

**701—106.1(434) Definitions of terms.**

**106.1(1)** The term “*railroad*” shall mean and include all individuals or corporations engaged in the operation of a railway in this state and subject to valuation pursuant to Iowa Code chapter 434.

**106.1(2)** The term “*unit value*” or “*unit market value*” shall mean the market value arrived at by using the appraisal method of valuing an entire operating property, considered as a whole and capable of performing the function for which it was created, such as (by way of illustration and not limitation) transporting freight over rail.

**106.1(3)** The term “*operating property*” shall mean all property owned by or leased to a railroad company, not otherwise taxed separately or made nontaxable by law, which is necessary to and without which the railroad could not perform the activities for which the railroad is formed, such as (by way of illustration and not limitation) transporting freight over rail. With regard to property whose identity as “operating” or “nonoperating” property is not clearly ascertainable, the property shall be considered operating property if the railroad could not reasonably be expected to perform the referenced activities in the absence of such property.

**106.1(4)** The term “*nonoperating property*” shall mean all property owned by a railroad not defined by subrule 76.1(3) as “operating property.”

**106.1(5)** The term “*comparable sales*” shall mean actual sales transactions, between willing buyers and willing sellers, neither being under any compulsion to buy or sell, of property which is similar in purpose, function and design to the property to which the comparison is being made. Where the determination of a unit value is being made, the sale of a portion of a unit which is nominally similar in purpose and function to the unit being valued shall not be considered a comparable sale, absent proof by evidence other than the terms of the sale itself, that the sales price was based on some unit of measurement which is common both to the property sold and the property being valued and which is not affected by the fact that less than the entire unit is being sold, such as (by way of illustration and not limitation) (1) the price per mile of track and (2) the price per square foot of the property.

**106.1(6)** The term “*income approach to unit value*” shall mean the estimate of unit market value obtained by dividing an appropriate income stream by an appropriate and compatible discount rate.

**106.1(7)** The term “*stock and debt approach to unit value*” shall mean the estimate of unit market value determined by combining the estimate of market value of the stock, debt, current liabilities, other liabilities, including capital leases, and deferred credits associated with the operating property of a railroad company.

**106.1(8)** The term “*cost approach to unit value*” shall mean the estimate of value determined by combining the original cost less a depreciation allowance for the operating property of a railroad company.

**106.1(9)** The term “*respondent*” shall include the railroad company whose property is to be valued.

**106.1(10)** The term “*leased assets*” shall mean capital leases.

**106.1(11)** The term “*original cost*” shall mean the actual cost of the property to its present owner, not the first cost at the time it was originally constructed and placed in service.

This rule is intended to implement Iowa Code chapter 434.

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