

February 23, 1965

Ways and Means, *be amended*

House File 331

By EDUCATION COMMITTEE.

Passed House, Date *5/20*

Passed Senate, Date *5/29*

Vote: Ayes *104* Nays *8*

Vote: Ayes *49* Nays *0*

Approved

passed house as amended 4/1 (99-3)

*Passed on file 5/12
ways & means 5/13
pass as amended 5/28*

A BILL FOR

An Act relating to the taxation of real property of educational institutions and literary, charitable, and religious societies.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section four hundred twenty-seven point one
 2 (427.1), subsection eleven (11), Code 1962, is hereby amended as
 3 follows:
 4 1. By inserting in line five (5) after the word "township"
 5 the following:
 6 " , except any real property acquired on or after January 1,
 7 1965 by any educational institution as a part of its endowment
 8 fund shall in the event the property is leased or otherwise used
 9 with a view for pecuniary profit or for full or partial payment
 10 of services rendered be taxed, beginning with taxes payable in
 11 1967, at the same rate as all other taxable real property in
 12 the taxing district in which each parcel is located. All real
 13 property held or owned as part of its endowment fund by an
 14 educational institution prior to January 1, 1965 shall be exempt
 15 to the extent as heretofore provided".

1 Sec. 2. Section four hundred twenty-seven point one
 2 (427.1), subsection nine (9), Code 1962, is hereby amended by
 3 inserting in line seven (7) after the word "profit" the following:
 4 " , or for full or partial payment for services rendered,
 5 except one (1) residence used as a parsonage".

EXPLANATION OF HOUSE FILE 331

This bill provides that any educational institution must pay property tax on any property owned as a part of the endowment fund in the event it is leased or otherwise used with a view for pecuniary profit or for full or partial payment of services rendered except for property held and acquired prior to January 1, 1965, in which case the present exemption is still effective and property acquired and used under present law before above date is not affected.

This proposal is designed to provide that this property so acquired after January 1, 1965, will be taxed as all other property which will be a measure of property tax relief by further expanding the property tax base and still protect those institutions who in good faith under the present law acquired property. The present law provides for an exemption of 160 acres in each civil township.

Under another section of this law, the buildings and grounds of literary, scientific, charitable, benevolent, agricultural and religious institutions and societies not exceeding 320 acres and not leased or otherwise used for pecuniary profit are now exempt from taxation and will continue to be exempt. This bill further provides that such buildings and grounds will not only be taxed if used for pecuniary profit, but will also be taxed if they are being used for full or partial payment for services rendered, with the exception of one residence used by any of the institutions or societies as a parsonage.

1 **Amend House File 331 by striking all after the enacting clause**
2 **and inserting in lieu thereof the following:**
3 **Section 1. Section four hundred twenty-seven point one (427.1),**
4 **subsection nine (9), Code 1962, is hereby amended as follows:**
5 1. By inserting in line one (1) after the word "used" the
6 words "or under construction".
7 2. By inserting in line six (6) after the word "used" the
8 words, "or under construction".
9 3. By striking from lines six (6) and seven (7) the words,
10 "and not leased or otherwise used with a view to pecuniary profit."
11 and by inserting in lieu thereof the following: "but only if
12 no income is derived from such property or it is not used, directly
13 or indirectly, for full or partial payment for services rendered
14 except one (1) residence used as a parsonage. If such property
15 is platted into lots or in any other manner divided into separate
16 parcels and any income is derived from such individual lot or lots
17 or separate parcel or parcels, such individual lot or lots or parcel
18 or parcels shall be levied upon and taxed as provided by law;
19 provided however, if such property is devoted totally to the housing
20 of bona fide students for the academic year of an educational
21 institution such property shall be deemed to be used solely for
22 their appropriate objects and exempt as herein provided."
23 4. By adding after the word "assessment," in line ten (10)
24 thereof the following: "All such property shall be listed upon
25 the tax rolls of the district or districts in which it is located
26 and shall have ascribed to it an actual fair market value and
27 an assessed or taxable value, as contemplated by section four
28 hundred forty-one point twenty-one (441.21) of the Code, whether
29 such property be subject to a levy or be exempted as herein
30 provided and such information shall be open to public inspection."
31 **Sec. 2. Section four hundred twenty-seven point one (427.1),**
32 **subsection eleven (11), Code 1962, is hereby amended by inserting**
33 **in line five (5) after the word, "township" the following:**
34 "except any real property acquired after January 1, 1965, by
35 Any educational institution as a part of its endowment fund or
36 upon which any income is derived or used, directly or indirectly,
37 for full or partial payment for services rendered, shall be taxed
38 beginning with the levies applied for taxes payable in the year
39 1967, at the same rate as all other property of the same class in
40 the taxing district or districts in which such real property is
41 located. Such property acquired prior to January 1, 1965, and held
42 or owned as part of the endowment fund of an educational institution
43 shall be subject to assessment and levy in the assessment year 1974
44 for taxes payable in 1975. All such property shall be listed on
45 the assessment rolls in the district or districts in which such
46 property is located and an actual fair market value and an assessed
47 or taxable value be ascribed to it, as contemplated by section four
48 hundred forty-one point twenty-one (441.21) of the Code, irrespective
49 of whether an exemption under this subsection may be or is affirmed,
50 and such information shall be open to public inspection; it being the
51 intent of this Act that such property be valued whether or not it be
52 subject to a levy."

Filed
April 28, 1965.

Adopted 5/10

WAYS AND MEANS COMMITTEE,
ELROY MAULE, *Chairman.*

HOUSE FILE 331

- 1 Amend the ways and means committee amendment to House File
- 2 331, filed April 28, 1965, by striking all of lines nine (9) through
- twenty-two (22) of section one (1).

Filed *adopted 5/10*
May 4, 1965.

MAULE of Monona.
GAUDINEER of Polk.

HOUSE FILE 331

- 1 Amend the ways and means committee amendment filed
- 2 April 28, 1965, to House File 331, section two (2), by striking
- 3 from line forty-three (43) the figures "1974" and inserting
- 4 in lieu thereof the figures "1969".
- 5 Further amend section two (2), by striking from line
- 6 forty-four (44) the figures "1975" and inserting in lieu
- 7 thereof the figures "1970".

Filed *last 5/10 (37-65)*
May 6, 1965.

GRAHAM of Ida-Sac.

HOUSE FILE 331

- 1 Amend House File 331 by adding thereto the following new
- 2 section:
- 3 "Sec. 3. Section four hundred twenty-seven point one (427.1),
- 4 subsection nine (9), Code 1962, is further amended by adding
- 5 thereto the following:
- 6 'For the purpose of this subsection, the word parsonage means
- 7 any home used as the residence by a minister, rabbi, priest, or
- 8 any other leader of any religious order, sect, or denomination
- 9 whose property is exempt under this subsection, and shall include
- 10 a building used as the domicile for monks, nuns, or other members
- 11 of any formal religious order where such domicile is located on
- 12 property otherwise exempt under this subsection.'

Filed and adopted
May 10, 1965.

O'MALLEY of Polk.

HOUSE FILE 331
(Committee Amendment)

- 1 Amend House File 331 by striking section 3. *has concurred 6/1*

Filed *adopted 5/29*
May 28, 1965.

BY COMMITTEE ON WAYS AND MEANS,
ANDREW G. FROMMELT, Chairman.