

Senate File 2344

S-5258

1 Amend Senate File 2344 as follows:

2 1. By striking everything after the enacting clause  
3 and inserting:

4 <DIVISION I

5 EARNED INCOME TAX CREDIT

6 Section 1. Section 422.12B, subsection 1, Code  
7 2011, is amended to read as follows:

8 1. The taxes imposed under this division less the  
9 credits allowed under section 422.12 shall be reduced  
10 by an earned income credit equal to ~~seven~~ ten percent  
11 of the federal earned income credit provided in section  
12 32 of the Internal Revenue Code. Any credit in excess  
13 of the tax liability is refundable.

14 Sec. 2. RETROACTIVE APPLICABILITY. This division  
15 of this Act applies retroactively to January 1, 2012,  
16 for tax years beginning on or after that date.

17 DIVISION II

18 PROPERTY TAX ASSESSMENT LIMITATIONS — PROPERTY TAX  
19 REPLACEMENT

20 Sec. 3. Section 257.3, subsection 1, Code 2011, is  
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. *d.* The amount paid to each school  
23 district for the commercial and industrial property  
24 tax replacement claim under section 441.21A shall be  
25 regarded as property tax. The portion of the payment  
26 which is foundation property tax shall be determined by  
27 applying the foundation property tax rate to the amount  
28 computed under section 441.21A, subsection 4, paragraph  
29 "a", and such amount shall be prorated pursuant to  
30 section 441.21A, subsection 2, if applicable.

31 Sec. 4. Section 331.512, Code 2011, is amended by  
32 adding the following new subsection:

33 NEW SUBSECTION. 13A. Carry out duties relating  
34 to the calculation and payment of commercial and  
35 industrial property tax replacement claims under  
36 section 441.21A.

37 Sec. 5. Section 331.559, Code 2011, is amended by  
38 adding the following new subsection:

39 NEW SUBSECTION. 25A. Carry out duties relating  
40 to the calculation and payment of commercial and  
41 industrial property tax replacement claims under  
42 section 441.21A.

43 Sec. 6. Section 441.21, subsection 4, Code  
44 Supplement 2011, is amended to read as follows:

45 4. For valuations established as of January  
46 1, 1979, the percentage of actual value at which  
47 agricultural and residential property shall be assessed  
48 shall be the quotient of the dividend and divisor as  
49 defined in this section. The dividend for each class  
50 of property shall be the dividend as determined for

1 each class of property for valuations established as  
2 of January 1, 1978, adjusted by the product obtained  
3 by multiplying the percentage determined for that year  
4 by the amount of any additions or deletions to actual  
5 value, excluding those resulting from the revaluation  
6 of existing properties, as reported by the assessors  
7 on the abstracts of assessment for 1978, plus six  
8 percent of the amount so determined. However, if the  
9 difference between the dividend so determined for  
10 either class of property and the dividend for that  
11 class of property for valuations established as of  
12 January 1, 1978, adjusted by the product obtained by  
13 multiplying the percentage determined for that year  
14 by the amount of any additions or deletions to actual  
15 value, excluding those resulting from the revaluation  
16 of existing properties, as reported by the assessors  
17 on the abstracts of assessment for 1978, is less than  
18 six percent, the 1979 dividend for the other class of  
19 property shall be the dividend as determined for that  
20 class of property for valuations established as of  
21 January 1, 1978, adjusted by the product obtained by  
22 multiplying the percentage determined for that year  
23 by the amount of any additions or deletions to actual  
24 value, excluding those resulting from the revaluation  
25 of existing properties, as reported by the assessors on  
26 the abstracts of assessment for 1978, plus a percentage  
27 of the amount so determined which is equal to the  
28 percentage by which the dividend as determined for the  
29 other class of property for valuations established as  
30 of January 1, 1978, adjusted by the product obtained  
31 by multiplying the percentage determined for that year  
32 by the amount of any additions or deletions to actual  
33 value, excluding those resulting from the revaluation  
34 of existing properties, as reported by the assessors  
35 on the abstracts of assessment for 1978, is increased  
36 in arriving at the 1979 dividend for the other class  
37 of property. The divisor for each class of property  
38 shall be the total actual value of all such property  
39 in the state in the preceding year, as reported by the  
40 assessors on the abstracts of assessment submitted  
41 for 1978, plus the amount of value added to said  
42 total actual value by the revaluation of existing  
43 properties in 1979 as equalized by the director of  
44 revenue pursuant to section 441.49. The director shall  
45 utilize information reported on abstracts of assessment  
46 submitted pursuant to section 441.45 in determining  
47 such percentage. For valuations established as of  
48 January 1, 1980, and each assessment year thereafter  
49 beginning before January 1, 2013, the percentage of  
50 actual value as equalized by the director of revenue

1 as provided in section 441.49 at which agricultural  
2 and residential property shall be assessed shall be  
3 calculated in accordance with the methods provided  
4 herein including the limitation of increases in  
5 agricultural and residential assessed values to the  
6 percentage increase of the other class of property if  
7 the other class increases less than the allowable limit  
8 adjusted to include the applicable and current values  
9 as equalized by the director of revenue, except that  
10 any references to six percent in this subsection shall  
11 be four percent. For valuations established as of  
12 January 1, 2013, and each assessment year thereafter,  
13 the percentage of actual value as equalized by the  
14 director of revenue as provided in section 441.49 at  
15 which agricultural and residential property shall be  
16 assessed shall be calculated in accordance with the  
17 methods provided herein including the limitation of  
18 increases in agricultural and residential assessed  
19 values to the percentage increase of the other class  
20 of property if the other class increases less than the  
21 allowable limit adjusted to include the applicable and  
22 current values as equalized by the director of revenue,  
23 except that any references to six percent in this  
24 subsection shall be three percent.

25 Sec. 7. Section 441.21, subsection 5, Code  
26 Supplement 2011, is amended to read as follows:

27 5. a. ~~For valuations established as of January~~  
28 ~~1, 1979, commercial property and industrial property,~~  
29 ~~excluding properties referred to in section 427A.1,~~  
30 ~~subsection 8, shall be assessed as a percentage of~~  
31 ~~the actual value of each class of property. The~~  
32 ~~percentage shall be determined for each class of~~  
33 ~~property by the director of revenue for the state in~~  
34 ~~accordance with the provisions of this section. For~~  
35 ~~valuations established as of January 1, 1979, the~~  
36 ~~percentage shall be the quotient of the dividend and~~  
37 ~~divisor as defined in this section. The dividend~~  
38 ~~for each class of property shall be the total actual~~  
39 ~~valuation for each class of property established for~~  
40 ~~1978, plus six percent of the amount so determined.~~  
41 ~~The divisor for each class of property shall be the~~  
42 ~~valuation for each class of property established for~~  
43 ~~1978, as reported by the assessors on the abstracts~~  
44 ~~of assessment for 1978, plus the amount of value~~  
45 ~~added to the total actual value by the revaluation~~  
46 ~~of existing properties in 1979 as equalized by the~~  
47 ~~director of revenue pursuant to section 441.49. For~~  
48 ~~valuations established as of January 1, 1979, property~~  
49 ~~valued by the department of revenue pursuant to~~  
50 ~~chapters 428, 433, 437, and 438 shall be considered~~

1 as one class of property and shall be assessed as a  
2 percentage of its actual value. The percentage shall  
3 be determined by the director of revenue in accordance  
4 with the provisions of this section. For valuations  
5 established as of January 1, 1979, the percentage  
6 shall be the quotient of the dividend and divisor as  
7 defined in this section. The dividend shall be the  
8 total actual valuation established for 1978 by the  
9 department of revenue, plus ten percent of the amount  
10 so determined. The divisor for property valued by  
11 the department of revenue pursuant to chapters 428,  
12 433, 437, and 438 shall be the valuation established  
13 for 1978, plus the amount of value added to the total  
14 actual value by the revaluation of the property by  
15 the department of revenue as of January 1, 1979.  
16 ~~For valuations established as of January 1, 1980,~~  
17 ~~commercial property and industrial property, excluding~~  
18 ~~properties referred to in section 427A.1, subsection~~  
19 ~~8, shall be assessed at a percentage of the actual~~  
20 ~~value of each class of property. The percentage~~  
21 ~~shall be determined for each class of property by~~  
22 ~~the director of revenue for the state in accordance~~  
23 ~~with the provisions of this section. For valuations~~  
24 ~~established as of January 1, 1980, the percentage~~  
25 ~~shall be the quotient of the dividend and divisor as~~  
26 ~~defined in this section. The dividend for each class~~  
27 ~~of property shall be the dividend as determined for~~  
28 ~~each class of property for valuations established as~~  
29 ~~of January 1, 1979, adjusted by the product obtained~~  
30 ~~by multiplying the percentage determined for that year~~  
31 ~~by the amount of any additions or deletions to actual~~  
32 ~~value, excluding those resulting from the revaluation~~  
33 ~~of existing properties, as reported by the assessors~~  
34 ~~on the abstracts of assessment for 1979, plus four~~  
35 ~~percent of the amount so determined. The divisor~~  
36 ~~for each class of property shall be the total actual~~  
37 ~~value of all such property in 1979, as equalized by~~  
38 ~~the director of revenue pursuant to section 441.49,~~  
39 ~~plus the amount of value added to the total actual~~  
40 ~~value by the revaluation of existing properties in~~  
41 ~~1980. The director shall utilize information reported~~  
42 ~~on the abstracts of assessment submitted pursuant~~  
43 ~~to section 441.45 in determining such percentage.~~  
44 For valuations established as of January 1, 1980,  
45 property valued by the department of revenue pursuant  
46 to chapters 428, 433, 437, and 438 shall be assessed  
47 at a percentage of its actual value. The percentage  
48 shall be determined by the director of revenue in  
49 accordance with the provisions of this section. For  
50 valuations established as of January 1, 1980, the

1 percentage shall be the quotient of the dividend and  
2 divisor as defined in this section. The dividend shall  
3 be the total actual valuation established for 1979 by  
4 the department of revenue, plus eight percent of the  
5 amount so determined. The divisor for property valued  
6 by the department of revenue pursuant to chapters 428,  
7 433, 437, and 438 shall be the valuation established  
8 for 1979, plus the amount of value added to the total  
9 actual value by the revaluation of the property by  
10 the department of revenue as of January 1, 1980. For  
11 ~~valuations established as of January 1, 1981, and~~  
12 ~~each year thereafter, the percentage of actual value~~  
13 ~~as equalized by the director of revenue as provided~~  
14 ~~in section 441.49 at which commercial property and~~  
15 ~~industrial property, excluding properties referred to~~  
16 ~~in section 427A.1, subsection 8, shall be assessed~~  
17 ~~shall be calculated in accordance with the methods~~  
18 ~~provided herein, except that any references to six~~  
19 ~~percent in this subsection shall be four percent.~~  
20 For valuations established as of January 1, 1981,  
21 and each year thereafter, the percentage of actual  
22 value at which property valued by the department of  
23 revenue pursuant to chapters 428, 433, 437, and 438  
24 shall be assessed shall be calculated in accordance  
25 with the methods provided herein, except that any  
26 references to ten percent in this subsection shall be  
27 eight percent. For assessment years beginning on or  
28 after January 1, 2013, but before January 1, 2019, the  
29 percentage of actual value at which property valued by  
30 the department of revenue pursuant to chapters 428,  
31 433, 437, and 438 shall be assessed shall be calculated  
32 using property valuations for the applicable assessment  
33 years that include the total value of property exempt  
34 from taxation under section 433.4, subsection 2,  
35 paragraph "b", if enacted in division III of this Act,  
36 notwithstanding section 433.4, subsection 2, paragraph  
37 "c", if enacted in division III of this Act. Beginning  
38 with valuations established as of January 1, 1979,  
39 and each assessment year thereafter beginning before  
40 January 1, 2013, property valued by the department of  
41 revenue pursuant to chapter 434 shall also be assessed  
42 at a percentage of its actual value which percentage  
43 shall be equal to the percentage determined by the  
44 director of revenue for commercial property, industrial  
45 property, or property valued by the department of  
46 revenue pursuant to chapters 428, 433, 437, and 438,  
47 whichever is lowest. For valuations established  
48 on or after January 1, 2013, property valued by the  
49 department of revenue pursuant to chapter 434 shall  
50 be assessed at a percentage of its actual value equal

1 to the percentage of actual value at which property  
2 assessed as commercial property is assessed for the  
3 same assessment year under paragraph "b".

4 b. For valuations established on or after January  
5 1, 2013, commercial property, excluding properties  
6 referred to in section 427A.1, subsection 8, shall  
7 be assessed as a percentage of its actual value, as  
8 determined in this paragraph "b". For valuations  
9 established for the assessment year beginning January  
10 1, 2013, the percentage of actual value as equalized by  
11 the director of revenue as provided in section 441.49  
12 at which commercial property shall be assessed shall  
13 be ninety-eight percent. For valuations established  
14 for the assessment year beginning January 1, 2014,  
15 the percentage of actual value as equalized by the  
16 director of revenue as provided in section 441.49 at  
17 which commercial property shall be assessed shall  
18 be ninety-six percent. For valuations established  
19 for the assessment year beginning January 1, 2015,  
20 the percentage of actual value as equalized by the  
21 director of revenue as provided in section 441.49 at  
22 which commercial property shall be assessed shall  
23 be ninety-four percent. For valuations established  
24 for the assessment year beginning January 1, 2016,  
25 the percentage of actual value as equalized by the  
26 director of revenue as provided in section 441.49 at  
27 which commercial property shall be assessed shall be  
28 ninety-two percent. For valuations established for  
29 the assessment year beginning January 1, 2017, and  
30 each assessment year thereafter, the percentage of  
31 actual value as equalized by the director of revenue as  
32 provided in section 441.49 at which commercial property  
33 shall be assessed shall be ninety percent.

34 c. For valuations established on or after January  
35 1, 2013, industrial property, excluding properties  
36 referred to in section 427A.1, subsection 8, shall  
37 be assessed as a percentage of its actual value, as  
38 determined in this paragraph "c". For valuations  
39 established for the assessment year beginning January  
40 1, 2013, the percentage of actual value as equalized by  
41 the director of revenue as provided in section 441.49  
42 at which industrial property shall be assessed shall  
43 be ninety-eight percent. For valuations established  
44 for the assessment year beginning January 1, 2014,  
45 the percentage of actual value as equalized by the  
46 director of revenue as provided in section 441.49 at  
47 which industrial property shall be assessed shall  
48 be ninety-six percent. For valuations established  
49 for the assessment year beginning January 1, 2015,  
50 the percentage of actual value as equalized by the

1 director of revenue as provided in section 441.49 at  
2 which industrial property shall be assessed shall  
3 be ninety-four percent. For valuations established  
4 for the assessment year beginning January 1, 2016,  
5 the percentage of actual value as equalized by the  
6 director of revenue as provided in section 441.49 at  
7 which industrial property shall be assessed shall be  
8 ninety-two percent. For valuations established for  
9 the assessment year beginning January 1, 2017, and  
10 each assessment year thereafter, the percentage of  
11 actual value as equalized by the director of revenue as  
12 provided in section 441.49 at which industrial property  
13 shall be assessed shall be ninety percent.

14 **Sec. 8. NEW SECTION. 441.21A Commercial and**  
15 **industrial property tax replacement fund — replacement**  
16 **claims.**

17 1. a. The commercial and industrial property  
18 tax replacement fund is created in the state treasury  
19 under the control of the department of revenue for  
20 the payment of commercial and industrial property tax  
21 replacement claims in fiscal years beginning on or  
22 after July 1, 2014.

23 b. For the fiscal year beginning July 1, 2014,  
24 there is appropriated from the general fund of the  
25 state to the department of revenue to be credited to  
26 the fund an amount necessary to pay all commercial  
27 and industrial property tax replacement claims for  
28 the fiscal year, not to exceed twenty-eight million  
29 dollars. For the fiscal year beginning July 1, 2015,  
30 there is appropriated from the general fund of the  
31 state to the department of revenue to be credited to  
32 the fund an amount necessary to pay all commercial and  
33 industrial property tax replacement claims for the  
34 fiscal year, not to exceed fifty-six million dollars.  
35 For the fiscal year beginning July 1, 2016, there  
36 is appropriated from the general fund of the state  
37 to the department of revenue to be credited to the  
38 fund an amount necessary to pay all commercial and  
39 industrial property tax replacement claims for the  
40 fiscal year, not to exceed eighty-four million dollars.  
41 For the fiscal year beginning July 1, 2017, there is  
42 appropriated from the general fund of the state to the  
43 department of revenue to be credited to the fund an  
44 amount necessary to pay all commercial and industrial  
45 property tax replacement claims for the fiscal year,  
46 not to exceed one hundred twelve million dollars. For  
47 the fiscal year beginning July 1, 2018, and each fiscal  
48 year thereafter, there is appropriated from the general  
49 fund of the state to the department of revenue to be  
50 credited to the fund an amount necessary to pay all

1 commercial and industrial property tax replacement  
2 claims for the fiscal year, not to exceed one hundred  
3 forty million dollars.

4 2. Beginning with the fiscal year beginning July  
5 1, 2014, each county treasurer shall be paid from the  
6 commercial and industrial property tax replacement  
7 fund an amount equal to the amount of the commercial  
8 and industrial property tax replacement claims in the  
9 county, as calculated in subsection 4. If an amount  
10 appropriated for a fiscal year is insufficient to pay  
11 all replacement claims, the director of revenue shall  
12 prorate the disbursements from the fund to the county  
13 treasurers and shall notify the county auditors of  
14 the pro rata percentage on or before September 30.  
15 Any unspent balance in the fund as of June 30 of each  
16 year shall revert to the general fund of the state as  
17 provided by section 8.33.

18 3. a. On or before July 1 of each fiscal year  
19 beginning on or after July 1, 2014, the assessor shall  
20 determine the total assessed value of all commercial  
21 property, industrial property, and property assessed  
22 by the department of revenue pursuant to chapter 434  
23 assessed for taxes due and payable in that fiscal year  
24 and the total assessed value of such property assessed  
25 as of January 1, 2012, and shall report the valuations  
26 to the county auditor.

27 b. For purposes of calculating replacement claims  
28 under this division of this Act, the total assessed  
29 value of commercial property, industrial property, and  
30 property assessed by the department of revenue pursuant  
31 to chapter 434 as of January 1, 2012, shall not include  
32 property classified as multiresidential property under  
33 section 441.21, subsection 13, if enacted by division  
34 VI of this Act, which was classified as commercial  
35 property, industrial property, or property assessed by  
36 the department of revenue pursuant to chapter 434 for  
37 assessment years beginning before January 1, 2013.

38 4. On or before September 1 of each fiscal year  
39 beginning on or after July 1, 2014, the county auditor  
40 shall prepare a statement, based upon the report  
41 received pursuant to subsection 3, listing for each  
42 taxing district in the county:

43 a. The difference between the assessed valuation  
44 of all commercial property, industrial property,  
45 and property assessed by the department of revenue  
46 pursuant to chapter 434 for the assessment year used  
47 to calculate taxes which are due and payable in the  
48 applicable fiscal year and the assessed value of all  
49 commercial property, industrial property, and property  
50 assessed by the department of revenue pursuant to

1 chapter 434 assessed as of January 1, 2012. If the  
2 assessed value of all commercial property, industrial  
3 property, and property assessed by the department of  
4 revenue pursuant to chapter 434 assessed as of January  
5 1, 2012, is less than the assessed valuation of all  
6 commercial property, industrial property, and property  
7 assessed by the department of revenue pursuant to  
8 chapter 434 for the assessment year used to calculate  
9 taxes which are due and payable in the applicable  
10 fiscal year, there is no tax replacement for that  
11 taxing district for the fiscal year.

12 *b.* The tax levy rate for each taxing district for  
13 that fiscal year.

14 *c.* The commercial and industrial property tax  
15 replacement claim for each taxing district. For  
16 fiscal years beginning on or after July 1, 2014, the  
17 replacement claim is equal to the amount determined  
18 pursuant to paragraph "a", multiplied by the tax rate  
19 specified in paragraph "b".

20 5. For purposes of computing replacement amounts  
21 under this section, that portion of an urban renewal  
22 area defined as the sum of the assessed valuations  
23 defined in section 403.19, subsections 1 and 2, shall  
24 be considered a taxing district.

25 6. *a.* The county auditor shall certify and forward  
26 one copy of the statement to the department of revenue  
27 not later than September 1 of each year.

28 *b.* The replacement claims shall be paid to each  
29 county treasurer in equal installments in September  
30 and March of each year. The county treasurer shall  
31 apportion the replacement claim payments among the  
32 eligible taxing districts in the county.

33 *c.* If the taxing district is an urban renewal  
34 area, the amount of the replacement claim shall be  
35 apportioned as provided in subsection 7.

36 7. *a.* If the total assessed value of property  
37 located in an urban renewal area taxing district  
38 for the assessment year for property taxes due and  
39 payable in the applicable fiscal year is equal to or  
40 more than that portion of such valuation defined in  
41 section 403.19, subsection 1, the total replacement  
42 claim amount computed pursuant to subsection 4 shall be  
43 credited to that portion of the assessed value defined  
44 in section 403.19, subsection 2.

45 *b.* If the total assessed value of the property  
46 located in an urban renewal area taxing district for  
47 the assessment year for property taxes due and payable  
48 in the applicable fiscal year is less than that portion  
49 of such valuation defined in section 403.19, subsection  
50 1, the replacement amount shall be credited to those

1 portions of the assessed value defined in section  
2 403.19, subsections 1 and 2, as follows:

3 (1) To that portion defined in section 403.19,  
4 subsection 1, an amount equal to the amount that would  
5 be produced by multiplying the applicable consolidated  
6 levy rate times the difference between the assessed  
7 value of the taxable property defined in section  
8 403.19, subsection 1, and the total assessed value  
9 of the property located in the urban renewal area  
10 taxing district in the assessment year for property  
11 taxes due and payable in the fiscal year for which the  
12 replacement claim is computed.

13 (2) To that portion defined in section 403.19,  
14 subsection 2, the remaining amount, if any.

15 c. Notwithstanding the allocation provisions  
16 of paragraphs "a" and "b", the amount of the tax  
17 replacement amount that shall be allocated to that  
18 portion of the assessed value defined in section  
19 403.19, subsection 2, shall not exceed the amount  
20 equal to the amount certified to the county auditor  
21 under section 403.19 for the fiscal year in which  
22 the claim is paid, after deduction of the amount of  
23 other revenues committed for payment on that amount  
24 for the fiscal year. The amount not allocated to  
25 that portion of the assessed value defined in section  
26 403.19, subsection 2, as a result of the operation of  
27 this paragraph, shall be allocated to that portion of  
28 assessed value defined in section 403.19, subsection 1.

29 d. The amount of the replacement claim amount  
30 credited to the portion of the assessed value defined  
31 in section 403.19, subsection 1, shall be allocated  
32 to and when received be paid into the fund for the  
33 respective taxing district as taxes by or for the  
34 taxing district into which all other property taxes  
35 are paid. The amount of the replacement claim amount  
36 credited to the portion of the assessed value defined  
37 in section 403.19, subsection 2, shall be allocated to  
38 and when collected be paid into the special fund of the  
39 municipality under section 403.19, subsection 2.

40 Sec. 9. SAVINGS PROVISION. This division of this  
41 Act, pursuant to section 4.13, does not affect the  
42 operation of, or prohibit the application of, prior  
43 provisions of section 441.21, or rules adopted under  
44 chapter 17A to administer prior provisions of section  
45 441.21, for assessment years beginning before January  
46 1, 2013, and for duties, powers, protests, appeals,  
47 proceedings, actions, or remedies attributable to an  
48 assessment year beginning before January 1, 2013.

49 Sec. 10. APPLICABILITY. This division of this  
50 Act applies to assessment years beginning on or after

1 January 1, 2013.

2 DIVISION III

3 TELECOMMUNICATIONS PROPERTY TAX

4 Sec. 11. Section 427A.1, subsection 1, paragraph h,  
5 Code 2011, is amended to read as follows:

6 *h.* Property assessed by the department of revenue  
7 pursuant to sections 428.24 to 428.29, or chapters ~~433,~~  
8 434, 437, 437A, and 438.

9 Sec. 12. Section 433.4, Code 2011, is amended to  
10 read as follows:

11 **433.4 Assessment.**

12 1. The director of revenue shall on or before  
13 October 31 each year, proceed to find the actual value  
14 of the property of these companies in this state used  
15 by the companies in the transaction of telegraph and  
16 telephone business, taking into consideration the  
17 information obtained from the statements required, and  
18 any further information the director can obtain, using  
19 the same as a means for determining the actual cash  
20 value of the property of these companies within this  
21 state. ~~The director shall also take into consideration~~  
22 ~~the valuation of all property of these companies,~~  
23 ~~including franchises and the use of the property in~~  
24 ~~connection with lines outside the state, and making~~  
25 ~~these deductions as may be necessary on account of~~  
26 ~~extra value of property outside the state as compared~~  
27 ~~with the value of property in the state, in order that~~  
28 ~~the actual cash value of the property of the company~~  
29 ~~within this state may be ascertained. The assessment~~  
30 ~~shall include all property of every kind and character~~  
31 ~~whatsoever, real, personal, or mixed, used by the~~  
32 ~~companies in the transaction of telegraph and telephone~~  
33 ~~business; and the~~ The property so included in the  
34 assessment shall not be taxed in any other manner than  
35 as provided in this chapter.

36 2. a. Except as provided in paragraph "c", for  
37 assessment years beginning on or after January 1,  
38 2013, a company's property, excluding the property  
39 identified in paragraph "b" as exempt from taxation,  
40 shall be subject to assessment and taxation under this  
41 chapter by the director of revenue in the same manner  
42 as property assessed and taxed as commercial property  
43 under chapters 427, 427A, 427B, 428, and 441.

44 b. All of the following is exempt from taxation and  
45 shall not be assessed for taxation under this chapter:

46 (1) Central office equipment.

47 (2) Transmission equipment.

48 (3) Qualified telephone company property. However,  
49 qualified telephone company property shall be valued  
50 and included in the company's assessment for the

1 assessment years, and to the extent specified, in  
2 paragraph "c".

3 (4) Intangible property.

4 c. For assessment years beginning on or after  
5 January 1, 2013, but before January 1, 2018, the  
6 director of revenue shall include as part of the actual  
7 value determined under paragraph "a" for the applicable  
8 assessment year, the following:

9 (1) For the assessment year beginning January  
10 1, 2013, an amount equal to the actual value of the  
11 company's qualified telephone company property that  
12 exceeds five million dollars.

13 (2) For the assessment year beginning January  
14 1, 2014, an amount equal to the actual value of the  
15 company's qualified telephone company property that  
16 exceeds twenty-five million dollars.

17 (3) For the assessment year beginning January  
18 1, 2015, an amount equal to the actual value of the  
19 company's qualified telephone company property that  
20 exceeds fifty million dollars.

21 (4) For the assessment year beginning January  
22 1, 2016, an amount equal to the actual value of the  
23 company's qualified telephone company property that  
24 exceeds one hundred million dollars.

25 (5) For the assessment year beginning January  
26 1, 2017, an amount equal to the actual value of the  
27 company's qualified telephone company property that  
28 exceeds one hundred fifty million dollars.

29 Sec. 13. Section 433.12, Code 2011, is amended by  
30 adding the following new subsections:

31 NEW SUBSECTION. 1A. As used in this chapter,  
32 "central office equipment" means equipment owned or  
33 leased by a company and used in initiating, amplifying,  
34 switching, or monitoring telecommunications services,  
35 including such ancillary equipment necessary for the  
36 support, regulation, control, repair, or testing of  
37 such equipment.

38 NEW SUBSECTION. 2A. As used in this chapter,  
39 "intangible property" includes but is not limited to  
40 goodwill associated with a company.

41 NEW SUBSECTION. 3. As used in this chapter,  
42 "qualified telephone company property" means telephone  
43 wire, telephone cable, fiber optic cable, conduit  
44 systems, poles, or other equipment owned or leased by  
45 a company and used by the company to transmit sound or  
46 data.

47 NEW SUBSECTION. 4. As used in this chapter,  
48 "transmission equipment" means equipment owned or  
49 leased by a company and used in the process of sending  
50 information from one location to another location,

1 including such ancillary equipment necessary for the  
2 support, regulation, control, repair, or testing of  
3 such equipment.

4 Sec. 14. Section 476.1D, subsection 10, Code  
5 Supplement 2011, is amended by striking the subsection.

6 Sec. 15. SAVINGS PROVISION. This division of this  
7 Act, pursuant to section 4.13, does not affect the  
8 operation of, or prohibit the application of, prior  
9 provisions of chapter 433, or rules adopted under  
10 chapter 17A to administer prior provisions of chapter  
11 433, for assessment years beginning before January  
12 1, 2013, and for duties, powers, protests, appeals,  
13 proceedings, actions, or remedies attributable to an  
14 assessment year beginning before January 1, 2013.

15 Sec. 16. IMPLEMENTATION. Section 25B.7 shall not  
16 apply to this division of this Act.

17 Sec. 17. EFFECTIVE DATE.

18 1. Except as provided in subsection 2, this  
19 division of this Act takes effect July 1, 2012.

20 2. The section of this division of this Act  
21 amending section 476.1D takes effect July 1, 2017.

22 Sec. 18. APPLICABILITY.

23 1. Except as provided in subsection 2, this  
24 division of this Act applies to assessment years  
25 beginning on or after January 1, 2013.

26 2. The section of this division of this Act  
27 amending section 476.1D applies to assessment years  
28 beginning on or after January 1, 2018.

29 DIVISION IV

30 COUNTY AND CITY BUDGET LIMITATION

31 Sec. 19. Section 23A.2, subsection 10, paragraph h,  
32 Code 2011, is amended to read as follows:

33 *h.* The performance of an activity listed in  
34 section 331.424, Code 2011, as a service ~~for~~ which a  
35 supplemental levy county may be certified include in  
36 its budget.

37 Sec. 20. Section 28M.5, subsection 2, Code 2011, is  
38 amended to read as follows:

39 2. If a regional transit district budget allocates  
40 revenue responsibilities to the board of supervisors  
41 of a participating county, the amount of the regional  
42 transit district levy that is the responsibility of the  
43 participating county shall be deducted from the maximum  
44 rates amount of taxes authorized to be levied by the  
45 county pursuant to section 331.423, ~~subsections 1 and~~  
46 2 subsection 3, paragraphs "b" and "c", as applicable,  
47 unless the county meets its revenue responsibilities as  
48 allocated in the budget from other available revenue  
49 sources. However, for a regional transit district  
50 that includes a county with a population of less than

1 three hundred thousand, the amount of the regional  
2 transit district levy that is the responsibility of  
3 such participating county shall be deducted from the  
4 maximum rate amount of taxes authorized to be levied  
5 by the county pursuant to section 331.423, subsection  
6 ± 3, paragraph "b".

7 Sec. 21. Section 123.38, subsection 2, Code 2011,  
8 is amended to read as follows:

9 2. Any licensee or permittee, or the licensee's  
10 or permittee's executor or administrator, or any  
11 person duly appointed by the court to take charge of  
12 and administer the property or assets of the licensee  
13 or permittee for the benefit of the licensee's or  
14 permittee's creditors, may voluntarily surrender a  
15 license or permit to the division. When a license  
16 or permit is surrendered the division shall notify  
17 the local authority, and the division or the local  
18 authority shall refund to the person surrendering the  
19 license or permit, a proportionate amount of the fee  
20 received by the division or the local authority for  
21 the license or permit as follows: if a license or  
22 permit is surrendered during the first three months  
23 of the period for which it was issued, the refund  
24 shall be three-fourths of the amount of the fee;  
25 if surrendered more than three months but not more  
26 than six months after issuance, the refund shall be  
27 one-half of the amount of the fee; if surrendered more  
28 than six months but not more than nine months after  
29 issuance, the refund shall be one-fourth of the amount  
30 of the fee. No refund shall be made, however, for  
31 any special liquor permit, nor for a liquor control  
32 license, wine permit, or beer permit surrendered more  
33 than nine months after issuance. For purposes of this  
34 subsection, any portion of license or permit fees  
35 used for the purposes authorized in section 331.424,  
36 subsection 1, paragraph "a", subparagraphs (1) and  
37 (2), Code 2011, and in section 331.424A, shall not be  
38 deemed received either by the division or by a local  
39 authority. No refund shall be made to any licensee or  
40 permittee, upon the surrender of the license or permit,  
41 if there is at the time of surrender, a complaint filed  
42 with the division or local authority, charging the  
43 licensee or permittee with a violation of this chapter.  
44 If upon a hearing on a complaint the license or permit  
45 is not revoked or suspended, then the licensee or  
46 permittee is eligible, upon surrender of the license  
47 or permit, to receive a refund as provided in this  
48 section; but if the license or permit is revoked or  
49 suspended upon hearing the licensee or permittee is not  
50 eligible for the refund of any portion of the license

1 or permit fee.

2 Sec. 22. Section 218.99, Code 2011, is amended to  
3 read as follows:

4 **218.99 Counties to be notified of patients' personal**  
5 **accounts.**

6 The administrator in control of a state institution  
7 shall direct the business manager of each institution  
8 under the administrator's jurisdiction ~~which is~~  
9 ~~mentioned in section 331.424, subsection 1, paragraph~~  
10 ~~"a", subparagraphs (1) and (2), and for which services~~  
11 are paid under section 331.424A, to quarterly inform  
12 the county of legal settlement's entity designated to  
13 perform the county's central point of coordination  
14 process of any patient or resident who has an amount  
15 in excess of two hundred dollars on account in the  
16 patients' personal deposit fund and the amount on  
17 deposit. The administrators shall direct the business  
18 manager to further notify the entity designated to  
19 perform the county's central point of coordination  
20 process at least fifteen days before the release of  
21 funds in excess of two hundred dollars or upon the  
22 death of the patient or resident. If the patient or  
23 resident has no county of legal settlement, notice  
24 shall be made to the director of human services and the  
25 administrator in control of the institution involved.

26 Sec. 23. Section 331.263, subsection 2, Code 2011,  
27 is amended to read as follows:

28 2. The governing body of the community commonwealth  
29 shall have the authority to levy county taxes and shall  
30 have the authority to levy city taxes to the extent the  
31 city tax levy authority is transferred by the charter  
32 to the community commonwealth. A city participating  
33 in the community commonwealth shall transfer a portion  
34 of the city's tax levy authorized under section 384.1  
35 or 384.12, whichever is applicable, to the governing  
36 body of the community commonwealth. The maximum  
37 ~~rates amount~~ of taxes authorized to be levied under  
38 ~~sections section~~ 384.1 and the maximum amount of taxes  
39 ~~authorized to be levied under section~~ 384.12 by a city  
40 participating in the community commonwealth shall be  
41 reduced by an amount equal to the rates of the same or  
42 similar taxes levied in the city by the governing body  
43 of the community commonwealth.

44 Sec. 24. Section 331.301, subsection 12, Code  
45 Supplement 2011, is amended to read as follows:

46 12. The board of supervisors may credit funds to  
47 a reserve for the purposes authorized by subsection  
48 11 of this section; ~~section 331.424, subsection 1,~~  
49 ~~paragraph "a", subparagraph (6);~~ and section 331.441,  
50 subsection 2, paragraph "b". Moneys credited to the

1 reserve, and interest earned on such moneys, shall  
2 remain in the reserve until expended for purposes  
3 authorized by subsection 11 of this section; ~~section~~  
4 ~~331.424, subsection 1, paragraph "a", subparagraph (6);~~  
5 or section 331.441, subsection 2, paragraph "b".

6 Sec. 25. Section 331.421, subsections 1 and 10,  
7 Code 2011, are amended by striking the subsections.

8 Sec. 26. Section 331.421, Code 2011, is amended by  
9 adding the following new subsection:

10 NEW SUBSECTION. 7A. "Item" means a budgeted  
11 expenditure, appropriation, or cash reserve from a  
12 fund for a service area, program, program element, or  
13 purpose.

14 Sec. 27. Section 331.423, Code 2011, is amended by  
15 striking the section and inserting in lieu thereof the  
16 following:

17 **331.423 Property tax dollars — maximums.**

18 1. Annually, the board shall determine separate  
19 property tax levy limits to pay for general county  
20 services and rural county services in accordance with  
21 this section. The property tax levies separately  
22 certified for general county services and rural county  
23 services under section 331.434 shall not raise property  
24 tax dollars that exceed the amount determined under  
25 this section.

26 2. For purposes of this section and section  
27 331.423B, unless the context otherwise requires:

28 a. "Annual growth factor" means an index, expressed  
29 as a percentage, determined by the department of  
30 management by January 1 of the calendar year in which  
31 the budget year begins. In determining the annual  
32 growth factor, the department shall calculate the  
33 average of the preceding twelve-month percentage  
34 change, which shall be computed on a monthly basis,  
35 in the midwest consumer price index, ending with the  
36 percentage change for the month of November. The  
37 department shall then add that average percentage  
38 change to one hundred percent. In no case, however,  
39 shall the annual growth factor exceed one hundred four  
40 percent.

41 b. "Boundary adjustment" means annexation,  
42 severance, incorporation, or discontinuance as those  
43 terms are defined in section 368.1.

44 c. "Budget year" is the fiscal year beginning  
45 during the calendar year in which a budget is  
46 certified.

47 d. "Current fiscal year" is the fiscal year  
48 ending during the calendar year in which a budget is  
49 certified.

50 e. "Net new valuation taxes" means the amount of

1 property tax dollars equal to the current fiscal year's  
2 levy rate in the county for general county services or  
3 for rural county services, as applicable, multiplied by  
4 the increase from the current fiscal year to the budget  
5 year in taxable valuation due to the following:

6 (1) Net new construction, excluding all incremental  
7 valuation that is released in any one year from either  
8 a division of revenue under section 260E.4 or 357H.9,  
9 or an urban renewal area for which taxes were being  
10 divided under section 403.19 if the property for  
11 the valuation being released remains subject to the  
12 division of revenue under section 260E.4 or 357H.9, or  
13 remains part of the urban renewal area that is subject  
14 to a division of revenue under section 403.19.

15 (2) Additions or improvements to existing  
16 structures.

17 (3) Remodeling of existing structures for which a  
18 building permit is required.

19 (4) Net boundary adjustment.

20 (5) A municipality no longer dividing tax revenues  
21 in an urban renewal area as provided in section 403.19,  
22 a community college no longer dividing revenues as  
23 provided in section 260E.4, or a rural improvement zone  
24 no longer dividing revenues as provided in section  
25 357H.9.

26 (6) That portion of taxable property located in an  
27 urban revitalization area on which an exemption was  
28 allowed and such exemption has expired.

29 3. a. For the fiscal year beginning July 1, 2013,  
30 and subsequent fiscal years, the maximum amount of  
31 property tax dollars which may be certified for levy by  
32 a county for general county services and rural county  
33 services shall be the maximum property tax dollars  
34 calculated under paragraphs "b" and "c", respectively.

35 b. The maximum property tax dollars that may be  
36 levied for general county services is an amount equal  
37 to the sum of the following:

38 (1) The annual growth factor times the current  
39 fiscal year's maximum property tax dollars for general  
40 county services.

41 (2) The amount of net new valuation taxes in the  
42 county.

43 c. The maximum property tax dollars that may be  
44 levied for rural county services is an amount equal to  
45 the sum of the following:

46 (1) The annual growth factor times the current  
47 fiscal year's maximum property tax dollars for rural  
48 county services.

49 (2) The amount of net new valuation taxes in the  
50 unincorporated area of the county.

1 4. a. For purposes of calculating maximum property  
2 tax dollars for general county services for the fiscal  
3 year beginning July 1, 2013, only, the term "*current*  
4 *fiscal year's maximum property tax dollars*" shall mean  
5 the total amount of property tax dollars certified by  
6 the county for general county services for the fiscal  
7 year beginning July 1, 2012.

8 b. For purposes of calculating maximum property tax  
9 dollars for rural county services for the fiscal year  
10 beginning July 1, 2013, only, the term "*current fiscal*  
11 *year's maximum property tax dollars*" shall mean the  
12 total amount of property tax dollars certified by the  
13 county for rural county services for the fiscal year  
14 beginning July 1, 2012.

15 5. Property taxes certified for mental health,  
16 mental retardation, and developmental disabilities  
17 services, the emergency services fund in section  
18 331.424C, the debt service fund in section 331.430,  
19 any capital projects fund established by the county  
20 for deposit of bond, loan, or note proceeds, and  
21 any temporary increase approved pursuant to section  
22 331.424, are not included in the maximum amount of  
23 property tax dollars that may be certified for a budget  
24 year under subsection 3.

25 6. The department of management, in consultation  
26 with the county finance committee, shall adopt rules  
27 to administer this section. The department shall  
28 prescribe forms to be used by counties when making  
29 calculations required by this section.

30 **Sec. 28. NEW SECTION. 331.423B Ending fund**  
31 **balance.**

32 1. a. Budgeted ending fund balances for a budget  
33 year in excess of twenty-five percent of budgeted  
34 expenditures in either the general fund or rural  
35 services fund for that budget year shall be explicitly  
36 reserved or designated for a specific purpose.

37 b. A county is encouraged, but not required, to  
38 reduce ending fund balances for the budget year to an  
39 amount equal to approximately twenty-five percent of  
40 budgeted expenditures and transfers from the general  
41 fund and rural services fund for that budget year  
42 unless a decision is certified by the state appeal  
43 board ordering a reduction in the ending fund balance  
44 of any of those funds.

45 c. In a protest to the county budget under section  
46 331.436, the county shall have the burden of proving  
47 that the budgeted balances in excess of twenty-five  
48 percent are reasonably likely to be appropriated for  
49 the explicitly reserved or designated specific purpose.  
50 The excess budgeted balance for the specific purpose

1 shall be considered an increase in an item in the  
2 budget for purposes of section 24.28.

3 2. a. For a county that has, as of June 30, 2012,  
4 reduced its actual ending fund balance to less than  
5 twenty-five percent of actual expenditures, additional  
6 property taxes may be computed and levied as provided  
7 in this subsection. The additional property tax levy  
8 amount is an amount not to exceed twenty-five percent  
9 of actual expenditures from the general fund and rural  
10 services fund for the fiscal year beginning July 1,  
11 2011, minus the combined ending fund balances for those  
12 funds for that year.

13 b. The amount of the additional property taxes  
14 shall be apportioned between the general fund and the  
15 rural services fund. However, the amount apportioned  
16 for general county services and for rural county  
17 services shall not exceed for each fund twenty-five  
18 percent of actual expenditures for the fiscal year  
19 beginning July 1, 2011.

20 c. All or a portion of additional property tax  
21 dollars may be levied for the purpose of increasing  
22 cash reserves for general county services and rural  
23 county services in the budget year. The additional  
24 property tax dollars authorized under this subsection  
25 but not levied may be carried forward as unused ending  
26 fund balance taxing authority until and for the fiscal  
27 year beginning July 1, 2018. The amount carried  
28 forward shall not exceed twenty-five percent of the  
29 maximum amount of property tax dollars available in  
30 the current fiscal year. Additionally, property taxes  
31 that are levied as unused ending fund balance taxing  
32 authority under this subsection may be the subject of  
33 a protest under section 331.436, and the amount will  
34 be considered an increase in an item in the budget for  
35 purposes of section 24.28. The amount of additional  
36 property taxes levied under this subsection shall not  
37 be included in the computation of the maximum amount of  
38 property tax dollars which may be certified and levied  
39 under section 331.423.

40 Sec. 29. Section 331.424, Code 2011, is amended by  
41 striking the section and inserting in lieu thereof the  
42 following:

43 **331.424 Authority to levy beyond maximum property**  
44 **tax dollars.**

45 1. The board may certify additions to the maximum  
46 amount of property tax dollars to be levied for  
47 a period of time not to exceed two years if the  
48 proposition has been submitted at a special election  
49 and received a favorable majority of the votes cast on  
50 the proposition.

1 2. The special election is subject to the  
2 following:  
3 a. The board must give at least thirty-two days'  
4 notice to the county commissioner of elections that the  
5 special election is to be held. In no case, however,  
6 shall a notice be given to the county commissioner  
7 of elections after December 31 for an election on a  
8 proposition to exceed the statutory limits during the  
9 fiscal year beginning in the next calendar year.  
10 b. The special election shall be conducted by the  
11 county commissioner of elections in accordance with  
12 law.  
13 c. The proposition to be submitted shall be  
14 substantially in the following form:  
15 Vote "yes" or "no" on the following: Shall the  
16 county of \_\_\_\_\_ levy for an additional \$ \_\_\_\_\_ each  
17 year for \_\_\_ years beginning July 1, \_\_\_\_\_, in excess  
18 of the statutory limits otherwise applicable for the  
19 (general county services or rural services) fund?  
20 d. The canvass shall be held beginning at 1:00 p.m.  
21 on the second day which is not a holiday following the  
22 special election.  
23 e. Notice of the special election shall be  
24 published at least once in a newspaper as specified  
25 in section 331.305 prior to the date of the special  
26 election. The notice shall appear as early as  
27 practicable after the board has voted to submit a  
28 proposition to the voters to levy additional property  
29 tax dollars.  
30 3. Registered voters in the county may vote on the  
31 proposition to increase property taxes for the general  
32 fund in excess of the statutory limit. Registered  
33 voters residing outside the corporate limits of a  
34 city within the county may vote on the proposition to  
35 increase property taxes for the rural services fund in  
36 excess of the statutory limit.  
37 4. The amount of additional property tax dollars  
38 certified under this section shall not be included in  
39 the computation of the maximum amount of property tax  
40 dollars which may be certified and levied under section  
41 331.423.  
42 Sec. 30. Section 331.424A, subsection 4, Code  
43 Supplement 2011, is amended to read as follows:  
44 4. For the fiscal year beginning July 1, 1996,  
45 and for each subsequent fiscal year, the county shall  
46 certify a levy for payment of services. For each  
47 fiscal year, county revenues from taxes imposed by the  
48 county credited to the services fund shall not exceed  
49 an amount equal to the amount of base year expenditures  
50 for services as defined in section 331.438, less the

1 amount of property tax relief to be received pursuant  
2 to section 426B.2, in the fiscal year for which the  
3 budget is certified. The county auditor and the  
4 board of supervisors shall reduce the amount of the  
5 levy certified for the services fund by the amount of  
6 property tax relief to be received. A levy certified  
7 under this section is not subject to ~~the appeal~~  
8 ~~provisions of section 331.426 or to any other provision~~  
9 in law authorizing a county to exceed, increase, or  
10 appeal a property tax levy limit.

11 Sec. 31. Section 331.427, subsection 3, paragraph  
12 1, Code 2011, is amended to read as follows:

13 1. Services listed in section 331.424, subsection  
14 1, Code 2011, and section 331.554.

15 Sec. 32. Section 331.428, subsection 2, paragraph  
16 d, Code 2011, is amended to read as follows:

17 d. Services listed under section 331.424,  
18 subsection 2, Code 2011.

19 Sec. 33. Section 331.434, subsection 1, Code 2011,  
20 is amended to read as follows:

21 1. The budget shall show the amount required for  
22 each class of proposed expenditures, a comparison of  
23 the amounts proposed to be expended with the amounts  
24 expended for like purposes for the two preceding years,  
25 the revenues from sources other than property taxation,  
26 and the amount to be raised by property taxation, in  
27 the detail and form prescribed by the director of the  
28 department of management. For each county that has  
29 established an urban renewal area, the budget shall  
30 include estimated and actual tax increment financing  
31 revenues and all estimated and actual expenditures of  
32 the revenues, proceeds from debt and all estimated  
33 and actual expenditures of the debt proceeds, and  
34 identification of any entity receiving a direct payment  
35 of taxes funded by tax increment financing revenues  
36 and shall include the total amount of loans, advances,  
37 indebtedness, or bonds outstanding at the close of  
38 the most recently ended fiscal year, which qualify  
39 for payment from the special fund created in section  
40 403.19, including interest negotiated on such loans,  
41 advances, indebtedness, or bonds. For purposes of this  
42 subsection, "*indebtedness*" includes written agreements  
43 whereby the county agrees to suspend, abate, exempt,  
44 rebate, refund, or reimburse property taxes, provide a  
45 grant for property taxes paid, or make a direct payment  
46 of taxes, with moneys in the special fund. The amount  
47 of loans, advances, indebtedness, or bonds shall be  
48 listed in the aggregate for each county reporting. The  
49 ~~county finance committee, in consultation with the~~  
50 ~~department of management and the legislative services~~

1 ~~agency, shall determine reporting criteria and shall~~  
2 ~~prepare a form for reports filed with the department~~  
3 ~~pursuant to this section. The department shall make~~  
4 ~~the information available by electronic means.~~

5 Sec. 34. Section 373.10, Code 2011, is amended to  
6 read as follows:

7 **373.10 Taxing authority.**

8 The metropolitan council shall have the authority  
9 to levy city taxes to the extent the city tax levy  
10 authority is transferred by the charter to the  
11 metropolitan council. A member city shall transfer  
12 a portion of the city's tax levy authorized under  
13 section 384.1 or 384.12, whichever is applicable, to  
14 the metropolitan council. The maximum ~~rates~~ amount of  
15 taxes authorized to be levied under ~~sections~~ section  
16 384.1 and the taxes authorized to be levied under  
17 section

18 384.12 by a member city shall be reduced by an amount  
19 equal to the rates of the same or similar taxes levied  
20 in the city by the metropolitan council.

21 Sec. 35. Section 384.1, Code 2011, is amended by  
22 striking the section and inserting in lieu thereof the  
23 following:

24 **384.1 Property tax dollars — maximums.**

25 1. A city shall certify taxes to be levied by the  
26 city on all taxable property within the city limits,  
27 for all city government purposes. Annually, the city  
28 council may certify basic levies for city government  
29 purposes, subject to the limitation on property tax  
30 dollars provided in this section.

31 2. For purposes of this section and section 384.1B,  
32 unless the context otherwise requires:

33 a. *"Annual growth factor"* means an index, expressed  
34 as a percentage, determined by the department of  
35 management by January 1 of the calendar year in which  
36 the budget year begins. In determining the annual  
37 growth factor, the department shall calculate the  
38 average of the preceding twelve-month percentage  
39 change, which shall be computed on a monthly basis,  
40 in the midwest consumer price index, ending with the  
41 percentage change for the month of November. The  
42 department shall then add that average percentage  
43 change to one hundred percent. In no case, however,  
44 shall the annual growth factor exceed one hundred four  
45 percent.

46 b. *"Boundary adjustment"* means annexation,  
47 severance, incorporation, or discontinuance as those  
48 terms are defined in section 368.1.

49 c. *"Budget year"* is the fiscal year beginning  
50 during the calendar year in which a budget is

1 certified.

2 *d. "Current fiscal year"* is the fiscal year  
3 ending during the calendar year in which a budget is  
4 certified.

5 *e. "Net new valuation taxes"* means the amount of  
6 property tax dollars equal to the current fiscal year's  
7 levy rate in the city for the general fund multiplied  
8 by the increase from the current fiscal year to the  
9 budget year in taxable valuation due to the following:

10 (1) Net new construction, excluding all incremental  
11 valuation that is released in any one year from either  
12 a division of revenue under section 260E.4 or an urban  
13 renewal area for which taxes were being divided under  
14 section 403.19 if the property for the valuation being  
15 released remains subject to the division of revenue  
16 under section 260E.4 or remains part of the urban  
17 renewal area that is subject to a division of revenue  
18 under section 403.19.

19 (2) Additions or improvements to existing  
20 structures.

21 (3) Remodeling of existing structures for which a  
22 building permit is required.

23 (4) Net boundary adjustment.

24 (5) A municipality no longer dividing tax revenues  
25 in an urban renewal area as provided in section 403.19  
26 or a community college no longer dividing revenues as  
27 provided in section 260E.4.

28 (6) That portion of taxable property located in an  
29 urban revitalization area on which an exemption was  
30 allowed and such exemption has expired.

31 3. *a.* For the fiscal year beginning July 1, 2013,  
32 and subsequent fiscal years, the maximum amount of  
33 property tax dollars which may be certified for levy  
34 by a city for the general fund shall be the maximum  
35 property tax dollars calculated under paragraph *"b"*.

36 *b.* The maximum property tax dollars that may be  
37 levied for deposit in the general fund is an amount  
38 equal to the sum of the following:

39 (1) The annual growth factor times the current  
40 fiscal year's maximum property tax dollars for the  
41 general fund.

42 (2) The amount of net new valuation taxes in the  
43 city.

44 4. For purposes of calculating maximum property tax  
45 dollars for the city general fund for the fiscal year  
46 beginning July 1, 2013, only, the term *"current fiscal*  
47 *year's maximum property tax dollars"* shall mean the  
48 total amount of property tax dollars certified by the  
49 city for the city's general fund for the fiscal year  
50 beginning July 1, 2012.

1 5. Property taxes certified for deposit in the  
2 debt service fund in section 384.4, trust and agency  
3 funds in section 384.6, capital improvements reserve  
4 fund in section 384.7, the emergency fund in section  
5 384.8, any capital projects fund established by the  
6 city for deposit of bond, loan, or note proceeds,  
7 any temporary increase approved pursuant to section  
8 384.12A, property taxes collected from a voted levy  
9 in section 384.12, and property taxes levied under  
10 section 384.12, subsection 18, are not counted against  
11 the maximum amount of property tax dollars that may be  
12 certified for a fiscal year under subsection 3.

13 6. Notwithstanding the maximum amount of taxes  
14 a city may certify for levy, the tax levied by a  
15 city on tracts of land and improvements on the  
16 tracts of land used and assessed for agricultural or  
17 horticultural purposes shall not exceed three dollars  
18 and three-eighths cents per thousand dollars of  
19 assessed value in any year. Improvements located on  
20 such tracts of land and not used for agricultural or  
21 horticultural purposes and all residential dwellings  
22 are subject to the same rate of tax levied by the city  
23 on all other taxable property within the city.

24 7. The department of management, in consultation  
25 with the city finance committee, shall adopt rules  
26 to administer this section. The department shall  
27 prescribe forms to be used by cities when making  
28 calculations required by this section.

29 **Sec. 36. NEW SECTION. 384.1B Ending fund balance.**

30 1. a. Budgeted ending fund balances for a budget  
31 year in excess of twenty-five percent of budgeted  
32 expenditures from the general fund for that budget  
33 year shall be explicitly reserved or designated for a  
34 specific purpose.

35 b. A city is encouraged, but not required, to  
36 reduce ending fund balances for the budget year to  
37 an amount equal to approximately twenty-five percent  
38 of budgeted expenditures and transfers from the  
39 general fund for that budget year unless a decision  
40 is certified by the state appeal board ordering a  
41 reduction in the ending fund balance of the fund.

42 c. In a protest to the city budget under section  
43 384.19, the city shall have the burden of proving  
44 that the budgeted balances in excess of twenty-five  
45 percent are reasonably likely to be appropriated for  
46 the explicitly reserved or designated specific purpose.  
47 The excess budgeted balance for the specific purpose  
48 shall be considered an increase in an item in the  
49 budget for purposes of section 24.28.

50 2. a. For a city that has, as of June 30,

1 2012, reduced its ending fund balance to less than  
2 twenty-five percent of actual expenditures, additional  
3 property taxes may be computed and levied as provided  
4 in this subsection. The additional property tax levy  
5 amount is an amount not to exceed the difference  
6 between twenty-five percent of actual expenditures for  
7 city government purposes for the fiscal year beginning  
8 July 1, 2011, minus the ending fund balance for that  
9 year.

10 *b.* All or a portion of additional property tax  
11 dollars may be levied for the purpose of increasing  
12 cash reserves for city government purposes in the  
13 budget year. The additional property tax dollars  
14 authorized under this subsection but not levied may be  
15 carried forward as unused ending fund balance taxing  
16 authority until and for the fiscal year beginning  
17 July 1, 2018. The amount carried forward shall not  
18 exceed twenty-five percent of the maximum amount of  
19 property tax dollars available in the current fiscal  
20 year. Additionally, property taxes that are levied  
21 as unused ending fund balance taxing authority under  
22 this subsection may be the subject of a protest under  
23 section 384.19, and the amount will be considered an  
24 increase in an item in the budget for purposes of  
25 section 24.28. The amount of additional property tax  
26 dollars levied under this subsection shall not be  
27 included in the computation of the maximum amount of  
28 property tax dollars which may be certified and levied  
29 under section 384.1.

30 Sec. 37. Section 384.12, subsection 20, Code 2011,  
31 is amended by striking the subsection.

32 Sec. 38. **NEW SECTION. 384.12A Authority to levy**  
33 **beyond maximum property tax dollars.**

34 1. The city council may certify additions to the  
35 maximum amount of property tax dollars to be levied  
36 for a period of time not to exceed two years if the  
37 proposition has been submitted at a special election  
38 and received a favorable majority of the votes cast on  
39 the proposition.

40 2. The special election is subject to the  
41 following:

42 *a.* The city council must give at least thirty-two  
43 days' notice to the county commissioner of elections  
44 that the special election is to be held. In no  
45 case, however, shall a notice be given to the county  
46 commissioner of elections after December 31 for an  
47 election on a proposition to exceed the statutory  
48 limits during the fiscal year beginning in the next  
49 calendar year.

50 *b.* The special election shall be conducted by the

1 county commissioner of elections in accordance with  
2 law.

3 c. The proposition to be submitted shall be  
4 substantially in the following form:

5 Vote "yes" or "no" on the following: Shall the city  
6 of \_\_\_\_\_ levy for an additional \$\_\_\_\_\_ each year  
7 for \_\_\_ years beginning next July 1, \_\_\_\_\_, in excess of  
8 the statutory limits otherwise applicable for the city  
9 general fund?

10 d. The canvass shall be held beginning at 1:00 p.m.  
11 on the second day which is not a holiday following the  
12 special election.

13 e. Notice of the special election shall be  
14 published at least once in a newspaper as specified  
15 in section 362.3 prior to the date of the special  
16 election. The notice shall appear as early as  
17 practicable after the city council has voted to submit  
18 a proposition to the voters to levy additional property  
19 tax dollars.

20 3. The amount of additional property tax dollars  
21 certified under this section shall not be included in  
22 the computation of the maximum amount of property tax  
23 dollars which may be certified and levied under section  
24 384.1.

25 Sec. 39. Section 384.16, subsection 1, paragraph b,  
26 Code 2011, is amended to read as follows:

27 b. A budget must show comparisons between the  
28 estimated expenditures in each program in the following  
29 year, the latest estimated expenditures in each program  
30 in the current year, and the actual expenditures in  
31 each program from the annual report as provided in  
32 section 384.22, or as corrected by a subsequent audit  
33 report. Wherever practicable, as provided in rules  
34 of the committee, a budget must show comparisons  
35 between the levels of service provided by each program  
36 as estimated for the following year, and actual  
37 levels of service provided by each program during  
38 the two preceding years. For each city that has  
39 established an urban renewal area, the budget shall  
40 include estimated and actual tax increment financing  
41 revenues and all estimated and actual expenditures of  
42 the revenues, proceeds from debt and all estimated  
43 and actual expenditures of the debt proceeds, and  
44 identification of any entity receiving a direct payment  
45 of taxes funded by tax increment financing revenues  
46 and shall include the total amount of loans, advances,  
47 indebtedness, or bonds outstanding at the close of  
48 the most recently ended fiscal year, which qualify  
49 for payment from the special fund created in section  
50 403.19, including interest negotiated on such loans,

1 advances, indebtedness, or bonds. The amount of loans,  
2 advances, indebtedness, or bonds shall be listed in the  
3 aggregate for each city reporting. ~~The city finance~~  
4 ~~committee, in consultation with the department of~~  
5 ~~management and the legislative services agency, shall~~  
6 ~~determine reporting criteria and shall prepare a form~~  
7 ~~for reports filed with the department pursuant to this~~  
8 ~~section. The department shall make the information~~  
9 ~~available by electronic means.~~

10 Sec. 40. Section 384.19, Code 2011, is amended by  
11 adding the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. For purposes of a tax  
13 protest filed under this section, "*item*" means a  
14 budgeted expenditure, appropriation, or cash reserve  
15 from a fund for a service area, program, program  
16 element, or purpose.

17 Sec. 41. Section 386.8, Code 2011, is amended to  
18 read as follows:

19 **386.8 Operation tax.**

20 A city may establish a self-supported improvement  
21 district operation fund, and may certify taxes not  
22 to exceed the rate limitation as established in the  
23 ordinance creating the district, or any amendment  
24 thereto, each year to be levied for the fund against  
25 all of the property in the district, for the purpose  
26 of paying the administrative expenses of the district,  
27 which may include but are not limited to administrative  
28 personnel salaries, a separate administrative office,  
29 planning costs including consultation fees, engineering  
30 fees, architectural fees, and legal fees and all other  
31 expenses reasonably associated with the administration  
32 of the district and the fulfilling of the purposes of  
33 the district. The taxes levied for this fund may also  
34 be used for the purpose of paying maintenance expenses  
35 of improvements or self-liquidating improvements for a  
36 specified length of time with one or more options to  
37 renew if such is clearly stated in the petition which  
38 requests the council to authorize construction of the  
39 improvement or self-liquidating improvement, whether  
40 or not such petition is combined with the petition  
41 requesting creation of a district. Parcels of property  
42 which are assessed as residential property for property  
43 tax purposes are exempt from the tax levied under this  
44 section except residential properties within a duly  
45 designated historic district. A tax levied under  
46 this section is not subject to the levy limitation in  
47 section 384.1.

48 Sec. 42. Section 386.9, Code 2011, is amended to  
49 read as follows:

50 **386.9 Capital improvement tax.**

1 A city may establish a capital improvement fund  
2 for a district and may certify taxes, not to exceed  
3 the rate established by the ordinance creating the  
4 district, or any subsequent amendment thereto,  
5 each year to be levied for the fund against all of  
6 the property in the district, for the purpose of  
7 accumulating moneys for the financing or payment  
8 of a part or all of the costs of any improvement or  
9 self-liquidating improvement. However, parcels of  
10 property which are assessed as residential property  
11 for property tax purposes are exempt from the tax  
12 levied under this section except residential properties  
13 within a duly designated historic district. A tax  
14 levied under this section is not subject to the levy  
15 limitations in section 384.1 or 384.7.

16 Sec. 43. REPEAL. Sections 331.425 and 331.426,  
17 Code 2011, are repealed.

18 Sec. 44. APPLICABILITY. This division of this Act  
19 applies to fiscal years beginning on or after July 1,  
20 2013.

#### 21 DIVISION V

#### 22 BUSINESS PROPERTY TAX CREDIT

23 Sec. 45. Section 331.512, Code 2011, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 13B. Carry out duties relating to  
26 the business property tax credit as provided in chapter  
27 426C.

28 Sec. 46. Section 331.559, Code 2011, is amended by  
29 adding the following new subsection:

30 NEW SUBSECTION. 14A. Carry out duties relating to  
31 the business property tax credit as provided in chapter  
32 426C.

33 Sec. 47. NEW SECTION. 426C.1 **Definitions.**

34 For the purposes of this chapter, unless the context  
35 otherwise requires:

36 1. "*Contiguous parcels*" means any of the following:

37 a. Parcels that share a common boundary.

38 b. Parcels within the same building or structure  
39 regardless of whether the parcels share a common  
40 boundary.

41 c. Permanent improvements to the land that are  
42 situated on one or more parcels of land that are  
43 assessed and taxed separately from the permanent  
44 improvements if the parcels of land upon which the  
45 permanent improvements are situated share a common  
46 boundary.

47 2. "*Department*" means the department of revenue.

48 3. "*Fund*" means the business property tax credit  
49 fund created in section 426C.2.

50 4. "*Parcel*" means as defined in section 445.1.

1 5. "Property unit" means contiguous parcels all of  
2 which are located within the same county, with the same  
3 property tax classification, each of which contains  
4 permanent improvements, are owned by the same person,  
5 and are operated by that person for a common use and  
6 purpose.

7 **Sec. 48. NEW SECTION. 426C.2 Business property tax**  
8 **credit fund — appropriation.**

9 1. A business property tax credit fund is created  
10 in the state treasury under the authority of the  
11 department. For the fiscal year beginning July 1,  
12 2014, there is appropriated from the general fund of  
13 the state to the department to be credited to the  
14 fund, the sum of twenty-four million dollars to be  
15 used for business property tax credits authorized in  
16 this chapter. For the fiscal year beginning July 1,  
17 2015, there is appropriated from the general fund of  
18 the state to the department to be credited to the fund,  
19 the sum of forty-eight million dollars. For the fiscal  
20 year beginning July 1, 2016, there is appropriated from  
21 the general fund of the state to the department to be  
22 credited to the fund, the sum of seventy-two million  
23 dollars. For the fiscal year beginning July 1, 2017,  
24 there is appropriated from the general fund of the  
25 state to the department to be credited to the fund,  
26 the sum of ninety-six million dollars. For the fiscal  
27 year beginning July 1, 2018, and each fiscal year  
28 thereafter, there is appropriated from the general fund  
29 of the state to the department to be credited to the  
30 fund, the sum of one hundred twenty million dollars.

31 2. Notwithstanding section 12C.7, subsection 2,  
32 interest or earnings on moneys deposited in the fund  
33 shall be credited to the fund. Moneys in the fund are  
34 not subject to the provisions of section 8.33 and shall  
35 not be transferred, used, obligated, appropriated,  
36 or otherwise encumbered except as provided in this  
37 chapter.

38 **Sec. 49. NEW SECTION. 426C.3 Claims for credit.**

39 1. Each person who wishes to claim the credit  
40 allowed under this chapter shall obtain the appropriate  
41 forms from the assessor and file the claim with the  
42 assessor. The director of revenue shall prescribe  
43 suitable forms and instructions for such claims, and  
44 make such forms and instructions available to the  
45 assessors.

46 2. a. Claims for the business property tax credit  
47 shall be filed not later than March 15 preceding the  
48 fiscal year during which the taxes for which the credit  
49 is claimed are due and payable.

50 b. A claim filed after the deadline for filing

1 claims shall be considered as a claim for the following  
2 year.

3 3. Upon the filing of a claim and allowance of the  
4 credit, the credit shall be allowed on the parcel or  
5 property unit for successive years without further  
6 filing as long as the parcel or property unit satisfies  
7 the requirements for the credit. If the parcel or  
8 property unit owner ceases to qualify for the credit  
9 under this chapter, the owner shall provide written  
10 notice to the assessor by the date for filing claims  
11 specified in subsection 2 following the date on which  
12 the parcel or property unit ceases to qualify for the  
13 credit.

14 4. When all or a portion of a parcel or property  
15 unit that is allowed a credit under this chapter is  
16 sold, transferred, or ownership otherwise changes, the  
17 buyer, transferee, or new owner who wishes to receive  
18 the credit shall refile the claim for credit. In  
19 addition, when a portion of a parcel or property unit  
20 that is allowed a credit under this chapter is sold,  
21 transferred, or ownership otherwise changes, the owner  
22 of the portion of the parcel or property unit for which  
23 ownership did not change shall refile the claim for  
24 credit.

25 5. The assessor shall remit the claims for  
26 credit to the county auditor with the assessor's  
27 recommendation for allowance or disallowance. If  
28 the assessor recommends disallowance of a claim,  
29 the assessor shall submit the reasons for the  
30 recommendation, in writing, to the county auditor. The  
31 county auditor shall forward the claims to the board  
32 of supervisors. The board shall allow or disallow the  
33 claims.

34 6. For each claim and allowance of a credit for  
35 a property unit, the county auditor shall calculate  
36 the average of all consolidated levy rates applicable  
37 to the several parcels within the property unit. All  
38 claims for credit which have been allowed by the board  
39 of supervisors, the actual value of the permanent  
40 improvements to such parcels and property units  
41 applicable to the fiscal year for which the credit is  
42 claimed that are subject to assessment and taxation  
43 prior to imposition of any applicable assessment  
44 limitation, the consolidated levy rates for such  
45 parcels and the average consolidated levy rates for  
46 such property units applicable to the fiscal year for  
47 which the credit is claimed, and the taxing districts  
48 in which the parcel or property unit is located, shall  
49 be certified on or before June 30, in each year, by the  
50 county auditor to the department.

1 7. The assessor shall maintain a permanent file of  
2 current business property tax credits. The assessor  
3 shall file a notice of transfer of property for which a  
4 credit has been allowed when notice is received from  
5 the office of the county recorder, from the person  
6 who sold or transferred the property, or from the  
7 personal representative of a deceased property owner.  
8 The county recorder shall give notice to the assessor  
9 of each transfer of title filed in the recorder's  
10 office. The notice from the county recorder shall  
11 describe the property transferred, the name of the  
12 person transferring title to the property, and the name  
13 of the person to whom title to the property has been  
14 transferred.

15 **Sec. 50. NEW SECTION. 426C.4 Eligibility and**  
16 **amount of credit.**

17 1. Each parcel classified and taxed as commercial  
18 property, industrial property, or railway property  
19 under chapter 434, and improved with permanent  
20 construction, is eligible for a credit under this  
21 chapter. A person may claim and receive one credit  
22 under this chapter for each eligible parcel unless  
23 the parcel is part of a property unit. A person  
24 may only claim and receive one credit under this  
25 chapter for each property unit. A credit approved  
26 for a property unit shall be allocated to the several  
27 parcels within the property unit in the proportion  
28 that each parcel's total amount of property taxes due  
29 and payable attributable to the permanent improvements  
30 bears to the total amount of property taxes due and  
31 payable attributable to the permanent improvements for  
32 the property unit. Only property units comprised of  
33 commercial property, comprised of industrial property,  
34 or comprised of railway property under chapter 434 are  
35 eligible for a credit under this chapter.

36 2. Using the actual value of the permanent  
37 improvements and the consolidated levy rate for each  
38 parcel or the average consolidated levy rate for each  
39 property unit, as certified by the county auditor  
40 to the department under section 426C.3, subsection  
41 6, the department shall calculate, for each fiscal  
42 year, an initial amount of actual value of permanent  
43 improvements for use in determining the amount of the  
44 credit for each such parcel or property unit so as  
45 to provide the maximum possible credit according to  
46 the credit formula and limitations under subsection  
47 3, and to provide a total dollar amount of credits  
48 against the taxes due and payable in the fiscal year  
49 equal to ninety-eight percent of the moneys in the fund  
50 following the deposit of the appropriation for the

1 fiscal year.

2 3. a. The amount of the credit for each parcel or  
3 property unit for which a claim for credit under this  
4 chapter has been approved shall be calculated under  
5 paragraph "b" using the lesser of the initial amount of  
6 actual value of the permanent improvements determined  
7 by the department under subsection 2, and the actual  
8 value of the permanent improvements to the parcel or  
9 property unit as certified by the county auditor under  
10 section 426C.3, subsection 6.

11 b. The amount of the credit for each parcel or  
12 property unit for which a claim for credit under  
13 this chapter has been approved shall be equal to the  
14 amount of actual value determined under paragraph "a"  
15 multiplied by the difference, stated as a percentage,  
16 between the assessment limitation applicable to  
17 the parcel or property unit under section 441.21,  
18 subsection 5, and the assessment limitation applicable  
19 to residential property under section 441.21,  
20 subsection 4, divided by one thousand dollars, and then  
21 multiplied by the consolidated levy rate or average  
22 consolidated levy rate for one thousand dollars of  
23 taxable value applicable to the parcel or property unit  
24 for the fiscal year for which the credit is claimed as  
25 certified by the county auditor under section 426C.3,  
26 subsection 6.

27 **Sec. 51. NEW SECTION. 426C.5 Payment to counties.**

28 1. Annually the department shall certify to the  
29 county auditor of each county the amounts of the  
30 business property tax credits allowed in the county.  
31 Each county auditor shall then enter the credits  
32 against the tax levied on each eligible parcel or  
33 property unit in the county, designating on the tax  
34 lists the credit as being from the fund. Each taxing  
35 district shall receive its share of the business  
36 property tax credit allowed on each eligible parcel  
37 or property unit in such taxing district, in the  
38 proportion that the levy made by such taxing district  
39 upon the parcel or property unit bears to the total  
40 levy upon the parcel or property unit by all taxing  
41 districts imposing a property tax in such taxing  
42 district. However, the several taxing districts  
43 shall not draw the moneys so credited until after the  
44 semiannual allocations have been received by the county  
45 treasurer, as provided in this section. Each county  
46 treasurer shall show on each tax receipt the amount of  
47 credit received from the fund.

48 2. The director of the department of administrative  
49 services shall issue warrants on the fund payable to  
50 the county treasurers of the several counties of the

1 state under this chapter.

2 3. The amount due each county shall be paid in two  
3 payments on November 15 and March 15 of each fiscal  
4 year, drawn upon warrants payable to the respective  
5 county treasurers. The two payments shall be as nearly  
6 equal as possible.

7 **Sec. 52. NEW SECTION. 426C.6 Appeals.**

8 1. If the board of supervisors disallows a claim  
9 for credit under section 426C.3, subsection 5, the  
10 board of supervisors shall send written notice, by  
11 mail, to the claimant at the claimant's last known  
12 address. The notice shall state the reasons for  
13 disallowing the claim for the credit. The board of  
14 supervisors is not required to send notice that a claim  
15 for credit is disallowed if the claimant voluntarily  
16 withdraws the claim. Any person whose claim is denied  
17 under the provisions of this chapter may appeal from  
18 the action of the board of supervisors to the district  
19 court of the county in which the parcel or property  
20 unit is located by giving written notice of such appeal  
21 to the county auditor within twenty days from the date  
22 of mailing of notice of such action by the board of  
23 supervisors.

24 2. If any claim for credit has been denied by the  
25 board of supervisors, and such action is subsequently  
26 reversed on appeal, the credit shall be allowed on the  
27 applicable parcel or property unit, and the director of  
28 revenue, the county auditor, and the county treasurer  
29 shall provide the credit and change their books and  
30 records accordingly. In the event the appealing  
31 taxpayer has paid one or both of the installments of  
32 the tax payable in the year or years in question,  
33 remittance shall be made to such taxpayer of the amount  
34 of such credit. The amount of such credit awarded on  
35 appeal shall be allocated and paid from the balance  
36 remaining in the fund.

37 **Sec. 53. NEW SECTION. 426C.7 Audit — denial.**

38 1. If on the audit of a credit provided under this  
39 chapter, the director of revenue determines the amount  
40 of the credit to have been incorrectly calculated or  
41 that the credit is not allowable, the director shall  
42 recalculate the credit and notify the taxpayer and the  
43 county auditor of the recalculation or denial and the  
44 reasons for it. The director shall not adjust a credit  
45 after three years from October 31 of the year in which  
46 the claim for the credit was filed. If the credit has  
47 been paid, the director shall give notification to the  
48 taxpayer, the county treasurer, and the applicable  
49 assessor of the recalculation or denial of the credit  
50 and the county treasurer shall proceed to collect the

1 tax owed in the same manner as other property taxes due  
2 and payable are collected, if the parcel or property  
3 unit for which the credit was allowed is still owned  
4 by the taxpayer. If the parcel or property unit  
5 for which the credit was allowed is not owned by the  
6 taxpayer, the amount may be recovered from the taxpayer  
7 by assessment in the same manner that income taxes are  
8 assessed under sections 422.26 and 422.30. The amount  
9 of such erroneous credit, when collected, shall be  
10 deposited in the fund.

11 2. The taxpayer or board of supervisors may  
12 appeal any decision of the director of revenue to the  
13 state board of tax review pursuant to section 421.1,  
14 subsection 5. The taxpayer, the board of supervisors,  
15 or the director of revenue may seek judicial review  
16 of the action of the state board of tax review in  
17 accordance with chapter 17A.

18 Sec. 54. NEW SECTION. **426C.8 False claim —**  
19 **penalty.**

20 A person who makes a false claim for the purpose of  
21 obtaining a credit provided for in this chapter or who  
22 knowingly receives the credit without being legally  
23 entitled to it is guilty of a fraudulent practice. The  
24 claim for a credit of such a person shall be disallowed  
25 and if the credit has been paid the amount shall be  
26 recovered in the manner provided in section 426C.7. In  
27 such cases, the director of revenue shall send a notice  
28 of disallowance of the credit.

29 Sec. 55. NEW SECTION. **426C.9 Rules.**

30 The director of revenue shall prescribe forms,  
31 instructions, and rules pursuant to chapter 17A, as  
32 necessary, to carry out the purposes of this chapter.

33 Sec. 56. APPLICABILITY. This division of this Act  
34 applies to property taxes due and payable in fiscal  
35 years beginning on or after July 1, 2014.

36 **DIVISION VI**

37 **MULTIRESIDENTIAL PROPERTY CLASSIFICATION**

38 Sec. 57. Section 404.2, subsection 2, paragraph f,  
39 Code 2011, is amended to read as follows:

40 *f.* A statement specifying whether the  
41 revitalization is applicable to none, some, or all of  
42 the property assessed as residential, multiresidential,  
43 agricultural, commercial, or industrial property  
44 within the designated area or a combination thereof and  
45 whether the revitalization is for rehabilitation and  
46 additions to existing buildings or new construction or  
47 both. If revitalization is made applicable only to  
48 some property within an assessment classification, the  
49 definition of that subset of eligible property must  
50 be by uniform criteria which further some planning

1 objective identified in the plan. The city shall state  
2 how long it is estimated that the area shall remain  
3 a designated revitalization area which time shall  
4 be longer than one year from the date of designation  
5 and shall state any plan by the city to issue revenue  
6 bonds for revitalization projects within the area. For  
7 a county, a revitalization area shall include only  
8 property which will be used as industrial property,  
9 commercial property, ~~commercial property consisting of~~  
10 ~~three or more separate living quarters with at least~~  
11 ~~seventy-five percent of the space used for residential~~  
12 ~~purposes,~~ multiresidential property, or residential  
13 property. However, a county shall not provide a tax  
14 exemption under this chapter to commercial property,  
15 ~~commercial property consisting of three or more~~  
16 ~~separate living quarters with at least seventy-five~~  
17 ~~percent of the space used for residential purposes,~~  
18 multiresidential property, or residential property  
19 which is located within the limits of a city.

20 Sec. 58. Section 404.3, subsection 4, Code 2011, is  
21 amended to read as follows:

22 4. All qualified real estate assessed as  
23 residential property ~~or assessed as commercial~~  
24 ~~property, if the commercial property consists of~~  
25 ~~three or more separate living quarters with at least~~  
26 ~~seventy-five percent of the space used for residential~~  
27 ~~purposes,~~ or assessed as multiresidential property is  
28 eligible to receive a one hundred percent exemption  
29 from taxation on the actual value added by the  
30 improvements. The exemption is for a period of ten  
31 years.

32 Sec. 59. Section 441.21, subsection 8, paragraph b,  
33 Code Supplement 2011, is amended to read as follows:

34 b. Notwithstanding paragraph "a", any construction  
35 or installation of a solar energy system on property  
36 classified as agricultural, residential, commercial,  
37 multiresidential, or industrial property shall not  
38 increase the actual, assessed, and taxable values of  
39 the property for five full assessment years.

40 Sec. 60. Section 441.21, subsections 9 and 10, Code  
41 Supplement 2011, are amended to read as follows:

42 9. Not later than November 1, 1979, and November  
43 1 of each subsequent year, the director shall  
44 certify to the county auditor of each county the  
45 percentages of actual value at which residential  
46 property, agricultural property, commercial property,  
47 industrial property, multiresidential property, and  
48 property valued by the department of revenue pursuant  
49 to chapters 428, 433, 434, 437, and 438 in each  
50 assessing jurisdiction in the county shall be assessed

1 for taxation. The county auditor shall proceed  
2 to determine the assessed values of agricultural  
3 property, residential property, commercial property,  
4 industrial property, multiresidential property, and  
5 property valued by the department of revenue pursuant  
6 to chapters 428, 433, 434, 437, and 438 by applying  
7 such percentages to the current actual value of such  
8 property, as reported to the county auditor by the  
9 assessor, and the assessed values so determined shall  
10 be the taxable values of such properties upon which the  
11 levy shall be made.

12 10. The percentage of actual value computed by  
13 the director for agricultural property, residential  
14 property, commercial property, industrial property,  
15 multiresidential property, and property valued by the  
16 department of revenue pursuant to chapters 428, 433,  
17 434, 437, and 438 and used to determine assessed values  
18 of those classes of property does not constitute a rule  
19 as defined in section 17A.2, subsection 11.

20 Sec. 61. Section 441.21, Code Supplement 2011, is  
21 amended by adding the following new subsection:

22 NEW SUBSECTION. 13. a. Beginning with valuations  
23 established on or after January 1, 2013, mobile home  
24 parks, manufactured home communities, land-leased  
25 communities, assisted living facilities, and that  
26 portion of a building that is used for human habitation  
27 and a proportionate share of the land upon which  
28 the building is situated, even if the use for human  
29 habitation is not the primary use of the building, and  
30 regardless of the number of dwelling units located  
31 in the building, and not otherwise classified as  
32 residential property, shall be valued as a separate  
33 class of property known as multiresidential property  
34 and, excluding properties referred to in section  
35 427A.1, subsection 8, shall be assessed at a percentage  
36 of its actual value, as determined in this subsection.

37 For valuations established for the assessment year  
38 beginning January 1, 2013, the percentage of actual  
39 value as equalized by the director of revenue as  
40 provided in section 441.49 at which multiresidential  
41 property shall be assessed shall be ninety percent.

42 For valuations established for the assessment year  
43 beginning January 1, 2014, the percentage of actual  
44 value as equalized by the director of revenue as  
45 provided in section 441.49 at which multiresidential  
46 property shall be assessed shall be eighty percent.

47 For valuations established for the assessment year  
48 beginning January 1, 2015, the percentage of actual  
49 value as equalized by the director of revenue as  
50 provided in section 441.49 at which multiresidential

1 property shall be assessed shall be seventy percent.  
2 For valuations established for the assessment year  
3 beginning January 1, 2016, the percentage of actual  
4 value as equalized by the director of revenue as  
5 provided in section 441.49 at which multiresidential  
6 property shall be assessed shall be sixty percent.  
7 For valuations established for the assessment year  
8 beginning January 1, 2017, and each assessment year  
9 thereafter, the percentage of actual value as equalized  
10 by the director of revenue as provided in section  
11 441.49 at which multiresidential property shall be  
12 assessed shall be equal to the percentage of actual  
13 value at which property assessed as residential  
14 property is assessed under subsection 4 for the same  
15 assessment year.

16 *b.* Accordingly, the assessor may assign more than  
17 one classification to a parcel of property that, in  
18 part, satisfies the requirements of this subsection.  
19 In no case, however, shall a hotel, motel, inn, or  
20 other building where rooms or dwelling units are  
21 usually rented for less than one month be classified as  
22 multiresidential property under this subsection.

23 *c.* As used in this subsection:

24 (1) "*Assisted living facility*" means property for  
25 providing assisted living as defined in section 231C.2.

26 (2) "*Dwelling unit*" means an apartment, group of  
27 rooms, or single room which is occupied as separate  
28 living quarters or, if vacant, is intended for  
29 occupancy as separate living quarters, in which a  
30 tenant can live and sleep separately from any other  
31 persons in the building.

32 (3) "*Land-leased community*" means the same as  
33 defined in sections 335.30A and 414.28A.

34 (4) "*Manufactured home community*" means the same as  
35 a land-leased community.

36 (5) "*Mobile home park*" means the same as defined in  
37 section 435.1.

38 Sec. 62. Section 558.46, subsection 5, Code 2011,  
39 is amended to read as follows:

40 5. For the purposes of this section, "*residential*  
41 *property*" includes ~~commercial~~ multiresidential property  
42 as defined in section 441.21, subsection 13, consisting  
43 of three or more separate living quarters with at least  
44 seventy-five percent of the space used for residential  
45 purposes.

46 Sec. 63. APPLICABILITY. This division of this  
47 Act applies to assessment years beginning on or after  
48 January 1, 2013.>

49 2. Title page, by striking lines 1 through 10  
50 and inserting <An Act relating to taxation and local

1 government budgets by providing for an increase in the  
2 amount of the earned income tax credit, establishing  
3 and modifying property assessment limitations,  
4 providing for certain property tax replacement  
5 payments, modifying the assessment and taxation of  
6 telecommunications company property, establishing  
7 budget limitations for counties and cities, modifying  
8 certain reporting requirements, establishing a property  
9 tax credit for certain commercial, industrial, and  
10 railway property, establishing a multiresidential  
11 property classification, providing penalties,  
12 making appropriations, and including effective date,  
13 retroactive applicability, and other applicability  
14 provisions.>

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JAMES F. HAHN

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STEVE KETTERING

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JONI ERNST

---

BILL ANDERSON

---

RICK BERTRAND

---

KENT SORENSON

---

DAVID JOHNSON

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HUBERT HOUSER

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JAMES A. SEYMOUR

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BILL DIX

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SHAWN HAMERLINCK

---

JACK WHITVER

---

ROBY SMITH

---

MERLIN BARTZ

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SANDRA H. GREINER

---

PAT WARD

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BRAD ZAUN