 ~~provided-in-sections-425-2-and-426A-11.~~ Such mobile home or  
32 manufactured home is subject to the requirements of this  
33 section.

34 Sec. 35. Section 435.27, subsection 1, Code Supplement  
35 2001, is amended to read as follows:

1 1. A mobile home or manufactured home ~~converted-to-real~~  
2 ~~estate~~ under section 435.26 ~~may-be-reconverted-to-a-home-as~~  
3 ~~provided-in-this-section-when-it~~ that is moved to a  
4 manufactured home community or mobile home park or a  
5 manufactured home retailer's inventory is subject to the  
6 requirements of this section. ~~When-the-home-is-located-within~~  
7 ~~a-manufactured-home-community-or-mobile-home-park,~~ the home  
8 ~~shall-be-taxed-pursuant-to-section-435.22,~~ subsection 1.  
9 Sec. 36. Section 435.27, subsection 3, Code Supplement  
10 2001, is amended by striking the subsection.

11 Sec. 37. Section 435.28, Code Supplement 2001, is amended  
12 to read as follows:

13 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

14 Upon issuance of a certificate of title to a mobile home or  
15 manufactured home which is not located in a ~~manufactured-home~~  
16 ~~community-or-mobile-home-park-or~~ dealer's inventory, the  
17 county treasurer shall notify the assessor of the existence of  
18 the home for tax assessment purposes.

19 Sec. 38. Section 435.35, Code Supplement 2001, is amended  
20 to read as follows:

21 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME  
22 COMMUNITY OR MOBILE HOME PARK -- EXEMPTION.

23 A taxable mobile home or manufactured home which is not  
24 located in a manufactured home community or mobile home park  
25 as of January 1, 1995, ~~shall-be-assessed-and-taxed-as-real~~  
26 ~~estate.--The-home~~ is also exempt from the permanent foundation  
27 requirements of this chapter until the home is relocated.

28 Sec. 39. Section 436.8, Code 2001, is amended to read as  
29 follows:

30 436.8 ACTUAL VALUE PER MILE -- TAXABLE VALUE.

31 The director of revenue and finance shall thereupon  
32 ascertain the value per mile of the property within the state,  
33 by dividing the total value as above ascertained, after  
34 deducting the specific properties locally assessed within the  
35 state, by the number of miles within the state, and the result

1 shall be deemed and held to be the actual value per mile of  
2 the property of such company within the state. The assessed  
3 or taxable value shall be ~~determined-by-taking-that-percentage~~  
4 ~~of-the-actual-value-so-ascertained~~, reduced as is provided by  
5 section 441.21, and such valuation and assessment shall be in  
6 the same ratio as that of the property of individuals.

7 Sec. 40. Section 437.7, Code 2001, is amended to read as  
8 follows:

9 437.7 TAXABLE VALUE.

10 The taxable value of such line or lines of which the  
11 director of revenue and finance by this chapter is required to  
12 find the value, shall be determined by taking the percentage  
13 ~~of-the-actual~~ reduction in value so ascertained, as provided  
14 by section 441.21, and the ratio between the actual value and  
15 the assessed or taxable value of the transmission line or  
16 lines of each of said companies located outside of cities  
17 shall be the same as in the case of the property of private  
18 individuals.

19 Sec. 41. Section 441.21, subsection 1, paragraphs e, f,  
20 and g, Code Supplement 2001, are amended by striking the  
21 paragraphs.

22 Sec. 42. Section 441.21, subsection 2, Code Supplement  
23 2001, is amended to read as follows:

24 2. In the event market value of the property being  
25 assessed cannot be readily established in the foregoing  
26 manner, then the assessor may determine the value of the  
27 property using the other uniform and recognized appraisal  
28 methods including its productive and earning capacity, if any,  
29 industrial conditions, its cost, physical and functional  
30 depreciation and obsolescence and replacement cost, and all  
31 other factors which would assist in determining the fair and  
32 reasonable market value of the property but the actual value  
33 shall not be determined by use of only one such factor. The  
34 following shall not be taken into consideration: Special  
35 value or use value of the property to its present owner, and

1 the good will or value of a business which uses the property  
2 as distinguished from the value of the property as property.  
3 However, in assessing property that is rented or leased to  
4 low-income individuals and families as authorized by section  
5 42 of the Internal Revenue Code, as amended, and which section  
6 limits the amount that the individual or family pays for the  
7 rental or lease of units in the property, the assessor shall  
8 use the productive and earning capacity from the actual rents  
9 received as a method of appraisal and shall take into account  
10 the extent to which that use and limitation reduces the market  
11 value of the property. The assessor shall not consider any  
12 tax credit equity or other subsidized financing as income  
13 provided to the property in determining the assessed value.  
14 Upon adoption of uniform rules by the revenue department or  
15 succeeding authority covering assessments and valuations of  
16 such properties, said valuation on such properties shall be  
17 determined in accordance ~~therewith~~ with such uniform rules for  
18 assessment purposes to assure uniformity, but such rules shall  
19 not be inconsistent with or change the foregoing means of  
20 determining the actual, market, taxable, and assessed values.  
21 In the event market value of newly constructed residential  
22 property being assessed cannot be readily established because  
23 of insufficient comparable sales, the assessor shall use the  
24 replacement cost method to value the property.

25 Sec. 43. Section 441.21, subsection 4, Code Supplement  
26 2001, is amended by striking the subsection and inserting in  
27 lieu thereof the following:

28 4. For valuations established as of January 1, 2003, the  
29 actual value at which residential property is assessed shall  
30 be reduced by fifty percent up to a maximum of twenty thousand  
31 dollars on each parcel of residential property assessed for  
32 taxation. The reduction shall be applied to an improved  
33 parcel only.

34 Sec. 44. Section 441.21, subsection 5, Code Supplement  
35 2001, is amended to read as follows:

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

1 January 1, 1979. For valuations established as of January 1,  
2 1980, commercial property and industrial property, excluding  
3 properties referred to in section 427A, subsection 7, shall  
4 be assessed at a percentage of the actual value of each class  
5 of property. The percentage shall be determined for each  
6 class of property by the director of revenue for the state in  
7 accordance with the provisions of this section. For  
8 valuations established as of January 1, 1980, the percentage  
9 shall be the quotient of the dividend and divisor as defined  
10 in this section. The dividend for each class of property  
11 shall be the dividend as determined for each class of property  
12 for valuations established as of January 1, 1979, adjusted by  
13 the product obtained by multiplying the percentage determined  
14 for that year by the amount of any additions or deletions to  
15 actual value, excluding those resulting from the revaluation  
16 of existing properties, as reported by the assessors on the  
17 abstracts of assessment for 1979, plus four percent of the  
18 amount so determined. The divisor for each class of property  
19 shall be the total actual value of all such property in 1979,  
20 as equalized by the director of revenue pursuant to section  
21 441.49, plus the amount of value added to the total actual  
22 value by the revaluation of existing properties in 1980. The  
23 director shall utilize information reported on the abstracts  
24 of assessment submitted pursuant to section 441.45 in  
25 determining such percentage. For valuations established as of  
26 January 1, 1980, property valued by the department of revenue  
27 pursuant to sections 428.24 through 428.29, and chapters 428,  
28 433, 436, 437, and 438 shall be assessed at a percentage of  
29 its actual value. The percentage shall be determined by the  
30 director of revenue in accordance with the provisions of this  
31 section. For valuations established as of January 1, 1980,  
32 the percentage shall be the quotient of the dividend and  
33 divisor as defined in this section. The dividend shall be the  
34 total actual valuation established for 1979 by the department  
35 of revenue, plus eight percent of the amount so determined.

1 The divisor for property valued by the department of revenue  
2 pursuant to sections 428.24 through 428.29, and chapters 428,  
3 433, 436, 437, and 438 shall be the valuation established for  
4 1979, plus the amount of value added to the total actual value  
5 by the revaluation of the property by the department of  
6 revenue as of January 1, 1980. ~~For valuations established as~~  
7 ~~of January 1, 1981, and each year thereafter, the percentage~~  
8 ~~of actual value as equalized by the director of revenue and~~  
9 ~~finance as provided in section 441.49 at which commercial~~  
10 ~~property and industrial property, excluding properties~~  
11 ~~referred to in section 427A.1, subsection 7, shall be assessed~~  
12 ~~shall be calculated in accordance with the methods provided~~  
13 ~~herein, except that any references to six percent in this~~  
14 ~~subsection shall be four percent.~~ For valuations established  
15 as of January 1, 1981, and each year thereafter, the  
16 percentage of actual value at which property valued by the  
17 department of revenue and finance pursuant to sections 428.24  
18 through 428.29, and chapters 428, 433, 436, 437, and 438 shall  
19 be assessed shall be calculated in accordance with the methods  
20 provided herein in this section, except that any references to  
21 ten percent in this subsection shall be eight percent.  
22 Beginning with valuations established as of January 1, 1979,  
23 and each year thereafter, property valued by the department of  
24 revenue and finance pursuant to chapter 434 shall also be  
25 assessed at a percentage of its actual value which percentage  
26 shall be equal to the percentage determined by the director of  
27 revenue and finance for commercial property, industrial  
28 property, or property valued by the department of revenue and  
29 finance pursuant to sections 428.24 through 428.29, and  
30 chapters 428, 433, 436, 437, and 438, whichever is lowest.  
31 Sec. 45. Section 441.21, Code Supplement 2001, is amended  
32 by adding the following new subsections:  
33 NEW SUBSECTION. 5A. For valuations established as of  
34 January 1, 2003, the actual value at which commercial property  
35 and industrial property is assessed shall be reduced by fifty

1 percent up to a maximum of twenty-five thousand dollars on  
2 each parcel of commercial property or industrial property  
3 assessed for taxation. The reduction shall be applied to an  
4 improved parcel only.

5 NEW SUBSECTION. 5B. For valuations established as of  
6 January 1, 2003, the actual value at which agricultural  
7 property is assessed shall be reduced by fifty percent up to a  
8 maximum of fifty thousand dollars per farm unit. For purposes  
9 of this subsection, "farm unit" means a single contiguous  
10 tract of agricultural land, or two or more adjacent tracts of  
11 agricultural land upon which farming operations are being  
12 conducted by a person who owns or is purchasing or renting all  
13 of the land, or by that person's tenant or tenants. If a  
14 landowner has multiple farm tenants, the land on which farming  
15 operations are being conducted by each tenant is a separate  
16 farm unit. Before assigning assessed value per tract of  
17 agricultural land, the assessor shall establish a per acre  
18 assessment for the agricultural property.

19 Sec. 46. Section 441.21, subsections 9 and 10, Code  
20 Supplement 2001, are amended to read as follows:

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

1 county auditor by the assessor, and the assessed values so  
2 determined shall be the taxable values of such properties upon  
3 which the levy shall be made.

4 10. The percentage of actual value computed by the  
5 director for agricultural property, residential property,  
6 commercial property, industrial property and property valued  
7 by the department of revenue and finance pursuant to sections  
8 428.24 through 428.29, and chapters 428, 433, 434, 436, 437,  
9 and 438 and used to determine assessed values of those classes  
10 of property does not constitute a rule as defined in section  
11 17A.2, subsection 11.

12 Sec. 47. Section 441.22, Code 2001, is amended to read as  
13 follows:

14 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

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

23 Sec. 48. Section 441.73, subsection 4, Code 2001, is  
24 amended to read as follows:

25 4. The executive council shall transfer for the fiscal  
26 year beginning July 1, 1992, and each fiscal year thereafter,  
27 from ~~funds~~ the fund established in ~~sections~~ section 405A.8,  
28 ~~425-17-and-426-17~~, an amount necessary to pay litigation  
29 expenses. The amount of the fund for each fiscal year shall  
30 not exceed seven hundred thousand dollars. ~~The executive~~  
31 ~~council shall determine annually the proportionate amounts to~~  
32 ~~be transferred from the three separate funds.~~ At any time  
33 when no litigation is pending or in progress the balance in  
34 the litigation expense fund shall not exceed one hundred  
35 thousand dollars. Any excess moneys shall be transferred in a

1 proportionate-amount back to the funds fund from which they  
2 were it was originally transferred.

3 Sec. 49. Section 443.2, unnumbered paragraph 2, Code 2001,  
4 is amended to read as follows:

5 The county auditor shall list the aggregate actual value  
6 and the aggregate taxable value of all taxable property within  
7 the county and each political subdivision including property  
8 subject to the statewide property tax imposed under section  
9 437A.18 on the tax list in order that the actual value of the  
10 taxable property within the county or a political subdivision  
11 may be ascertained and shown by the tax list for the purpose  
12 of computing the debt-incurring capacity of the county or  
13 political subdivision. As used in this section, "actual  
14 value" is the value determined under section 441.21,  
15 subsections 1 to 3, prior to the reduction ~~to-a-percentage-of~~  
16 in actual value as otherwise provided in section 441.21.  
17 "Actual value" of property subject to statewide property tax  
18 is the assessed value under section 437A.18.

19 Sec. 50. NEW SECTION. 444.25 PROPERTY TAX LIMITATION.

20 1. a. For property taxes due and payable in the fiscal  
21 year beginning July 1, 2004, and all subsequent fiscal years,  
22 property taxes levied by a county against residential property  
23 shall not exceed the following percentages of the actual value  
24 of the property as determined by the assessor after the  
25 reduction in section 441.21, subsection 4, is applied:

26 (1) In the incorporated areas of the county, three-eighths  
27 of one percent.

28 (2) In the unincorporated area of the county, three-  
29 fourths of one percent.

30 b. For property taxes due and payable in the fiscal year  
31 beginning July 1, 2004, and all subsequent fiscal years,  
32 property taxes levied by a city against residential property  
33 shall not exceed an amount equal to one percent of the actual  
34 value of the property as determined by the assessor after the  
35 reduction in section 441.21, subsection 4, is applied.

1     2. a. (1) For property taxes due and payable in the  
2 fiscal year beginning July 1, 2004, property taxes levied by a  
3 county against commercial property or industrial property  
4 shall not exceed the following percentages of the actual value  
5 of the property as determined by the assessor after the  
6 reduction in section 441.21, subsection 5A, is applied:

7       (a) In the incorporated areas of the county, one percent.

8       (b) In the unincorporated areas of the county, two  
9 percent.

10     (2) For property taxes due and payable in the fiscal year  
11 beginning July 1, 2005, property taxes levied by a county  
12 against commercial property or industrial property shall not  
13 exceed the following percentages of the actual value of the  
14 property as determined by the assessor after the reduction in  
15 section 441.21, subsection 5A, is applied:

16       (a) In the incorporated areas of the county, seven-eighths  
17 of one percent.

18       (b) In the unincorporated areas of the county, one and  
19 three-fourths of one percent.

20     (3) For property taxes due and payable in the fiscal year  
21 beginning July 1, 2006, and all subsequent fiscal years,  
22 property taxes levied by a county against commercial property  
23 or industrial property shall not exceed the following  
24 percentages of the actual value of the property as determined  
25 by the assessor after the reduction in section 441.21,  
26 subsection 5A, is applied:

27       (a) In the incorporated areas of the county, three-fourths  
28 of one percent.

29       (b) In the unincorporated areas of the county, one and  
30 one-half percent.

31     b. (1) For property taxes due and payable in the fiscal  
32 year beginning July 1, 2004, property taxes levied by a city  
33 against commercial property or industrial property shall not  
34 exceed an amount equal to two percent of the actual value of  
35 the property as determined by the assessor after the reduction

1 in section 441.21, subsection 5A, is applied.

2 (2) For property taxes due and payable in the fiscal year  
3 beginning July 1, 2005, property taxes levied by a city  
4 against commercial property or industrial property shall not  
5 exceed an amount equal to one and three-fourths percent of the  
6 actual value of the property as determined by the assessor  
7 after the reduction in section 441.21, subsection 5A, is  
8 applied.

9 (3) For property taxes due and payable in the fiscal year  
10 beginning July 1, 2006, and all subsequent fiscal years,  
11 property taxes levied by a city against commercial property or  
12 industrial property shall not exceed an amount equal to one  
13 and one-half percent of the actual value of the property as  
14 determined by the assessor after the reduction in section  
15 441.21, subsection 5A, is applied.

16 3. a. For property taxes due and payable in the fiscal  
17 year beginning July 1, 2004, and all subsequent fiscal years,  
18 property taxes levied by a county against agricultural  
19 property shall not exceed the following percentages of the  
20 actual value of the property as determined by the assessor  
21 after the reduction in section 441.21, subsection 5B, is  
22 applied:

23 (1) In the incorporated areas of the county, one-half of  
24 one percent.

25 (2) In the unincorporated areas of the county, three-  
26 fourths of one percent.

27 b. For property taxes due and payable in the fiscal year  
28 beginning July 1, 2004, and all subsequent fiscal years,  
29 property taxes levied by a city against agricultural property  
30 shall not exceed an amount equal to one percent of the actual  
31 value of the property as determined by the assessor after the  
32 reduction in section 441.21, subsection 5B, is applied.

33 Sec. 51. Section 444.25A, Code 2001, is amended by  
34 striking the section and inserting in lieu thereof the  
35 following:

1 444.25A PROPERTY TAX LIMITATION -- CONSUMER PRICE INDEX.

2 1. Notwithstanding the limitations in section 444.25, the  
3 percentage increase in the amount of property taxes to be  
4 levied against any class of property for the next fiscal year  
5 cannot exceed the amount computed in this section.

6 2. The property tax increase limitation shall be computed  
7 as follows:

8 a. Determine the amount of property taxes levied as a  
9 percent of actual value in the current fiscal year.

10 b. Determine the sum of the amount of actual value of all  
11 taxable property for the current fiscal year and the increase  
12 in actual value of property due to new construction, additions  
13 or improvements to existing structures, expiration of tax  
14 abatement under chapter 404, and any increase in valuation due  
15 to reclassification of property.

16 c. Multiply the percent calculated in paragraph "a" times  
17 the amount in paragraph "b".

18 d. Multiply the product determined in paragraph "c" times  
19 the sum of one plus the consumer price index.

20 3. For purposes of this section, "consumer price index"  
21 means the percentage rate of change in the consumer price  
22 index as tabulated by the United States department of labor,  
23 bureau of labor statistics, for the twelve-month period ending  
24 June 30 of the previous fiscal year.

25 Sec. 52. Section 445.1, subsection 6, Code Supplement  
26 2001, is amended to read as follows:

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

31 Sec. 53. Section 445.39, Code 2001, is amended to read as  
32 follows:

33 445.39 INTEREST ON DELINQUENT TAXES.

34 If the first installment of taxes is not paid by the  
35 delinquent date specified in section 445.37, the installment

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

18 Sec. 54. Section 447.1, unnumbered paragraph 1, Code 2001,  
19 is amended to read as follows:

20 A parcel sold under this chapter and chapter 446 may be  
21 redeemed at any time before the right of redemption expires,  
22 by payment to the county treasurer, to be held by the  
23 treasurer subject to the order of the purchaser, of the amount  
24 for which the parcel was sold, including the fee for the  
25 certificate of purchase, and interest of two one percent per  
26 month, counting each fraction of a month as an entire month,  
27 from the month of sale, and the total amount paid by the  
28 purchaser or the purchaser's assignee for any subsequent year,  
29 with interest at the same rate added on the amount of the  
30 payment for each subsequent year from the month of payment,  
31 counting each fraction of a month as an entire month. The  
32 amount of interest must be at least one dollar and shall be  
33 rounded to the nearest whole dollar. Interest shall accrue on  
34 subsequent amounts from the month of payment by the  
35 certificate holder.



1 or after July 1, 2003, which requires the performance of a new  
2 activity or service or the expansion of a service beyond what  
3 was required before July 1, 2003, the state mandate must be  
4 fully funded. If the state mandate is not fully funded, the  
5 affected political subdivisions are not required to comply or  
6 implement the state mandate. Also, no fines or penalties may  
7 be imposed on a political subdivision for failure to comply or  
8 carry out an unfunded state mandate.

9 The bill strikes Code section 25B.2, subsection 3, and  
10 rewrites it as a new section outside the intent section of  
11 Code chapter 25B. The rewritten section removes a qualifying  
12 phrase which limits the circumstances under which a political  
13 subdivision may still be required to carry out an unfunded  
14 state mandate. The rewritten section also strikes the  
15 exception for federal mandates and for mandates relating to  
16 public retirement systems.

17 The bill increases the regular program foundation base per  
18 pupil from 87.5 percent to 98.4 percent, beginning with the  
19 budget year commencing July 1, 2004, to offset the increase in  
20 school property taxes due to the changed method of assessment.

21 The bill provides that, beginning with the fiscal year  
22 beginning July 1, 2004, a school district cannot levy property  
23 tax in excess of .5 percent of the taxable value of  
24 residential and agricultural property and 1 percent of  
25 commercial or industrial property. The bill also provides  
26 that school district property taxes by class cannot increase  
27 by more than the consumer price index for the preceding 12  
28 months.

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

33 The bill provides that the revenues from school district  
34 property taxes imposed in an urban renewal area that is  
35 utilizing tax increment financing shall not be paid to the

1 municipality implementing the urban renewal plan, but shall be  
2 paid to the school district imposing the taxes unless the  
3 school district revenue is needed to pay indebtedness for the  
4 urban renewal area incurred before July 1, 2003. The  
5 municipality must have certified for the school revenue by  
6 July 1, 2003. The amount certified is to be paid to the  
7 municipality by November 1 and May 1 following certification.

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

13 The bill limits the pollution-control property tax  
14 exemption for agricultural land owners to \$100,000 of value  
15 and it may only be claimed if the pollution-control property  
16 is on agricultural land eligible for the family farm tax  
17 credit.

18 The bill removes the square footage tax on mobile homes and  
19 manufactured homes and replaces it with the ad valorem tax  
20 imposed on other residences. The bill provides that real  
21 estate of a mobile home park or land-leased community shall be  
22 assessed and taxed as improved residential property.

23 The bill removes the property tax assessment limitations on  
24 residential, commercial, industrial, and agricultural property  
25 and requires that all such property be valued at its fair  
26 market value. The bill provides a reduction from actual value  
27 of 50 percent up to a maximum of \$50,000 per farm unit. "Farm  
28 unit" is defined in the bill. The bill also provides a  
29 reduction from actual value of 50 percent up to a maximum of  
30 \$20,000 for improved residential property and 50 percent up to  
31 a maximum of \$25,000 for improved commercial and improved  
32 industrial property.

33 The bill makes conforming amendments to sections pertaining  
34 to valuation of property in an urban renewal area and  
35 valuation of property owned by telegraph and telephone

1 companies, express companies, and electric cooperatives.

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

6 The bill provides that, beginning with the fiscal year  
7 beginning in 2004, a county cannot levy property taxes in  
8 excess of the following percentages:

9 For residential property and agricultural property in the  
10 unincorporated area, three-fourths of 1 percent of the taxable  
11 value.

12 For commercial and industrial property in the  
13 unincorporated area, 2 percent. The 2 percent is lowered for  
14 successive years until it reaches 1 and one-half percent.

15 For residential property in the incorporated area, three-  
16 eighths of 1 percent.

17 For agricultural property in the incorporated area, one-  
18 half of 1 percent.

19 For commercial and industrial property in the incorporated  
20 area, 1 percent. The 1 percent is lowered for successive  
21 years until it reaches three-fourths of 1 percent.

22 The bill also provides that, beginning with the fiscal year  
23 beginning in 2004, a city cannot levy property taxes in excess  
24 of 1 percent of the taxable value of residential property and  
25 agricultural property, and 2 percent for commercial and  
26 industrial property. The 2 percent is lowered for successive  
27 years until it reaches 1 and one-half percent.

28 The bill also provides that city or county property taxes  
29 by class cannot increase by more than the consumer price index  
30 for the preceding 12 months.

31 The bill lowers the amount of interest that can be charged  
32 against delinquent property taxes. The interest rate is  
33 changed from 1 and one-half percent to three-fourths of 1  
34 percent before tax sale. The interest rate is changed from 2  
35 percent to 1 percent after the delinquent taxes are sold at

1 tax sale.

2 The bill repeals the homestead property tax credit, the  
3 family farm property tax credit, and the agricultural land  
4 property tax credit. The bill makes conforming amendments  
5 pertaining to these repeals.

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

8 The section of the bill amending Code section 403.19 on tax  
9 increment financing applies to taxes due and payable in fiscal  
10 years beginning on or after July 1, 2003. The sections of the  
11 bill repealing the homestead tax credit, the family farm tax  
12 credit, and the agricultural land tax credit apply to taxes  
13 due and payable in fiscal years beginning on or after July 1,  
14 2004.

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