

CHAPTER 437A

TAXES ON ELECTRICITY AND NATURAL GAS PROVIDERS

Referred to in §29C.24, 257.3, 427.1(2), 427.1(35)(a), 427.1(36)(a), 427.1(37)(a), 427A.1, 427B.17, 427B.26, 428.28, 441.47, 441.73, 476.6, 476B.2, 476B.6, 476B.7, 476B.8, 476C.4, 476C.6

Legislative findings; 98 Acts, ch 1194, §1

	SUBCHAPTER I		437A.15	Allocation of revenue.
	INTRODUCTORY PROVISIONS		437A.16	Assessment exclusive.
			437A.16A	New cogeneration facilities.
437A.1	Classification of chapter.		437A.17	Statutes applicable — rate calculations.
437A.2	Purposes.		437A.17A	Centrally assessed property tax adjustment.
437A.3	Definitions.		437A.17B	Reimbursement for renewable energy.
	SUBCHAPTER II		437A.17C	Reimbursement for soy-based transformer fluid. Repealed by its own terms; 2008 Acts, ch 1004, §4.
	GENERATION, TRANSMISSION, AND DELIVERY TAXES			
437A.4	Replacement tax imposed on delivery of electricity.			
437A.5	Replacement tax imposed on delivery of natural gas.			
437A.6	Replacement tax imposed on electric generation.			SUBCHAPTER III
437A.7	Replacement tax imposed on electric transmission.			STATEWIDE PROPERTY TAX
437A.8	Return and payment requirements — rate adjustments.		437A.18	Tax imposition.
437A.9	Failure to file return — incorrect return.		437A.19	Adjustment to assessed value — reporting requirements.
437A.10	Judicial review.		437A.20	Tax exemptions.
437A.11	Lien — actions authorized.		437A.21	Return and payment requirements.
437A.12	Service of notice.		437A.22	Statutes applicable.
437A.13	Penalties — offenses — limitation.		437A.23	Deposit of tax proceeds.
437A.14	Correction of errors — refunds or credits of replacement tax paid — information confidential — penalty.			SUBCHAPTER IV
				GENERAL PROVISIONS
			437A.24	Records.
			437A.25	Rules.

SUBCHAPTER I

INTRODUCTORY PROVISIONS

437A.1 Classification of chapter.

The provisions of [this chapter](#) are classified and designated as follows:

1. [Subchapter I](#) Introductory Provisions.
2. [Subchapter II](#) Generation, Transmission, and Delivery Taxes.
3. [Subchapter III](#) Statewide Property Tax.
4. [Subchapter IV](#) General Provisions.

98 Acts, ch 1194, §2, 40; 2017 Acts, ch 54, §55

437A.2 Purposes.

The purposes of [this chapter](#) are to replace property taxes imposed on electric companies, natural gas companies, electric cooperatives, and municipal utilities with a system of taxation which will remove tax costs as a factor in a competitive environment by imposing like generation, transmission, and delivery taxes on similarly situated competitors who generate, transmit, or deliver electricity or natural gas in the same competitive service area, to preserve revenue neutrality and debt capacity for local governments and taxpayers, to preserve neutrality in the allocation and cost impact of any replacement tax among and upon

consumers of electricity and natural gas in this state, and to provide a system of taxation which reduces existing administrative burdens on state government.

98 Acts, ch 1194, §3, 40

437A.3 Definitions.

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

1. a. “Assessed value” means the base year assessed value, as adjusted by [section 437A.19, subsection 2](#).

(1) “Base year assessed value”, for a taxpayer other than an electric company, natural gas company, or electric cooperative, means the value attributable to property identified in [section 427A.1, subsection 1](#), paragraph “h”, certified by the department of revenue to the county auditors for the assessment date of January 1, 1997, and the value attributable to property identified in [section 427A.1](#) and [section 427B.17, subsection 8](#), as certified by the local assessors to the county auditors for the assessment date of January 1, 1997, provided, that for a taxpayer subject to [section 437A.17A](#), such value shall be the value certified by the department of revenue and local assessors to the county auditors for the assessment date of January 1, 1998.

(2) However, “base year assessed value”, for purposes of property of a taxpayer that is a municipal utility, if the property is not a major addition, and the property was initially assessed to the taxpayer as of January 1, 1998, and is not located in a county where the taxpayer had property that was assessed for purposes of [this chapter](#) as of January 1, 1997, means the value attributable to such property for the assessment date of January 1, 1998.

(3) For taxpayers that are electric companies, natural gas companies, and electric cooperatives, “base year assessed value” means the average of the total of these values for each taxpayer for the assessment dates of January 1, 1993, through January 1, 1997, allocated among taxing districts in proportion to the allocation of the taxpayer’s January 1, 1998, assessed value among taxing districts.

(4) “Base year assessed value” does not include value attributable to steam-operating property.

b. For new cogeneration facilities, the assessed value shall be determined as provided in [section 437A.16A](#).

2. “Book”, “list”, “record”, or “schedule” kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in [section 445.1](#).

3. “Centrally assessed property tax” means property tax imposed with respect to the value of property determined by the director pursuant to [section 427.1, subsection 2](#), Code 1997, [section 428.29](#), Code 1997, [chapter 437](#), Code 1997, and [chapter 438](#), Code 1997, and allocated to electric service and natural gas service. For purposes of [this subsection](#), “natural gas service” means such service provided by natural gas pipelines permitted pursuant to [chapter 479](#).

4. a. “Cogeneration facility” means a facility with a capacity of two hundred megawatts or less that uses the same energy source for the sequential generation of electrical or mechanical power in combination with steam, heat, or other forms of useful energy and, except for ownership, meets the criteria to be a qualifying cogeneration facility as defined in the federal Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §2601 et seq., and related federal regulations.

b. “New cogeneration facility” means any of the following:

(1) A cogeneration facility, regardless of capacity, which is first placed into service on or after January 1, 2009, that uses the same energy source for the sequential generation of electrical or mechanical power in combination with steam, heat, or other forms of useful energy and meets the criteria to be a qualifying cogeneration facility as defined in the federal Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §2601 et seq., and related federal regulations.

(2) A cogeneration facility in service prior to January 1, 2009, that became subject to the replacement generation tax under [section 437A.6](#) for the first time on or after January 1, 2009.

5. “Consumer” means an end user of electricity or natural gas used or consumed within this state. “Consumer” includes any master-metered facility even though the electricity or

natural gas delivered to such facility may ultimately be used by another person. A person to whom electricity or natural gas 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 electricity or natural gas is used in centralized heating, cooling, water-heating, or ventilation systems, 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.

6. “*Delivery*” means the physical transfer of electricity or natural gas to a consumer. Physical transfer to a consumer occurs when transportation of electricity or natural gas ends and such electricity or natural gas becomes available for use or consumption by a consumer.

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

8. “*Electric company*” means a person engaged primarily in the production, delivery, service, or sales of electric energy whether formed or organized under the laws of this state or elsewhere. “*Electric company*” includes a combination natural gas company and electric company. “*Electric company*” does not include an electric cooperative or a municipal utility.

9. “*Electric competitive service area*” means an electric service area assigned by the utilities commission under [chapter 476](#) as of January 1, 1999, including utility property and facilities described in [section 476.23, subsection 3](#), which were owned and served by the electric company, electric cooperative, or municipal utility serving such area on January 1, 1999.

10. “*Electric cooperative*” means an electric utility provider formed or organized as an electric cooperative under the laws of this state or elsewhere. An electric cooperative shall also include an incorporated city utility provider. “*Generation and transmission electric cooperative*” means an electric cooperative which owns both transmission lines and property which is used to generate electricity. “*Distribution electric cooperative*” means an electric cooperative other than a generation and transmission electric cooperative or a municipal electric cooperative association.

11. a. “*Electric power generating plant*” means a nameplate rated electric power generating plant, which produces electric energy from other forms of energy, including all taxable land, buildings, and equipment used in the production of such electric energy.

b. “*New electric power generating plant*” means any of the following:

(1) An electric power generating plant that is owned by or leased to an electric company, electric cooperative, municipal utility, or any other taxpayer, and that initially generates electricity subject to replacement generation tax under [section 437A.6](#) on or after January 1, 2003.

(2) An electric power generating plant that is owned by or leased to an electric company, electric cooperative, municipal utility, or any other taxpayer, that initially generated electricity subject to replacement generation tax under [section 437A.6](#) before January 1, 2003, and that is sold, leased, or transferred, in full or in part, on or after January 1, 2003. If any portion of an electric power generating plant is sold, the entire plant shall be treated as if it were a new electric power generating plant.

12. “*Incorporated city utility provider*” means a corporation with assets worth one million dollars or more which has one or more platted villages located within the territorial limits of the tract of land which it owns, and which provides electricity to ten thousand or fewer customers.

13. “*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 transmit or deliver electricity or natural gas 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.

14. a. “*Local amount*” means the first forty-four million four hundred forty-four thousand four hundred forty-five dollars of the acquisition cost of any major addition which is an electric power generating plant and the total acquisition cost of any other major addition.

b. “*Local amount*” for the purposes of determining the local taxable value for a new electric power generating plant shall annually be determined to be equal up to the first

forty-four million four hundred forty-four thousand four hundred forty-five dollars of the taxable value of the new electric power generating plant. “*Local amount*” for the purposes of determining the local assessed value for a new electric power generating plant shall be annually determined to be the percentage share of the taxable value of the new electric power generating plant allocated as the local amount multiplied by the total assessed value of the new electric power generating plant.

15. “*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.

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

17. “*Low capacity factor electric power generating plant*” means, for any tax year, an electric power generating plant, with the exception of an electric power generating plant owned or leased by an electric company, an electric cooperative, or a municipal utility, which operated during the preceding calendar year at a net capacity factor of twenty percent or less. “*Net capacity factor*” means net actual generation during the preceding calendar year divided by the product of nameplate capacity times the number of hours the plant was in the active state during the preceding calendar year. Upon commissioning, a plant is in the active state until it is decommissioned. “*Net actual generation*” means net electrical megawatt hours produced by a plant during the preceding calendar year.

18. “*Major addition*” means either of the following:

a. Any acquisition on or after January 1, 1998, 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) An electric power generating plant, except a solar energy conversion facility, where the acquisition cost of all interests acquired exceeds ten million dollars.

(b) A solar energy conversion facility where the acquisition cost of all interests exceeds one million dollars.

(c) For purposes of this subparagraph:

(i) “*Electric power generating plant*” means each nameplate rated electric power generating plant owned solely or jointly by any person or electric power facility financed under the provisions of [chapter 28F](#) or [476A](#) in which electrical energy is produced from other forms of energy, including all equipment used in the production of such energy through its step-up transformer.

(ii) “*Solar energy conversion facility*” means the same as defined in [section 476C.1](#).

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

(4) Any property described in [section 437A.16](#) in this state acquired by a person not previously subject to taxation under [this chapter](#).

b. (1) Any acquisition on or after January 1, 2004, by a taxpayer, by transfer of ownership, self-construction, or capital lease of any interest in electric transmission operating property within a local taxing district where the acquisition cost of all interests acquired exceeds one million dollars.

(2) 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.

19. “*Municipal electric cooperative association*” means an electric cooperative, the membership of which is composed entirely of municipal utilities.

20. “*Municipal utility*” means all or part of an electric light and power plant system or a natural gas system, either of which is owned by a city, including all land, easements, rights-of-way, fixtures, equipment, accessories, improvements, appurtenances, and other property necessary or useful for the operation of the municipal utility.

21. “*Natural gas company*” means a person that owns, operates, or is engaged primarily in operating or utilizing pipelines for the purpose of distributing natural gas to consumers located within this state, excluding a gas distributing plant or company located entirely within

any city and not a part of a pipeline transportation company. “Natural gas company” includes a combination natural gas company and electric company. “Natural gas company” does not include a municipal utility.

22. a. “Natural gas competitive service area” means any of the fifty-two natural gas competitive service areas described as follows:

- (1) Each of the following municipal natural gas competitive service areas:
 - (a) Taylor county, except for those areas of Taylor county which are contained within another municipal natural gas competitive service area as described in [this subsection](#).
 - (b) The city of Brighton in Washington county and the area within two miles of the city limits plus sections 5, 6, 7, 8, 17, 18, 19, 20, 29, and 30 in Brighton township; sections 19, 30, and 33 in Franklin township; sections 1, 2, 11, 12, 13, 14, 23, 24, 25, and 36 in Dutch Creek township; and sections 25, 26, 35, and 36 in Seventy-Six township.
 - (c) Davis county.
 - (d) The city of Brooklyn in Poweshiek county and the area within two miles of the city limits.
 - (e) The city of Cascade in Dubuque county and the area within two miles of the city limits.
 - (f) The city of Cedar Falls in Black Hawk county and the area within one mile of the city limits, not including any part of the city of Waterloo.
 - (g) The city of Clearfield in Taylor county and the area within two miles of the city limits and sections 20, 21, 26, and 27 of Platte township, Grant township in Taylor county, and Grant township in Ringgold county.
 - (h) The south half of Carroll county and sections 3 and 4 of Orange township in Guthrie county.
 - (i) Adams county, except those areas of Adams county which are contained within another municipal natural gas competitive service area as defined in [this subsection](#).
 - (j) The city of Emmetsburg in Palo Alto county and the area within two miles of the city limits.
 - (k) The city of Everly in Clay county and the area within two miles of the city limits.
 - (l) The city of Fairbank and the area within two miles of the city limits plus the area one-quarter mile on either side of the county line road, Highway 281, from Fairbank to the intersection of Outer road and Tenth street, proceeding twenty-eight hundredths of a mile north in Buchanan and Fayette counties.
 - (m) The city of Gilmore City in Pocahontas and Humboldt counties and the area within two miles of the city limits.
 - (n) The city of Graettinger in Palo Alto county and the area within two miles of the city limits.
 - (o) The city of Guthrie Center in Guthrie county and the area within one mile of the city limits.
 - (p) The city of Harlan in Shelby county and the area within two miles of the city limits.
 - (q) The city of Hartley in O’Brien county and the area within one mile of the city limits, except the eastern one-half of section four in Omega township.
 - (r) The city of Hawarden in Sioux county and the area within two miles of the city limits.
 - (s) The city of Lake Park plus Silver Lake township in Dickinson county.
 - (t) Fayette and New Buda townships in Decatur county.
 - (u) The city of Lenox in Taylor county including section 1 of Platte township in Taylor county and the townships of Carl, Grant, Mercer, Colony, Union, and Prescott in Adams county.
 - (v) Grand River township in Wayne county.
 - (w) New Hope township in Union county and Monroe township in Madison county.
 - (x) Ewoldt and Eden townships in Carroll county and Iowa township in Crawford county.
 - (y) The city of Montezuma in Poweshiek county and the area within two miles of the city limits plus Jackson township in Poweshiek county except the city of Barnes City, Pleasant Grove and Monroe townships in Mahaska county except the city of Barnes City.
 - (z) Morning Sun township in Louisa county.
 - (aa) Wells and Washington townships in Appanoose county.
 - (ab) The city of Osage in Mitchell county and the area within two miles of the city limits.

- (ac) The city of Prescott in Adams county and the area within two miles of the city limits.
 - (ad) The city of Preston in Jackson county and the area within two miles of the city limits.
 - (ae) The city of Remsen in Plymouth county and the area within two miles of the city limits.
 - (af) The city of Rock Rapids in Lyon county and the area within two miles of the city limits.
 - (ag) The city of Rolfe in Pocahontas county and the area within two miles of the city limits.
 - (ah) The city of Sabula in Jackson county and the area within two miles of the city limits.
 - (ai) The city of Sac City in Sac county and the area within two miles of the city limits.
 - (aj) The city of Sanborn in O'Brien county and the area within two miles of the city limits.
 - (ak) The city of Sioux Center in Sioux county and the area within two miles of the city limits.
 - (al) The city of Tipton in Cedar county and the area within two miles of the city limits.
 - (am) The city of Waukee in Dallas county and the area within two miles of the city limits of Waukee as of January 1, 1999, not including any part of the cities of Clive, Urbandale, or West Des Moines.
 - (an) The city of Wayland plus Jefferson and Trenton townships in Henry county.
 - (ao) Seventy-Six and Lime Creek townships in Washington county except for those areas of Seventy-Six township which are contained within another municipal natural gas competitive service area as defined in [this subsection](#).
 - (ap) The city of West Bend in Kossuth and Palo Alto counties and the area within two miles of the city limits.
 - (aq) The city of Whittemore in Kossuth county and the area within two miles of the city limits.
 - (ar) Scott, Canaan, and Wayne townships in Henry county.
 - (as) The city of Woodbine in Harrison county and the area within two miles of the city limits.
 - (at) Nishnabotna township in Crawford county.
- (2) The natural gas competitive service area, excluding any municipal natural gas competitive service area described in subparagraph (1) and consisting of Sioux county; Plymouth county; Woodbury county; Ida county; Harrison county; Shelby county; Audubon county; Palo Alto county; Humboldt county; Mahaska county; Scott county; Lyon county except Wheeler, Dale, Liberal, Grant, Midland, and Elgin townships; O'Brien county except Union, Dale, Summit, Highland, Franklin, and Center townships; Cherokee county except Cherokee and Pilot townships; Monona county except Franklin township and the south half of Ashton township; Pottawattamie county except Crescent, Hazel Dell, Lake, Garner, Kane, and Lewis townships; Mills county except Glenwood and Center townships; Montgomery county except Douglas, Washington, and East townships; Page county except Valley, Douglas, Nodaway, Nebraska, Harlan, East River, Amity, and Buchanan townships; Fremont county except Green, Scott, Sidney, Benton, Washington, and Madison townships; Brighton and Pleasant townships in Cass county; Sac county except Clinton, Wall Lake, Coon Valley, Levey, Viola, and Sac townships; Newell township in Buena Vista county; Calhoun county except Reading township; Denmark township in Emmet county; Kossuth county except Eagle, Grant, Springfield, Hebron, Swea, Harrison, Ledyard, Lincoln, Seneca, Greenwood, Ramsey, and German townships; Webster county except Roland, Clay, Burnside, Yell, Webster, Gowrie, Lost Grove, Dayton, and Hardin townships; Guthrie county except Grant, Thompson, and Beaver townships; Union township in Union county; Madison county except Ohio and New Hope townships; Warren county except Virginia, Squaw, Liberty, and White Breast townships; Cedar, Union, Bluff Creek, and Pleasant townships in Monroe county; Marion county except Lake Prairie, Knoxville, Summit, and Union townships; Dallas county except Des Moines and Grant townships; Polk county except sections 4, 5, 6, 7, 8, 9, 16, 17, and 18 in Lincoln township and the city of Grimes, and sections 1, 2, 3, 10, 11, 12, 13, 14, and 15 in Union township; Poweshiek, Washington, Mound Prairie, Des Moines, Elk Creek, and Fairview townships in Jasper county; Wright county except Belmond and Pleasant townships; Geneseo township in Cerro Gordo county; Franklin county except Wisner and Scott townships and the city of Coulter; Butler county except Bennezzette, Coldwater, Dayton, and Fremont townships; Floyd county except Rock Grove, Rudd, Rockford, Ulster,

Scott, and Union townships; Branford township in Chickasaw county; Bremer county except Frederika, LeRoy, Sumner No. 2, Fremont, Dayton, Maxfield, and Franklin townships; Perry, Washington, Westburg, and Sumner townships in Buchanan county; Black Hawk county except Big Creek township; Fremont township in Benton county; Wapello county except Washington township; Benton and Steady Run townships in Keokuk county; the city of Barnes City in Poweshiek county; Iowa township in Washington county; Johnson county except Fremont township; Linn county except Franklin, Grant, Spring Grove, Jackson, Boulder, Washington, Otter Creek, Maine, Buffalo, and Fayette townships; Monroe township west and north of Otter Creek to its intersection with County Home road, and north of County Home road in Linn county; the city of Walford in Linn county; Farmington township in Cedar county; Wapsinoc, Goshen, Moscow, Wilton, and Fulton townships in Muscatine county; and Lee county except Des Moines, Montrose, Keokuk, and Jackson townships.

(3) The natural gas competitive service area, excluding any municipal natural gas competitive service areas described in subparagraph (1) and consisting of that part of Kossuth county not described in subparagraph (2); Lincoln and Buffalo townships in Winnebago county; Worth county except Silver Lake, Hartland, Bristol, Brookfield, Fertile, and Danville townships; Cerro Gordo county except Grimes, Pleasant Valley, and Dougherty townships; Rock Grove and Rudd townships in Floyd county; Eden, Camanche, and Hampshire townships and the city of Clinton in Clinton county; and Stacyville and Union townships in Mitchell county.

(4) The natural gas competitive service area, excluding any municipal natural gas service areas described in subparagraph (1) and consisting of Franklin township and the south half of Ashton township in Monona county; Crescent, Hazel Dell, Lake, Garner, Kane, and Lewis townships in Pottawattamie county; Glenwood and Center townships in Mills county; Green, Scott, Sidney, Benton, Washington, and Madison townships in Fremont county; Cass, Bear Grove, Union, Noble, Edna, Victoria, Massena, Lincoln, and Grant townships in Cass county; Glidden township in Carroll county; Summit township in Adair county; Grant township in Guthrie county; Crawford county except Nishnabotna township; Clinton, Wall Lake, Coon Valley, Levey, Viola, and Sac townships in Sac county; Reading township in Calhoun county; Marshall, Sherman, Roosevelt, Dover, Grant, Lincoln, and Cedar townships in Pocahontas county; Union, Dale, Summit, Highland, Franklin, and Center townships in O'Brien county; the north half of Clay county plus Clay township; Dickinson county; Emmet county except Denmark, Armstrong Grove, and Iowa Lake townships; Greene county except Bristol, Hardin, Jackson, and Grant townships; Boone county except Worth, Colfax, Des Moines, Jackson, Dodge, and Harrison townships; Des Moines and Grant townships in Dallas county; Roland, Clay, Burnside, Yell, Webster, Gowrie, Lost Grove, Dayton, and Newark townships in Webster county; Clear Lake, Hamilton, Webster, Freedom, Independence, Cass, and Fremont townships in Hamilton county; Ell, Madison, and Ellington townships in Hancock county; Winnebago county except Lincoln and Buffalo townships; Silver Lake, Hartland, Bristol, Brookfield, Fertile, and Danville townships in Worth county; Etna township in Hardin county; Lafayette township and the west one-half of Howard township in Story county; the city of Grimes in Polk county; Independence, Malaka, Mariposa, Hickory Grove, Rock Creek, Kellogg, Newton, Sherman, Palo Alto, Buena Vista, and Richland townships in Jasper county; Palermo, Grant, and Fairfield townships in Grundy county; Bennezzette, Coldwater, Dayton, and Fremont townships in Butler county; Rockford, Ulster, Scott, and Union townships in Floyd county; St. Ansgar and Mitchell townships in Mitchell county; Howard county; Chickasaw county except Branford township; Frederika, LeRoy, Sumner No. 2, Fremont, Dayton, Maxfield, and Franklin townships in Bremer county; Big Creek township in Black Hawk county; Brown township in Linn county; Madison township and the east half of Buffalo township in Buchanan county; Fayette county except Harlan, Fremont, Oran, and Jefferson townships; Winneshiek county; Allamakee county; Clayton county; Delaware county except Adams and Hazel Green townships; Dubuque county; Jones county except Rome, Hale, Oxford, and the east half of Greenfield townships; and Jackson county.

(5) The natural gas competitive service area consisting of Des Moines, Montrose, Keokuk, and Jackson townships in Lee county.

(6) The natural gas competitive service area consisting of the city of Allerton and the area within two miles of the city limits.

(7) The natural gas competitive service area consisting of all of Iowa not contained in any of the other natural gas competitive service areas described in this paragraph.

b. “Township” includes any city or part of a city located within the exterior boundaries of that township.

c. References to city limits contained in [this subsection](#) mean those city limits as they existed on January 1, 1999.

23. “Operating property” means all property owned by or leased to an electric company, electric cooperative, municipal utility, or natural gas company, not otherwise taxed separately, which is necessary to and without which the company could not perform the activities of an electric company, electric cooperative, municipal utility, or natural gas company.

24. “Pole miles” means miles measured along the line of poles, structures, or towers carrying electric conductors regardless of the number of conductors or circuits carried, and miles of conduit bank, regardless of number of conduits or ducts, of all sizes and types, including manholes and handholes. “Conduit bank” means a length of one or more underground conduits or ducts, whether or not enclosed in concrete, designed to contain underground cables, including a gallery or cable tunnel for power cables.

25. “Purchasing member” means a municipal utility which purchases electricity from a municipal electric cooperative association of which it is a member.

26. “Replacement tax” means the excise tax imposed on the generation, transmission, delivery, consumption, or use of electricity or natural gas under [section 437A.4](#), [437A.5](#), [437A.6](#), or [437A.7](#).

27. “Self-generator” means a person, other than an electric company, natural gas company, electric cooperative, or municipal utility, who generates, by means of an on-site facility wholly owned by or leased in its entirety to such person, electricity solely for its own consumption, except for inadvertent unscheduled deliveries to the electric utility furnishing electric service to that self-generator. A person who generates electricity which is consumed by any other person, including any owner, shareholder, member, beneficiary, partner, or associate of the person who generates electricity, is not a self-generator. For purposes of [this subsection](#), “on-site facility” means an electric power generating plant that is wholly owned by or leased in its entirety to a person and used to generate electricity solely for consumption by such person on the same parcel of land on which such plant is located or on a contiguous parcel of land. For purposes of [this subsection](#), “parcel of land” includes each separate parcel of land shown on the tax list.

28. “Statewide amount” means the acquisition cost of any major addition which is not a local amount.

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

30. “Taxable value” means as defined in [section 437A.19](#), [subsection 2](#), paragraph “e”.

31. “Taxpayer” means an electric company, natural gas company, electric cooperative, municipal utility, or other person subject to the replacement tax imposed under [section 437A.4](#), [437A.5](#), [437A.6](#), or [437A.7](#).

32. “Transfer replacement tax” means the excise tax imposed in a competitive service area of a municipal utility which replaces transfers made by the municipal utility in accordance with [section 384.89](#).

33. “Transmission line” means a line, wire, or cable which is capable of operating at an electric voltage of at least thirty-four and one-half kilovolts.

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

98 Acts, ch 1194, §4, 40; 99 Acts, ch 114, §27; 99 Acts, ch 152, §21 – 23, 40; 2000 Acts, ch 1114, §2, 18; 2000 Acts, ch 1148, §1; 2001 Acts, ch 145, §1, 2, 13; 2001 Acts, 1st Ex, ch 4, §5, 36; 2002 Acts, ch 1119, §58, 200, 201; 2003 Acts, ch 106, §2 – 6, 15; 2003 Acts, ch 145, §286; 2004 Acts, ch 1096, §1, 4; 2006 Acts, ch 1010, §112; 2007 Acts, ch 150, §1; 2009 Acts, ch 133, §148; 2010 Acts, ch 1161, §1 – 3, 11; 2011 Acts, ch 25, §91; 2012 Acts, ch 1023, §49, 50; 2013 Acts, ch 90, §248; 2014 Acts, ch 1092, §94; 2020 Acts, ch 1063, §235; 2021 Acts, ch 86, §12; 2024 Acts, ch 1170, §369

Referred to in [§437A.15](#), [437A.16A](#), [476.86](#)

SUBCHAPTER II
GENERATION, TRANSMISSION, AND
DELIVERY TAXES

Referred to in [§437A.1](#)

437A.4 Replacement tax imposed on delivery of electricity.

1. A replacement delivery tax is imposed on every person who makes a delivery of electricity to a consumer within this state. The replacement delivery tax imposed by [this section](#) is equal to the sum of the following:

a. The number of kilowatt-hours of electricity delivered to consumers by the taxpayer within each electric competitive service area during the tax year multiplied by the electric replacement delivery tax rate in effect for each such electric competitive service area.

b. Where applicable, and in addition to the tax imposed by paragraph “a”, the number of kilowatt-hours of electricity delivered to consumers by the taxpayer within each electric competitive service area during the tax year multiplied by the electric transfer replacement tax rate for each such electric competitive service area.

2. If electricity is consumed in this state, whether such electricity is purchased, transferred, or self-generated, and the delivery, purchase, transference, or self-generation of such electricity is not subject to the tax imposed under [subsection 1](#), a tax is imposed on the consumer at the rates prescribed under [subsection 1](#).

3. Electric replacement delivery tax rates shall be calculated by the director for each electric competitive service area as follows:

a. The director shall determine the average centrally assessed property tax liability allocated to electric service of each taxpayer, other than a municipal utility, principally serving an electric competitive service area and of each generation and transmission electric cooperative for the assessment years 1993 through 1997 based on property tax payments made. In the case of a municipal utility, the average centrally assessed property tax liability allocated to electric service is the centrally assessed property tax liability of such municipal utility allocated to electric service for the 1997 assessment year based on property tax payments made.

b. The director shall determine, for each taxpayer, the number of kilowatt-hours of electricity generated which would have been subject to taxation under [section 437A.6](#), the number of pole miles which would have been subject to taxation under [section 437A.7](#), and the number of kilowatt-hours of electricity delivered to consumers which would have been subject to taxation under [this section](#) in calendar year 1998, had such sections been in effect for calendar year 1998.

c. The director shall determine the electric generation, transmission, and delivery tax components of the average centrally assessed property tax liability determined in paragraph “a” for each electric competitive service area as follows:

(1) The electric generation tax component for an electric competitive service area shall be computed by multiplying the tax rate set forth in [section 437A.6](#) by the number of kilowatt-hours of electricity generated by the taxpayer principally serving such electric competitive service area which would have been subject to taxation under [section 437A.6](#) in calendar year 1998, had that section been in effect for calendar year 1998.

(2) The electric transmission tax component for an electric competitive service area shall be computed by multiplying the tax rates set forth in [section 437A.7](#) by the number of pole miles for each line voltage owned or leased by the taxpayer principally serving such electric competitive service area which would have been subject to taxation under [section 437A.7](#) on December 31, 1998, had that section been in effect for calendar year 1998.

(3) The electric delivery tax component for an electric competitive service area shall be the average centrally assessed property tax liability allocated to electric service of the taxpayer principally serving such electric competitive service area less the electric generation and transmission tax components computed for such electric competitive service area.

(4) The electric delivery tax component for each electric competitive service area shall be adjusted, as necessary, to assign the excess property tax liability of each generation and

transmission electric cooperative to the electric competitive service areas principally served on January 1, 1999, by its distribution electric cooperative members and by those municipal utilities which were purchasing members of a municipal electric cooperative association that is a member of the generation and transmission electric cooperative. Such assignment of excess property tax liability of each such generation and transmission electric cooperative shall be made in proportion to the appropriate wholesale rate charges in calendar year 1998 to its distribution electric cooperative members and municipal electric cooperative association members which purchased electricity from the generation and transmission electric cooperative. Any amount assignable to a municipal electric cooperative association shall be reassigned to the electric competitive service areas served by such association's purchasing municipal utility members and shall be allocated among them in proportion to the appropriate wholesale rate charges in calendar year 1998 by such municipal electric cooperative association to its purchasing municipal utility members. For purposes of [this subsection](#), "excess property tax liability" means the amount by which the average centrally assessed property tax liability for the assessment years 1993 through 1997 of a generation and transmission electric cooperative exceeds the tentative generation and transmission taxes which would have been imposed on such generation and transmission electric cooperative under [sections 437A.6](#) and [437A.7](#) for calendar year 1998, had such taxes been in effect for calendar year 1998. An electric cooperative described in [section 437A.7, subsection 3](#), paragraph "c", is deemed not to have any excess property tax liability.

d. The director shall determine an electric delivery tax rate for each electric competitive service area by dividing the electric delivery tax component for the electric competitive service area, as adjusted by paragraph "c", subparagraph (4), by the number of kilowatt-hours delivered by the taxpayer principally serving the electric competitive service area to consumers in calendar year 1998, which would have been subject to taxation under [this section](#) if [this section](#) had been in effect for calendar year 1998.

4. Municipal electric transfer replacement tax rates shall be calculated annually by the city council of each city located within an electric competitive service area served by a municipal utility as of January 1, 1999, by dividing the average annual dollar amount of electric-related transfers made pursuant to [section 384.89](#) by the municipal utility serving the electric competitive service area, other than those transfers declared exempt from the transfer replacement tax by the city council, plus the municipal transfer replacement tax received by the municipality, if any, during the five immediately preceding calendar years by the number of kilowatt-hours of electricity delivered to consumers in the electric competitive service area during the immediately preceding calendar year which were subject to taxation under [this section](#) or which would have been subject to taxation under [this section](#) had it been in effect for such calendar year. The city council on its own motion, or in the case of a municipal utility governed by a board of trustees under [chapter 388](#) upon a resolution of the board of trustees requesting such action, may declare any transfer or part of such transfer to be exempt from the transfer replacement tax under [this section](#). Such rates shall be calculated and reported to the director on or before August 31 of each tax year.

5. A municipal utility taxpayer is entitled to a credit against the municipal electric transfer replacement tax equal to the average amount of electric-related transfers made by such municipal utility taxpayer under [section 384.89](#), other than those transfers declared exempt from transfer replacement tax by the city council, during the preceding five calendar years.

6. The following are not subject to the replacement delivery tax imposed by [subsections 1 and 2](#):

a. Delivery of electricity generated by a low capacity factor electric power generating plant.

b. Delivery of electricity to a city from such city's municipal utility, provided such electricity is used by the city for the public purposes of the city.

c. Electricity consumed by a state university or university of science and technology, provided such electricity was generated by property described in [section 427.1, subsection 1](#).

d. Electricity generated and consumed by a self-generator.

7. Notwithstanding [subsection 1](#), the electric delivery tax rate applied to kilowatt-hours of electricity delivered by a taxpayer to utility property and facilities which are placed in

service on or after January 1, 1999, and are owned by or leased to and initially served by such taxpayer shall be the electric delivery tax rate in effect for the electric competitive service area principally served by such utility property and facilities even though such utility property and facilities may be physically located in another electric competitive service area.

8. a. If for any tax year after calendar year 1998, the total taxable kilowatt-hours of electricity required to be reported by taxpayers pursuant to [section 437A.8, subsection 1](#), paragraphs “a” and “b”, with respect to any electric competitive service area, increases or decreases by more than the threshold percentage from the average of the base year amounts for that electric competitive service area during the immediately preceding five calendar years, the tax rate imposed under [subsection 1](#), paragraph “a”, and [subsection 2](#), for that tax year shall be recalculated by the director for that electric competitive service area so that the total of the replacement electric delivery taxes required to be reported pursuant to [section 437A.8, subsection 1](#), paragraph “e”, for that electric competitive service area with respect to the tax imposed under [subsection 1](#), paragraph “a”, and [subsection 2](#), shall be as follows:

(1) If the number of kilowatt-hours of electricity required to be reported increased by more than the threshold percentage, one hundred two percent of such taxes required to be reported by taxpayers for that electric competitive service area for the immediately preceding tax year.

(2) If the number of kilowatt-hours of electricity required to be reported decreased by more than the threshold percentage, ninety-eight percent of such taxes required to be reported by taxpayers for that electric competitive service area for the immediately preceding tax year.

b. For purposes of paragraph “a”, subparagraphs (1) and (2), in computing the tax rate under [subsection 1](#), paragraph “a”, and [subsection 2](#), for tax year 1999, the director shall use the electric delivery tax component computed for the electric competitive service area pursuant to [subsection 3](#), paragraph “c”, in lieu of the taxes required to be reported for that electric competitive service area for the immediately preceding tax year.

c. The threshold percentage shall be determined annually and shall be eight percent for any electric competitive service area in which the average of the base year amounts for the preceding five calendar years does not exceed three billion kilowatt-hours, and ten percent for all other electric competitive service areas.

d. Any such recalculation of an electric delivery tax rate, if required, shall be made and the new rate shall be published in the Iowa administrative bulletin by the director by no later than May 31 following the tax year. The director shall adjust the tentative replacement tax imposed by [subsection 1](#), paragraph “a”, and [subsection 2](#) required to be shown on any affected taxpayer’s return pursuant to [section 437A.8, subsection 1](#), paragraph “e”, to reflect the adjusted delivery tax rate for the tax year, and report such adjustment to the affected taxpayer on or before June 30 following the tax year. The new electric delivery tax rate shall apply prospectively, until such time as further adjustment is required.

e. For purposes of [this section](#), “base year amount” means for calendar years prior to tax year 1999, the sum of the kilowatt-hours of electricity delivered to consumers within an electric competitive service area by the taxpayer principally serving such electric competitive service area which would have been subject to taxation under [this section](#) had [this section](#) been in effect for those years; and for tax years after calendar year 1998, the taxable kilowatt-hours of electricity required to be reported by taxpayers pursuant to [section 437A.8, subsection 1](#), paragraphs “a” and “b”, with respect to any electric competitive service area.

9. a. After calendar year 1998, if a municipal electric cooperative association ceases to purchase electricity from the generation and transmission electric cooperative from which it purchased electricity in 1998, and for a period of one hundred eighty days after such purchases cease, no municipal utility member of such association purchases electricity from such generation and transmission electric cooperative, the excess property tax liability assigned pursuant to [subsection 3](#), paragraph “c”, subparagraph (4), to the electric competitive service areas principally served by the municipal utility members on January 1, 1999, shall be removed from the electric delivery tax component of those electric competitive service areas and the electric delivery tax rate for those electric competitive service areas shall be recalculated to reflect that change.

b. After calendar year 1998, if a municipal utility ceases to be a purchasing member of a

municipal electric cooperative association which purchased electricity in calendar year 1998 from a generation and transmission electric cooperative, and for a period of one hundred eighty days after the municipal utility ceases to be a purchasing member of such association such municipal utility does not purchase electricity from such generation and transmission electric cooperative, the excess property tax liability assigned pursuant to [subsection 3](#), paragraph “c”, subparagraph (4), to the electric competitive service area principally served by the municipal utility on January 1, 1999, shall be removed from the electric delivery tax component of those electric competitive service areas and the electric delivery tax rate for those electric competitive service areas shall be recalculated to reflect that change.

c. If a recalculation has previously been made by the director pursuant to [subsection 8](#) for an electric competitive service area described in [this subsection](#), the recalculation required by [this subsection](#) shall be made by the director by modifying the most recent recalculation under [subsection 8](#) to eliminate the excess property tax liability originally allocated to such electric competitive service area under [subsection 3](#), paragraph “c”, subparagraph (4).

d. Any recalculation required by [this subsection](#) shall be made and the new rate shall be published in the Iowa administrative bulletin by the director by May 31 of the calendar year during which the events described in paragraphs “a” and “b” are reported as provided in [section 437A.8, subsection 1](#), paragraph “f”. The new electric delivery tax rate shall be effective January 1 of the tax year in which it is published and shall apply prospectively, until such time as further adjustment is required.

10. The electric delivery tax rate in effect for each electric competitive service area shall be published by the director in the Iowa administrative bulletin on or before November 30, 1999, and annually after that date, during the last quarter of the tax year.

[98 Acts, ch 1194, §5, 40; 2011 Acts, ch 25, §92](#)

Referred to in [§437A.3, 437A.8, 437A.15, 437A.17A](#)

437A.5 Replacement tax imposed on delivery of natural gas.

1. A replacement delivery tax is imposed on every person who makes a delivery of natural gas to a consumer within this state. The replacement delivery tax imposed by [this section](#) shall be equal to the sum of the following:

a. The number of therms of natural gas delivered to consumers by the taxpayer within each natural gas competitive service area during the tax year multiplied by the natural gas delivery tax rate in effect for each such natural gas competitive service area.

b. Where applicable, and in addition to the tax imposed by paragraph “a”, the number of therms of natural gas delivered to consumers by the taxpayer within each natural gas competitive service area during the tax year multiplied by the municipal natural gas transfer replacement tax rate for each such natural gas competitive service area.

c. (1) Notwithstanding paragraphs “a” and “b”, a natural gas delivery rate of one and eleven-hundredths of a cent (.0111) per therm of natural gas is imposed on all natural gas delivered to or consumed by a new electric power generating plant for purposes of generating electricity within the state during the tax year. However, if a new electric power generating plant is exempt from a replacement generation tax pursuant to [section 437A.6, subsection 1](#), paragraph “b”, the natural gas delivery rate for the municipal service area that the new plant serves shall instead apply for deliveries of natural gas by the municipal gas utility.

(2) The provisions of [subsection 8](#) shall not apply to the therms of natural gas subject to the delivery tax set forth in this paragraph.

(3) If the new electric power generating plant is part of a cogeneration facility or new cogeneration facility, the natural gas delivery rate for that plant shall be the lesser of the natural gas delivery rate established in this paragraph “c” or the rate per therm of natural gas as in effect at the time of the initial natural gas deliveries to the plant for the natural gas competitive service area where the new electric power generating plant is located.

2. If natural gas is consumed in this state, whether such natural gas is purchased or transferred, and the delivery, purchase, or transference of such natural gas is not subject to the tax imposed under [subsection 1](#), a tax is imposed on the consumer at the rates prescribed under [subsection 1](#).

3. Natural gas delivery tax rates shall be calculated by the director for each natural gas competitive service area as follows:

a. The director shall determine the average centrally assessed property tax liability allocated to natural gas service of each taxpayer, other than a municipal utility, principally serving a natural gas competitive service area for the assessment years 1993 through 1997 based on property tax payments made. In the case of a municipal utility, the average centrally assessed property tax liability allocated to natural gas service is the centrally assessed property tax liability of such municipal utility allocated to natural gas service for the 1997 assessment year based on property tax payments made. For purposes of [this subsection](#), taxpayer does not include a pipeline company defined in [section 479A.2](#).

b. The director shall determine for each taxpayer the number of therms of natural gas delivered to consumers which would have been subject to taxation under [this section](#) in calendar year 1998 had [this section](#) been in effect for calendar year 1998.

c. The director shall determine a natural gas delivery tax rate for each natural gas competitive service area by dividing the average centrally assessed property tax liability allocated to natural gas service of the taxpayer principally serving the natural gas competitive service area by the number of therms of natural gas delivered by such taxpayer to consumers in calendar year 1998 which would have been subject to taxation under [this section](#) had such section been in effect for calendar year 1998.

4. Municipal natural gas transfer replacement tax rates shall be calculated annually by the city council of each city located within a natural gas competitive service area served by a municipal utility as of January 1, 1999, by dividing the average annual dollar amount of natural gas-related transfers made pursuant to [section 384.89](#) by the municipal utility serving the natural gas competitive service area, other than those transfers declared exempt from the transfer replacement tax by the city council, plus the municipal transfer replacement tax received by the municipality, if any, during the five immediately preceding calendar years, by the number of therms of natural gas delivered to consumers in the natural gas competitive service area during the immediately preceding calendar year which were subject to taxation under [this section](#) or which would have been subject to taxation under [this section](#) had it been in effect for such calendar year. The city council on its own motion, or in the case of a municipal utility governed by a board of trustees under [chapter 388](#) upon a resolution of the board of trustees requesting such action, may declare any transfer or part of such transfer to be exempt from the transfer replacement tax under [this section](#). Such rates shall be calculated and reported to the director on or before August 31 of each tax year.

5. A municipal utility taxpayer is entitled to a credit against the municipal natural gas transfer replacement tax equal to the average amount of natural gas-related transfers made by such municipal utility taxpayer under [section 384.89](#), other than those transfers declared exempt from transfer replacement tax by the city council, during the preceding five calendar years.

6. a. Notwithstanding [subsection 1](#), the natural gas delivery tax rate applied to therms of natural gas delivered by a taxpayer to utility property and facilities that are placed in service on or after January 1, 1999, and that are owned by or leased to and initially served by such taxpayer shall be the natural gas delivery tax rate in effect for the natural gas competitive service area principally served by such utility property and facilities even though such utility property and facilities may be physically located in another natural gas competitive service area.

b. [This subsection](#) shall not apply to natural gas delivered to or consumed by new electric power generating plants.

7. a. Delivery of natural gas to a city from such city's municipal utility is not subject to the replacement delivery tax imposed under [subsection 1](#), paragraph "a", and [subsection 2](#), provided such natural gas is used by the city for the public purposes of the city.

b. [Subsection 2](#) does not apply to natural gas consumed by a person, other than an electric company, natural gas company, electric cooperative, or municipal utility, acquired by means of facilities owned by or leased to such person on January 1, 1999, which were physically attached to pipelines that are not permitted pursuant to [chapter 479](#) and used by such person for the purpose of bypassing the local natural gas company or municipal utility.

c. **Subsection 1** does not apply to natural gas which is delivered, by a pipeline that is not permitted pursuant to **chapter 479**, into a facility owned by or leased to a person, other than an electric company, natural gas company, electric cooperative, or municipal utility, if the person who consumes the gas uses the gas for the purpose of bypassing the local natural gas company or municipal utility, regardless of whether such facility existed on January 1, 1999.

8. If, for any tax year after calendar year 1998, the total taxable therms of natural gas required to be reported by taxpayers pursuant to **section 437A.8, subsection 1**, paragraphs “a” and “b”, with respect to any natural gas competitive service area increases or decreases by more than the threshold percentage from the average of the base year amounts for that natural gas competitive service area during the immediately preceding five calendar years, the tax rate imposed under **subsection 1**, paragraph “a”, and **subsection 2** for that tax year shall be recalculated by the director for that natural gas competitive service area so that the total of the replacement natural gas delivery taxes required to be reported pursuant to **section 437A.8, subsection 1**, paragraph “e”, for that natural gas competitive service area with respect to the tax imposed under **subsection 1**, paragraph “a”, and **subsection 2** shall be as follows:

a. If the number of therms of natural gas required to be reported increased by more than the threshold percentage, one hundred two percent of such taxes required to be reported by taxpayers for that natural gas competitive service area for the immediately preceding tax year.

b. If the number of therms of natural gas required to be reported decreased by more than the threshold percentage, ninety-eight percent of such taxes required to be reported by taxpayers for that natural gas competitive service area for the immediately preceding tax year.

c. (1) For purposes of paragraphs “a” and “b”, in computing the tax rate under **subsection 1**, paragraph “a”, and **subsection 2** for calendar year 1999, the director shall use the average centrally assessed property tax liability allocated to natural gas service computed for the natural gas competitive service area pursuant to **subsection 3**, paragraph “a”, in lieu of the taxes required to be reported for that natural gas competitive service area for the immediately preceding tax year.

(2) The threshold percentage shall be determined annually and shall be eight percent for any natural gas competitive service area in which the average of the base year amounts for the preceding five calendar years does not exceed two hundred fifty million therms, and ten percent for all other natural gas competitive service areas.

(3) Recalculation of a natural gas delivery tax rate, if required, shall be made and the new rate published in the Iowa administrative bulletin by the director by no later than May 31 following the tax year. The director shall adjust the tentative replacement tax imposed by **subsection 1**, paragraph “a”, and **subsection 2** required to be shown on any affected taxpayer’s return pursuant to **section 437A.8, subsection 1**, paragraph “e”, to reflect the adjusted delivery tax rate for the tax year, and report such adjustment to the affected taxpayer on or before June 30 following the tax year. The new natural gas delivery tax rate shall apply prospectively, until such time as further adjustment is required.

(4) For purposes of **this subsection**, “base year amount” means for calendar years prior to tax year 1999, the sum of the therms of natural gas delivered to consumers within a natural gas competitive service area by the taxpayer principally serving such natural gas competitive service area which would have been subject to taxation under **this section** had **this section** been in effect for those years; and for tax years after calendar year 1998, the taxable therms of natural gas required to be reported by taxpayers pursuant to **section 437A.8, subsection 1**, paragraphs “a” and “b”, with respect to any natural gas competitive service area.

9. The natural gas delivery tax rate in effect for each natural gas competitive service area shall be published by the director in the Iowa administrative bulletin on or before November 30, 1999, and annually after that date, during the last quarter of the tax year.

98 Acts, ch 1194, §6, 40; 2000 Acts, ch 1114, §3, 4, 17, 18; 2003 Acts, ch 106, §7, 8, 15; 2010 Acts, ch 1161, §4, 11; 2011 Acts, ch 25, §93, 143

Referred to in §437A.3, 437A.8, 437A.17A

437A.6 Replacement tax imposed on electric generation.

1. A replacement generation tax of six hundredths of a cent per kilowatt-hour of

electricity generated within this state during the tax year is imposed on every person generating electricity, except electricity generated by the following:

- a. A low capacity factor electric power generating plant.
- b. Facilities owned by or leased to a municipal utility when devoted to public use and not held for pecuniary profit, except facilities of a municipally owned electric utility held under joint ownership or lease and facilities of an electric power facility financed under [chapter 28F](#) or [476A](#).
- c. Wind energy conversion property subject to [section 427B.26](#) or eligible for a tax credit under [chapter 476B](#).
- d. Methane gas conversion property subject to [section 427.1, subsection 29](#), to the extent the property is used in connection with, or in conjunction with, a publicly owned sanitary landfill or used to collect waste that would otherwise be collected by, or deposited with, a publicly owned sanitary landfill.
- e. Facilities owned by or leased to a state university or university of science and technology, to the extent electricity generated by such facilities is consumed exclusively by such state university or university of science and technology.

f. On-site facilities wholly owned by or leased in their entirety to a self-generator.

2. In lieu of the replacement generation tax imposed in [subsection 1](#), a replacement generation tax of one thousand eight hundred forty-seven ten-thousandths of a cent per kilowatt-hour of electricity generated within this state during the tax year is imposed on every hydroelectric generating power plant with a generating capacity of one hundred megawatts or greater.

3. In lieu of the replacement generation tax imposed in [subsection 1](#), a replacement generation tax of one thousand ninety-nine ten-thousandths of a cent per kilowatt-hour of electricity generated within this state during the tax year is imposed on every electric company which owns a joint interest in an electric power generating plant in this state and which has a joint interest in less than five pole miles of transmission lines in this state.

4. For purposes of [this section](#), if a generation facility is jointly owned or leased, the number of kilowatt-hours of electricity subject to the replacement generation tax shall be the number of kilowatt-hours of electricity generated and dispatched by the jointly held generation facility to the account of the taxpayer.

5. For purposes of [this section](#), the number of kilowatt-hours generated by a generation facility shall exclude any kilowatt-hours used to operate that generation facility.

[98 Acts, ch 1194, §7, 40; 2000 Acts, ch 1114, §5, 6, 17, 18; 2001 Acts, ch 145, §3, 13; 2001 Acts, 1st Ex, ch 4, §6, 36; 2004 Acts, ch 1175, §408, 418; 2009 Acts, ch 179, §225 – 227](#)

Referred to in [§437A.3](#), [437A.4](#), [437A.5](#), [437A.8](#), [437A.16](#), [476B.6](#)

437A.7 Replacement tax imposed on electric transmission.

1. a. A replacement transmission tax is imposed on every person owning or leasing transmission lines within this state and shall be equal to the sum of all of the following:

- (1) Five hundred fifty dollars per pole mile of transmission line owned or leased by the taxpayer not exceeding one hundred kilovolts.
- (2) Three thousand dollars per pole mile of transmission line owned or leased by the taxpayer greater than one hundred kilovolts but not exceeding one hundred fifty kilovolts.
- (3) Seven hundred dollars per pole mile of transmission line owned or leased by the taxpayer greater than one hundred fifty kilovolts but not exceeding three hundred kilovolts.
- (4) Seven thousand dollars per pole mile of transmission line owned or leased by the taxpayer greater than three hundred kilovolts.

b. The replacement transmission tax shall be calculated on the basis of pole miles of transmission line owned or leased by the taxpayer on the last day of the tax year.

2. In lieu of the replacement transmission tax imposed in [subsection 1](#), a municipal utility whose replacement transmission tax liability for the tax year 1999 was limited to the tax imposed by [this section](#) and whose anticipated tax revenues from a taxpayer, as defined in [section 437A.15, subsection 4](#), for the tax year 1999, exceeded its replacement transmission tax by more than one hundred thousand dollars shall be subject to replacement transmission

tax on all transmission lines owned by or leased to the municipal utility as of the last day of the tax year 2000 as follows:

a. Three thousand twenty-five dollars per pole mile of transmission line owned or leased by the taxpayer not exceeding one hundred kilovolts.

b. Seven thousand dollars per pole mile of transmission line owned or leased by the taxpayer greater than one hundred fifty kilovolts but not exceeding three hundred kilovolts.

3. The following shall not be subject to the replacement transmission tax:

a. Transmission lines owned by or leased to a municipal utility when devoted to public use and not for pecuniary profit, except transmission lines of a municipally owned electric utility held under joint ownership and transmission lines of an electric power facility financed under [chapter 28F](#) or [476A](#).

b. Transmission lines owned by or leased to a lessor when the transmission lines are subject to the replacement transmission tax payable by the lessee or sublessee.

c. Any electric cooperative which owns, leases, or owns and leases in total less than seven hundred fifty pole miles of transmission lines in this state. [Chapter 437](#) shall apply to such electric cooperatives.

d. Transmission lines owned by or leased to a state university or university of science and technology, provided such transmission lines are used exclusively for the transmission of electricity consumed by such state university or university of science and technology.

e. Transmission lines owned by or leased to a person, other than a public utility, for which a franchise is not required under [chapter 478](#).

4. For purposes of [this section](#), if a transmission line is jointly owned or leased, the taxpayer shall compute the number of pole miles subject to the replacement transmission tax by multiplying the taxpayer's percentage interest in the jointly held transmission lines by the number of pole miles of such lines.

[98 Acts, ch 1194, §8, 40; 99 Acts, ch 152, §24, 40; 2001 Acts, ch 145, §4, 13; 2001 Acts, 1st Ex, ch 4, §7, 36; 2003 Acts, ch 106, §9, 15; 2011 Acts, ch 25, §143](#)

Referred to in [§437.1](#), [437A.3](#), [437A.4](#), [437A.8](#), [437A.16](#)

437A.8 Return and payment requirements — rate adjustments.

1. Each taxpayer, on or before March 31 following a tax year, shall file with the director a return including, but not limited to, the following information:

a. The total taxable kilowatt-hours of electricity delivered by the taxpayer to consumers within each electric competitive service area during the tax year, and the total taxable therms of natural gas delivered by the taxpayer to consumers within each natural gas competitive service area during the tax year.

b. The total kilowatt-hours of electricity consumed by the taxpayer within each electric competitive service area during the tax year subject to tax under [section 437A.4, subsection 2](#), and the total therms of natural gas consumed by the taxpayer within each natural gas competitive service area during the tax year subject to tax under [section 437A.5, subsection 2](#).

c. The total taxable kilowatt-hours of electricity generated by the taxpayer in Iowa during the tax year.

d. The total taxable pole miles of electric transmission lines in Iowa, by kilovolt, owned or leased by the taxpayer on the last day of the tax year.

e. The tentative replacement taxes imposed by [section 437A.4, subsection 1](#), paragraph "a", [section 437A.4, subsection 2](#), [section 437A.5, subsection 1](#), paragraph "a", [section 437A.5, subsection 2](#), and [sections 437A.6](#) and [437A.7](#), due for the tax year.

f. For purposes of a municipal utility which is a member of a municipal electric cooperative association, the occurrence on or before September 1 of the preceding calendar year of an event described in [section 437A.4, subsection 9](#), paragraph "a" or "b", and the date on which the one-hundred-eighty-day requirement under such paragraph was met.

2. Each taxpayer subject to a municipal transfer replacement tax, on or before March 31 following a tax year, shall file with the chief financial officer of each city located within an electric or natural gas competitive service area served by a municipal utility as of January 1, 1999, a return including, but not limited to, the following information:

a. The total taxable kilowatt-hours of electricity delivered by the taxpayer within each

electric competitive service area described in [section 437A.4, subsection 4](#), during the tax year and the total taxable therms of natural gas delivered by the taxpayer within each natural gas competitive service area described in [section 437A.5, subsection 4](#), during the tax year.

b. For a municipal utility taxpayer, the total transfers made by the taxpayer under [section 384.89](#) within each competitive service area during the preceding calendar year, allocated between electric-related transfers and natural gas-related transfers and total credits described in [section 437A.4, subsection 5](#), and [section 437A.5, subsection 5](#).

c. The transfer replacement taxes imposed by [section 437A.4, subsection 1](#), paragraph “b”, and [section 437A.5, subsection 1](#), paragraph “b”, due for the tax year.

3. A return shall be signed by an officer, or other person duly authorized by the taxpayer, and must be certified as correct and in accordance with forms and rules prescribed by the director in the case of a return filed pursuant to [subsection 1](#), and in accordance with forms and rules prescribed by the chief financial officer of the city in the case of a return filed pursuant to [subsection 2](#).

4. a. At the time of filing the return required by [subsection 1](#) with the director, the taxpayer shall calculate the tentative replacement tax due for the tax year. The director shall compute any adjustments to the replacement tax required by [subsection 7](#) and by [section 437A.4, subsection 8](#), and [section 437A.5, subsection 8](#), and notify the taxpayer of any such adjustments in accordance with the requirements of such provisions. The director and the department of management shall compute the allocation of replacement taxes among local taxing districts and report such allocations to county treasurers pursuant to [section 437A.15](#). Based on such allocations, the treasurer of each county shall notify each taxpayer on or before August 31 following a tax year of its replacement tax obligation to the county treasurer. On or before September 30, 2000, and on or before September 30 of each subsequent year, the taxpayer shall remit to the county treasurer of each county to which such replacement tax is allocated pursuant to [section 437A.15](#), one-half of the replacement tax so allocated, and on or before the succeeding March 31, the taxpayer shall remit to the county treasurers the remaining replacement tax so allocated. If notification of a taxpayer’s replacement tax obligation is not mailed by a county treasurer on or before August 31 following a tax year, such taxpayer shall have thirty days from the date the notification is mailed to remit one-half of the replacement tax otherwise required by [this subsection](#) to be remitted to such county treasurer on or before September 30. If a taxpayer fails to timely remit replacement taxes as provided in [this subsection](#), the county treasurer of each affected county shall notify the director of such failure.

b. If a distribution electric cooperative member or a municipal utility purchasing member subject to [section 437A.15, subsection 3](#), paragraph “b”, does not make timely payment of the correct amount of replacement tax to the generation and transmission electric cooperative, the generation and transmission electric cooperative shall notify the director in writing within ten days after September 10. The director shall then notify the generation and transmission electric cooperative in writing within five days after delivery of notice to the director of the paid amount to be remitted to the appropriate county treasurer and shall also notify the county treasurer. The generation and transmission electric cooperative shall remit the amount determined by the director to the appropriate county treasurer by September 30. If the generation and transmission electric cooperative timely notifies the director and timely remits to the county treasurer the amounts of replacement tax, as determined by the director, the generation and transmission electric cooperative shall not be liable for that unpaid replacement tax due from the distribution electric cooperative member or municipal utility purchasing member. The generation and transmission electric cooperative shall also not be liable for a special utility property tax levy, if any, and shall not be entitled to a tax credit, if any, attributable to the unpaid replacement tax. The county treasurer and the director shall enforce payment of the replacement tax against the appropriate distribution electric cooperative member or municipal utility purchasing member pursuant to [sections 437A.9 through 437A.13](#). The county treasurer shall enforce payment of the special utility property tax levy, if any, against the appropriate distribution electric cooperative member or municipal utility purchasing member. For purposes of this paragraph:

(1) Written notice to the director must be either delivered to the director by electronic

means, United States postal service, or a common carrier, by ordinary, certified, or registered mail directed to the attention of the director, be personally delivered to the director, or be served on the director by personal service during business hours. If the notice is mailed, a notice is considered delivered on the date of the postmark. If a postmark date is not present on the mailed article, the date of receipt of notice shall be considered the date of the mailing. A notice is considered delivered on the date personal service or personal delivery to the office of the director is made.

(2) Written notice to a generation and transmission electric cooperative must be delivered to the cooperative by electronic means, United States postal service, or a common carrier, by ordinary, certified, or registered mail, directed to the attention of the manager of the cooperative, be personally delivered to the manager of the cooperative, or be served on the manager of the cooperative by personal service during business hours. For the purpose of mailing, a notice is considered delivered on the date of the postmark. If a postmark date is not present on the mailed article, the date of receipt of notice shall be considered the date of the mailing. A notice is considered delivered on the date personal service or personal delivery to the office of the manager of the cooperative is made.

c. If a generation and transmission electric cooperative, after notice, does not timely pay the correct amount of replacement tax or special utility property tax levy attributable to the excess property tax liability to the appropriate county treasurer, after receiving the required payment from the distribution electric cooperative member or municipal utility purchasing member, such replacement tax shall be enforced solely against the generation and transmission electric cooperative under [sections 437A.9 through 437A.13](#), and shall not be enforced against the paying distribution electric cooperative member or municipal utility purchasing member, and the special utility property tax levy shall be enforced solely against the generation and transmission electric cooperative.

d. (1) Notwithstanding paragraph “a”, a taxpayer who owns or leases a new electric power generating plant and who has no other operating property in the state of Iowa except for operating property directly serving the new electric power generating plant as described in [section 437A.16](#) shall pay the replacement generation tax associated with the allocation of the local amount to the county treasurer of the county in which the local amount is located and shall remit the remaining replacement generation tax, if any, to the director according to paragraph “a” for remittance of the tax to county treasurers. The director shall notify each taxpayer on or before August 31 following a tax year of its remaining replacement generation tax to be remitted to the director. All remaining replacement generation tax revenues received by the director shall be appropriated annually to the department of health and human services to supplement any appropriation made for medical assistance.

(2) If a taxpayer has paid an amount of replacement tax, penalty, or interest which was appropriated to the department of health and human services under this paragraph and which was not due, all of the provisions of [section 437A.14, subsection 1](#), paragraph “b”, shall apply with regard to any claim for refund or credit filed by the taxpayer. The director shall have sole discretion as to whether the erroneous payment will be refunded to the taxpayer or credited against any replacement tax due, or to become due, from the taxpayer that would be appropriated to the department of health and human services under this paragraph.

5. At the time of filing the return required by [subsection 2](#), the taxpayer shall calculate the municipal transfer replacement tax due for the tax year. Municipal transfer replacement taxes shall be paid to the chief financial officer of the city to which the taxes are allocated at such time and place as directed by the city council.

6. Notwithstanding [subsections 1 through 5](#), a taxpayer shall not be required to file a return otherwise required by [this section](#) or remit any replacement tax for any tax year in which the taxpayer’s replacement tax liability before credits is three hundred dollars or less, provided that all electric companies, electric cooperatives, municipal utilities, and natural gas companies shall file a return, regardless of the taxpayer’s replacement tax liability.

7. Following the determination of electric and natural gas delivery tax rates by the director pursuant to [section 437A.4, subsection 3](#), and [section 437A.5, subsection 3](#), if an adjustment resulting from a taxpayer appeal is made to taxes levied and paid by a taxpayer with respect to any of the assessment years 1993 through 1997 used in determining such

rates, the director shall recalculate the delivery tax rate for any affected electric or natural gas competitive service area to reflect the impact of such adjustment as if such adjustment had been reflected in the initial determination of average centrally assessed property tax liability allocated to electric or natural gas service pursuant to [section 437A.4, subsection 3](#), paragraph “a”, and [section 437A.5, subsection 3](#), paragraph “a”. Rate recalculations shall be made and published in the Iowa administrative bulletin by the director on or before March 31 following the calendar year in which a final determination of the adjustment is made. Taxpayers shall report to the director any increase or decrease in the tentative replacement tax required to be shown to be due pursuant to [subsection 1](#), paragraph “e”, for any tax year with the return for the year in which the recalculated tax rates which gave rise to the adjustment are published in the Iowa administrative bulletin. The director and the department of management shall redetermine the allocation of replacement taxes pursuant to [section 437A.15](#) for each affected tax year. If a taxpayer has overpaid replacement taxes, the overpayment shall be reported by the director to such taxpayer and to the appropriate county treasurers and shall be a credit against the replacement taxes owed by such taxpayer for the year in which the recalculated rates which gave rise to the overpayment are published in the Iowa administrative bulletin. If a taxpayer has overpaid centrally assessed property taxes for assessment years prior to tax year 1999, such overpayment shall be a credit against replacement taxes owed by such taxpayer for the year in which the overpayment is determined. Unused credits may be carried forward and used to reduce future replacement tax liabilities until exhausted.

[98 Acts, ch 1194, §9, 40](#); [2000 Acts, ch 1114, §7, 17, 18](#); [2001 Acts, ch 145, §5 – 8, 13](#); [2003 Acts, ch 106, §10, 15](#); [2010 Acts, ch 1161, §5, 11](#); [2024 Acts, ch 1157, §44](#); [2024 Acts, ch 1161, §127, 137](#)

Referred to in [§437A.4](#), [437A.5](#), [437A.9](#), [437A.14](#), [437A.15](#), [437A.16](#), [437A.16A](#), [437A.17B](#), [437A.24](#)

See Code editor’s note at the beginning of this Code volume

2024 amendment to subsection 4, paragraph d effective July 1, 2025; [2024 Acts, ch 1161, §137](#)

Subsection 4, paragraph d amended

437A.9 Failure to file return — incorrect return.

1. As soon as practicable after a return required by [section 437A.8, subsection 1](#), is filed, and in any event within three years after such return is filed, the director shall examine the return, determine the tax due if the return is found to be incorrect, and give notice to the taxpayer of the determination as provided in [subsection 2](#). The period for the examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade any tax or in the case of a failure to file a return. The chief financial officer of a city shall have the same authority as is granted to the director under [this section](#) with respect to a return filed pursuant to [section 437A.8, subsection 2](#).

2. If a return required by [section 437A.8, subsection 1](#), is not filed, or if such return when filed is incorrect or insufficient and the taxpayer fails to file a corrected or sufficient return within twenty days after such return is required by notice from the director, the director shall determine the amount of tax due from information as the director may be able to obtain and, if necessary, may estimate the tax due on the basis of external indices. The director shall give notice of the determination to the taxpayer liable for the tax and to the county treasurers to whom the tax is owed. The determination shall fix the tax unless the taxpayer against whom it is levied, within sixty days after notice of the determination, applies to the director for a hearing. At the hearing evidence may be offered to support the determination or to prove that it is incorrect. After the hearing the director shall give notice of the decision to the person liable for the tax and to the county treasurers to whom the tax is owed.

3. The three-year period of limitation provided in [subsection 1](#) may be extended by the taxpayer by signing a waiver agreement form provided by the department. The agreement shall stipulate the period of extension and the tax period to which the extension applies. The agreement shall also provide that a claim for refund may be filed by the taxpayer at any time during the period of extension.

[98 Acts, ch 1194, §10, 40](#)

Referred to in [§421.10](#), [437A.8](#), [437A.22](#)

437A.10 Judicial review.

1. Judicial review of the actions of the director may be sought pursuant to [chapter 17A](#), the Iowa administrative procedure Act.

2. For cause and upon a showing by the director that collection of the tax in dispute is in doubt, the court may order the petitioner to file with the clerk of the district court a bond for the use of the appropriate local taxing authorities, with sureties approved by the clerk of the district court, in the amount of the tax appealed from, conditioned upon the performance by the petitioner of any orders of the court.

3. An appeal may be taken by the taxpayer or the director to the supreme court irrespective of the amount involved.

4. A person aggrieved by a decision of the chief financial officer of a city under [this chapter](#) may seek review by writ of certiorari within thirty days of the decision sought to be reviewed.

[98 Acts, ch 1194, §11, 40](#); [99 Acts, ch 152, §25, 40](#)

Referred to in [§437A.8](#), [437A.22](#)

437A.11 Lien — actions authorized.

1. Whenever a taxpayer who is liable to pay a tax imposed by [subchapter II](#) refuses or neglects to pay such tax, the amount, including any interest, penalty, or addition to such tax, together with the costs that may accrue, shall be a lien in favor of the chief financial officer of the city or the county treasurer to which the tax is owed upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien shall be prior to and superior over all subsequent liens upon any personal property within this state, or right to such personal property, belonging to the taxpayer, without the necessity of recording the lien. The requirement for recording, as applied to the tax imposed by [subchapter II](#), shall apply only to a lien upon real property. The lien may be preserved against subsequent mortgagees, purchasers, or judgment creditors, for value and without notice of the lien, on any real property situated in a county, by the county treasurer to which replacement tax is owed by filing with the recorder of the county in which the real property is located a notice of the lien. For purposes of the replacement tax collected by a city, the lien may be preserved against subsequent mortgagees, purchasers, or judgment creditors, for value and without notice of the lien, on any real property situated in the county, by the chief financial officer of the city to which replacement tax is owed by filing with the recorder of the county in which the real property is located a notice of the lien.

2. The county recorder of each county shall index each lien showing the applicable entries specified in [sections 558.49](#) and [558.52](#) and showing, under the names of taxpayers arranged alphabetically, all of the following:

a. The name of the taxpayer.

b. The name of the county treasurer and county or the name of the chief financial officer and city as claimant.

c. Time the notice of lien was filed for recording.

d. Date of notice.

e. Amount of lien then due.

f. Date of assessment.

g. Date when the lien is satisfied.

3. The recorder shall endorse on each notice of lien the day, hour, and minute when filed for recording and the document reference number, shall preserve such notice, shall index the notice in the index, and shall promptly record the lien in the manner provided for recording real estate mortgages. The lien is effective from the time of the indexing of the lien.

4. The county treasurer or chief financial officer of the city shall pay recording fees as provided in [section 331.604](#), for the recording of the lien, or for its satisfaction.

5. Upon the payment of the replacement tax as to which a county treasurer or chief financial officer of a city has filed notice with a county recorder, the county treasurer or chief financial officer of the city shall promptly file with the recorder a satisfaction of the replacement tax. The recorder shall record the notice of satisfaction showing the applicable entries specified in [sections 558.49](#) and [558.52](#).

6. [Section 445.3](#) applies with respect to the replacement taxes and special utility property

tax levies and penalties and interest imposed by [this chapter](#), except for the provisions limiting the commencement of actions. In addition, at the county treasurer's discretion, [chapters 446, 447, and 448](#) apply in the enforcement of the special utility property tax levies, but any tax deed issued shall not extinguish a tax lien or judgment lien for replacement taxes that has attached to the property.

[98 Acts, ch 1194, §12, 40; 2000 Acts, ch 1114, §8, 18; 2001 Acts, ch 44, §20; 2009 Acts, ch 27, §18 – 20](#)

Referred to in [§331.604, 437A.8, 437A.15](#)

437A.12 Service of notice.

1. A notice authorized or required under [this chapter](#) may be given by mailing the notice to the taxpayer, addressed to the taxpayer at the address given in the last return filed by the taxpayer pursuant to [this chapter](#), or if no return has been filed, then to the most recent address of the taxpayer obtainable. The mailing of the notice is presumptive evidence of the receipt of the notice by the taxpayer to whom the notice is addressed. A period of time within which some action must be taken for which notice is provided under [this section](#) commences to run from the date of mailing of the notice.

2. There is no limitation for the enforcement of a civil remedy pursuant to any proceeding or action taken to levy, appraise, assess, determine, or enforce the collection of any tax or penalty due under [this chapter](#).

[98 Acts, ch 1194, §13, 40](#)

Referred to in [§437A.8, 437A.22](#)

437A.13 Penalties — offenses — limitation.

1. A taxpayer is subject to the penalty provisions in [section 421.27](#) with respect to any replacement tax due under [this chapter](#). A taxpayer shall also pay interest on the delinquent replacement tax at the rate in effect under [section 421.7](#) for each month computed from the date the payment was due, counting each fraction of a month as an entire month. The penalty and interest shall be paid to the county treasurer, or in the case of penalty and interest associated with a municipal transfer replacement tax to the city financial officer, and shall be disposed of in the same manner as other receipts under [this chapter](#). Unpaid penalties and interest may be enforced in the same manner as provided for unpaid replacement tax under [this chapter](#).

2. A taxpayer, or officer, member, or employee of the taxpayer, who willfully attempts to evade the replacement tax imposed or the payment of the replacement tax is guilty of a class "D" felony.

3. The issuance of a certificate by the director or a county treasurer stating that a replacement tax has not been paid, that a return has not been filed, or that information has not been supplied pursuant to [this chapter](#) is prima facie evidence of such failure.

4. A taxpayer, or officer, member, or employee of the taxpayer, required to pay a replacement tax, or required to make, sign, or file an annual return or supplemental return, who willfully makes a false or fraudulent annual return, or who willfully fails to pay at least ninety percent of the replacement tax or willfully fails to make, sign, or file the annual return, as required, is guilty of a fraudulent practice.

5. For purposes of determining the place of trial for a violation of [this section](#), the situs of an offense is in the county of the residence of the taxpayer, officer, member, or employee of the taxpayer charged with the offense, unless the taxpayer, officer, member, or employee of the taxpayer is a nonresident of this state or the residence cannot be established, in which event the situs of the offense is in Polk county.

6. Prosecution for an offense specified in [this section](#) shall be commenced within six years after the commission of the offense.

[98 Acts, ch 1194, §14, 40](#)

Referred to in [§437A.8, 437A.15, 437A.22](#)

437A.14 Correction of errors — refunds or credits of replacement tax paid — information confidential — penalty.

1. *a.* If an amount of replacement tax, penalty, or interest has been paid which was not due

under [this chapter](#), a city's chief financial officer or county treasurer to whom such erroneous payment was made shall do one of the following:

(1) Credit the amount of the erroneous payment against any replacement tax due, or to become due, from the taxpayer on the books of the city or county.

(2) Refund the amount of the erroneous payment to the taxpayer.

b. (1) Claims for refund or credit of replacement taxes paid shall be filed with the director. A claim for refund or credit that is not filed with the director within three years after the replacement tax payment upon which a refund or credit is claimed became due, or one year after the replacement tax payment was made, whichever time is later, shall not be allowed. A claim for refund or credit of tax alleged to be unconstitutional not filed with the director within ninety days after the replacement tax payment upon which a refund or credit is claimed became due shall not be allowed. As a precondition for claiming a refund or credit of alleged unconstitutional taxes, such taxes must be paid under written protest which specifies the particulars of the alleged unconstitutionality. Claims for refund or credit may only be made by, and refunds or credits may only be made to, the person responsible for paying the replacement tax, or such person's successors. The director shall notify affected county treasurers of the acceptance or denial of any refund claim. [Section 421.10](#) applies to claims denied by the director.

(2) If an amount of overpaid replacement tax is attributable to payment of excess property tax liability as described in [section 437A.15, subsection 3](#), paragraph "b", a claim for refund or credit may only be made by, and a refund or credit shall only be made to, the person who made such excess payment. Such claim shall not be made by the person who collected the tax from another person.

2. It is unlawful for any present or former officer or employee of the state to divulge or to make known in any manner to any person the kilowatt-hours of electricity or therms of natural gas delivered by a taxpayer in a competitive service area disclosed on a tax return, return information, or investigative or audit information. A person who violates [this section](#) is guilty of a serious misdemeanor. If the offender is an officer or employee of the state, such person, in addition to any other penalty, shall also be dismissed from office or discharged from employment. [This section](#) does not prohibit turning over to duly authorized officers of the United States or tax officials of other states such kilowatt-hours or therms pursuant to agreement between the director and the secretary of the treasury of the United States or the secretary's delegate or pursuant to a reciprocal agreement with another state.

3. Unless otherwise expressly permitted by a section referencing [this chapter](#), the kilowatt-hours of electricity or therms of natural gas delivered by a taxpayer in a competitive service area shall not be divulged to any person or entity, other than the taxpayer, the department of revenue, or the internal revenue service for use in a matter unrelated to tax administration. This prohibition precludes persons or entities other than the taxpayer, the department of revenue, or the internal revenue service from obtaining such information from the department of revenue. A subpoena, order, or process which requires the department of revenue to produce such information to a person or entity, other than the taxpayer, the department of revenue, or internal revenue service, for use in a nontax proceeding is void.

4. a. Notwithstanding [subsections 2 and 3](#), the chief financial officer of any local taxing authority and any designee of such officer shall have access to any computations made by the director pursuant to the provisions of [this chapter](#), and any tax return or other information used by the director in making such computations, which affect the replacement tax owed by any such taxpayer.

b. Notwithstanding [this section](#), providing information relating to the kilowatt-hours of electricity or therms of natural gas delivered by a taxpayer in a competitive service area to the task force established in [section 437A.15, subsection 7](#), is not a violation of [this section](#).

5. Local taxing authority employees are deemed to be officers and employees of the state for purposes of [subsection 2](#).

6. Claims for refund or credit of municipal transfer replacement tax shall be filed with the appropriate city's chief financial officer. [Subsection 1](#) applies with respect to the transfer replacement tax and the city's chief financial officer shall have the same authority as is

granted to the director under [this section](#) with respect to a return filed pursuant to [section 437A.8, subsection 2](#).

7. Claims for refund or credit of special utility property tax levies shall be filed with the appropriate county treasurer. [Subsection 1](#) applies with respect to the special utility property tax levy and the county treasurer shall have the same authority as is granted to the director under [this section](#).

98 Acts, ch 1194, §15, 40; 99 Acts, ch 152, §26, 27, 40; 2000 Acts, ch 1114, §9, 17, 18; 2009 Acts, ch 133, §246; 2011 Acts, ch 25, §94, 143; 2012 Acts, ch 1021, §77

Referred to in §437A.8, 437A.22, 476B.2, 476B.7, 476C.6

437A.15 Allocation of revenue.

1. The director and the department of management shall compute the allocation of all replacement tax revenues other than transfer replacement tax revenues among the local taxing districts in accordance with [this section](#) and shall report such allocation by local taxing districts to the county treasurers on or before August 15 following a tax year.

2. The director shall determine and report to the department of management the total replacement taxes to be collected from each taxpayer for the tax year on or before July 30 following such tax year.

3. a. (1) All replacement taxes owed by a taxpayer shall be allocated among the local taxing districts in which such taxpayer's property is located in accordance with a general allocation formula determined by the department of management on the basis of general property tax equivalents. General property tax equivalents shall be determined by applying the levy rates reported by each local taxing district to the department of management on or before June 30 following a tax year to the taxable value of taxpayer property allocated to each such local taxing district as adjusted and reported to the department of management in such tax year by the director pursuant to [section 437A.19, subsection 2](#). The general allocation formula for a tax year shall allocate to each local taxing district that portion of the replacement taxes owed by each taxpayer which bears the same ratio as such taxpayer's general property tax equivalents for each local taxing district bears to such taxpayer's total general property tax equivalents for all local taxing districts in Iowa.

(2) When allocating natural gas delivery taxes on deliveries of natural gas to a new electric power generating plant, ten percent of those natural gas delivery taxes shall be allocated over new gas property built to directly serve the new electric power generating plant and ninety percent of those natural gas delivery taxes shall be allocated to the general property tax equivalents of all gas property within the natural gas competitive service area or areas where the new gas property is located.

b. Notwithstanding other provisions of [this section](#), if excess property tax liability has been assigned pursuant to [section 437A.4, subsection 3](#), paragraph "c", subparagraph (4), and has not been removed, the allocation of electric delivery replacement tax attributable to the excess property tax liability shall be made by the director and the department of management so as to allocate the electric delivery replacement tax attributable to the excess property tax liability among those local taxing districts in which the property associated with the excess property tax liability is located. In order to ensure that the electric delivery replacement tax attributable to the excess property tax liability is paid to the appropriate county treasurer for disposition to the local taxing districts, each distribution electric cooperative member and each municipal utility purchasing member subject to [section 437A.4, subsection 3](#), paragraph "c", subparagraph (4), shall pay to the appropriate generation and transmission electric cooperative the electric delivery replacement tax attributable to the excess property tax liability by September 10. The amount of electric delivery replacement tax attributable to the excess property tax liability shall equal that percentage of total electric delivery replacement tax liability that the excess property tax liability bears to the total property tax liability contained in the electric delivery tax component. The generation and transmission electric cooperative shall pay the electric delivery replacement tax attributable to the excess property tax liability to the appropriate county treasurer.

c. If paragraph "b" is applicable, on or before August 1, the director shall notify each distribution electric cooperative member, each municipal utility purchasing member, and

each generation and transmission electric cooperative of the amount of electric delivery replacement tax to be paid to the generation and transmission electric cooperative. On or before August 1, the director shall notify the generation and transmission electric cooperative of the amount of replacement tax liability attributable to the excess property tax liability that is payable to each county treasurer. The director shall determine the amount of any special utility property tax levy or tax credit attributable to the excess property tax liability which shall be reflected in the amount required to be paid by each distribution electric cooperative member and each municipal utility purchasing member to the generation and transmission electric cooperative.

d. If, during the tax year, a taxpayer transferred operating property or an interest in operating property to another taxpayer, the transferee taxpayer's replacement tax associated with that property shall be allocated, for the tax year in which the transfer occurred, under [this section](#) in accordance with the general allocation formula on the basis of the general property tax equivalents of the transferor taxpayer.

e. Notwithstanding the provisions of [this section](#), if during the tax year a person who was not a taxpayer during the prior tax year acquires a new major addition, as defined in [section 437A.3, subsection 18](#), paragraph "a", subparagraph (4), the replacement tax associated with that major addition shall be allocated, for that tax year, under [this section](#) in accordance with the general allocating formula on the basis of the general property tax equivalents established under paragraph "a" of [this subsection](#), except that the levy rates established and reported to the department of management on or before June 30 following the tax year in which the major addition was acquired shall be applied to the prorated assessed value of the major addition. For purposes of this paragraph, "*prorated assessed value of the major addition*" means the assessed value of the major addition as of January 1 of the year following the tax year in which the major addition was acquired multiplied by the percentage derived by dividing the number of months that the major addition existed during the tax year by twelve, counting any portion of a month as a full month.

f. Notwithstanding the provisions of [this section](#), if a taxpayer is a municipal utility or a municipal owner of an electric power facility financed under the provisions of [chapter 28F](#) or [476A](#), the assessed value, other than the local amount, of a new electric power generating plant shall be allocated to each taxing district in which the municipal utility or municipal owner is serving customers and has electric meters in operation in the ratio that the number of operating electric meters of the municipal utility or municipal owner located in the taxing district bears to the total number of operating electric meters of the municipal utility or municipal owner in the state as of January 1 of the tax year. If the municipal utility or municipal owner of an electric power facility financed under the provisions of [chapter 28F](#) or [476A](#) has a new electric power generating plant but the municipal utility or municipal owner has no operating electric meters in this state, the municipal utility or municipal owner shall pay the replacement generation tax associated with the new electric power generating plant allocation of the local amount to the county treasurer of the county in which the local amount is located and shall remit the remaining replacement generation tax, if any, to the director at the times contained in [section 437A.8, subsection 4](#), for remittance of the tax to the county treasurers. All remaining replacement generation tax revenues received by the director shall be appropriated annually to the department of health and human services to supplement any appropriation made for medical assistance.

4. a. On or before August 31 following tax years 1999, 2000, and 2001, each county treasurer shall compute a special utility property tax levy or tax credit for each taxpayer for which a replacement tax liability for each such tax year is reported to the county treasurer pursuant to [subsection 1](#), and shall notify the taxpayer of the amount of such tax levy or tax credit. The amount of the special utility property tax levy or credit shall be determined for each taxpayer by the county treasurer by comparing the taxpayer's total replacement tax liability allocated to taxing districts in the county pursuant to [this section](#) with the anticipated tax revenues from the taxpayer for all taxing districts in the county. If the taxpayer's total replacement tax liability allocated to taxing districts in the county is less than the anticipated tax revenues from the taxpayer for all taxing districts in the county, the county treasurer shall levy a special utility property tax equal to the shortfall which shall be added to and

collected with the replacement tax owed by the taxpayer to the county treasurer for the tax year pursuant to [section 437A.8, subsection 4](#). If the taxpayer's total replacement tax liability allocated to taxing districts in the county exceeds the anticipated tax revenues from the taxpayer for all taxing districts in the county, the county treasurer shall issue a credit to the taxpayer which shall be applied to reduce the taxpayer's replacement tax liability to the county treasurer for the tax year. If the taxpayer's total replacement tax liability allocated to taxing districts in the county equals the anticipated tax revenues from the taxpayer for all taxing districts in the county, no levy or credit is required. Replacement tax liability for purposes of [this subsection](#) means replacement tax liability before credits allowed by [section 437A.8, subsection 7](#). A recalculation of a special utility property tax levy or credit shall not be made as a result of a subsequent recalculation of replacement tax liability under [section 437A.8, subsection 7](#), or adjustment to assessed value under [section 437A.19, subsection 2](#), paragraph "a", subparagraph (6). "Anticipated tax revenues from a taxpayer" means the product of the total levy rates imposed by the taxing districts and the value of taxpayer property allocated to the taxing districts and reported to the county auditor. Special utility property tax levies and credits shall be treated as replacement taxes for purposes of [section 437A.11](#). If a special utility property tax levy payment becomes delinquent, the delinquent payment shall accrue interest and penalty in the same manner and amount as the replacement tax under [section 437A.13](#).

b. It is the intent of the general assembly that the general assembly evaluate the impact of the imposition of the replacement tax for purposes of determining whether [this subsection](#) shall remain in effect and whether a determination shall be made as to the necessity of a recalculation as provided in [this subsection](#) for tax years beginning after tax year 2000.

5. The replacement tax, as adjusted by any special utility property tax levy or credit and remitted to a county treasurer by each taxpayer, shall be treated as a property tax when received and shall be disposed of by the county treasurer as taxes on real estate. Notwithstanding the allocation provisions of [this section](#), nothing in [this section](#) shall deny any affected taxing entity, as defined in [section 403.17, subsection 1](#), which has enacted an ordinance or entered into an agreement for the division and allocation of taxes authorized under [section 403.19](#) and under which ordinance or agreement the taxes collected in respect of properties owned by any of the taxpayers remitting replacement taxes pursuant to the provisions of [this chapter](#) are being divided and allocated, the right to receive its share of the replacement tax revenues collected for any year which would otherwise be paid to such affected taxing entity under the terms of any such ordinance or agreement had [this chapter](#) not been enacted. To the extent that adjustment must be made to the allocation described in [this section](#) to give effect to the terms of such ordinances or agreements, the department of management and the county treasurer shall make such adjustments.

6. In lieu of the adjustment provided for in [subsection 5](#), the assessed value of property described in [section 403.19, subsection 1](#), may be reduced by the city or county by the amount of the taxable value of the property described in [section 437A.16](#) included in such area on January 1, 1997, pursuant to amendment of the ordinance adopted by such city or county pursuant to [section 403.19](#).

7. a. The department of management, in consultation with the department of revenue, shall coordinate the utility replacement tax task force and provide staffing assistance to the task force. It is the intent of the general assembly that the task force include representatives of the department of management, department of revenue, electric companies, natural gas companies, municipal utilities, electric cooperatives, counties, cities, school boards, and industrial, commercial, and residential consumers, and other appropriate stakeholders. The director of the department of management and the director of revenue shall serve as co-chairpersons of the task force.

b. The task force shall study the effects of the replacement taxes under [this chapter](#) and [chapter 437B](#) on local taxing authorities, local taxing districts, consumers, and taxpayers through January 1, 2024. If the task force recommends modifications to the replacement tax that will further the purposes of tax neutrality for local taxing authorities, local taxing

districts, taxpayers, and consumers, consistent with the stated purposes of [this chapter](#), the department of management shall transmit those recommendations to the general assembly.

98 Acts, ch 1194, §16, 40; 99 Acts, ch 152, §28, 40; 2000 Acts, ch 1114, §10, 11, 17, 18; 2001 Acts, ch 145, §9; 2002 Acts, ch 1050, §37; 2003 Acts, ch 106, §11 – 13, 15; 2003 Acts, ch 145, §286; 2004 Acts, ch 1096, §2, 4; 2005 Acts, ch 25, §1; 2006 Acts, ch 1010, §113; 2007 Acts, ch 150, §2; 2009 Acts, ch 133, §149, 150; 2010 Acts, ch 1161, §6, 11; 2011 Acts, ch 25, §143; 2013 Acts, ch 94, §9, 35, 36; 2016 Acts, ch 1128, §8, 16, 19; 2019 Acts, ch 152, §64; 2024 Acts, ch 1157, §45; 2024 Acts, ch 1161, §128, 137

Referred to in §437A.7, 437A.8, 437A.14, 437B.11

See Code editor's note at the beginning of this Code volume

437A.16 Assessment exclusive.

All operating property and all other property that is primarily and directly used in the production, generation, transmission, or delivery of electricity or natural gas subject to replacement tax or transfer replacement tax is exempt from taxation except as otherwise provided by [this chapter](#). This exemption shall not extend to taxes imposed under [chapters 437, 438, and 468](#), taxpayers described in [section 437A.8, subsection 6](#), or facilities or property described in [section 437A.6, subsection 1](#), paragraphs “a” through “f”, and [section 437A.7, subsection 3](#).

98 Acts, ch 1194, §17, 40; 99 Acts, ch 152, §29, 40

Referred to in §437A.3, 437A.8, 437A.15, 437A.18, 437A.19, 437A.20

437A.16A New cogeneration facilities.

1. *a.* Except as otherwise provided by [this chapter](#), the property of a new cogeneration facility subject to replacement tax that is primarily and directly used in the production, generation, transmission, or delivery of electricity shall be exempt from taxation by means of applying a credit, as computed in [this section](#), representing the value of this exempt property against the assessed value of the entire new cogeneration facility as determined by the local assessor under the provisions of [chapters 427, 427A, 427B, 428, 441](#), and any other applicable abatement and exemption provisions under this Code.

b. Following the March 31 due date for the replacement tax return as required by [section 437A.8](#), the director shall annually determine the assessed value of the new cogeneration facility exempt property by dividing the prior year's replacement tax liability attributable to that facility by the current fiscal year's consolidated taxing district rate for the taxing district where the facility is located, then multiplying the quotient by one thousand. The director shall certify this value to the local assessor on or before April 10 of the current calendar year. The assessor shall apply this certified value as a credit against the total assessed value of the facility. The allowable credit shall not exceed the total value of the new cogeneration facility as determined by the local assessor for the assessment year and any excess credits shall not be applied to any other assessment year.

c. A credit shall not be applied to a new cogeneration facility for the first year the facility becomes subject to the replacement tax if it first became subject to the replacement tax after January 1 of that year. For the first year in which the new cogeneration facility is subject to the replacement tax as of January 1 of that year, the taxpayer shall estimate the total replacement taxes due for that year and report that estimate to the director by March 31, and the director shall base the determination of assessed value from that estimate. If the estimate varies by more than five percent from the actual replacement tax liability for the year in which the facility was first subject to the replacement tax as of January 1, the director shall adjust the next year's assessed value calculation by increasing or decreasing the current replacement tax calculation to reflect the difference between the estimate and the actual replacement tax owed for the year in which the facility was first subject to replacement tax as of January 1.

2. The director shall classify each new cogeneration facility as a separate taxpayer for reporting purposes and shall allocate the entire replacement tax attributable to the new cogeneration facility to the local taxing district or districts where that facility is located. The assessed value of the exempt property of the new cogeneration facility shall be the basis for determining the statewide property tax imposed by [section 437A.18](#).

3. Any cogeneration facility placed in service prior to January 1, 2009, that did not qualify

as a self-generator under [section 437A.3, subsection 27](#), as of January 1, 2009, shall be subject exclusively to the replacement tax.

[2010 Acts, ch 1161, §7, 11](#)

Referred to in [§427B.17, 437A.3, 437A.18](#)

437A.17 Statutes applicable — rate calculations.

1. The director shall administer and enforce the replacement tax imposed by [this chapter](#) in the same manner as provided in and subject to [sections 422.68, 422.70, 422.71, and 422.75](#).

2. The calculation of tax rates and adjustments to such rates by the director pursuant to [this chapter](#) do not constitute rulemaking subject to the provisions of [chapter 17A](#).

[98 Acts, ch 1194, §18, 40](#)

437A.17A Centrally assessed property tax adjustment.

A municipal utility whose property tax assessment for the 1998 assessment year was adjusted by the department of revenue to include depreciation and whose property tax assessment for the 1997 assessment year did not include depreciation in determining its assessment shall be entitled to file a property tax adjustment form provided by the department. The tax adjustment form shall be filed by July 1, 1999. The tax adjustment form shall include an adjusted centrally assessed property tax computation determined by multiplying the centrally assessed property tax which was payable in the fiscal year beginning July 1, 1998, based upon valuation determined for the 1997 assessment year allocated to electric service and natural gas service by the percentage of adjustment for depreciation made by the department for the 1998 assessment year. The adjusted centrally assessed property tax allocated to electric service and natural gas service shall be used to determine the replacement delivery tax rates in accordance with [sections 437A.4 and 437A.5](#).

[99 Acts, ch 152, §30, 40; 2003 Acts, ch 145, §286](#)

Referred to in [§437A.3](#)

437A.17B Reimbursement for renewable energy.

A person in possession of a wind energy tax credit certificate issued pursuant to [chapter 476B](#) or a renewable energy tax credit certificate issued pursuant to [chapter 476C](#) may apply to the director for a reimbursement of the amount of taxes imposed and paid by the person pursuant to [this chapter](#) in an amount not more than the person received in wind energy tax credit certificates pursuant to [chapter 476B](#) or renewable energy tax credit certificates pursuant to [chapter 476C](#). To obtain the reimbursement, the person shall include with the return required under [section 437A.8](#) the wind energy tax credit certificates issued to the person pursuant to [chapter 476B](#), or the renewable energy tax credit certificates issued to the person pursuant to [chapter 476C](#), and provide any other information the director may require. The director shall direct a warrant to be issued to the person for an amount equal to the tax imposed and paid by the person pursuant to [this chapter](#) but for not more than the amount of the wind energy tax credit certificates or renewable energy tax credit certificates included with the return.

[2005 Acts, ch 160, §6, 14; 2008 Acts, ch 1128, §3, 15; 2014 Acts, ch 1093, §15](#)

Referred to in [§476B.8, 476C.6](#)

437A.17C Reimbursement for soy-based transformer fluid. Repealed by its own terms; [2008 Acts, ch 1004, §4](#).

SUBCHAPTER III
STATEWIDE PROPERTY TAX

Referred to in [§437A.1](#)

437A.18 Tax imposition.

An annual statewide property tax of three cents per one thousand dollars of assessed value is imposed upon all property described in [sections 437A.16](#) and [437A.16A](#) on the assessment date of January 1.

[98 Acts, ch 1194, §19, 40](#); [2010 Acts, ch 1161, §8, 11](#)

Referred to in [§437A.16A, 441.21A, 443.2](#)

437A.19 Adjustment to assessed value — reporting requirements.

1. *a.* A taxpayer whose property is subject to the statewide property tax shall report to the director by July 1, 1999, and by May 1 of each subsequent tax year, on forms prescribed by the director, the book value, as of the beginning and end of the preceding calendar year, of all of the following:

- (1) The local amount of any major addition by local taxing district.
- (2) The statewide amount of any major addition without notation of location.
- (3) Any building in Iowa at acquisition cost of more than ten million dollars that was originally placed in service by the taxpayer prior to January 1, 1998, and that was transferred or disposed of in the preceding calendar year, by local taxing district.
- (4) Any electric power generating plant in Iowa at acquisition cost of more than ten million dollars that was originally placed in service by the taxpayer prior to January 1, 1998, and that was transferred or disposed of in the preceding calendar year, by local taxing district.
- (5) All other taxpayer property without notation of location.
- (6) The local amount of any major addition eligible for the urban revitalization exemption provided for in [chapter 404](#), by situs.
- (7) All other transferred taxpayer property, in addition to any transferred property reported under subparagraphs (3) and (4), by local taxing district.
- (8) Any gas or transmission property at acquisition cost of more than one million dollars that was transferred or disposed of in the preceding calendar year by local taxing district.

b. For purposes of [this section](#):

- (1) “*Book value*” means acquisition cost less accumulated depreciation determined under generally accepted accounting principles.
- (2) “*Taxpayer property*” means property described in [section 437A.16](#).
- (3) “*To dispose of*” means to sell, abandon, decommission, or retire an asset.
- (4) “*Transfer*” means a transaction which results in a change of ownership of taxpayer property and includes a capital lease transaction.

c. For purposes of [this subsection](#), “*taxpayer*” includes a person who would have been a taxpayer in calendar year 1998 had the provisions of [this chapter](#) been in effect for the 1998 assessment year.

d. If a taxpayer owns or leases pursuant to a capital lease less than the entire interest in a major addition, the local amount and statewide amount, if any, of such major addition shall be apportioned to the taxpayer on the basis of its percentage interest in such major addition.

2. *a.* Beginning January 1, 1999, the assessed value of taxpayer property shall be adjusted annually as provided in [this section](#). The director, with respect to each taxpayer, shall do all of the following:

(1) Adjust the assessed value of taxpayer property in each local taxing district by the change in book value during the preceding calendar year of the local amount of any major addition reported within such local taxing district.

(2) Adjust the assessed value of taxpayer property in each local taxing district by allocating the change in book value during the preceding calendar year of the statewide amount and all other taxpayer property described in [subsection 1](#), paragraph “*a*”, subparagraph (5), to the assessed value of all taxpayer property in the state pro rata according to its preadjustment value. Any value for a taxpayer owning, or owning an interest in, a new

electric power generating plant in excess of a local amount, where such taxpayer owns no other taxpayer property in this state, shall not be allocated to any local taxing districts.

(3) In the case of taxpayer property described in [subsection 1](#), paragraph “a”, subparagraphs (3), (4), and (7), decrease the assessed value of taxpayer property in each local taxing district by the assessed value reported within such local taxing district.

(4) In the event of a merger or consolidation of two or more taxpayers, to determine the assessed value of the surviving taxpayer, combine the assessed values of such taxpayers immediately prior to the merger or consolidation.

(5) In the event any taxpayer property is eligible for the urban revitalization tax exemption described in [chapter 404](#), adjust the assessed value of taxpayer property within each affected local taxing district to reflect such exemption.

(6) In the event the base year assessed value of taxpayer property is adjusted as a result of taxpayer appeals, reduce the assessed value of taxpayer property in each local taxing district to reflect such adjustment. The adjustment shall be allocated in proportion to the allocation of the taxpayer’s assessed value among the local taxing districts determined without regard to this adjustment. An adjustment to the base year assessed value of taxpayer property shall be made as of January 1 of the year following the date on which the adjustment is finally determined.

b. In no event shall the adjustments set forth in [this subsection](#) reduce the assessed value of taxpayer property in any local taxing district below zero.

c. The director, on or before October 31 of each assessment year, shall report to the department of management and to the auditor of each county the adjusted assessed value of taxpayer property as of January 1 of such assessment year for each local taxing district. For purposes of [this subsection](#), the assessed value of taxpayer property in each local taxing district subject to adjustment under [this section](#) by the director means the assessed value of such property as of the preceding January 1 as determined and allocated among the local taxing districts by the director.

d. Nothing in [this chapter](#) shall be interpreted to authorize local taxing authorities to exclude from the calculation of levy rates the taxable value of taxpayer property reported to county auditors pursuant to [this subsection](#).

e. In addition to reporting the assessed values as described in [this subsection](#), the director, on or before October 31 of each assessment year, shall also report to the department of management and to the auditor of each county the taxable value of taxpayer property as of January 1 of such assessment year for each local taxing district. For purposes of [this chapter](#), “taxable value” means the value for all property subject to the replacement tax annually determined by the director, by dividing the estimated annual replacement tax liability for that property by the current fiscal year’s consolidated taxing district rate for the taxing district where that property is located, then multiplying the quotient by one thousand. A taxpayer who paid more than five hundred thousand dollars in replacement tax in the previous tax year or who believes the taxpayer’s replacement tax liability will vary more than ten percent from the previous tax year shall report to the director by October 1 of the current calendar year, on forms prescribed by the director, the estimated replacement tax liability that will be attributable to all of the taxpayer’s property subject to replacement tax for the current tax year. The department shall utilize the estimated replacement tax liability as reported by the taxpayer or the taxpayer’s prior year’s replacement tax amounts to estimate the current tax year’s taxable value for that property. Furthermore, a taxpayer who has a new major addition of operating property which is put into service for the first time in the current calendar year shall report to the director by October 1 of the current calendar year, or at the time the major addition is put into service, whichever time is later, on forms prescribed by the director, the cost of the major addition and, if not previously reported, shall report the estimated replacement taxes which that asset will generate in the current calendar year. For the purposes of computing the taxable value of property in a taxing district, the taxing district’s share of the estimated replacement tax liability shall be the taxing district’s percentage share of the “assessed value allocated by property tax equivalent” multiplied by the total estimated replacement tax. “Assessed value allocated by property tax equivalent”

shall be determined by dividing the taxpayer's current year assessed valuation in a taxing district by one thousand, and then multiplying by the prior year's consolidated tax rate.

98 Acts, ch 1194, §20, 40; 99 Acts, ch 152, §31, 40; 2000 Acts, ch 1114, §12, 18; 2001 Acts, ch 145, §10; 2003 Acts, ch 106, §14, 15; 2004 Acts, ch 1096, §3, 4; 2007 Acts, ch 150, §3, 4; 2009 Acts, ch 60, §14; 2009 Acts, ch 133, §151; 2010 Acts, ch 1161, §9 – 11

Referred to in §437A.3, 437A.15

437A.20 Tax exemptions.

Except as provided in [section 437A.16](#), all property tax exemptions in the Code do not apply to property subject to the statewide property tax unless such exemptions expressly refer to the statewide property tax, except that if property was exempt from property tax on January 1, 1999, such exemption shall continue until the exemption expires, is phased out, or is repealed. The property of a taxpayer who does not owe any replacement tax is exempt from the statewide property tax for the coinciding assessment year.

98 Acts, ch 1194, §21, 40

437A.21 Return and payment requirements.

1. Each electric company, natural gas company, electric cooperative, municipal utility, and other person whose property is subject to the statewide property tax shall file with the director a return, on or before March 31 following the assessment year, including, but not limited to, the following information:

a. The assessed value of property subject to the statewide property tax.

b. The amount of statewide property tax computed on such assessed value.

2. The first return under [subsection 1](#) is due on or before February 28, 2000.

3. If an electric company, natural gas company, electric cooperative, municipal utility, or person is not required to file a statewide property tax return on or before February 28, 2000, but is required to file a return after such date, the return shall be filed on or before the due date. [This subsection](#) also applies in the event of a consolidation.

4. A return shall be signed by an officer, or other person duly authorized by the taxpayer, and must be certified as correct and in accordance with rules and forms prescribed by the director.

5. At the time of filing the return with the director, the taxpayer shall calculate the statewide property tax owed for the assessment year and shall remit to the director the statewide property tax required to be shown to be due on the return.

6. Notwithstanding [subsections 1 through 5](#), a taxpayer is not required to file a return under [this section](#) or to remit any statewide property tax for any tax year in which the taxpayer's statewide property tax liability is one dollar or less.

98 Acts, ch 1194, §22, 40; 2000 Acts, ch 1114, §13, 18; 2001 Acts, ch 145, §11, 13

Referred to in §437A.24

437A.22 Statutes applicable.

1. [Sections 437A.9, 437A.10, 437A.12, 437A.13, and 437A.14, subsection 1](#), are applicable to electric companies, natural gas companies, electric cooperatives, municipal utilities, and persons whose property is subject to the statewide property tax. However, a required credit or refund of overpaid statewide property tax pursuant to [section 437A.14, subsection 1](#), as it applies to [this subchapter](#), shall be made by the director and not by city chief financial officers or county treasurers.

2. a. [Section 422.26](#) applies with respect to the statewide property tax and penalties imposed by [this chapter](#), except that, as applied to any tax imposed by [this chapter](#), the lien provided shall be prior to and superior over all subsequent liens upon any personal property within this state or right to such personal property belonging to the taxpayer, without the necessity of recording the lien as provided in [section 422.26](#). The requirement for recording, as applied to the statewide property tax imposed by [this chapter](#), shall apply only to a lien upon real property. In order to preserve such lien against subsequent mortgagees, purchasers, or judgment creditors, for value and without notice of the lien, on any real property situated in a county, the director shall file with the recorder of the county in which the real property is located a notice of the lien.

b. The county recorder of each county shall index each lien showing the applicable entries specified in [sections 558.49](#) and [558.52](#) and showing, under the names of taxpayers arranged alphabetically, all of the following:

- (1) The name of the taxpayer.
- (2) The name "State of Iowa" as claimant.
- (3) Time the notice of lien was filed for recording.
- (4) Date of notice.
- (5) Amount of lien then due.
- (6) Date of assessment.
- (7) Date when the lien is satisfied.

c. The recorder shall endorse on each notice of lien the day, hour, and minute when filed for recording and the document reference number, shall preserve such notice, and shall promptly record the lien in the manner provided for recording real estate mortgages. The lien is effective from the time of the indexing of the lien.

d. The director, from moneys appropriated to the department of revenue for this purpose, shall pay recording fees as provided in [section 331.604](#) for the recording of the lien, or for its satisfaction.

e. Upon the payment of the replacement tax as to which the director has filed notice with a county recorder, the director shall promptly file with the recorder a satisfaction of the replacement tax. The recorder shall enter the satisfaction on the notice on file in the recorder's office and indicate that fact on the index.

[98 Acts, ch 1194, §23, 40; 2001 Acts, ch 44, §21; 2003 Acts, ch 145, §286; 2009 Acts, ch 27, §21 – 23; 2010 Acts, ch 1069, §54](#)

Referred to in [§421.10](#)

437A.23 Deposit of tax proceeds.

All revenues received from imposition of the statewide property tax shall be deposited in the general fund of the state. Fifty percent of the revenues shall be available, as appropriated by the general assembly, to the department of management for salaries, support, services, and equipment to administer the replacement tax. The balance of the revenues shall be available, as appropriated by the general assembly, to the department of revenue for salaries, support, services, and equipment to administer and enforce the replacement tax and the statewide property tax.

[98 Acts, ch 1194, §24, 40; 99 Acts, ch 208, §17; 2003 Acts, ch 145, §286](#)

SUBCHAPTER IV

GENERAL PROVISIONS

Referred to in [§437A.1](#)

437A.24 Records.

Each electric company, natural gas company, electric cooperative, municipal utility, and other person who is subject to the replacement tax or the statewide property tax shall maintain records associated with the replacement tax and the assessed value of property subject to the statewide property tax for a period of five years following the later of the original due date for filing a return pursuant to [sections 437A.8](#) and [437A.21](#) in which such taxes are reported, or the date on which either such return is filed. Such records shall include those associated with any additions or dispositions of property, and the allocation of such property among local taxing districts.

[98 Acts, ch 1194, §25, 40; 2001 Acts, ch 145, §12](#)

437A.25 Rules.

The director of revenue may adopt rules pursuant to [chapter 17A](#) for the administration and enforcement of [this chapter](#).

[98 Acts, ch 1194, §26, 40; 2003 Acts, ch 145, §286](#)