

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
REVENUE BILL)

**A BILL FOR**

1 An Act relating to property tax classifications, assessment  
2 limitations, and administration, and including effective  
3 date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 404.2, subsection 2, paragraph f, Code  
2 2021, is amended to read as follows:

3 f. A statement specifying whether the revitalization is  
4 applicable to none, some, or all of the property assessed as  
5 residential, ~~multiresidential~~, agricultural, commercial, or  
6 industrial property within the designated area or a combination  
7 thereof and whether the revitalization is for rehabilitation  
8 and additions to existing buildings or new construction or  
9 both. If revitalization is made applicable only to some  
10 property within an assessment classification, the definition of  
11 that subset of eligible property must be by uniform criteria  
12 which further some planning objective identified in the plan.  
13 The city shall state how long it is estimated that the area  
14 shall remain a designated revitalization area which time  
15 shall be longer than one year from the date of designation  
16 and shall state any plan by the city to issue revenue bonds  
17 for revitalization projects within the area. For a county,  
18 a revitalization area shall include only property which  
19 will be used as industrial property, commercial property,  
20 ~~multiresidential property~~, or residential property. However, a  
21 county shall not provide a tax exemption under this chapter to  
22 commercial property, ~~multiresidential property~~, or residential  
23 property which is located within the limits of a city.

24 Sec. 2. Section 404.3, subsection 4, paragraph a, Code 2021,  
25 is amended by striking the paragraph and inserting in lieu  
26 thereof the following:

27 a. All qualified real estate assessed as residential  
28 property is eligible to receive a one hundred percent exemption  
29 from taxation on the actual value added by the improvements.

30 Sec. 3. Section 441.21, subsection 2, Code 2021, is amended  
31 to read as follows:

32 2. In the event market value of the property being assessed  
33 cannot be readily established in the foregoing manner, then  
34 the assessor may determine the value of the property using the  
35 other uniform and recognized appraisal methods including its

1 productive and earning capacity, if any, industrial conditions,  
2 its cost, physical and functional depreciation and obsolescence  
3 and replacement cost, and all other factors which would assist  
4 in determining the fair and reasonable market value of the  
5 property but the actual value shall not be determined by use  
6 of only one such factor. The following shall not be taken into  
7 consideration: Special value or use value of the property to  
8 its present owner, and the goodwill or value of a business  
9 which uses the property as distinguished from the value of  
10 the property as property. In addition, for assessment years  
11 beginning on or after January 1, 2018, and unless otherwise  
12 required for property valued by the department of revenue  
13 pursuant to chapters 428, 433, 437, and 438, the assessor  
14 shall not take into consideration and shall not request from  
15 any person sales or receipts data, expense data, balance  
16 sheets, bank account information, or other data related to  
17 the financial condition of a business operating in whole or  
18 in part on the property if the property is both classified as  
19 commercial or industrial property and owned and used by the  
20 owner of the business. However, in assessing property that  
21 is rented or leased to low-income individuals and families  
22 as authorized by section 42 of the Internal Revenue Code,  
23 as amended, and which section limits the amount that the  
24 individual or family pays for the rental or lease of units  
25 in the property, the assessor shall, unless the owner elects  
26 to withdraw the property from the assessment procedures for  
27 section 42 property, use the productive and earning capacity  
28 from the actual rents received as a method of appraisal and  
29 shall take into account the extent to which that use and  
30 limitation reduces the market value of the property. The  
31 assessor shall not consider any tax credit equity or other  
32 subsidized financing as income provided to the property in  
33 determining the assessed value. The property owner shall  
34 notify the assessor when property is withdrawn from section 42  
35 eligibility under the Internal Revenue Code or if the owner

1 elects to withdraw the property from the assessment procedures  
2 for section 42 property under this subsection. The property  
3 shall not be subject to section 42 assessment procedures  
4 for the assessment year for which section 42 eligibility is  
5 withdrawn or an election is made. This notification must  
6 be provided to the assessor no later than March 1 of the  
7 assessment year or the owner will be subject to a penalty of  
8 five hundred dollars for that assessment year. The penalty  
9 shall be collected at the same time and in the same manner  
10 as regular property taxes. An election to withdraw from the  
11 assessment procedures for section 42 property is irrevocable.  
12 Property that is withdrawn from the assessment procedures  
13 for section 42 property shall be classified and assessed as  
14 ~~multiresidential~~ residential property unless the property  
15 otherwise fails to meet the requirements of subsection ~~13~~ 14.  
16 Upon adoption of uniform rules by the department of revenue  
17 or succeeding authority covering assessments and valuations  
18 of such properties, the valuation on such properties shall be  
19 determined in accordance with such rules and in accordance with  
20 forms and guidelines contained in the real property appraisal  
21 manual prepared by the department as updated from time to time  
22 for assessment purposes to assure uniformity, but such rules,  
23 forms, and guidelines shall not be inconsistent with or change  
24 the foregoing means of determining the actual, market, taxable  
25 and assessed values.

26 Sec. 4. Section 441.21, subsection 8, paragraph b, Code  
27 2021, is amended to read as follows:

28 *b.* Notwithstanding paragraph "a", any construction or  
29 installation of a solar energy system on property classified  
30 as agricultural, residential, commercial, ~~multiresidential~~, or  
31 industrial property shall not increase the actual, assessed,  
32 and taxable values of the property for five full assessment  
33 years.

34 Sec. 5. Section 441.21, subsections 9 and 10, Code 2021, are  
35 amended to read as follows:

1 9. Not later than November 1, 1979, and November 1 of each  
2 subsequent year, the director shall certify to the county  
3 auditor of each county the percentages of actual value at  
4 which residential property, agricultural property, commercial  
5 property, industrial property, ~~multiresidential property,~~  
6 property valued by the department of revenue pursuant to  
7 chapter 434, and property valued by the department of revenue  
8 pursuant to chapters 428, 433, 437, and 438 in each assessing  
9 jurisdiction in the county shall be assessed for taxation. The  
10 county auditor shall proceed to determine the assessed values  
11 of agricultural property, residential property, commercial  
12 property, industrial property, ~~multiresidential property,~~  
13 property valued by the department of revenue pursuant to  
14 chapter 434, and property valued by the department of revenue  
15 pursuant to chapters 428, 433, 437, and 438 by applying such  
16 percentages to the current actual value of such property,  
17 as reported to the county auditor by the assessor, and the  
18 assessed values so determined shall be the taxable values of  
19 such properties upon which the levy shall be made.

20 10. The percentage of actual value computed by the  
21 department of revenue for agricultural property, residential  
22 property, commercial property, industrial property,  
23 ~~multiresidential property,~~ property valued by the department  
24 of revenue pursuant to chapter 434, and property valued by the  
25 department of revenue pursuant to chapters 428, 433, 437, and  
26 438 and used to determine assessed values of those classes  
27 of property does not constitute a rule as defined in section  
28 17A.2, subsection 11.

29 Sec. 6. Section 441.21, subsection 13, paragraphs a, b, and  
30 c, Code 2021, are amended to read as follows:

31 a. ~~(1) For the assessment year beginning January 1, 2015,~~  
32 ~~mobile home parks, manufactured home communities, land-leased~~  
33 ~~communities, assisted living facilities, property primarily~~  
34 ~~used or intended for human habitation containing three or more~~  
35 ~~separate dwelling units, and that portion of a building that is~~

~~1 used or intended for human habitation and a proportionate share  
2 of the land upon which the building is situated, regardless of  
3 the number of dwelling units located in the building, if the  
4 use for human habitation is not the primary use of the building  
5 and such building is not otherwise classified as residential  
6 property, shall be valued as a separate class of property  
7 known as multiresidential property and, excluding properties  
8 referred to in section 427A.1, subsection 9, shall be assessed  
9 at a percentage of its actual value, as determined in this  
10 subsection.~~

11 (2) Beginning with valuations established on or after  
12 January 1, 2016, but before January 1, 2022, all of the  
13 following shall be valued as a separate class of property  
14 known as multiresidential property and, excluding properties  
15 referred to in section 427A.1, subsection 9, shall be assessed  
16 at a percentage of its actual value, as determined in this  
17 subsection:

18 (a) (1) Mobile home parks.

19 (b) (2) Manufactured home communities.

20 (c) (3) Land-leased communities.

21 (d) (4) Assisted living facilities.

22 (e) (5) A parcel primarily used or intended for human  
23 habitation containing three or more separate dwelling units.

24 If a portion of such a parcel is used or intended for a purpose  
25 that, if the primary use, would be classified as commercial  
26 property or industrial property, each such portion, including  
27 a proportionate share of the land included in the parcel, if  
28 applicable, shall be assigned the appropriate classification  
29 pursuant to paragraph "c".

30 (f) (6) For a parcel that is primarily used or intended for  
31 use as commercial property or industrial property, that portion  
32 of the parcel that is used or intended for human habitation,  
33 regardless of the number of dwelling units contained on the  
34 parcel, including a proportionate share of the land included  
35 in the parcel, if applicable. The portion of such a parcel

1 used or intended for use as commercial property or industrial  
2 property, including a proportionate share of the land included  
3 in the parcel, if applicable, shall be assigned the appropriate  
4 classification pursuant to paragraph "c".

5     *b.* For valuations established for the assessment year  
6 beginning January 1, 2015, the percentage of actual value as  
7 equalized by the department of revenue as provided in section  
8 441.49 at which multiresidential property shall be assessed  
9 shall be the greater of eighty-six and twenty-five hundredths  
10 percent or the percentage of actual value determined by the  
11 department of revenue at which property assessed as residential  
12 property is assessed for the same assessment year under  
13 subsection 4. For valuations established for the assessment  
14 year beginning January 1, 2016, the percentage of actual  
15 value as equalized by the department of revenue as provided  
16 in section 441.49 at which multiresidential property shall be  
17 assessed shall be the greater of eighty-two and five-tenths  
18 percent or the percentage of actual value determined by the  
19 department of revenue at which property assessed as residential  
20 property is assessed for the same assessment year under  
21 subsection 4. For valuations established for the assessment  
22 year beginning January 1, 2017, the percentage of actual  
23 value as equalized by the department of revenue as provided  
24 in section 441.49 at which multiresidential property shall be  
25 assessed shall be the greater of seventy-eight and seventy-five  
26 hundredths percent or the percentage of actual value determined  
27 by the department of revenue at which property assessed as  
28 residential property is assessed for the same assessment  
29 year under subsection 4. For valuations established for the  
30 assessment year beginning January 1, 2018, the percentage of  
31 actual value as equalized by the department of revenue as  
32 provided in section 441.49 at which multiresidential property  
33 shall be assessed shall be the greater of seventy-five percent  
34 or the percentage of actual value determined by the department  
35 of revenue at which property assessed as residential property

1 is assessed for the same assessment year under subsection 4.  
2 For valuations established for the assessment year beginning  
3 January 1, 2019, the percentage of actual value as equalized  
4 by the department of revenue as provided in section 441.49 at  
5 which multiresidential property shall be assessed shall be the  
6 greater of seventy-one and twenty-five hundredths percent or  
7 the percentage of actual value determined by the department  
8 of revenue at which property assessed as residential property  
9 is assessed for the same assessment year under subsection 4.

10 For valuations established for the assessment year beginning  
11 January 1, 2020, the percentage of actual value as equalized  
12 by the department of revenue as provided in section 441.49  
13 at which multiresidential property shall be assessed shall  
14 be the greater of sixty-seven and five-tenths percent or the  
15 percentage of actual value determined by the department of  
16 revenue at which property assessed as residential property  
17 is assessed for the same assessment year under subsection 4.

18 For valuations established for the assessment year beginning  
19 January 1, 2021, the percentage of actual value as equalized  
20 by the department of revenue as provided in section 441.49 at  
21 which multiresidential property shall be assessed shall be the  
22 greater of sixty-three and seventy-five hundredths percent or  
23 the percentage of actual value determined by the department  
24 of revenue at which property assessed as residential property  
25 is assessed for the same assessment year under subsection 4.

26 ~~For valuations established for the assessment year beginning~~  
27 ~~January 1, 2022, and each assessment year thereafter, the~~  
28 ~~percentage of actual value as equalized by the department of~~  
29 ~~revenue as provided in section 441.49 at which multiresidential~~  
30 ~~property shall be assessed shall be equal to the percentage of~~  
31 ~~actual value determined by the department of revenue at which~~  
32 ~~property assessed as residential property is assessed under~~  
33 ~~subsection 4 for the same assessment year.~~

34 ~~c. (1) For the assessment year beginning January 1,~~  
35 ~~2015, for parcels that, in part, satisfy the requirements for~~



1 ~~classification as multiresidential property, the assessor~~  
2 ~~shall assign to that portion of the parcel the classification~~  
3 ~~of multiresidential property and to such other portions of~~  
4 ~~the parcel the property classification for which such other~~  
5 ~~portions qualify.~~

6 (2) Beginning with valuations established on or after  
7 January 1, 2016, but before January 1, 2022, for parcels for  
8 which a portion of the parcel satisfies the requirements  
9 for classification as multiresidential property pursuant  
10 to paragraph "a", subparagraph (2), ~~subparagraph division~~  
11 ~~(e) or (f)~~ (5) or (6), the assessor shall assign to that  
12 portion of the parcel the classification of multiresidential  
13 property and to such other portions of the parcel the property  
14 classification for which such other portions qualify.

15 Sec. 7. Section 441.21, Code 2021, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 14. a. Beginning with valuations  
18 established on or after January 1, 2022, all of the following  
19 shall be classified and valued as residential property:

- 20 (1) Property primarily used or intended for human  
21 habitation containing two or fewer dwelling units.
- 22 (2) Mobile home parks.
- 23 (3) Manufactured home communities.
- 24 (4) Land-leased communities.
- 25 (5) Assisted living facilities.
- 26 (6) A parcel primarily used or intended for human habitation  
27 containing three or more separate dwelling units. If a  
28 portion of such a parcel is used or intended for a purpose  
29 that, if the primary use, would be classified as commercial  
30 property or industrial property, each such portion, including  
31 a proportionate share of the land included in the parcel, if  
32 applicable, shall be assigned the appropriate classification  
33 pursuant to paragraph "b".

34 (7) For a parcel that is primarily used or intended for use  
35 as commercial property or industrial property, that portion

1 of the parcel that is used or intended for human habitation,  
2 regardless of the number of dwelling units contained on the  
3 parcel, including a proportionate share of the land included  
4 in the parcel, if applicable. The portion of such a parcel  
5 used or intended for use as commercial property or industrial  
6 property, including a proportionate share of the land included  
7 in the parcel, if applicable, shall be assigned the appropriate  
8 classification pursuant to paragraph "b".

9     **b.** Beginning with valuations established on or after  
10 January 1, 2022, for parcels for which a portion of the parcel  
11 satisfies the requirements for classification as residential  
12 property pursuant to paragraph "a", subparagraph (6) or (7),  
13 the assessor shall assign to that portion of the parcel the  
14 classification of residential property and to such other  
15 portions of the parcel the property classification for which  
16 such other portions qualify.

17     **c.** Property that is rented or leased to low-income  
18 individuals and families as authorized by section 42 of the  
19 Internal Revenue Code, and that has not been withdrawn from  
20 section 42 assessment procedures under subsection 2 of this  
21 section, or a hotel, motel, inn, or other building where rooms  
22 or dwelling units are usually rented for less than one month  
23 shall not be classified as residential property under this  
24 subsection.

25     **d.** As used in this subsection:

26         (1) "*Assisted living facility*" means property for providing  
27 assisted living as defined in section 231C.2. "*Assisted living*  
28 *facility*" also includes a health care facility, as defined in  
29 section 135C.1, an elder group home, as defined in section  
30 231B.1, a child foster care facility under chapter 237, or  
31 property used for a hospice program as defined in section  
32 135J.1.

33         (2) "*Dwelling unit*" means an apartment, group of rooms,  
34 or single room which is occupied as separate living quarters  
35 or, if vacant, is intended for occupancy as separate living

1 quarters, in which a tenant can live and sleep separately from  
2 any other persons in the building.

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

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

7 (5) "*Mobile home park*" means the same as defined in section  
8 435.1.

9 Sec. 8. Section 558.46, subsection 5, Code 2021, is amended  
10 by striking the subsection.

11 Sec. 9. SAVINGS PROVISION. This Act, pursuant to section  
12 4.13, does not affect the operation of, or prohibit the  
13 application of, prior provisions of the Code sections amended  
14 by this Act, or rules adopted under chapter 17A to administer  
15 such prior provisions, for assessment years beginning before  
16 January 1, 2022, and for duties, powers, protests, appeals,  
17 proceedings, actions, or remedies attributable to an assessment  
18 year beginning before January 1, 2022.

19 Sec. 10. EFFECTIVE DATE. This Act takes effect January 1,  
20 2022.

21 Sec. 11. APPLICABILITY. This Act applies to assessment  
22 years beginning on or after January 1, 2022.

23 EXPLANATION

24 The inclusion of this explanation does not constitute agreement with  
25 the explanation's substance by the members of the general assembly.

26 This bill relates to property tax classifications,  
27 assessment limitations, and administration.

28 Code section 441.21 provides that for assessment years  
29 beginning on or after January 1, 2015, property can be  
30 classified as multiresidential property. Multiresidential  
31 property largely includes property that prior to the assessment  
32 year beginning January 1, 2015, was classified as commercial  
33 property and includes mobile home parks, manufactured  
34 home communities, land-leased communities, assisted living  
35 facilities, and property primarily used or intended for human

1 habitation containing three or more separate dwelling units.  
2 The percentage of actual value at which multiresidential  
3 property is subject to tax has been reduced each assessment  
4 year beginning with the 2015 assessment year. The percentage  
5 of actual value is reduced by law until the percentage is equal  
6 to or below the percentage that is applicable to residential  
7 property, at which time the two classifications are subject to  
8 the same percentage, but not later than the assessment year  
9 beginning January 1, 2022.

10 The bill eliminates the classification of multiresidential  
11 property for assessment years beginning on or after January  
12 1, 2022. The bill also provides that the types of property  
13 previously classified as multiresidential will, for assessment  
14 years beginning on or after January 1, 2022, be classified as  
15 residential property.

16 The bill makes corresponding changes to various other  
17 provisions of law to reflect the elimination of the  
18 multiresidential property classification.

19 The bill takes effect January 1, 2022, and applies to  
20 assessment years beginning on or after that date.

21 The bill does not affect the operation of, or prohibit  
22 the application of, prior provisions of the Code sections  
23 amended by the bill, or rules adopted to administer such prior  
24 provisions, for assessment years beginning before January 1,  
25 2022, and for duties, powers, protests, appeals, proceedings,  
26 actions, or remedies attributable to an assessment year  
27 beginning before January 1, 2022.