

CHAPTER 11
TAX CERTIFICATION OF POLLUTION CONTROL OR RECYCLING PROPERTY

[Prior Rules on the subject, DEQ Chs 12 and 23]

[Prior to 12/3/86, Water, Air and Waste Management[900]]

[Prior to 10/19/88, Environmental Protection Commission 567—Ch 8]

567—11.1(427) Scope. This chapter applies to persons who request certification by the department pursuant to Iowa Code Supplement section 427.1(19) that property is air or water pollution control or recycling property.

567—11.2(427,17A) Form. A complete Form 54-064, which is available through the local county assessor, the department of revenue, or this department, must be submitted in order to request certification under this chapter. In completing the form, the applicant may adopt by reference any pertinent information contained in an application for a permit submitted to the department.

567—11.3(427) Time of submission. A request may be submitted at any time. Taxpayers are reminded that failure to dispatch a request sufficiently in advance of the February 1 deadline for filing with the assessing authority may cause the applicant to fail to qualify for the first possible annual exemption.

567—11.4(427) Notice. The department shall notify the taxpayer of the decision within ten days of receipt of a complete request. The notice shall include either the certificate if the decision is to certify the property as requested, or a concise statement of reasons for denial if the decision is to deny the request or to certify a lesser portion of the property than requested. The determination of the department to deny or grant only a portion of the request may be appealed to the commission pursuant to 567—Chapter 7.

567—11.5(427) Issuance. Upon the decision of the department or the commission on appeal to certify all or any portion of the property for which a request has been made, two copies of the certificate will be signed by the director or designee and mailed to the taxpayer. The certificate shall describe the property certified and state the date on which the department certified the property.

567—11.6(427) Criteria for determining eligibility.

11.6(1) General. Property which has been installed and is used primarily to meet an effluent standard, a water quality standard, an emission standard or to control hydrocarbons, fugitive dust, odors or other air contaminants in a reasonably adequate manner shall be considered to be used primarily to control or abate pollution of water or air of the state. Property which has been installed to meet a standard more stringent than an emission or water quality standard shall be considered to be used primarily to enhance the quality of the water or air of this state. Personal property or improvements to real property as defined by Iowa Code section 427A.1 or any portion of the property used primarily in the manufacturing process and resulting directly in the conversion of waste plastic, wastepaper products, waste paperboard, waste glass, or waste wood into new raw materials or products composed primarily of recycled material shall be considered recycling property. Each request will be considered in the context of its particular circumstances.

In the event that such property also serves other purposes or uses of productive benefit to the owner of the property, only such portion of the assessed valuation thereof as may reasonably be calculated to be necessary for and devoted to the control or abatement of pollution, to the enhancement of the quality of the air or water of this state, or for recycling shall be exempt from taxation.

11.6(2) Denial. Property may be denied certification if it is not being operated in compliance with the rules of the department so as to effectively control or abate pollution or enhance the quality of the air or water of the state, or recycle property into new raw materials or products composed primarily of recycled material. Property which was constructed or installed without permits required from the department will be denied certification unless and until such time as the property has received after-the-fact approval from the department.

11.6(3) Examples. The following examples are illustrative and not determinative:

a. Air - normally considered eligible.

- (1) Inertial separators (cyclones, etc.).
- (2) Wet collection devices (scrubbers).
- (3) Electrostatic precipitators.
- (4) Cloth filter collectors (baghouses).
- (5) Direct fired afterburners.
- (6) Catalytic afterburners.
- (7) Gas adsorption equipment.
- (8) Gas absorption equipment.
- (9) Vapor condensers.
- (10) Vapor recovery system.
- (11) Floating roofs for storage tanks.
- (12) Controlled flare stacks.
- (13) Fugitive dust controls (such as enclosures or spray systems).
- (14) Standby systems and spare parts such as cloth dust collector bags, nozzles and minor spare parts, required for the continuous operation of other pollution control property.
- (15) Combinations of the above.

(16) Sampling or monitoring equipment for air contaminants for which there are standards where such equipment is owned and operated by the owner of the source of air contaminants, and the results from the use of such equipment are submitted to the department.

b. Air - normally considered ineligible.

- (1) Land purchased or held as a site for pollution control property.
- (2) Property which is constructed or installed in order to circumvent the rules of the department.
- (3) Incinerators, provided that features added to or incorporated in incinerators for pollution control may be eligible.
- (4) Solid waste compactors used in place of incinerators or open burning.
- (5) Replacement boilers or changeovers in fuels unless made in compliance with an emissions reduction program approved by the department and unless in compliance with a schedule approved by the Environmental Protection Agency.
- (6) Consumable or process materials (e.g., in low sulfur coal purchased to replace higher sulfur content coal, or chemicals used in treatment).
- (7) Process changes even if the taxpayer utilizes a process known to be "cleaner" than the previous process (e.g., replacing a cupola with an electric induction furnace, since both methods are used primarily for the production of iron and not for air pollution control).
- (8) Property installed for the protection of employees from air contaminants inside commercial and industrial plants, works or shops under the jurisdiction of Iowa Code chapters 88 and 91.

c. Water - normally considered eligible.

- (1) Pretreatment facilities such as those which neutralize or stabilize sewage, industrial waste or other waste from a point immediately preceding the point of such treatment, including necessary pumping and transmitting facilities.
- (2) Treatment facilities such as those which neutralize or stabilize sewage, industrial waste or other waste from a point immediately preceding the point of such treatment to a point of disposal, including the necessary pumping and transmitting facilities.
- (3) Improvements to real property, e.g., ancillary devices and facilities such as lagoons, ponds and structures for the storage or treatment of sewage, industrial waste or other waste from a plant or other property.
- (4) Standby systems or spare parts which are required for the continuous operation of other pollution control property.
- (5) Property which exclusively conveys or transports accumulated sewage, industrial waste or other recovered materials as an integral part of the control operation.
- (6) A building which performs no function other than housing or sheltering other pollution control property.

(7) Sampling or monitoring equipment for water pollutants for which there are standards where such equipment is owned and operated by the owner of the source of water pollutants, and the results from the use of such equipment are submitted to the department.

(8) Property which dissipates heat (e.g., cooling towers).

d. Water - normally considered ineligible.

(1) Land purchased or held as a site for pollution control property or for land disposal of waste material.

(2) Property which merely dilutes sewage, industrial waste, or other waste (including heat) unless required by the department.

(3) Consumable or process materials (e.g., chemicals used in treatment).

(4) Licensed motor vehicles used to transport accumulated sewage, industrial waste, other waste or recovered materials.

e. Recycling - normally considered eligible. Property used in the conversion of waste plastic, wastepaper products, waste paperboard, waste glass, or waste wood into a raw material meeting industry specifications for use by a manufacturer of a recycled product including, but not limited to:

(1) Property used to sort and prepare wastepaper products or waste paperboard to paper mill industry specifications.

(2) Property used to sort and prepare wastepaper products or waste paperboard to cellulose insulation industry specifications.

(3) Property used to sort and prepare wastepaper products or waste paperboard to animal bedding industry specifications.

(4) Property used to sort and prepare wastepaper products or waste paperboard to packaging industry specifications.

(5) Property used to sort and prepare waste plastic to plastic industry specifications (e.g., extrusion, injection, blow) without additional required changes to the size or shape of the plastic before the plastic enters the manufacturing process.

(6) Property used to sort and prepare waste wood to industry specifications for products such as oriented-strand board, medium-density fiberboard, finger-jointed lumber, furniture, animal bedding, mulch, bulking material for the composting process, or fuel.

(7) Property used to sort and prepare waste glass to glass industry end-market specifications (e.g., container manufacturing, fiberglass manufacturing, abrasives, aggregate) without additional required changes to the size or shape of the glass before the glass enters the manufacturing process.

f. Recycling - normally considered ineligible. Property used in the processing or conversion of recyclable material into a form that does not meet industry specifications for use by a manufacturer (e.g., raw material sent to another processor for additional refinement or processing such as sorting, baling, shredding, grinding, crushing, densifying, or pelletizing).

These rules are intended to implement Iowa Code section 427.1.

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