

437B.2 Definitions.

As used in [this chapter](#), unless the context otherwise requires:

1. “*Centrally assessed property tax*” means property tax imposed with respect to the value of property determined by the director pursuant to [sections 428.24 through 428.26, 428.28, and 428.29, Code 2013](#), and allocated to water service.

2. “*Consumer*” means an end user of water used or consumed within the service area of a water utility. “*Consumer*” includes any master-metered facility even though the water delivered to such facility may ultimately be used by another person. A person to whom water is delivered by a master-metered facility is not a consumer. A “*master-metered facility*” means any multi-occupancy premises where units are separately rented or owned and where individual metering is impractical, where the facility is designated for elderly or handicapped persons and utility costs constitute part of the operating cost and are not apportioned to individual units, or where submetering or resale of service was permitted prior to 1966.

3. “*Delivery*” means the physical transfer of water, excluding nonrevenue water, to a consumer for sale. Physical transfer to a consumer occurs when transportation of water ends and such water becomes available for use or consumption by a consumer.

4. “*Director*” means the director of revenue.

5. “*Lease*” means a contract between a lessor and lessee pursuant to which the lessee obtains a present possessory interest in tangible property without obtaining legal title in such property. A contract to deliver water using operating property within this state is not a lease. “*Capital lease*” means a lease classified as a capital lease under generally accepted accounting principles.

6. “*Local taxing authority*” means a city, county, community college, school district, or other taxing authority located in this state and authorized to certify a levy on property located within such authority for the payment of bonds and interest or other obligations of such authority.

7. “*Local taxing district*” means a geographic area with a common consolidated property tax rate.

8. *a.* “*Major addition*” means any acquisition on or after January 1, 2012, by a taxpayer, by transfer of ownership, self-construction, or capital lease of any interest in any of the following:

(1) A building in this state where the acquisition cost of all interests acquired exceeds ten million dollars.

(2) A water treatment plant where the acquisition cost of all interests acquired exceeds ten million dollars. For purposes of this subparagraph, “*water treatment plant*” means buildings and equipment used in that portion of the potable water supply system which in some way alters the physical, chemical, or bacteriological quality of the water.

(3) Water utility operating property within a local taxing district where the acquisition cost of all interests acquired exceeds one million dollars.

(4) Any water utility property in this state acquired by a person not previously subject to taxation under [this chapter](#) pursuant to [section 437B.12](#).

b. For purposes of [this chapter](#), the acquisition cost of an asset acquired by capital lease is its capitalized value determined under generally accepted accounting principles.

9. “*Nonrevenue water*” means the difference between the total number of gallons of water carried through the water utility’s distribution system and the number of gallons of water delivered to consumers using the water utility’s distribution system.

10. “*Operating property*” means all property owned by or leased to a water utility, not otherwise taxed separately, which is necessary to and without which the water utility could not perform the activities of a water utility.

11. “*Replacement tax*” means the excise tax imposed on the delivery of water under [section 437B.3](#).

12. “*Service area*” means the geographical area within this state to which the water utility delivers water and related services. A water utility’s service area shall be that area described in the water utility’s tariff filed with the utilities commission.

13. “*Tax year*” means a calendar year beginning January 1 and ending December 31.

14. “*Taxable value*” means as defined in [section 437B.15, subsection 2, paragraph “e”](#).

15. “*Taxpayer*” means a water utility or other person subject to the replacement tax imposed under [section 437B.3](#).

16. “*Utilities commission*” means the utilities commission created in [section 474.1](#).

17. “*Water utility*” or “*rate-regulated water utility*” means a person engaged primarily in the production, delivery, service, or sale of water in a service area, whether formed or organized under the laws of this state or elsewhere, and subject to the rate and service regulation of the utilities commission pursuant to [chapter 476](#). “*Water utility*” does not include a cooperative, municipal utility, or other entity engaged primarily in such activities that is not under the jurisdiction of the utilities commission.

[2013 Acts, ch 94, §11, 35, 36](#); [2013 Acts, ch 140, §67, 68](#); [2021 Acts, ch 80, §274](#); [2024 Acts, ch 1170, §369](#)

Referred to in [§437B.11](#)

Code editor directive applied