

**427B.1 Actual value added exemption from tax — public hearing.**

1. A city council, or a county board of supervisors as authorized by [section 427B.2](#), may provide by ordinance for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses, distribution centers and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to [section 427A.1, subsection 1](#), paragraph “e”. “*New construction*” means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. “*New construction*” does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council of the city or the board of supervisors of the county. The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to [section 427A.1, subsection 1](#), paragraph “e”, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status. “*Research-service facilities*” means a building or group of buildings devoted primarily to research and development activities, including but not limited to the design and production or manufacture of prototype products for experimental use, and corporate-research services which do not have a primary purpose of providing on-site services to the public. “*Warehouse*” means a building or structure used as a public warehouse for the storage of goods pursuant to [chapter 554, article 7](#), except that it does not mean a building or structure used primarily to store raw agricultural products or from which goods are sold at retail. “*Distribution center*” means a building or structure used primarily for the storage of goods which are intended for subsequent shipment to retail outlets. “*Distribution center*” does not mean a building or structure used primarily to store raw agricultural products, used primarily by a manufacturer to store goods to be used in the manufacturing process, used primarily for the storage of petroleum products, or used for the retail sale of goods.

2. The ordinance may be enacted not less than thirty days after a public hearing is held in accordance with [section 335.6](#) in the case of a county, or [section 362.3](#) in the case of a city. The ordinance shall designate the length of time the partial exemption shall be available and may provide for an exemption schedule in lieu of that provided in [section 427B.3](#). However, an alternative exemption schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule contained in [section 427B.3](#).

[C81, §427B.1; 82 Acts, ch 1104, §20]

84 Acts, ch 1232, §2; 85 Acts, ch 232, §1; 2011 Acts, ch 118, §85, 89; 2013 Acts, ch 34, §8

Referred to in §364.19, §427.1(27)(c), §427.1(27)(d), §427B.2, §427B.3, §427B.4, §427B.5, §427B.7, §427B.17