

REVENUE DEPARTMENT[701]

Regulatory Analysis

Notice of Intended Action to be published: 701—Chapter 110
“Property Tax Credits and Exemptions”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 421.17(18), 427.1(38)“c,” and 427.1(40)“h”

State or federal law(s) implemented by the rulemaking: Iowa Code chapters 425, 425A, 426, 426A, 427C, and 441 and section 427.1

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 18, 2026
2 to 3 p.m.

Via videoconference call:
meet.google.com/egs-ucjg-frv

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Revenue no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

The purpose of this proposed rulemaking is to rescind and readopt Chapter 110. This chapter contains an overview of the different property tax credits and exemptions available to property owners in the State. The Department proposes revisions to remove portions of the rules that the Department determined are obsolete, unnecessary, or duplicative of statutory language as required by Executive Order 10. Further, the Department proposes revisions to the chapter to add clarity and better organization to aid the public’s understanding of property tax credits and exemptions.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

• Classes of persons that will bear the costs of the proposed rulemaking:

There are no costs associated with this rulemaking beyond those contained in statute.

• Classes of persons that will benefit from the proposed rulemaking:

Taxpayers will benefit from a greater understanding of when their property qualifies for a tax credit or exemption, as well as how to apply and receive the credit or exemption. Local governments will benefit from a greater understanding of how to apply tax credits and exemptions to properties in their jurisdiction.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- **Quantitative description of impact:**

There is no economic impact associated with this rulemaking beyond what is contained in statute.

- **Qualitative description of impact:**

The qualitative benefits of this rulemaking beyond what is already provided in statute is the value of having a clear understanding of property tax credits and exemptions offered in the State in order to ensure that taxpayers know how to qualify and local jurisdictions know how to apply the credit or exemption.

3. Costs to the State:

- **Implementation and enforcement costs borne by the agency or any other agency:**

There are no costs to the State beyond what is already required to administer the relevant statutes.

- **Anticipated effect on State revenues:**

A greater understanding of property tax credits and exemptions will ensure that the correct amount of property taxes are collected.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The cost of inaction would be potential confusion about the application of property tax credits and exemptions, which could lead to a property owner failing to receive an exemption or credit they are otherwise qualified for. There is no cost associated with this rulemaking.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

This rulemaking is not costly or intrusive.

6. Alternative methods considered by the agency:

- **Description of any alternative methods that were seriously considered by the agency:**

The Department did not consider any alternative methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Failing to have this rulemaking would lead to greater confusion about the application of property tax credits and exemptions and could lead to taxpayers paying more in property tax than they should. The chapter was updated to remove outdated and duplicative language.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This rulemaking does not have a special impact on small business. A small business that qualifies for a property tax credit or exemption will benefit from a clear understanding of the application of the credits and exemptions.

Text of Proposed Rulemaking

ITEM 1. Rescind 701—Chapter 110 and adopt the following **new** chapter in lieu thereof:

CHAPTER 110
PROPERTY TAX CREDITS AND EXEMPTIONS

701—110.1(425) Homestead tax credit and exemptions.

110.1(1) *Homestead tax exemption.*

a. Beginning with assessment year 2026, the homestead tax credit is replaced with a homestead exemption. The homestead exemption is equal to 10 percent of the taxable value of the homestead but not less than \$5,500 or more than \$20,000 in the first year of the exemption.

b. The maximum assessment amount will be adjusted annually as described in Iowa Code section 425.1A. The department will publish the maximum amount annually.

110.1(2) *Exemption for individuals 65 and older.*

a. A \$6,500 homestead exemption may be claimed by claimants who qualify for the homestead tax credit or exemption and have reached the age of 65 years or older by January 1 of the assessment year.

b. Claimants who received the homestead credit and met the age requirement on or before May 4, 2023, shall receive the exemption for claimants aged 65 and older without further filing if the assessor has appropriate information to verify eligibility. Claimants receiving the homestead credit or exemption who meet the age requirement in successive years will need to refile in order to receive the exemption.

EXAMPLE 1: A claimant who is 60 years of age applies for and is awarded the homestead exemption. Once the claimant has reached the age of 65, the claimant must reapply in order to receive the homestead exemption for claimants aged 65 and older.

EXAMPLE 2: A husband and wife apply for and are awarded the 10 percent homestead exemption. The husband is 66 years old, and the wife is 62. The husband applies for and receives the homestead exemption for claimants aged 65 and older. He dies when he is 68 years old. The wife will continue to receive the homestead exemption as a surviving spouse occupying the homestead but would not receive the homestead exemption for claimants aged 65 and older because she is 64.

EXAMPLE 3: Same facts as Example 2, except both spouses are above age 65. Since the husband was the one who applied for and received the homestead exemption for claimants aged 65 and older, the wife will need to reapply in order to receive the exemption.

110.1(3) *Disabled veteran property tax credit.*

a. Qualification for credit. The disabled veteran tax credit may be claimed by a qualifying owner as defined in Iowa Code section 425.1(2) “*b*” as amended by 2026 Iowa Acts, Senate File 2472.

b. Under honorable conditions. A veteran, as defined in Iowa Code section 35.1, may qualify for the disabled veteran tax credit. In addition to the other requirements under Iowa Code section 35.1, to qualify as a veteran under Iowa Code section 35.1, an individual must have been discharged under honorable conditions from the armed forces of the United States, the reserve forces of the United States, the Iowa national guard, or the merchant marines. For purposes of benefits granted under Iowa Code section 425.15 and this rule, “under honorable conditions” means that the character of an enlisted member’s discharge from the armed forces of the United States, the reserve forces of the United States, the Iowa national guard, or the merchant marines was “honorable” or “general (under honorable conditions).” “Under honorable conditions” does not include any other character of discharge, including but not limited to:

(1) Under other than honorable conditions;

- (2) Dishonorable;
- (3) Bad conduct;
- (4) Uncharacterized; or
- (5) A similar expression indicating that the discharge or release was not under honorable circumstances.

c. Application for credit. A valid application for the disabled veteran tax credit is subject to all of the following requirements:

- (1) The application must be accompanied by the Homestead Tax Exemption Form (54-028).
- (2) An application for the disabled veteran tax credit must be filed with the local assessor on or before July 1 of the assessment year. Any supporting documentation required by the assessor as evidence of a veteran's service-connected disability status or rating must be current within the previous 12 months of the date on which the application is filed.
- (3) For persons applying for the disabled veteran tax credit under Iowa Code section 425.1(2) "b" (1)(a), (b), and (c), a DD-214 (Certificate of Release or Discharge from Active Duty), or an equivalent document indicating the veteran's type of separation and character of service, is required with an application for the credit to verify that the applicant meets the requirements of Iowa Code sections 425.1 and 35.1.
- (4) For persons applying for the disabled veteran tax credit under Iowa Code section 425.1(2) "b" (1)(b) and (c), a U.S. Department of Veterans Affairs Benefit Summary Letter (also known as a Veterans Affairs award letter) stating the veteran's qualifying service-connected disability rating(s) is required with an application for the disabled veteran tax credit as certification of the veteran's service-connected disability by the U.S. Department of Veterans Affairs. Where a veteran seeks eligibility as a result of a permanent and total disability rating based on individual unemployability, the Benefit Summary Letter must also indicate that the veteran is entitled to individual unemployability that is compensated at the 100 percent disability rate.

d. Multiple discharges. A person who has received a nonqualifying character of discharge may still qualify for the disabled veteran tax credit if it is established through the required documents under paragraph 110.1(3) "c" that the person has a service-connected disability that is related to the person's service in the armed forces of the United States for which the person was discharged under honorable conditions, and the other requirements of Iowa Code section 425.1 and this rule are also met. In such a case, in addition to a DD-214, the applicant must include a DD-256 (Certificate of Honorable Discharge), a DD-257 (General Discharge Certificate), or an equivalent document from the relevant time of service with the application for the disabled veteran tax credit. The applicant's Benefit Summary Letter must also indicate the applicant's periods of service and each character of discharge.

e. Amount of credit. The amount of the credit is equal to the entire amount of tax payable on the homestead. For applications received on or after July 1, 2026, the homestead does not include appurtenances and is limited to one-half acre.

f. Surviving spouse and child eligibility. A surviving spouse or child can receive the disabled veteran tax credit if they fall under one of the following circumstances. If an owner or beneficiary of an owner ceases to qualify for the credit, the owner or beneficiary must notify the assessor of the termination of eligibility.

(1) The credit is continued to the surviving spouse and any child, as defined in Iowa Code section 234.1, if they are the beneficiaries of a deceased owner as long as the surviving spouse remains unmarried.

(2) A surviving spouse or a child and who is receiving dependency and indemnity compensation (DIC), as certified by the United States Department of Veterans Affairs, is eligible for the credit. If the surviving spouse changes homesteads, or the homestead did not receive the credit during the qualified veteran's life, the surviving spouse will need to provide a current DIC or compensation and pension death (CPD) letter to receive the tax credit. A surviving spouse who receives DIC payments is eligible for the credit even upon remarriage.

110.1(4) Eligibility for credit or exemption.

a. Ownership. In order to qualify for the homestead credit or exemption, an individual must be an owner as defined in Iowa Code section 425.11(1)“e.”

(1) If homestead property is owned jointly by persons who are not related or formerly related by blood, marriage or adoption, no homestead tax credit or exemption shall be allowed unless all the owners actually occupy the homestead property on July 1 of each year.

(2) No homestead tax credit or exemption shall be allowed if the homestead property is owned or listed and assessed to a corporation, partnership, company or any other business or nonbusiness organization. However, a family farm corporation as defined in Iowa Code section 9H.1 where a shareholder of the family farm corporation occupies a homestead as defined in Iowa Code section 425.11(1) may receive the homestead tax credit or exemption.

(3) A person acquiring homestead property under a contract of purchase remains eligible for a homestead tax credit or exemption even though such person has assigned equity in the homestead property as security for a loan.

(4) A person occupying homestead property pursuant to Iowa Code chapter 499A or 499B is eligible for a homestead tax credit or exemption.

(5) A person who has a life estate interest in homestead property shall be eligible for a homestead tax credit or exemption, provided the remainderman is related or formerly related to the life estate holder by blood, marriage or adoption or the reversionary interest is held by a nonprofit corporation organized under Iowa Code chapter 504.

(6) A person occupying homestead property under a trust agreement is considered the owner of the property for purposes of the homestead tax credit or exemption.

(7) A remainderman is not eligible to receive a homestead tax credit or exemption until expiration of the life estate to which such person has the remainder interest.

(8) In order for a person occupying homestead property under a contract of purchase to be eligible for a homestead tax credit or exemption, the contract of purchase must be recorded in the office of the county recorder where the property is located. A recorded memorandum or summary of the actual contract of purchase is not sufficient evidence of ownership to qualify a person for a homestead tax credit or exemption.

(9) A person owning a homestead dwelling pursuant to Iowa Code chapter 499B, or a person owning a homestead dwelling on land owned by a community land trust pursuant to 42 U.S.C. Section 12773, is eligible for the homestead tax credit or exemption, provided that such a person is liable for and pays property tax on the homestead.

(10) An heir occupying homestead property that is part of an estate in the process of administration is considered an owner of the property and is eligible for the homestead credit or exemption.

(11) A person occupying the homestead as a leasehold interest and who is liable for and pays property tax on the homestead is eligible for the homestead tax credit or exemption.

b. Eligible homestead. A homestead includes the dwelling house that an eligible owner occupies as a home on July 1 of the year for which the credit is claimed and occupies as a home for at least six months during the calendar year in which the fiscal year begins. The homestead exemption also applies to land up to one-half acre in a city or 40 acres not in a city and all appurtenances. For applications for the disabled veteran tax credit filed on or after July 1, 2026, the credit is limited to one-half acre of land and does not include appurtenances.

(1) Only one homestead tax credit or exemption can be allowed per legally described tract of land. For purposes of this rule, a legally described tract of land shall mean all land contained in a single legal description.

(2) A homestead tax credit or exemption may not be allowed upon a mobile home that is not assessed as real estate.

(3) An owner of homestead property who is in the military service or confined in a nursing home, extended-care facility or hospital shall be considered as occupying the property during the period of service or confinement. The fact that the owner rents the property during the period of

military service is immaterial to the granting of the homestead tax credit or exemption. However, no homestead tax credit or exemption shall be allowed if the owner received a profit for the use of the property from another person while such owner is confined in a nursing home, extended-care facility, or hospital.

(4) If the homestead property contains two dwelling houses and one of the dwelling houses and a portion of the land is sold after a valid application for homestead tax credit or exemption has been filed, the assessor shall prorate the assessment so as to allow the seller a homestead tax credit or exemption on that portion of the property that is retained and also allow the purchaser a homestead tax credit or exemption on that portion of the property that is purchased, provided the purchaser files a valid application for homestead tax credit or exemption by July 1 of the claim year.

(5) A homestead tax credit or exemption shall be allowed against the assessed value of the land on which a dwelling house did not exist as of January 1 of the year in which the credit or exemption is claimed provided a dwelling house is owned and occupied by the claimant on July 1 of that year.

(6) If the homestead property is conveyed to another person prior to July 1 of any year, the new owner must file a claim for credit or exemption on or before July 1 to obtain the credit or exemption for that year. If the property is conveyed on or after July 1, the credit, exemption, or both shall remain with the property for that year provided the previous owner was entitled to the credit. However, when the property is transferred as part of a distribution made pursuant to Iowa Code chapter 598, the transferee spouse retaining ownership and occupancy of the homestead is not required to refile for the credit.

110.1(5) *Application for credit or exemption.*

a. An application for the homestead tax exemption or disabled veteran tax credit must be signed by the owner of the property or the owner's qualified designee and filed with the city or county assessor on or before July 1 of the current assessment year. Once filed, the claim for credit or exemption is applicable to subsequent years and no further filing is required as long as the homestead is owned and occupied by the claimant or the claimant's spouse on July 1 of each year and for at least six months during each calendar year in which the fiscal year for which the credit or exemption is claimed begins. The six-month period of time does not need to be consecutive. If the credit or exemption is disallowed and the claimant fails to give written notice to the assessor that the claimant ceased to use the property as a homestead, a civil penalty equal to 5 percent of the amount of the disallowed credit will be assessed against the claimant in addition to the amount of credit allowed.

b. In the event July 1 falls on either a Saturday or Sunday, applications for the homestead tax credit or exemption may be filed the following Monday. Applications submitted by mail shall be accepted if postmarked on the following Monday.

c. In order to receive the disabled veteran tax credit, the applicant must file both the application for The Homestead Tax Exemption Form and the Disabled Veteran Homestead Property Tax Credit Form.

d. An assessor may not refuse to accept an application for homestead tax credit or exemption. If it is the opinion of the assessor that a homestead tax credit or exemption should not be allowed, the assessor shall accept the application and recommend disallowance.

e. If the owner of the homestead is on active duty in the armed forces of this state or of the United States, or is 65 years of age or older or is disabled, the application for homestead tax credit or exemption may be signed and delivered by a member of the owner's family or the owner's guardian, conservator or designated attorney-in-fact. For purposes of this rule, any person related to the owner by blood, marriage or adoption shall be considered a member of the owner's family.

f. If a person makes a false application for credit or exemption with fraudulent intent to obtain the credit or exemption, the person is guilty of a fraudulent practice and the claim shall be disallowed. If the credit has been paid, the amount of the credit plus a penalty equal to 25 percent of the amount of the disallowed credit and interest shall be collected by the county treasurer.

g. For purposes of the homestead tax exemption and credit, the occupancy of the homestead may constitute actual occupancy or constructive occupancy. However, more than one homestead

cannot be simultaneously occupied by the claimant and multiple simultaneous homestead tax credits are not allowable. Generally, a homestead is occupied by the claimant if the premises constitute the claimant's usual place of abode. Once the claimant's occupancy of the homestead is established, such occupancy is not lost merely because the claimant, for some valid reason, is temporarily absent from the homestead premises with an intention of returning.

h. A homestead tax credit or exemption may be allowed even though the property taxes levied against the homestead property have been suspended by the board of supervisors.

i. A homestead tax credit or exemption shall not be allowed if the property taxes levied against the homestead property have been canceled or remitted by the board of supervisors.

110.1(6) *Recipients of both credit and exemption—order of operations.* If a taxpayer is eligible for the 10 percent exemption under Iowa Code section 425.1A, the 65+ exemption under Iowa Code section 425.1A(1), and the military service exemption under Iowa Code chapter 426A, the 10 percent exemption will apply first, followed by the 65+ exemption, followed by the military service exemption. These exemptions are applied to the taxable value of the property. Any applicable credits would be applied to the tax amount.

This rule is intended to implement Iowa Code chapter 425.

701—110.2(22,35,426A) Military service tax exemption.

110.2(1) *Application for exemption.*

a. A claim filed after July 1 of any calendar year applies to the following assessment year.

b. In the event July 1 falls on either a Saturday or Sunday, applications for the military service tax exemption may be filed the following Monday, and applications submitted by mail shall be accepted if postmarked on the following Monday.

c. An assessor may not refuse to accept an application for a military service tax exemption. If it is the opinion of the assessor that a military service tax exemption should not be allowed, the assessor shall accept the application for exemption and recommend disallowance.

d. If the owner of the property is on active duty in the armed forces of this state or of the United States, or is 65 years of age or older or is disabled, the application for military service tax exemption may be signed and delivered by a member of the owner's family or the owner's guardian, conservator or designated attorney-in-fact. For purposes of this rule, any person related to the owner by blood, marriage or adoption shall be considered a member of the owner's family.

110.2(2) *Eligibility for exemption.*

a. A person who was discharged from the draft is not considered a veteran of the military service and is not entitled to a military service tax exemption.

b. A military service tax exemption shall not be allowed to a person whose only service in the military was with a foreign government.

c. If former members of the United States armed forces were on active duty for at least 18 months, it is not necessary that their service be performed during one of the war or conflict time periods. There is no minimum number of days a former member of the armed forces of the United States must have served on active duty if the service was performed during one of the war or conflict time periods, nor is there a minimum number of days a former member of the armed forces of the United States must have served on active duty if the person was honorably discharged because of a service-related injury sustained while on active duty.

d. Former and current members of the Iowa national guard and reserve forces of the United States need not have performed any active duty if they served at least 20 years. Otherwise, they must have been activated for federal duty, for purposes other than training, for a minimum of 90 days. It is not a requirement for a member of the Iowa national guard or a reservist to have performed service within a designated war or conflict time period.

e. With the exception of members of the Iowa national guard and members of the reserve forces of the United States who have served at least 20 years and continue to serve, a military service tax

exemption shall not be allowed unless the veteran has received a complete and final separation from active duty service.

f. As used in Iowa Code section 426A.12(1)“c,” the term minor child means a person less than 18 years of age or less than 21 years of age and enrolled as a full-time student at an educational institution.

g. A veteran of more than one qualifying war period is entitled to only one military service tax exemption.

h. The person claiming a military service tax exemption must be an Iowa resident. If the exemption is claimed by a qualified individual enumerated in Iowa Code section 426A.12, the veteran need not be an Iowa resident but the individual enumerated in Iowa Code section 426A.12 claiming the exemption must be an Iowa resident.

i. A person who has a life estate interest in property may claim a military service tax exemption on such property.

j. A remainder is not eligible to receive a military service tax exemption on property to which a remainder interest is held until expiration of the life estate.

k. A military service tax exemption shall not be allowed on a mobile home that is not assessed as real estate.

l. An annulled marriage is considered to have never taken place and the parties to such a marriage are restored to their former status. Neither party to an annulled marriage can thereafter be considered a spouse or surviving spouse of the other party for purposes of receiving the military service tax exemption.

m. No military service tax exemption shall be allowed on property that is owned by a corporation, partnership, company or any other business or nonbusiness organization. However, a family farm corporation may receive the military service tax exemption.

n. In the event both a husband and wife are qualified veterans, they may each claim their military service tax exemption on their jointly owned property. If property is solely owned by one spouse, the owner spouse may claim both exemptions on the property providing the nonowner spouse’s exemption is not claimed on other property.

o. No military service tax exemption shall be allowed if on July 1 of the claim year, the claimant or the claimant’s unmarried surviving spouse is no longer the owner of the property upon which the exemption was claimed.

p. A person shall not be denied a military service tax exemption even though the property upon which the exemption is claimed has been pledged to another person as security for a loan.

q. A qualified veteran who has conveyed property to a trustee shall be eligible to receive a military service tax exemption on such property providing the trust agreement gives the claimant a beneficial interest in the property.

r. A person owning property pursuant to Iowa Code chapter 499A or 499B is eligible for a military service tax exemption.

s. The person claiming the exemption shall have recorded in the office of the county recorder evidence of property ownership and either the military certificate of satisfactory service or, for a current member of the Iowa national guard or a member of the reserve forces of the United States, the veteran’s retirement points accounting statement issued by the armed forces of the United States or the state adjutant general. The military certificate of satisfactory service shall be considered a confidential record pursuant to Iowa Code section 22.7.

t. An heir of property that is part of an estate in the process of administration is considered an owner of the property and is eligible for the military exemption.

u. Former members who opted to serve five years in the reserve forces of the United States qualify if any portion of their enlistment would have occurred during the Korean Conflict (June 25, 1950, to January 31, 1955).

110.2(3) *Under honorable conditions.* A veteran, as defined in Iowa Code section 35.1, may qualify for the military service tax exemption. In addition to the other requirements under Iowa Code

section 35.1, to qualify as a veteran under Iowa Code section 35.1, an individual must have been discharged under honorable conditions from the armed forces of the United States, the reserve forces of the United States, the Iowa national guard, or the merchant marines. For purposes of benefits granted under Iowa Code chapter 426A and this rule, “under honorable conditions” means that the character of an enlisted member’s discharge from the armed forces of the United States, the reserve forces of the United States, the Iowa national guard, or the merchant marines was “honorable” or “general (under honorable conditions).” “Under honorable conditions” does not include any other character of discharge including but not limited to:

- (1) Under other than honorable conditions;
- (2) Dishonorable;
- (3) Bad conduct;
- (4) Uncharacterized; or
- (5) A similar expression indicating that the discharge or release was not under honorable circumstances.

110.2(4) Application of exemption.

a. When the owner of homestead property is also eligible for a military service tax exemption, the exemptions shall apply in the order described in subrule 110.1(5).

b. If a portion of the property upon which a valid military service tax exemption was claimed is sold on or before July 1 of the year in which the exemption is claimed, the seller shall be allowed a military service tax exemption on that portion of the property that is retained by the seller on July 1. The purchaser is also eligible to receive a military service tax exemption on that portion of the property that was purchased, provided the purchaser is qualified for the exemptions and files a valid application for the exemption on or before July 1 of the claim year.

c. A military service tax exemption may be allowed even though the taxes levied on the property upon which the exemption is claimed have been suspended by the board of supervisors.

d. A military service tax exemption shall not be allowed if the taxes levied on the property upon which the exemption is claimed have been canceled or remitted by the board of supervisors.

This rule is intended to implement Iowa Code sections 22.7, 35.1, and 35.2 and chapter 426A.

701—110.3(427) Pollution control and recycling property tax exemption.

110.3(1) An assessor may not refuse to accept an application for a pollution control exemption if timely filed and if the necessary certification has been obtained from the department of natural resources.

110.3(2) In the event February 1 falls on either a Saturday or Sunday, applications for the exemption may be filed the following Monday and applications submitted by mail shall be accepted if postmarked on the following Monday.

110.3(3) The sale, transfer, or lease of property does not affect its eligibility for exemption as long as the requirements of Iowa Code section 427.1(19) and rule 701—110.3(427) are satisfied.

110.3(4) In the event that qualified property is assessed as a unit with other property not having a pollution control or recycling function, the exemption shall be limited to the increase in the assessed valuation of the unit that is attributable to the pollution control or recycling property.

EXAMPLE

Valuation of unit with pollution control or recycling property	\$100,000
Valuation of unit without pollution control or recycling property	<u>50,000</u>
Allowable amount of exemption	\$ 50,000

110.3(5) The value of property to be exempt from taxation shall be the fair and reasonable market value of such property as of January 1 of each year for which the exemption is claimed, rather than the original cost of such property.

This rule is intended to implement Iowa Code section 427.1(19).

701—110.4(427) Low-rent housing for the elderly and persons with disabilities.

110.4(1) Definitions. The terms used in Iowa Code section 427.1(21) have the following definitions:

“Elderly” means any person at least 62 years of age.

“Low-rent housing” means housing the rent for which is less than that being received or that could be received for similar properties on the open market in the same assessing jurisdiction. Federal rent subsidies received by the occupant shall be excluded in determining whether the rental fee charged meets this definition.

“Nonprofit organization” means an organization, no part of the net income of which is distributable to its members, directors or officers.

“Persons with physical or mental disabilities” means a person whose physical or mental condition is such that the person is unable to engage in substantial gainful employment.

110.4(2) The exemption granted in Iowa Code section 427.1(21) extends only to property that is owned and operated, or controlled, by a nonprofit organization recognized as such by the Internal Revenue Service. Property owned and operated, or controlled, by a private person is not eligible for exemption under Iowa Code section 427.1(21).

110.4(3) The income of persons living in housing eligible for exemption under Iowa Code section 427.1(21) shall not be considered in determining the property’s taxable status.

110.4(4) An organization seeking an exemption under Iowa Code section 427.1(21) shall file a statement with the local assessor pursuant to Iowa Code section 427.1(14).

110.4(5) This exemption for refinanced projects applies to those projects refinanced on or after January 1, 2005.

110.4(6) In complying with the requirements of Iowa Code section 427.1(14), the provisions of rule 701—101.2(437A,437B) shall apply.

110.4(7) In determining the taxable status of property for which an exemption is claimed under Iowa Code section 427.1(21), the appropriate assessor shall follow rules 701—101.1(437A,437B) through 701—101.3(437A,437B).

110.4(8) If a portion of a structure is used to provide low-rent housing units to elderly persons and persons with disabilities and the other portion is used to provide housing to persons who are not elderly or disabled, the exemption for the property on which the structure is located shall be limited to that portion of the structure used to provide housing to the elderly and disabled. Vacant units and projects under construction that are designated for use to provide housing to elderly and disabled persons shall be considered as being used to provide housing to elderly and disabled persons. The valuation exempted shall bear the same relationship to the total value of the property as the area of the structure used to provide low-rent housing for the elderly and persons with disabilities bears to the total area of the structure unless a better method for determining the exempt valuation is available. The valuation of the land shall be exempted in the same proportion.

110.4(9) The property tax exemption provided in Iowa Code section 427.1(21) shall be based upon occupancy by elderly or persons with disabilities as of July 1 of the assessment year. However, nothing in this subrule shall prevent the taxation of such property in accordance with the provisions of Iowa Code section 427.19.

This rule is intended to implement Iowa Code section 427.1(14) and 427.1(21).

701—110.5(427) Speculative shell buildings.

110.5(1) *Authority of city council and board of supervisors.* A city council or county board of supervisors may enact an ordinance granting property tax exemptions for value added as a result of new construction of speculative shell buildings or additions to existing buildings or structures, or may exempt the value of an existing building or structure being reconstructed or renovated and the value of the land on which the building or structure is located, if the reconstruction or renovation constitutes complete replacement or refitting of an existing building or structure owned by community development organizations, not-for-profit cooperative associations under Iowa Code chapter 499A,

or for-profit entities. More information for definitions can be found in Iowa Code section 427.1(27). The value added exemption for new construction includes reconstruction and renovation constituting complete replacement or refitting of existing buildings and structures if the reconstruction or renovation is required due to economic obsolescence, or to implement industry standards in order to competitively manufacture or process products, or to market a building or structure as a speculative shell building. The exemption for reconstruction or renovation not constituting new construction does not have to meet these requirements but has to meet only the requirements set forth in the definition of a speculative shell building. The council or board in the ordinance authorizing the exemption shall specify if the exemption will be allowed to community development organizations, not-for-profit cooperative associations under Iowa Code chapter 499B, or for-profit entities, and the length of time the exemption is to be allowed.

110.5(2) *Eligibility for exemption.* The value added by new construction, reconstruction, or renovation and first assessed prior to January 1 of the calendar year in which an ordinance authorizing a tax exemption becomes effective is not eligible for exemption. However, the value added as of January 1 of the calendar year in which the ordinance becomes effective is eligible for exemption if the ordinance is in effect on February 1 of that calendar year. This subrule does not apply to new construction projects having received prior approval. For reconstruction and renovation projects not constituting new construction, the ordinance authorizing the exemption must be in effect by February 1 of the year the project commences for the exemption to be allowable in the subsequent assessment year.

110.5(3) *Application for exemption.*

a. A community development organization, not-for-profit cooperative association, or for-profit entity must file an application for exemption with the assessor between January 1 and February 1, inclusive, of the year in which the value added for new construction is first assessed for the exemption to be allowable for that assessment year. For reconstruction and renovation projects not constituting new construction, an application for exemption must be filed by February 1 of the assessment year in which the project commences for the exemption to be allowable the following assessment year. If approved, no application for exemption is required to be filed in subsequent years for the value added exemption or the reconstruction or renovation exemption not constituting new construction. An application cannot be filed if a valid ordinance has not been enacted. If an application is not filed by February 1 of the year in which the value added for new construction is first assessed, the organization, association, or entity cannot receive, in subsequent years, the exemption for that value added. However, if the organization, association, or entity has received prior approval, the application must be filed by February 1 of the year in which the total value added for the new construction is first assessed.

b. If February 1 falls on either a Saturday or Sunday, applications for exemption may be filed the following Monday, and applications submitted by mail will be accepted if postmarked the following Monday.

110.5(4) *Prior approval.* To obtain prior approval for a project, the proposal of the organization, association, or entity must be approved by a specific ordinance addressing the proposal and passed by the city council or board of supervisors. The original ordinance providing for the exemption does not constitute the granting of prior approval for a project. If an organization, association, or entity has obtained a prior approval ordinance from a city council or board of supervisors, the exemption for new construction cannot be obtained until the year in which all value added for the completed project is first assessed. Reconstruction and renovation projects constituting new construction must receive prior approval to qualify for exemption. Reconstruction and renovation projects that do not constitute new construction need not receive prior approval.

110.5(5) *Termination of exemption.* The exemption continues until the property is leased or sold, the time period for the exemption specified in the ordinance elapses, or the exemption is terminated by ordinance of the city council or board of supervisors. If the ordinance authorizing the exemption is repealed, all existing exemptions continue until their expiration and any projects having received prior

approval for exemption for new construction are to be granted an exemption upon completion of the project. If the shell building or any portion of the shell building is leased or sold, the exemption for new construction shall not be allowed on that portion of the shell building leased or sold in subsequent years. If the shell building or any portion of the shell building is leased or sold, the exemption for reconstruction or renovation not constituting new construction shall not be allowed on that portion of the shell building leased or sold and a proportionate share of the land on which the shell building is located in subsequent years.

This rule is intended to implement Iowa Code section 427.1(27).

701—110.6(427B) Industrial property tax exemption.

110.6(1) Definitions. For purposes of this rule:

“Distribution center” means the same as defined in Iowa Code section 427B.1(1) *“a.”*

“Owner-operated cattle facility” means a building or structure used primarily in the raising of cattle and that is operated by the person owning the facility.

“Qualifying property” means property classified and assessed as real estate pursuant to 701—subrule 102.1(6), warehouses and distribution centers, research service facilities, and owner-operated cattle facilities.

“Research service facility” means the same as defined in Iowa Code section 427B.1(1) *“c.”*

“Warehouse” means the same as defined in Iowa Code section 427B.1(1) *“d.”*

110.6(2) Authority of city council and board of supervisors. A partial exemption ordinance enacted pursuant to Iowa Code section 427B.1 shall be available to all qualifying property. A city council or county board of supervisors does not have the authority to enact an ordinance granting a partial exemption to only certain qualifying properties.

110.6(3) Prior approval. Only upon enactment of a partial property tax exemption ordinance in accordance with Iowa Code section 427B.1 may a city council or board of supervisors enact a prior approval ordinance for pending individual projects in accordance with Iowa Code section 427B.4. To obtain prior approval for a project, a property owner’s proposal must be approved by a specific ordinance addressing the proposal and passed by the city council or board of supervisors. The original ordinance providing for the partial exemption does not constitute the granting of prior approval for a project. Also, prior approval for a project can only be granted by ordinance of the city council or board of supervisors; an official or representative of a city or county does not have the independent authority to grant prior approval for a project. If a taxpayer has obtained a prior approval ordinance from a city council or board of supervisors, the partial exemption cannot be obtained until the year in which all value added for the project is first assessed.

110.6(4) Repeal of ordinance. A new construction project having received prior approval for exemption in accordance with subrule 110.6(2) shall be granted such exemption upon completion of the project even if the city council or board of supervisors subsequently repeals the ordinance passed in accordance with Iowa Code section 427B.1.

110.6(5) Annexation of property previously granted exemption. A partial property tax exemption that has been granted and is in existence shall not be discontinued or disallowed in the event that the property upon which such exemption has been previously granted is located in an area that is subsequently annexed by a city or becomes subject to the jurisdiction of a county in which an ordinance has not been passed by the city council or county board of supervisors allowing such exemptions within that jurisdiction. The existing exemption shall continue until its expiration.

110.6(6) Eligibility for exemption.

a. The value added by new construction or reconstruction and first assessed prior to January 1 of the calendar year in which an ordinance authorizing a partial property tax exemption becomes effective, and new machinery and equipment assessed as real estate acquired and utilized prior to January 1 of the calendar year in which the ordinance or resolution becomes effective, are not eligible for exemption. However, the value added as of January 1 of the calendar year in which the ordinance

becomes effective is eligible for exemption if the ordinance is in effect prior to February 1 of that calendar year and if all other eligibility and application requirements are satisfied.

EXAMPLE 1: A \$1,000,000 new construction project on qualifying property is begun in July 1984. \$500,000 in value of the partially completed project is completed in 1984 and first assessed as of January 1, 1985. The project is completed in 1985 adding an additional value of \$500,000, which is first assessed as of January 1, 1986, bringing the total assessed value of the completed project to \$1,000,000 as of the January 1, 1986, assessment.

A city ordinance authorizing the partial exemption program is passed and becomes effective January 15, 1987. This project is not eligible for a property tax exemption for any value added as a result of the new construction project.

EXAMPLE 2: Assuming the same factual situation as in Example 1, except that the ordinance authorizing the partial exemption program becomes effective on January 15, 1986, the \$500,000 in assessed value added as of the January 1, 1986, assessment is eligible for the partial exemption if an application is filed with the assessor between January 1 and February 1, 1986, inclusive.

EXAMPLE 3: Assuming the same factual situation as in Example 1, except that the ordinance authorizing the partial exemption program becomes effective on February 15, 1986. Since the statutory application filing deadline is February 1, no value added and first assessed as of January 1, 1986, is eligible for a partial exemption. The project in this example would receive no exemption for any value added as a result of the new construction.

This subrule does not apply to new construction projects having received prior approval in accordance with subrule 110.6(3).

b. New machinery and equipment assessed as real estate shall be eligible for partial exemption only if used primarily in the manufacturing process. For example, computer equipment used primarily to maintain payroll records would not be eligible for exemption, whereas computer equipment utilized primarily to control or monitor actual product assembly would be eligible.

c. If any other property tax exemption is granted for the same assessment year for all or any of the property that has been granted a partial exemption, the partial property tax exemption shall be disallowed for the year in which the other exemption is actually received.

d. Only qualifying property is eligible to receive the partial property tax exemption.

e. A taxpayer cannot receive the partial property tax exemption for industrial machinery or equipment if the machinery or equipment was previously assessed in the state of Iowa. Industrial machinery and equipment previously used in another state may qualify for the partial exemption if all criteria for receiving the partial exemption are satisfied.

f. Industrial machinery and equipment is eligible to receive the partial property tax exemption if it changes the existing operational status other than by merely maintaining or expanding the existing operational status. This rule applies whether the machinery and equipment is placed in a new building, an existing building, or a reconstructed building. If new machinery is used to produce an existing product more efficiently or to produce merely a more advanced version of the existing product, the existing operational status would only be maintained or expanded and the machinery would not be eligible for the exemption. However, if the new machinery produces a product distinctly different from that currently produced, the existing operational status has been changed.

110.6(7) Application for exemption.

a. An eligible property owner shall file an application for exemption with the assessor between January 1 and February 1, inclusive, of the year for which the value added is first assessed for tax purposes. The amount of “actual value added” shall be the difference between the assessed value of the property on January 1 of the year value is added to the property and the assessed value of the property the following assessment year. An application cannot be filed if a valid ordinance has not been enacted in accordance with Iowa Code section 427B.1. If an application is not filed by February 1 of the year for which the value added is first assessed, the taxpayer cannot receive in subsequent years the partial exemption for that value added. However, if a taxpayer has received prior approval in accordance with Iowa Code section 427B.4 and subrule 110.6(2), the application is to be filed by

no later than February 1 of the year for which the total value added is first assessed as the approved completed project.

b. In the event that February 1 falls on either a Saturday or Sunday, applications for the industrial property tax exemption may be filed the following Monday and applications submitted by mail will be accepted if postmarked the following Monday.

110.6(8) *Change in use of property.* If property ceases to be used as qualifying property, no partial exemption shall be allowed as of January 1 of the year following the calendar year in which the change in use takes place or for subsequent years. If property under construction ceases to be constructed for use as qualifying property, no partial exemption shall be allowed as of January 1 of the year following the calendar year in which this cessation occurs. However, such a change in the use of the property does not affect the validity of any partial exemption received for the property while it was used or under construction as qualifying property.

This rule is intended to implement Iowa Code sections 427B.1 through 427B.7.

701—110.7(404) Urban revitalization partial exemption.

110.7(1) *Area designated.* An area containing only one building or structure cannot be designated as an urban revitalization area.

110.7(2) *Prior approval.* To obtain prior approval for a project, a property owner's proposal must be approved by a specific resolution addressing the proposal and passed by the city council or county board of supervisors. The original ordinance providing for the urban revitalization area does not constitute the granting of prior approval for any particular project. Prior approval for a project can only be granted by resolution of the city council or county board of supervisors; an official or representative of a city or county does not have the independent authority to grant prior approval for a project.

110.7(3) *Eligibility for exemption.* Improvements made as a result of a project begun more than one year prior to a city's or county's adoption of an urban revitalization ordinance are not eligible to receive the partial exemption even though some of the improvements are added during the time the area was designated as an urban revitalization area. For a project commenced within one year prior to the adoption of an urban revitalization ordinance, the partial exemption can be allowed only for those improvements constructed on or after the effective date of the ordinance.

110.7(4) *Minimum value added.* Once the minimum value added required by Iowa Code section 404.3(8) has been assessed, any amount of additional value added to the property in subsequent years is eligible for the partial exemption. The value added subject to partial exemption for the first year for which an exemption is claimed and allowed shall include value added to the property for a previous year even if the value added in the previous year was not by itself sufficient to qualify for the partial exemption.

EXAMPLE: An urban revitalization project is begun on commercial property having an actual value of \$50,000 as of January 1, 2023. As a result of improvements made during 2023, the actual value of the property as of January 1, 2024, is determined to be \$55,000. Additional improvements made during 2024 increase the actual value of the property to \$70,000 for the 2025 assessment. In this example, no partial exemption can be allowed for 2024 since the value added for that year is less than 15 percent of the actual value of the property prior to construction of the improvements. A partial exemption can be allowed for 2025 and subsequent years for the \$20,000 value added in both 2024 and 2026, providing a valid application for the partial exemption is filed between January 1, 2025, and February 1, 2025, inclusive.

110.7(5) *Application for partial exemption.*

a. Prior approval. If a taxpayer has secured a prior approval resolution from the city council or the county board of supervisors, the partial exemption cannot be obtained until the year in which all value added for the project is first assessed. A partial exemption can be allowed only if an application is filed between January 1 and February 1, inclusive, of the year in which all value added for the project is first assessed. If an application is not filed during that period, no partial exemption can be

allowed for that year or any subsequent year. The submission to the city council or the county board of supervisors of a proposal to receive prior approval does not by itself constitute an application for the partial exemption.

EXAMPLE: A city council approves a prior approval resolution in April 2022 for a revitalization project to be completed in September 2024. Assuming all construction on the project is completed in 2024, no partial exemption can be allowed until 2025 since that would be the year in which all value added for the project is first assessed. To receive the partial exemption, a valid application would have to be filed between January 1, 2025, and February 1, 2025, inclusive.

b. No prior approval. If a project has not received a prior approval resolution, a taxpayer has the option of receiving the partial exemption beginning with any year in which value is added to the property or waiting until all value added to the property is first assessed in its entirety. To secure a partial exemption prior to the completion of the project, an application must be filed between January 1 and February 1, inclusive, in each year for which the exemption is claimed.

EXAMPLE: A revitalization project began in June 2023 and completed in September 2024. No prior approval resolution for the project was approved, and a ten-year exemption period was selected. As a result of construction on the project, value is added for the assessment years 2024 and 2025. If an application is filed between January 1, 2024, and February 1, 2024, inclusive, a partial exemption could be allowed for the value added for 2024 beginning with the 2024 assessment and ending with the 2033 assessment. If an application is filed between January 1, 2025, and February 1, 2025, inclusive, a partial exemption could be allowed for the value added for 2025 beginning with the 2025 assessment and ending with the 2034 assessment. The partial exemption allowable for the years 2025 through 2034 would be against the value added for 2025 as a result of improvements made during calendar year 2024.

In the example above, the taxpayer may elect not to file an application for the partial exemption in 2024. In this situation, if an application is filed between January 1, 2025, and February 1, 2025, inclusive, a partial exemption could be allowed for the total value added for 2024 and 2025 and would apply to assessments for the years 2025 through 2034.

c. Extended filing deadline. The exemption is allowable for the total number of years in the exemption schedule if a claim for exemption is filed within two years of the original February 1 filing deadline. The city council or county board of supervisors may by resolution provide that an application for the partial exemption can be filed by February 1 of any assessment year the area is designated as an urban revitalization area. The exemption shall be allowed for the same number of years remaining in the exemption schedule selected as would have been remaining had the claim for exemption been timely filed.

110.7(6) Value exempt. The partial exemption allowed for a year in which an application is filed shall apply to the value added and first assessed for that year and any value added to the project and assessed for a preceding year or years and for which a partial exemption had not been received.

110.7(7) Minimum assessment. The partial exemption shall apply only to the value added in excess of the actual value of the property as of the year immediately preceding the year in which value added was first assessed. If the actual value of the property is reduced for any year during the period in which the partial exemption applies, any reduction in value resulting from the partial exemption shall not reduce the assessment of the property below its actual value as of January 1 of the assessment year immediately preceding the year in which value added was first assessed. This subrule applies regardless of whether the reduction in actual value is made by the assessor, the board of review, a court order, or an equalization order of the department.

110.7(8) Value added. As used in this rule, the term “value added” means the amount of increase in the actual value of real estate directly attributable to improvements made as part of a revitalization project. The amount of “actual value added” is the difference between the assessed value of the property on January 1 of the year value is added to the property and the assessed value of the property the following assessment year. “Value added” does not include any increase in actual (market) value attributable to that portion of the real estate assessed prior to the year in which revitalization

improvements are first assessed. The sales price of the property rather than the assessed value of the property may be used in determining the percentage increase required to qualify for exemption if the improvements were begun within one year of the date the property was purchased.

110.7(9) *Repeal of ordinance.* An urban revitalization project that has received proper prior approval shall be eligible to receive the partial exemption following completion of the project even if the city council or county board of supervisors subsequently repeals the urban revitalization ordinance before improvements in the project are first assessed.

This rule is intended to implement Iowa Code chapter 404.

701—110.8(427C,441) Forest and fruit-tree reservations.

110.8(1) *Determination of eligibility for exemption.* Property for which an application for exemption as a forest or fruit-tree reservation has been filed shall be inspected by the assessor or county conservation board. The county board of supervisors designates whether all inspections in the county are to be made by the assessor, including any city assessor, or by the county conservation board. When appropriate, aerial photographs may be used in place of an on-site inspection of the property. The assessment or exemption of the property is to be based upon criteria established by the state conservation commission and findings obtained by the inspection of the property or the examination of aerial photographs of the property.

110.8(2) *Application for exemption.*

a. An application for exemption must be filed with the appropriate assessor between January 1 and February 1, inclusive, of the assessment year for which the exemption is first claimed. If the inspection of the property is to be made by the county conservation board, the assessor shall forward the application to the board for its recommendation. Once the application has been accepted, the exemption is applicable to the current and subsequent assessment years and no further application will be required so long as the property remains eligible for the exemption.

b. If February 1 falls on a Saturday or Sunday, an application for exemption may be filed the following Monday and applications submitted by mail will be accepted if postmarked the following Monday.

110.8(3) *Notification to property owner.* If the property is to be inspected by the county conservation board, the board shall make every effort to submit its recommendation to the assessor in sufficient time for the assessor to notify the claimant by April 1. The assessor shall notify the claimant by April 1 of the disposition of the application for exemption. If because of the date on which an application is filed a determination of eligibility for the exemption cannot be made in sufficient time for notification to be made by April 1, the assessor shall assess the property and notify the property owner of the inability to act on the application. The notification shall contain the actual value and classification of the property and a statement of the claimant's right of appeal to the local board of review.

110.8(4) *Appeal of eligibility determination.* If a property for which a claim for exemption as a forest or fruit-tree reservation is assessed for taxation, the property owner may appeal the assessment to the board of review under Iowa Code section 441.37.

110.8(5) *Valuation of property.* For each assessment year for which property is exempt as a forest or fruit-tree reservation, the assessor shall determine the actual value and classification that would apply to the property were it assessed for taxation that year. In any year for which the actual value or classification of property so determined is changed, the assessor shall notify the property owner pursuant to Iowa Code sections 441.23, 441.26 and 441.28.

110.8(6) *Recapture tax.*

a. Assessment of property. If the county conservation board or the assessor determines a property has ceased to meet the eligibility criteria established by the state conservation commission, the property shall be assessed for taxation and subject to the recapture tax. The property shall be subject to taxes levied against the assessment made as of January 1 of the calendar year in which the property ceased to qualify for exemption. In addition, the property shall be subject to the tax that

would have been levied against the assessment made as of January 1 of each of the five preceding calendar years for which the property received an exemption.

b. Assessment procedure. If the determination that a property has ceased to be eligible for exemption is made by the assessor by April 15, the assessor shall notify the property owner of the assessment as of January 1 of the year in which the determination is made in accordance with Iowa Code sections 441.23, 441.26, and 441.28. The assessment of the property for any of the five preceding years and for the current year, if timely notice by April 15 cannot be given, shall be by means of an omitted assessment as provided in Iowa Code section 443.6. Appeal of the omitted assessment may be taken pursuant to Iowa Code sections 443.7 and 443.8.

c. Computation of tax. The county auditor shall compute the tax liability for each year for which an assessment has been made pursuant to paragraph 110.8(6) “b.” The tax liability shall be the amount of tax that would have been levied against each year’s assessment had the property not received the exemption. In computing the tax, the valuations established by the assessor shall be adjusted to reflect any equalization order or assessment limitation percentage applicable to each year’s assessment.

d. Entry on tax list. The tax liability levied against assessments made as of January 1 of any year preceding the calendar year in which the property ceased to qualify for exemption shall be entered on the tax list for taxes levied against all assessments made as of January 1 of the year immediately preceding the calendar year in which the property ceased to qualify for exemption. However, if those taxes have already been certified to the county treasurer, the recapture taxes shall be entered on the tax list for taxes levied against assessments made as of January 1 of the year in which the property ceased to qualify for exemption. The tax against the assessment made as of January 1 of the year in which the property ceased to qualify for exemption shall be levied at the time taxes are levied against all assessments made as of that date.

e. Delinquencies. Recapture taxes shall not become delinquent until the time when all other unpaid taxes entered on the same tax list become delinquent.

f. Exceptions to recapture tax.

(1) Fruit-tree or forest reservations. Property that has received an exemption as a fruit-tree or forest reservation is not subject to the recapture tax if the property is maintained as a fruit-tree or forest reservation for at least five full calendar years following the last calendar year for which the property was exempt as a fruit-tree or forest reservation.

(2) Property that has been owned by the same person or the person’s direct descendants or antecedents for at least ten years prior to the time the property ceases to qualify for exemption shall not be subject to the recapture tax.

(3) Property described in subparagraphs 110.8(6) “f”(1) and “f”(2) is subject to assessment as of January 1 of the calendar year in which the property ceases to qualify for exemption.

This rule is intended to implement Iowa Code chapter 427C and sections 441.23 and 441.22.

701—110.9(425A) Family farm tax credit.

110.9(1) Eligibility for credit. Generally, the family farm tax credit is only intended to benefit tracts of agricultural land that are owned by certain individuals or enumerated legal entities if the owner or other specified persons are actively engaged in farming.

a. In order for a tract of land to qualify for the family farm tax credit, the following three criteria must be satisfied:

(1) The tract of land must be an “eligible tract of agricultural land” as defined in Iowa Code section 425A.2(5). This means the tract must be ten acres or more or contiguous to a tract of more than ten acres and used in good faith for agricultural or horticultural purposes. More than half of the acres in the tract must be devoted to the production of crops or livestock by a designated person. Contiguous tracts under the same legal ownership and located within the same county are considered one tract. Only tracts of land that are classified as agricultural real estate qualify for the credit.

(2) The tract of land must be owned by an eligible owner as defined by Iowa Code section 425A.3(2).

The ownership criteria must be met on June 30 of the fiscal year prior to the fiscal year in which the application for credit is filed. For example, the ownership criteria must be met on June 30, 2025, for applications for credit filed in 2025.

(3) A designated person, as defined in Iowa Code section 425A.2(4), must be “actively engaged in farming” the tract during the fiscal year prior to the fiscal year in which the application for credit is filed. A relative within the third degree of consanguinity includes the owner’s child, stepchild, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, or nephew or their spouses. The only step relative that may qualify as a designated person is a stepchild.

b. In order to be “actively engaged in farming” the designated person must be personally involved in the production of crops or livestock on the “eligible tract” on a regular, continuous and substantial basis. Personal involvement in the production of crops or livestock includes not only field activities such as soil preparation and testing, planting, fertilizing, spraying, inspecting, cultivating and harvesting but also managerial decision-making activities relating to hybrid selection, crop rotation planning, crop selection, equipment purchases and marketing strategies. Personal involvement in the production of crops or livestock also includes activities pertaining to crop insurance selection, loan selection, and financial record maintenance and preparation. A person performing activities in the capacity of a lessor, whether under a cash or crop-share lease and whether under a written or oral lease, is not actively engaged in farming on the area of the tract covered by the lease.

c. In lieu of satisfying the “actively engaged in farming” test, a designated person may demonstrate that the person was in general control of the tract that was subject to a federal program pertaining to agricultural land during the prior fiscal year. This alternative test is intended to apply in circumstances where the active farming criteria cannot be met because the land is in the Conservation Reserve Program (commonly referred to as the CRP) or a program substantially similar to the 0/92 option where the tract has been taken out of production.

d. The following examples illustrate family farm tax credit eligibility under various circumstances:

EXAMPLE 1: A and B jointly own land and were both personally involved in the farming operation. They are not related. No credit is allowable because it is a requirement that individual owners be related. If A and B were siblings, the land would qualify for the credit.

EXAMPLE 2: A owns the land and is retired. A leased the land to B, who is B’s child. B was personally involved in the farming operation. The land is eligible for the credit even though a lease arrangement existed because the actively engaged in farming requirement can be satisfied through the activities of the owner’s spouse, or the owner’s relative within the third degree of consanguinity or the relative’s spouse. Subparagraph 110.9(1)“a”(3) contains more information. No credit would be allowable if A and B were not related.

EXAMPLE 3: A owns two contiguous 40-acre tracts. A farmed all of one tract but only 15 acres of the other tract. The other 25 acres of the second tract were leased to a nondesignated person. Both tracts qualify for the credit because contiguous tracts under the same legal ownership are considered one tract and more than half of the total of 80 acres ($40 + 15 = 55$) were farmed by A.

EXAMPLE 4: The land is owned by a partnership in which the partners A, B, C and D are brothers. A and B farm the land but C and D have no involvement in the farming operation. The land is eligible for the credit because it makes no difference what level of involvement each partner had nor does it matter that one or more of the partners were not personally involved in the farming operation. The only requirement for qualifying for the credit is that at least one of the partners or one of the partners’ spouses was personally involved in the farming operation. No credit would be allowable if all the partners were not related to each other.

EXAMPLE 5: The land is owned by a family farm corporation in which the stock is owned equally by A, B and C. A and B are brothers but not related to C. All three partners were personally involved in the farming operation. The land qualifies for the credit because it is only a requirement that a family member who is a shareholder in the family farm corporation be involved in the farming operation. The

land would qualify for the credit even if B was not involved in the farming operation. However, no credit would be allowable if only C was involved in the farming operation.

EXAMPLE 6: The land is owned by an authorized farm corporation in which 60 percent of the stock is owned by A and 40 percent of the stock is owned by B. Both A and B were personally involved in the farming operation. The credit is allowable as long as the stockholder who owns at least 51 percent of the stock was personally involved in the farming operation. No credit would be allowable if A was not personally involved in the farming operation.

110.9(2) *Application for credit.* To obtain the credit, the owner must file an application for credit with the assessor by November 1. If the claim for credit is approved, no further filing shall be required provided the ownership and the designated person actively engaged in farming the property remain the same during successive years. A new application for credit shall be required only if the property is sold or the designated person changes. The county board of supervisors shall review all claims and make a determination as to eligibility. The claimant may appeal a decision of the board to district court by giving written notice to the board within 20 days of the board's notice.

110.9(3) *Application of credit.* The county auditor shall certify to the department by April 1 the total amount of family farm tax credits due the county. The county auditor shall apply the credit to each eligible tract of land in an amount equal to the school district tax rate that is in excess of \$5.40 multiplied by the taxable value of the eligible tract.

110.9(4) *Penalty.* The owner shall provide written notice to the assessor if the designated person changes. Failure to do so shall result in the owner being liable for the amount of the credit plus a penalty equal to 5 percent of the amount of the credit granted.

This rule is intended to implement Iowa Code chapter 425A.

701—110.10(427B,476B) Wind energy conversion property.

110.10(1) *Special valuation allowed by ordinance.* The property qualifies for special valuation provided the taxpayer files a declaration of intent with the local assessor by February 1 of the assessment year in which the property is first assessed for tax to have the property locally assessed. The property must not be assessed until the assessment year following the year the entire wind plant is completed. A wind plant is completed when it is placed in service.

110.10(2) Reserved.

This rule is intended to implement Iowa Code section 427B.26 and chapter 476B.

701—110.11(426) Agricultural land tax credit.

110.11(1) *Eligibility for credit.* The credit shall be allowed on land in tracts of ten acres or more, or land of less than ten acres if part of other land of more than ten acres, and used for agricultural or horticultural purposes.

110.11(2) *Application for credit.* No application for credit is required.

110.11(3) *Application of credit.* The county auditor shall certify to the department by April 1 the total amount of agricultural land tax credits due the county. The county auditor shall apply the credit to each eligible tract of land in an amount equal to the school district tax rate that is in excess of the levy rate under Iowa Code section 257.3(1) "a" multiplied by the taxable value of the eligible tract.

This rule is intended to implement Iowa Code chapter 426.

701—110.12(427) Property used in value-added agricultural product operations. Fixtures used for cooking, refrigeration, or freezing of value-added agricultural products used in value-added agricultural processing or used in direct support of value-added agricultural processing are not subject to tax. The following definitions apply to this rule:

"Fixture" means property that was originally personal property but that by being physically attached to the realty becomes part of the realty and upon removal does not destroy the property to which it is attached.

"Value-added agricultural processing" means an operation whereby an agricultural product is subjected to some special treatment by artificial or natural means that changes its form, context, or

condition, and results in a marketable agricultural product to be sold at retail. These operations are commonly associated with fabricating, compounding, germinating, or manufacturing.

“Value-added agricultural product” means an agricultural product that, through a series of activities or processes, may be sold at a higher price than its original purchase price.

This rule is intended to implement Iowa Code section 427A.1.

701—110.13(427) Nursing facilities. If the assessor determines that property is being used for a charitable purpose pursuant to Iowa Code section 427.1(8), it shall be fully exempt from tax if it is licensed as a nursing facility under Iowa Code section 135C.1(13) by the department of inspections, licensing, and appeals, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and a valid application for exemption has been filed with the assessor by February 1 of the assessment year.

This rule is intended to implement Iowa Code section 427.1(14).

701—110.14(368) Annexation of property by a city. A city council may provide a partial tax exemption from city taxes against annexed property for a period of ten years. The exemption schedule is contained in Iowa Code section 368.11(3)“m.” All property owners included in the annexed area must receive the exemption if the city elects to allow the exemption.

This rule is intended to implement Iowa Code section 368.11(3)“m.”

701—110.15(427A) Concrete batch plants and hot mix asphalt facilities. A concrete batch plant includes the machinery, equipment, and fixtures used at a concrete mixing facility to process cement dry additive and other raw materials into concrete. A hot mix asphalt facility is any facility used to manufacture hot mix asphalt by heating and drying aggregate and mixing it with asphalt cements. These facilities shall not be assessed and taxed as real property regardless of the property’s attachment to real estate. The land on which the facilities are located is taxable.

This rule is intended to implement Iowa Code section 427A.1.

701—110.16(427) Web search portal and data center business property. The exemptions for web search portal, web search, and data center business property do not apply to land, buildings, and improvements. The owner of the property must file a claim for exemption with the assessor by February 1 of the first year the exemption is claimed. Claims for exemption in successive years will be required only for property additions.

This rule is intended to implement Iowa Code section 427.1(35) through 427.1(37).

701—110.17(427) Geothermal heating and cooling systems installed on property classified as residential.

110.17(1) In general. An exemption from property tax shall be allowed for any value added to property by any new construction or refitted installation of a geothermal heating or cooling system if the geothermal heating or cooling system is constructed or installed on or after July 1, 2012, on property classified as residential. The exemption shall also be allowed for a residential dwelling on agricultural land. The exemption does not have to be claimed the year subsequent to the year the geothermal system is constructed or installed. However, every individual claiming the exemption under this rule shall file with the appropriate assessor, not later than February 1 of the year for which the exemption is requested, an application for exemption.

a. Upon the filing and allowance of the claim, the claim shall be allowed on the property for ten consecutive years without further filing as long as the property continues to be classified as residential. However, if the property ceases to be classified as residential or if the geothermal heating and cooling system ceases to exist before the ten years have expired, no exemption is allowed for the year in which the change in classification took place or for any subsequent years. The exemption amount shall remain fixed at the same amount that was allowed in the first year the exemption was allowed.

b. The property tax exemption applies to any value added by the addition of mechanical, electrical, plumbing, ductwork, or other equipment, labor, and expenses included in or required for the construction or installation of the geothermal system that would not have been included in the home if not for the installation of the geothermal heating and cooling system. Additionally, the proportionate value of any well field associated with the system and attributable to the owner is exempt.

110.17(2) *Calculation of value added.* As used in this rule, the terms “any value added” and “value added” mean the amount of increase in the actual assessed value of the property that is directly attributable to the new construction or refit installation of a geothermal heating or cooling system as of the first year for which the geothermal heating and cooling system is actually assessed. “Any value added” does not include speculative or indirect increases in value that, for example, may be attributable to reductions in energy consumption or reductions in the negative impact to the environment. “Any value added” does not include changes in value that are attributable to general housing market fluctuations. Cost of the new construction or refit installation of the geothermal heating or cooling system is not determinative of the value added to a property. In the event the exemption is not filed in the same year the geothermal heating and cooling system is first assessed, the amount of the exemption, upon filing, shall be the same amount as it would have been had the exemption been filed in the year the geothermal heating and cooling system was first assessed.

In the case of new construction and refit installation of a geothermal heating or cooling system, the value added is the value that would not have been included in the home if not for the construction or refit installation of the geothermal heating and cooling system. That is, the value of mechanical, electrical, plumbing, ductwork, or other equipment, labor, and expenses that would have been included with a standard heating and cooling system are not considered in calculating the value added. To measure the value added by a geothermal heating and cooling system, the assessor should compute the difference between the assessed value of the residential property if the property were outfitted with a non-geothermal (standard) heating and cooling system and the assessed value of the property outfitted with the geothermal system. In the case that the new construction or refit installation takes more than one year, the assessor shall make the comparison in the year the new construction or refit installation is completed.

EXAMPLE 1: Mrs. Smith wants to upgrade her current standard heating and cooling system in her home with a geothermal system. The geothermal system installation is completed on August 1, 2012. On January 22, 2013, Mrs. Smith files a claim for exemption for the value added to her property that is directly attributable to the refit installation of the geothermal system. To determine the value added that is directly attributable to the geothermal system, the assessor shall compare the value of the home as though it were outfitted with the standard heating and cooling system that was upgraded with the value of the home outfitted with the geothermal heating and cooling system; the difference between the two values is the exemption amount. That exemption amount will remain fixed for the next ten years, until Mrs. Smith’s home ceases to be classified as residential, or until the geothermal system ceases to exist, whichever occurs first. For years subsequent to 2013, any increase in the value of Mrs. Smith’s home beyond the assessed value of the home outfitted with the geothermal heating and cooling system is not attributable to the geothermal system and is subject to property tax. The property tax exemption amount for the geothermal heating and cooling system will remain the same as the first year for which the exemption was received even if the assessed value of Mrs. Smith’s home drops.

EXAMPLE 2: Same facts as Example 1, except that on January 1 of year seven, Mrs. Smith’s home is reclassified as commercial property. No property tax exemption is allowed for the value added by the geothermal system for year seven or any subsequent years.

EXAMPLE 3: Mr. Larson is building a new home and plans to construct a new geothermal system in lieu of a standard heating and cooling system. The home and geothermal system are completed on October 24, 2012. To determine the value added that is directly attributable to the installation of the geothermal system, the assessor shall assess the home as though it had been outfitted with a standard heating and cooling system and compare that value with the assessed value of the home outfitted with the geothermal heating and cooling system. The difference between the two amounts is the value

added that is directly attributable to the geothermal system and is the exemption amount. In 2013, the assessed value of Mr. Larson's home with a standard heating and cooling system is \$200,000. The assessed value of Mr. Larson's home with the geothermal system is \$210,000. Therefore, the value added to the property that is directly attributable to the geothermal system is \$10,000. Mr. Larson may claim an exemption amount of \$10,000 starting in assessment year 2013. Mr. Larson does not lose the exemption if he fails to claim the exemption by February 1, 2013; he may claim the exemption in any year subsequent to the completion of the construction of the home. An exemption amount of \$10,000 will continue for ten consecutive years after the exemption is claimed, until the property ceases to be classified as residential, or until the geothermal system ceases to exist, whichever occurs first.

EXAMPLE 4: Same facts as Example 3, except that Mr. Larson claims the exemption in 2019. The exemption amount in 2019, and the nine subsequent years, is the value added in the year the geothermal heating and cooling system was first assessed; here, \$10,000 in 2013. The value added and exemption amount is not calculated in the year Mr. Larson claims the exemption. The \$10,000 exemption will then continue until 2028, until the property ceases to be classified as residential or until the geothermal system ceases to exist, whichever occurs first.

This rule is intended to implement Iowa Code section 427.1(38).

701—110.18(427) Broadband infrastructure.

110.18(1) Definitions. For purposes of this rule, terms shall have the same definitions as Iowa Code section 8.76 and as follows:

“Certified project” means the installation of broadband infrastructure certified by the office of the chief information officer to serve a targeted service area.

“Date of commencement” means the date first occurring after July 1, 2015, and before July 1, 2020, in which broadband infrastructure used in a certified project becomes property taxed as real property as determined by Iowa Code section 427A.1.

“Date of completion” or *“completed”* means the date that a communications service provider offers or facilitates broadband service delivered at or above 25 megabits per second of download speed and 3 megabits per second of upload speed in a targeted service area.

“Installation of the broadband infrastructure” means the labor, construction, building, and furnishing of new physical infrastructure used for the transmission of data that provides broadband services. “Installation of the broadband infrastructure” does not include the process of removing existing infrastructure, fixtures, or other real property in preparation of installation of the broadband infrastructure.

110.18(2) Exemption. An exemption from property tax shall be allowed for each certified project in the amount equal to 100 percent of the actual value added by installation of the broadband infrastructure in a targeted service area that facilitates broadband service for the public at or above 25 megabits per second of download speed and 3 megabits per second of upload speed, as certified by the office of the chief information officer. The exemption shall be allowed beginning January 1 of the assessment year in which an application for exemption is approved until the exemption is revoked or at the expiration of ten years, whichever occurs earlier.

110.18(3) Calculation of actual value added by installation of the broadband infrastructure. The actual value added by installation of the broadband infrastructure is the amount of increase in the actual assessed value of the property that is directly attributable to the installation of broadband infrastructure in a targeted service area for the assessment year in which the property receives the exemption. Changes in the value of the property that are attributable to general market fluctuations are not to be included in the calculation of the actual value added by installation of the broadband infrastructure. Installation of broadband infrastructure that is not part of a certified project is not eligible to receive the exemption. The local assessor shall determine the actual value added by installation of broadband infrastructure using the methodologies required under Iowa Code section 441.21.

110.18(4) *Commencement and completion of project.* To be eligible for the exemption, the date of commencement of the installation of the broadband infrastructure must occur on or after July 1, 2015, and the date of completion of the installation of the broadband infrastructure must occur on or before July 1, 2020.

110.18(5) *Application for exemption.* The owner of broadband infrastructure shall file one application with the department. The department shall forward the application to the appropriate county boards of supervisors for approval or denial for broadband infrastructure associated with property subject to local assessment.

a. Application deadline. The owner of the property shall file the application with the department by February 1 of the year in which the broadband infrastructure is first assessed for taxation or by February 1 of the following two assessment years. If approved, the exemption shall be allowed for ten years from January 1 of the assessment year in which the application is filed or until revoked without further application. However, at any time prior to the completion of the installation of the broadband infrastructure, an owner may submit a proposal to the department requesting that the owner be allowed to file an application for exemption by February 1 of any other assessment year following completion of the installation of broadband infrastructure. The board of supervisors shall approve the proposal by resolution for property that is locally assessed. If approved, the exemption shall be allowed for ten years from January 1 of the assessment year in which the application is approved or until revoked without further application. If an exemption that was revoked is reinstated on appeal, the exemption shall remain in effect only for the remaining period of exemption. No property shall receive an exemption for the installation of broadband infrastructure for a period greater than ten years.

The board of supervisors shall not approve an application for exemption that is missing any of the requirements listed in this subrule. The board of supervisors may consult with the office of the chief information officer in order to obtain additional information necessary to review an application for exemption.

b. Application requirements. The owner shall submit the application to the department. It is the responsibility of the owner to ensure that the application is complete and accurate. The application must be made on forms prescribed by the department. In addition, the application must contain the following information, certifications and documentation:

(1) The nature of the broadband infrastructure installation, including the number of new line miles installed within the jurisdiction of the assessing authority to which the owner is applying for exemption, and a description of the property and how it is directly related to delivering broadband services.

(2) The percentage of homes, farms, schools, and businesses in the targeted service area that will be provided access to broadband service.

(3) The actual cost of installing the broadband infrastructure under the project, if available. The application shall contain supporting documents demonstrating actual cost.

(4) Certification from the office of the chief information officer pursuant to Iowa Code section 8.79 that the installation is being performed or was completed in a targeted service area, including whether or not the targeted service area designation is under appeal pursuant to rule 129—21.7(8B,427), and that it facilitates broadband service at or above 25 megabits per second of download speed and 3 megabits per second of upload speed.

(5) Certification by the company of the date of commencement and actual or estimated date of completion. If an application contains only an estimated date of completion, the owner must notify the department of the actual completion date once the certified project is completed. If the actual completion date occurs after July 1, 2020, the exemption may be revoked.

(6) A copy of any nonwireless broadband-related permit issued by a political subdivision, if applicable.

c. Special application requirements. If an owner submits a proposal to the department prior to the completion of the installation of broadband infrastructure requesting to file an application

for exemption in any other assessment year following completion of the project, the owner must provide the following information and documentation in addition to those required under paragraph 110.18(5)“b.”

(1) The actual cost already incurred for installation of broadband infrastructure, if any, with supporting documentation demonstrating the actual cost.

(2) The estimated costs for project completion.

(3) The estimated date of project completion. Once the project has been completed, the owner must notify the department of the actual completion date. If the actual completion date occurs after July 1, 2020, the exemption may be revoked.

d. Approval or denial of application. All applications shall be submitted to the department. The department shall forward applications for property subject to local assessment to the board of supervisors of the county in which the exempt property is located. The board of supervisors shall notify an applicant of approval or denial of an application for exemption by March 1 of the assessment year in which the application was submitted. The notification shall include a notification of the applicant’s right to appeal. The board of supervisors shall forward all approved applications and any necessary information regarding the applications to the appropriate local assessor by March 1 of the assessment year in which the application was submitted.

Approval of an application involving a targeted service area that is under appeal pursuant to rule 129—21.7(8B,427) shall be contingent on the outcome of the appeal. In the event that an application is approved and the targeted service area designation subsequently is revoked upon appeal, the approved exemption shall also be revoked at that time.

110.18(6) Revocation of exemption. The board of supervisors may revoke the exemption at any time after the exemption is granted if the board of supervisors determines that the property owner no longer provides the broadband service to a targeted service area at the speeds required under Iowa Code section 427.1(40). The property owner has the responsibility to provide the department, the board of supervisors or the office of the chief information officer the information required to substantiate that the broadband infrastructure meets the requirements of the exemption. The board of supervisors, as applicable, shall provide notice of revocation to the property owner. An owner may appeal the decision to revoke the exemption within 30 days of the issuance of the notice of revocation.

110.18(7) Appeals.

a. Appeal of denial of application for exemption. An applicant may appeal the denial of its application for exemption by the board of supervisors to the property assessment appeal board within 30 days of the issuance of the denial.

b. Appeal of revocation of exemption. An owner may appeal the revocation of its exemption by the board of supervisors to the property assessment appeal board within 30 days of the issuance of the revocation.

c. Appeal of value of exemption. A property owner who is dissatisfied with the value of the owner’s exemption may appeal the value assigned by the local assessor using the protest procedures under Iowa Code section 441.37. A property owner who is dissatisfied with the value of the owner’s exemption may appeal the value assigned by the department using the appeal procedures under Iowa Code section 429.2.

This rule is intended to implement Iowa Code section 427.1(40).

701—110.19(427,428,433,434,435,437,438) Property aiding in disaster or emergency-related work. Property that is brought into Iowa to aid in the performance of disaster or emergency-related work during a disaster response period and is removed from the state after the conclusion of the disaster response period is exempt from property assessment and taxation.

This rule is intended to implement Iowa Code sections 427.1(41) and 29C.24(3).

701—110.20(427,441) Responsibility of local assessors.

110.20(1) The assessor shall determine the taxable status of all property. If an application for exemption is required to be filed, the assessor shall consider the information contained in the

application in determining the taxable status of the property. The assessor may also request from any property owner or claimant any additional information necessary to the determination of the taxable status of the property. For property subject to Iowa Code section 427.1(14), the assessor shall not base the determination of the taxable status of property solely on the statement of objects or purposes of the organization, institution, or society seeking an exemption. The use of the property rather than the objects or purposes of the organization, institution, or society is the controlling factor in determining the taxable status of property.

110.20(2) If the assessor determines that all or part of a property is subject to taxation, the assessor shall notify the taxpayer by the issuance of an assessment roll as provided in Iowa Code sections 441.26 and 441.27. If the assessor determines that property has been erroneously exempted from taxation, the assessor shall revoke the exemption for the current assessment year but not for prior assessment years.

110.20(3) The assessor's determination of the taxable status of property may be appealed to the local board of review pursuant to Iowa Code section 441.37.

This rule is intended to implement Iowa Code chapter 427 and sections 441.17(11), 441.26, and 441.27.

701—110.21(441) Responsibility of local boards of review.

110.21(1) If the board of review determines that property has been erroneously exempted from taxation, the board of review shall revoke the exemption for the current assessment year, but not for prior assessment years, and shall give notice to the taxpayer as provided in Iowa Code section 441.36.

110.21(2) If the board of review acts in response to a protest arising from an assessor's determination of the taxable status of property, the board of review shall notify the taxpayer of its disposition of the protest in accordance with the provisions of Iowa Code section 441.37.

This rule is intended to implement Iowa Code sections 441.35, 441.36, and 441.37.

701—110.22(427) Application for exemption.

110.22(1) Each society or organization seeking an exemption under Iowa Code section 427.1(5), 427.1(8), 427.1(21), or 427.1(33) shall file with the appropriate assessor a statement containing the following information:

- a.* The legal description of the property for which an exemption is requested.
- b.* The use of all portions of the property, including the percentage of space not used for the appropriate objects of the society or organization and the percentage of time such space is so utilized.
- c.* A financial statement showing the income derived and the expenses incurred in the operation of the property.
- d.* The name of the organization seeking the exemption.
- e.* If the exemption is sought under Iowa Code section 427.1(8), the appropriate objects of the society or organization.
- f.* The book and page number on which is recorded the contract of purchase or the deed to the property and any lease by which the property is held.
- g.* An oath that no persistent violations of the laws of the state of Iowa will be permitted or have been permitted on such property.
- h.* The signature of the president or other responsible official of the society or organization showing that information contained in the claim has been verified under oath as correct.

110.22(2) The statement of objects and uses required by Iowa Code section 427.1(14) shall be filed only on forms prescribed by the director and made available by assessors.

110.22(3) Applications for exemptions required under Iowa Code section 427.1(14) must be filed with the assessor not later than February 1 of the year for which the exemption is requested.

110.22(4) If a properly completed application is not filed by February 1 of the assessment year for which the exemption would apply, no exemption shall be allowed against the property for that year.

This rule is intended to implement Iowa Code section 427.1(5), 427.1(8), 427.1(14), 427.1(19) through 427.1(24), 427.1(27), and 427.1(29) through 427.1(33).

701—110.23(427) Partial exemptions. In the event a portion of property is determined to be subject to taxation and a portion of the property exempt from taxation, the taxable value of the property shall be an amount that bears the same relationship to the total value of the entire property as the area of the portion subject to taxation bears to the area of the entire property. If a portion of a structure is subject to taxation, a proportionate amount of the value assigned to the land upon which the structure is located shall also be subject to taxation.

This rule is intended to implement Iowa Code section 427.1(14).

701—110.24(427,441) Taxable status of property.

110.24(1) The status of property on July 1 of the fiscal year that commences during the assessment year determines eligibility of the property for exemption in situations where no claim is required to be filed to procure a tax exemption. If the property is in a taxable status on July 1, no exemption is allowable for that fiscal year. If the property is in an exempt status on July 1, no taxes are to be levied against the property during that fiscal year. Exceptions to this rule are as follows:

a. Land acquired by the state of Iowa or a political subdivision thereof after July 1 in connection with the establishment, improvement, or maintenance of a public road shall be taxable for that portion of the fiscal year in which the property was privately owned.

b. All current and delinquent tax liabilities are to be canceled and no future taxes levied against property acquired by the United States or its instrumentalities, regardless of the date of acquisition, unless the United States Congress has authorized the taxation of specific federally owned property. The following exceptions apply:

(1) Property owned by the Federal Housing Authority (FHA) and property owned by the Federal Land Bank Association are subject to taxation, and any tax liabilities existing at the time of the acquisition are not to be canceled.

(2) Existing tax liabilities against property acquired by the Small Business Administration are not to be canceled if the acquisition takes place after the date of levy. However, no taxes are to be levied if the acquisition takes place prior to the levy date or for subsequent fiscal years in which the Small Business Administration owns the property on July 1.

c. Land owned by the state and leased by the department of corrections or the department of health and human services pursuant to Iowa Code section 904.302, 904.705, or 904.706 to an entity that is not exempt from property tax is subject to taxation for the term of the lease. This provision applies to leases entered into on or after July 1, 2003. The lessor shall file a copy of the lease with the county assessor of the county where the land is located.

110.24(2) The status of property during the fiscal year for which an exemption was claimed determines eligibility of the property for exemption in situations where a claim is required to be filed to procure a tax exemption. If the property is used for an appropriate purpose for which an exemption is allowable for all of the fiscal year for which the exemption is claimed, no taxes are to be levied against the property during that fiscal year. If the property for which an exemption has been claimed and received is used for an appropriate purpose for which an exemption is allowable for only a portion of the fiscal year for which the exemption is claimed, the taxes shall be prorated in accordance with the period of time the property was in a taxable status during the fiscal year.

This rule is intended to implement Iowa Code sections 427.1(1), 427.1(2), 427.2, 427.18, and 427.19.