

Reprinted 3/79

FEB 28 1979

HOUSE FILE 650

WAYS & MEANS CALENDAR

By COMMITTEE ON WAYS AND MEANS

(Formerly House File 383)

Passed House, Date 3-9-79 (4857) Passed Senate, Date _____

Vote: Ayes 61 Nays 35 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

- 1 An Act relating to partial property tax exemptions for
- 2 industrial property on which improvements have been made.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 4 *3282 strikes all*
- 5 *3307 " "*

FISCAL NOTE

HOUSE FILE 650

Requested by Representative West
February 12, 1979

In compliance with a written request, there is hereby submitted a Fiscal Note for H.F. 650, pursuant to Joint Rule 16:

LSB 1673H, An Act relating to partial property tax exemptions for industrial property on which improvements have been made.

This proposal would authorize cities and counties to provide for an exemption from property taxation for the value added to industrial property through new construction and improvements exclusive of remodeling. The exemption also applies to the value of machinery and equipment assessed as real estate, excluding machinery and equipment which is part of the normal replacement process. The authority of counties to designate such an exemption shall be limited to industrial property located in unincorporated areas. The exemption would be allowed for up to five years with the percentage of the actual value to be exempt declining each year.

The proposal would have no direct effect on state revenues. The impact of the proposal on local property taxes would depend on the additional value of property which is constructed in a county or city in a given year. However, a specific estimate of such effects cannot be given.

Source: Department of Revenue

FILED
FEBRUARY 28, 1979

GERRY D. RANKIN
Legislative Fiscal Bureau

650

1 Section 1. NEW SECTION. A city council, by ordinance,
 3286-2 or a county board of supervisors, by resolution, may provide
 3 for a partial exemption from property taxation of the actual
 3281-4 value added to industrial real estate, excluding land, by
 5 the new construction of industrial real estate and the
 6 acquisition of or improvement to machinery and equipment
 7 assessed as real estate pursuant to section four hundred
 8 twenty-seven A point one (427A.1), subsection one (1),
 3317, 3316-9 paragraph e, of the Code. New construction means new buildings
 10 and structures and includes new buildings and structures which
 11 are constructed as additions to existing buildings and
 12 structures. New construction does not include reconstruction
 13 of an existing building or structure which does not constitute
 3288, 3278-14 complete replacement of an existing building or structure.
 15 The exemption shall also apply to new machinery and equipment
 16 assessed as real estate pursuant to section four hundred
 17 twenty-seven A point one (427A.1), subsection one (1),
 18 paragraph e, of the Code unless the machinery or equipment
 19 is part of the normal replacement or operating process to
 20 maintain or expand the existing operational status.

3278-21 The ordinance or resolution may be enacted only after
 3286, 3281-22 holding a public hearing in accordance with section three
 23 hundred thirty-two point three (332.3), subsection thirteen
 24 (13), of the Code in the case of a county, or section three
 25 hundred sixty-two point three (362.3) of the Code in the case
 26 of a city. A resolution enacted by a county board of
 3316-27 supervisors shall not apply to industrial real estate located
 3280-28 within the limits of incorporated cities in the county. The
 3286-29 ordinance or resolution shall designate the length of time
 30 the partial exemption shall be available and may provide for
 31 an exemption schedule in lieu of that provided in section
 32 two (2) of this Act. However, an alternative exemption
 33 schedule adopted shall not provide for a larger tax exemption
 34 in a particular year than is provided for that year in the
 35 schedule contained in section two (2) of this Act.

1 Sec. 2. NEW SECTION. The actual value added to industrial
2 real estate for the reasons specified in section one (1) of
3 this Act is eligible to receive a partial exemption from
4 taxation for a period of five years. "Actual value added"
5 as used in this Act means the actual value added as of the
6 first year for which the exemption is received, except that
7 actual value added by improvements to machinery and equip-
8 ment means the actual value as determined by the assessor
9 as of January first of each year for which the exemption is
10 received. The amount of actual value added which is eligible
11 to be exempt from taxation shall be as follows:

- 12 a. For the first year, seventy-five percent.
- 13 b. For the second year, sixty percent.
- 14 c. For the third year, forty-five percent.
- 15 d. For the fourth year, thirty percent.
- 16 e. For the fifth year, fifteen percent.

17 This schedule shall be followed unless an alternative
18 schedule is adopted by the governing body of a city or the
19 board of supervisors of a county in accordance with section
20 one (1) of this Act.

21 Sec. 3. NEW SECTION. An application shall be filed for
22 each project resulting in actual value added for which an
23 exemption is claimed. The application for exemption shall
24 be filed by the owner of the property with the local assessor
25 by February first of the assessment year in which the value
26 added is first assessed for taxation. Applications for
27 exemption shall be made on forms prescribed by the director
28 of revenue and shall contain information pertaining to the
29 nature of the improvement, its cost, and other information
30 deemed necessary by the director of revenue.

31 A person may submit a proposal to the city council of the
32 city or the board of supervisors of a county to receive prior
33 approval for eligibility for a tax exemption on new
34 construction. The city council, by ordinance, or the board
35 of supervisors, by resolution, may give its prior approval

1 of a tax exemption for new construction if the new construction
 3286-2 is in conformance with the zoning plans for the city or county.
 3 Such prior approval shall not entitle the owner to exemption
 4 from taxation until the new construction has been completed
 5 and found to be qualified real estate; however, if the tax
 6 exemption for new construction is not approved, the person
 3286 { 7 may submit an amended proposal to the city council or board
 8 of supervisors to approve or reject.

9 Sec. 4. NEW SECTION. When in the opinion of the city
 3286-10 council or the county board of supervisors continuation of
 11 the exemption granted by this Act ceases to be of benefit
 3286 { 12 to the city or county, the city council or the county board
 13 of supervisors may repeal the ordinance authorized by section
 14 one (1) of this Act, but all existing exemptions shall continue
 15 until their expiration.

16 Sec. 5. NEW SECTION. A property tax exemption under this
 17 Act shall not be granted if the property for which the
 18 exemption is claimed has received any other property tax
 19 exemption authorized by law.

3285, 3286 >
 3302

20 EXPLANATION

21 The bill allows cities and counties to authorize a partial
 22 exemption from taxation for improvements made to industrial
 23 property through construction of new buildings and improvements
 24 in addition to existing structures and buildings and extends
 25 the exemption to machinery and equipment assessed as real
 26 property that is acquired or improved other than as a result
 27 of normal maintenance, repair, and replacement necessary to
 28 maintain or expand existing operating capacities.

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HOUSE FILE 650

H-3279

1 Amend House File 650 as follows:

2 1. Page 2, by striking lines 12 through 16 and
3 inserting in lieu thereof the following:

4 "a. For the first year, seventy-five thousand
5 dollars of actual value added for each additional
6 permanent full-time employee.

7 b. For the second year, sixty thousand dollars
8 of actual value added for each additional permanent
9 full-time employee.

10 c. For the third year, forty-five thousand dollars
11 of actual value added for each additional permanent
12 full-time employee.

13 d. For the fourth year, thirty thousand dollars
14 of actual value added for each additional permanent
15 full-time employee.

16 e. For the fifth year, fifteen thousand dollars
17 of actual value added for each additional permanent
18 full-time employee.

19 The application filed with the assessor shall
20 include the number of permanent full-time employees
21 of the owner in both the state and the county filed
22 with job service of Iowa following the first quarter
23 of the calendar year prior to the year in which the
24 value added is first assessed and the number of
25 permanent full-time employees in both the state and
26 county filed with job service of Iowa following the
27 first quarter of the calendar year in which the value
28 added is first assessed.

29 The number of additional permanent full-time
30 employees used in determining the amount of actual
31 value added eligible for exemption shall be the number
32 of permanent full-time additional employees in the
33 state or in the county, whichever is less.

34 Each year an exemption is granted the owner of
35 the property shall file with the assessor the number
36 of permanent full-time employees of the owner in both
37 the state and the county filed with job service of
38 Iowa. The most recent number of permanent full-time
39 employees following the first quarter of the calendar
40 year compared to the number of permanent full-time
41 employees included in the application for the first
42 quarter of the year prior to the year in which the
43 value added is first assessed shall be the number
44 of additional permanent full-time employees used in
45 calculating an annual exemption."

H-3279 FILED *Amended & lost 3/2 (p. 743)*
MARCH 1, 1979

BY ANDERSON of Jasper

MARCH 1, 1979
PAGE EIGHT

HOUSE FILE 650

H-3282

1 Amend House File 650 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section four hundred twenty-two point
5 thirty-five (422.35), Code 1979, is amended by adding
6 the following new subsection:

3290-7 "NEW SUBSECTION. Subtract an amount equal to five
8 percent of the actual amount expended by the taxpayer
9 for salaries and wages within the state to permanent
10 full-time employees if the taxpayer is engaged in
11 assembling, fabricating, manufacturing, or processing
12 of any agricultural, mineral, or manufactured products.
13 The additional deduction allowed under this subsection
14 shall only apply to salaries and wages paid to new
15 permanent full-time employees hired for new positions
16 and shall not apply to salaries and wages paid to
17 permanent full-time employees hired to fill vacant
18 positions.

19 Sec. 2. This Act is effective January first
20 following enactment for tax years beginning on or
21 after January first following enactment."

22 2. Amend the title, by striking all of the title
23 after the word "Act" in line 1 and inserting in lieu
24 thereof the words "to provide an additional deduction
25 for certain corporate taxpayers for salaries and wages
26 paid to new permanent full-time employees hired by
27 the taxpayer."

H-3282 FILED *Revised and germane 3/2 (736)* BY NORLAND of Worth
MARCH 1, 1979 AVENSON of Fayette
ANDERSON of Jasper

HOUSE FILE 650

H-3278

1 Amend House File 650 as follows:

A 2 1. Page 1, line 14, by inserting after the word
3 "structure" the words "or refitting or completion
4 of a vacant building".

B 5 2. Page 1, by inserting after line 20 the
6 following: "However, no exemption shall be granted
7 until the property is placed in use."

H-3278 FILED *Adopted 3/2 (p. 740)* BY ANDERSON of Jasper
MARCH 1, 1979

H-3280

1 Amend House File 650 as follows:

2 1. Page 1, by striking lines 21 through 35 and
3 inserting in lieu thereof the following:

3298 -4 "Sec. ____ . NEW SECTION. A city or county may
5 only exercise the authority conferred upon it in this
6 Act after the following conditions have been met:

7 1. The city council of a city has adopted an
3298 { 8 ordinance or the board of supervisors of a county
9 has adopted a resolution finding that the proposed
10 project is necessary in the interest of the public
11 health, safety, or welfare of the residents of the
3298 { 12 city or county.

13 2. The city or county has prepared a plan for
14 all industrial improvement within its jurisdiction.
15 The proposed plan shall include all of the following:

16 a. A legal description of the location of the
17 proposed project.

18 b. The existing assessed valuation of the real
19 estate, listing the land and building values
20 separately.

21 c. The existing zoning classifications and the
22 existing and proposed land uses of the property upon
23 which the project is located.

24 d. The provisions that have been made for the
25 relocation of persons, including families, business
26 concerns and others, whom the city anticipates will
27 be displaced as a result of the project.

28 3. The city has filed a copy of the proposed plan
29 for industrial improvement with the city development
30 board by the fourteenth day before the scheduled
31 public hearing.

32 4. The city or county has held a public hearing
33 in accordance with section three hundred fifty-eight
34 A point six (358A.6) of the Code in the case of a
35 county, or section three hundred sixty-two point three
36 (362.3), of the Code in case of a city.

37 5. A resolution enacted by a county board of
38 supervisors shall not apply to industrial real estate
39 located within the limits of incorporated cities in
40 the county.

41 6. The ordinance or resolution shall designate
42 the length of time the partial exemption shall be
43 available and may provide for an exemption schedule
44 in lieu of that provided in section two (2) of the
45 Act. However, an alternative exemption schedule shall
46 not provide for a larger tax exemption in a particular
47 year than is provided for that year in the schedule
48 contained in this Act."

49 2. Page 2, line 26, by inserting after the word
50 "taxation." the following new sentence: "The city

MARCH 1, 1979

PAGE SEVEN

H-3280

Page two

3298 1 council of the city or the board of supervisors of
2 a county shall approve the application if the project
3 is in conformance with the plan adopted by the city
4 or county under this Act."
5 3. Page 3, by inserting after line 19 the following
6 new section:
7 "Sec. _____. Section three hundred sixty-eight point
8 ten(368.10), unnumbered paragraph one (1), Code 1979,
9 is amended to read as follows:
10 The board shall conduct studies of city urban
11 industrial development, and shall submit an annual
12 report to the governor and such members of the general
13 assembly as request it. The report shall include
14 an analysis of all industrial improvement within which
15 has occurred as a result of this Act."
16 4. Renumber sections and correct internal
17 references as are necessary in accordance with this
18 amendment.

H-3280 FILED *Adopted as amended by* BY HALL of Linn
MARCH 1, 1979 3298 3/2 (p. 749)
Motion to Reconsider 3/5 (776)
" withdrawn 3/9 (854)

HOUSE FILE 650

H-3281

1 Amend House File 650 as follows:
2 1. Page 1, line 4, by striking the words "
3 excluding land,".
4 2. Page 1, lines 22, 23, and 24, by striking the
5 words and figures "three hundred thirty-two point
6 three (332.3), subsection thirteen (13)," and inserting
7 in lieu thereof the words and figures "three hundred
8 fifty-eight A point six (358A.6)".
9 3. Page 2, line 18, by striking the words
10 "governing body" and inserting in lieu thereof the
11 words "city council".

H-3281 FILED - *Adopted 3/2 (p. 739)* BY WEST of Marshall
MARCH 1, 1979

HOUSE FILE 650

H-3285

1 Amend House File 650 as follows:

2 1. Page 3, by inserting after line 19 the following
3 new section:

4 "Sec. ____ . NEW SECTION. Each assessor shall
5 submit a separate list to the county auditor as a
6 part of the tax list which is certified pursuant to
7 section four hundred forty-three point twenty-one
8 (443.21) of the Code. The separate list shall identify
9 each parcel of real property which has been granted
10 an exemption from taxation by a city or county under
11 this Act and the amount of the valuation which is
12 exempted and for which the state will provide
13 reimbursement. If the property is granted an exemption
14 by a city, the reimbursement shall be equal to twenty-
15 five percent of the school corporation general fund
16 levy in excess of the foundation levy provided under
17 section four hundred forty-two point one (442.1) of
18 the Code and the county tax levy. If the property
19 is granted an exemption by a county, the reimbursement
20 shall be equal to twenty-five percent of the school
21 corporation general fund levy in excess of the
22 foundation levy provided under section four hundred
23 forty-two point one (442.1) of the Code. The county
24 auditor shall include the valuation for which a state
25 reimbursement will be paid with the valuation of all
26 other property in the county which will be subject
27 to the property tax prior to the computation of the
28 levy pursuant to chapter four hundred forty-four (444)
29 of the Code for each political subdivision which
30 levies a tax against the valuation of that property.
31 The county treasurer shall levy the tax against the
32 valuation of the property which is exempted under
33 this Act and for which the state will provide
34 reimbursement and shall certify the amount of taxes
35 due to the treasurer of state who shall issue a warrant
36 in the amount of taxes due to the county treasurer.
37 The county treasurer shall apportion the funds received
38 in the manner required to the respective taxing
39 districts which might otherwise have levied taxes
40 against the valuation of the property had it not been
41 granted an exemption under this Act and which are
42 entitled to reimbursement under this section. There
43 is appropriated from the general fund of the state
44 an amount sufficient to carry out the provisions of
45 this section."

46 2. Amend the title, line 2, by inserting after
47 the word "made" the words "and making an
48 appropriation".

H-3286

- 1 Amend House File 650 as follows:
- 2 1. Page 1, line 2, by striking the words "or a
- 3 county board of supervisors, by resolution,".
- 4 2. Page 1, line 21, by striking the words "or
- 5 resolution".
- 6 3. Page 1, lines 22, 23, and 24, by striking the
- 7 words and figures "section three hundred thirty-two
- 8 point three (332.3), subsection thirteen (13), of
- 9 the Code in the case of a county, or".
- 10 4. Page 1, line 25, by striking the words "in
- 11 the case".
- 12 5. Page 1, by striking lines 26, 27, and 28.
- 13 6. Page 1, line 29, by striking the words
- 14 "ordinance or resolution" and inserting in lieu thereof
- 15 the words ". The ordinance".
- 16 7. Page 2, lines 18 and 19, by striking the words
- 17 "or the board of supervisors of a county".
- 18 8. Page 2, line 32, by striking the words "or
- 19 the board of supervisors of a county".
- 20 9. Page 2, lines 34 and 35, by striking the words
- 21 "or the board of supervisors, by resolution,".
- 22 10. Page 3, line 2, by striking the words "or
- 23 county".
- 24 11. Page 3, lines 7 and 8, by striking the words
- 25 "or board of supervisors".
- 26 12. Page 3, line 10, by striking the words "or
- 27 the county board of supervisors".
- 28 13. Page 3, lines 12 and 13, by striking the words
- 29 "or county, the city council or the county board of
- 30 supervisors" and inserting in lieu thereof the words
- 31 ", the city council".

H-3286 FILED *Adopted 3/2 (p. 739)*
 MARCH 1, 1979
Motion to reconsider 3/5 (775)

BY KREWSON of Polk
 LLOYD-JONES of Johnson
 SMALLEY of Polk
 LIND of Black Hawk

HOUSE FILE 650

H-3288

- 1 Amend House File 650 as follows:
- 2 1. Page 1, line 14, by inserting after the word
- 3 "structure" the words ", unless the reconstruction
- 4 of an existing building or structure is required due
- 5 to the economic obsolescence and the reconstruction
- 6 is necessary to implement recognized industry standards
- 7 for the manufacturing or processing of specific
- 8 products and such reconstruction is required for the
- 9 owner of the building or structure to continue to
- 10 manufacture or process those products which
- 11 determination shall receive prior approval from the
- 12 city council of a city or the board of supervisors
- 13 of a county upon the recommendation of the Iowa
- development commission".

H-3288 FILED *Adopted as amended by*
 MARCH 1, 1979 *3295 3/2 (p. 741)*
Motion to reconsider 3/5 (p. 775)
" withdrawn 3/9 (p. 854)

BY BRANDT of Black Hawk

HOUSE FILE 650

H-3291

- 1 Amend amendment H-3279, to page 2 of House
- 2 File 650 as follows:
- 3 1. Page 1, line 24, by striking the words
- 4 "value added is first assessed" and inserting in
- 5 lieu thereof the words "exemption is first
- 6 received."
- 7 2. Page 1, line 27 by striking the word "value"
- 8 and inserting in lieu thereof the words "exemption
- 9 is first received "
- 10 3. Page 1, by striking line 28.
- 11 4. Page 1, line 38, by inserting after the word
- 12 "Iowa" the words "following the first quarter of
- 13 that calendar year".
- 14 5. Page 1, line 43, by striking the words "value
- 15 added is first assessed" and inserting in lieu
- 16 thereof the words "exemption is first received".

H-3291 FILED - ADOPTED (p. 742) BY ANDERSON of Jasper
MARCH 2, 1979

HOUSE FILE 650

H-3293

- 1 Amend amendment H-3285, to page 3 of House
- 2 File 650 as follows:
- 3 1. Page 1, line 14, by striking the word
- 4 "twenty-" and inserting in lieu thereof the word
- 5 "fifty".
- 6 2. Page 1, line 15, by striking the word "five".
- 7 3. Page 1, line 18, by inserting after the word
- 8 "and" the words "one hundred percent of".
- 9 4. Page 1, line 20, by striking the word
- 10 "twenty-five" and inserting in lieu thereof the
- 11 word "fifty".

H-3293 FILED - ADOPTED (p. 745) BY NORLAND of Worth
MARCH 2, 1979

HOUSE FILE 650

H-3296

- 1 Amend amendment H-3285, to page 3 of House File
- 2 650, as follows:
- 3 1. Page 1, line 10, by striking the words "or
- 4 county".
- 5 2. Page 1, by striking lines 18 through 23 and
- 6 inserting in lieu thereof the following: "the Code
- 7 and the county tax levy. The county".

H-3296 FILED - ADOPTED (p. 745) BY NORLAND of Worth
MARCH 2, 1979

HOUSE FILE 650

H-3298

1 Amend amendment H-3280, to page 1 of House File
2 650 as follows:

3 1. Page 1, line 4, by striking the words "or
4 county".

5 2. Page 1, line 8, by striking the words "or
6 the board of supervisors of a county".

7 3. Page 1, line 9, by striking the words "has
8 adopted a resolution".

9 4. Page 1, line 12, by striking the words "or
10 county".

11 5. Page 1, line 13, by striking the words "or
12 county".

13 6. Page 1, line 32, by striking the words "or
14 county".

15 7. Page 1, by striking lines 32 through 40 and
16 inserting in lieu thereof the following:

17 "4. The city has held a public hearing in
18 accordance with section three hundred sixty-two point
19 three (362.3) of the Code."

20 8. Page 1, line 41, by striking the words "or
21 resolution".

22 9. Page 2, line 1, by striking the words "or
23 the board of supervisors of".

24 10. Page 2, line 2, by striking the words "a
25 county".

26 11. Page 2, line 4, by striking the words "or
27 county".

H-3298 FILED - ADOPTED (p. 749)
MARCH 2, 1979

BY HALL of Linn

HOUSE FILE 650

H-3295

1 Amend amendment H-3288, to page 1 of House File
2 650, as follows:

3 1. Page 1, by striking lines 12 and 13 and insert-
4 ing in lieu thereof the following: "city council of a
5 city upon the recommendation of the Iowa".

H-3295 FILED - ADOPTED (p. 741)
MARCH 2, 1979

BY BRANDT of Black Hawk

motion to reconsider 3/5 (775)
" withdrawn 3/9 (p. 854)

HOUSE FILE 650

H-3290

1 Amend amendment H-3282 to House File 650 as
2 follows:

3 1. Page 1, line 7, by striking the word "five"
4 and inserting in lieu thereof the word "ten".

H-3290 FILED - ADOPTED (p. 736)
MARCH 2, 1979

BY NORLAND of Worth

HOUSE FILE 650

H-3307

1 Amend House File 650 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section four hundred twenty-two point
5 thirty-five (422.35), Code 1979, is amended by adding
6 the following new subsection:

7 "NEW SUBSECTION. Subtract an amount equal to
8 twenty percent of the actual amount expended by the
9 taxpayer for salaries and wages within the state to
10 permanent full-time employees if the taxpayer is
11 engaged in assembling, fabricating, manufacturing,
12 or processing of any agricultural, mineral, or
13 manufactured products. A deduction allowed under
14 this subsection shall be allowed for each of the
15 succeeding four years following the year in which
16 the deduction is claimed. The additional deduction
17 allowed under this subsection shall only apply to
18 salaries and wages paid to new permanent full-time
19 employees hired for new positions and shall not apply
20 to salaries and wages paid to permanent full-time
21 employees hired to fill vacant positions. The
22 additional deduction shall also be allowed only if
23 the taxpayer has actual value added to industrial
24 real estate by new construction. For purposes of
25 this subsection, "new construction" means new buildings
26 and structures and includes new buildings and
27 structures which are constructed as additions to
28 existing buildings and structures. New construction
29 does not include reconstruction of an existing building
30 or structure which does not constitute complete
31 replacement of an existing building or structure.

32 Sec. 2. This Act is effective January first
33 following enactment for tax years beginning on or
34 after January first following enactment."

35 2. Amend the title, by striking all of the title
36 after the word "Act" in line 1 and inserting in lieu
37 thereof the words "to provide an additional deduction
38 for certain corporate taxpayers for salaries and wages
39 paid to new permanent full-time employees hired by
40 the taxpayer."

H-3307 FILED *Revised not germane 3/9 (851)* BY NORLAND of Worth
MARCH 2, 1979

HOUSE FILE 650

H-3302

1 Amend House File 650 as follows:

2 1. Page 3, by inserting after line 19 the following
3 new section:

4 "Sec. ____ NEW SECTION. This Act is repealed
5 effective January 1, 1985."

3321-

H-3302 FILED *Lock 3/9 (p. 854)*
MARCH 2, 1979

BY BRUNER of Story

HOUSE FILE 650

H-3314

- 1 Amend House File 650 as follows:
2 1. Page 2, line 20, by inserting after the word
3 "Act." the following: "However, the granting of the
4 exemption under this section for new construction
5 constituting complete replacement of an existing
6 building or structure shall not result in the assessed
7 value of the industrial real estate being reduced
8 below the assessed value of the industrial real estate
9 before the start of the new construction added."

H-3314 FILED *Adopted 3/9 (p. 852)*
MARCH 5, 1979

BY MILLER of Buchanan

HOUSE FILE 650

H-3316

- 1 Amend House File 650 as follows:
2 1. Page 1, line 9 by inserting after the word
3 "Code" the following: "and a partial exemption from
4 property taxation of the actual value added to farm
5 buildings by new construction".
6 2. Page 1, line 27, by inserting after the word
7 "estate" the words "or farm buildings".
8 3. Page 2, line 2, by inserting after the word
9 "estate", the words, "or farm buildings".

H-3316 FILED *Withdrawn 3/9 (p. 854)* BY DAVITT of Warren
MARCH 5, 1979

HOUSE FILE 650

H-3319

1 Amend House File 650 as follows:
2 1. Page 1, line 9, by inserting after the word
3 "Code." the words "The board of supervisors of a
4 county which is located along a river which is used
5 for the interstate transportation of goods may approve
6 a partial exemption from property taxation of the
7 actual value added to industrial real estate if the
8 property is located outside the incorporated limits
9 of a city and adjacent to the river which is used
10 for the interstate transportation of goods if the
11 owner of the property will receive or transport goods
12 on the river. The board of supervisors of a county
13 shall be subject to the same requirements and
14 procedures imposed upon cities under this Act as to
15 the manner of providing for the granting of the
16 exemption."

H-3319 FILED *Adopted 3/9 (p. 855)*
MARCH 6, 1979

BY SPEAR of Lee

HOUSE FILE 650

H-3321

1 Amend amendment H-3302, to Page 3 of House File
2 650, as follows:
3 1. Page 1, by striking line 5 and inserting in
4 lieu thereof the following: "effective January 1,
5 1985, except that all existing exemptions granted
6 under this Act prior to January 1, 1985 shall
7 continue to their conclusion."

H-3321 FILED *(p. 853) Adopted 3/9*
MARCH 6, 1979

BY BRUNER of Story

Sen. Hays Miam 3/16

Do Pass per 3547 4/15 (p. 1268)

House File 650

Ways and Means
Hester, Chairperson
Craft
Hutchins

HOUSE FILE 650

By COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House)

Passed House, Date 5-2-79 (p. 2010) Passed Senate, Date 4-25-79 (p. 1413)

Vote: Ayes 74 Nays 21 Vote: Ayes 44 Nays 3

Approved June 8, 1979

A BILL FOR

1 An Act relating to partial property tax exemptions for
2 industrial property on which improvements have been made.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4 Appointment of Conference Committee 5/8
5 Reprs. Wash, chair; Daggatt; O'Kane; Krewson; Perkins (p. 2136)
6 Senators Hester, chair; Craft, Radgen, Hillis, Rawney (p. 1594)

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_____ House Amendments
* Language Stricken

Passed per Conference Committee Report
House 5-10-79 (p. 2307) Senate 5-10-79 (p. 1671)
81-16 47-0

3481,3547
str. 1

1 Section 1. NEW SECTION. A city council, by ordinance,
 * 2 may provide for a partial exemption from property taxation
 * 3 of the actual value added to industrial real estate by the
 4 new construction of industrial real estate and the acquisition
 5 of or improvement to machinery and equipment assessed as real
 6 estate pursuant to section four hundred twenty-seven A point
 7 one (427A.1), subsection one (1), paragraph e, of the Code.
 8 The board of supervisors of a county which is located along
 9 a river which is used for the interstate transportation of
 10 goods may approve a partial exemption from property taxation
 11 of the actual value added to industrial real estate if the
 12 property is located outside the incorporated limits of a city
 13 and adjacent to the river which is used for the interstate
 14 transportation of goods if the owner of the property will
 15 receive or transport goods on the river. The board of
 16 supervisors of a county shall be subject to the same
 17 requirements and procedures imposed upon cities under this
 18 Act as to the manner of providing for the granting of the
 19 exemption. New construction means new buildings and structures
 20 and includes new buildings and structures which are constructed
 21 as additions to existing buildings and structures. New
 22 construction does not include reconstruction of an existing
 23 building or structure which does not constitute complete
 24 replacement of an existing building or structure or refitting
 25 or completion of a vacant building, unless the reconstruction
 26 of an existing building or structure is required due to the
 27 economic obsolescence and the reconstruction is necessary
 28 to implement recognized industry standards for the
 29 manufacturing or processing of specific products and such
 30 reconstruction is required for the owner of the building or
 31 structure to continue to manufacture or process those products
 32 which determination shall receive prior approval from the
 33 city council of a city upon the recommendation of the Iowa
 34 development commission. The exemption shall also apply to
 35 new machinery and equipment assessed as real estate pursuant

1 to section four hundred twenty-seven A point one (427A.1),
2 subsection one (1), paragraph e, of the Code unless the
3 machinery or equipment is part of the normal replacement or
4 operating process to maintain or expand the existing
5 operational status. However, no exemption shall be granted
6 until the property is placed in use.

7 Sec. 2. NEW SECTION. A city may only exercise the
8 authority conferred upon it in this Act after the following
9 conditions have been met:

10 1. The city council of a city has adopted an ordinance
11 finding that the proposed project is necessary in the interest
12 of the public health, safety, or welfare of the residents
13 of the city.

14 2. The city has prepared a plan for all industrial
15 improvement within its jurisdiction. The proposed plan shall
16 include all of the following:

17 a. A legal description of the location of the proposed
18 project.

19 b. The existing assessed valuation of the real estate,
20 listing the land and building values separately.

21 c. The existing zoning classifications and the existing
22 and proposed land uses of the property upon which the project
23 is located.

24 d. The provisions that have been made for the relocation
25 of persons, including families, business concerns and others,
26 whom the city anticipates will be displaced as a result of
27 the project.

28 3. The city has filed a copy of the proposed plan for
29 industrial improvement with the city development board by
30 the fourteenth day before the scheduled public hearing.

31 4. The city has held a public hearing in accordance with
32 section three hundred sixty-two point three (362.3) of the
33 Code.

34 5. The ordinance shall designate the length of time the
35 partial exemption shall be available and may provide for an

1 exemption schedule in lieu of that provided in section three
2 (3) of the Act. However, an alternative exemption schedule
3 shall not provide for a larger tax exemption in a particular
4 year than is provided for that year in the schedule contained
5 in this Act.

6 Sec. 3. NEW SECTION. The actual value added to industrial
7 real estate for the reasons specified in section one (1) of
8 this Act is eligible to receive a partial exemption from
9 taxation for a period of five years. "Actual value added"
10 as used in this Act means the actual value added as of the
11 first year for which the exemption is received, except that
12 actual value added by improvements to machinery and equip-
13 ment means the actual value as determined by the assessor
14 as of January first of each year for which the exemption is
15 received. The amount of actual value added which is eligible
16 to be exempt from taxation shall be as follows:

- 17 a. For the first year, seventy-five percent.
- 18 b. For the second year, sixty percent.
- 19 c. For the third year, forty-five percent.
- 20 d. For the fourth year, thirty percent.
- 21 e. For the fifth year, fifteen percent.

22 This schedule shall be followed unless an alternative
* 23 schedule is adopted by the city council of a city in accordance
24 with section one (1) of this Act. However, the granting of
25 the exemption under this section for new construction
26 constituting complete replacement of an existing building
27 or structure shall not result in the assessed value of the
28 industrial real estate being reduced below the assessed value
29 of the industrial real estate before the start of the new
30 construction added.

31 Sec. 4. NEW SECTION. An application shall be filed for
32 each project resulting in actual value added for which an
33 exemption is claimed. The application for exemption shall
34 be filed by the owner of the property with the local assessor
35 by February first of the assessment year in which the value

1 added is first assessed for taxation. The city council of
2 the city shall approve the application if the project is in
3 conformance with the plan adopted by the city under this Act.
4 Applications for exemption shall be made on forms prescribed
5 by the director of revenue and shall contain information
6 pertaining to the nature of the improvement, its cost, and
7 other information deemed necessary by the director of revenue.

8 A person may submit a proposal to the city council of the
* 9 city to receive prior approval for eligibility for a tax
10 exemption on new construction. The city council, by ordinance,
* 11 may give its prior approval of a tax exemption for new
12 construction if the new construction is in conformance with
* 13 the zoning plans for the city. Such prior approval shall
14 not entitle the owner to exemption from taxation until the
15 new construction has been completed and found to be qualified
16 real estate; however, if the tax exemption for new construction
17 is not approved, the person may submit an amended proposal
* 18 to the city council to approve or reject.

19 Sec. 5. NEW SECTION. When in the opinion of the city
* 20 council continuation of the exemption granted by this Act
21 ceases to be of benefit to the city, the city council may
22 repeal the ordinance authorized by section one (1) of this
23 Act, but all existing exemptions shall continue until their
24 expiration.

25 Sec. 6. NEW SECTION. A property tax exemption under this
26 Act shall not be granted if the property for which the
27 exemption is claimed has received any other property tax
28 exemption authorized by law.

29 Sec. 7. Section three hundred sixty-eight point
30 ten(368.10), unnumbered paragraph one (1), Code 1979, is
31 amended to read as follows:

32 The board shall conduct studies of ~~city~~ urban industrial
33 development, and shall submit an annual report to the governor
34 and such members of the general assembly as request it. The
35 report shall include an analysis of all industrial improvement

1 within which has occurred as a result of this Act.

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HOUSE FILE 650

S-3481

1 Amend House File 650, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. NEW SECTION. A city council, by
6 ordinance, or a county board of supervisors as
7 authorized by section two (2) of this Act, by
8 resolution, may provide for a partial exemption from
9 property taxation of the actual value added to
10 industrial real estate by the new construction of
11 industrial real estate and the acquisition of or
12 improvement to machinery and equipment assessed as
13 real estate pursuant to section four hundred twenty-
14 seven A point one (427A.1), subsection one (1),
15 paragraph e, of the Code. New construction means
16 new buildings and structures and includes new buildings
17 and structures which are constructed as additions
18 to existing buildings and structures. New construction
19 does not include reconstruction of an existing building
20 or structure which does not constitute complete
21 replacement of an existing building or structure or
22 refitting of an existing building or structure, unless
23 the reconstruction of an existing building or structure
24 is required due to economic obsolescence and the
25 reconstruction is necessary to implement recognized
26 industry standards for the manufacturing and processing
27 of specific products and the reconstruction is required
28 for the owner of the building or structure to continue
29 to competitively manufacture or process those products
30 which determination shall receive prior approval from
31 the city council of the city or the board of
32 supervisors of a county upon the recommendation of
33 the Iowa development commission. The exemption shall
34 also apply to new machinery and equipment assessed
35 as real estate pursuant to section four hundred twenty-
36 seven A point one (427A.1), subsection one (1),
37 paragraph e, of the Code unless the machinery or
38 equipment is part of the normal replacement or
39 operating process to maintain or expand the existing
40 operational status.

41 The ordinance or resolution may be enacted only
42 after holding a public hearing in accordance with
43 section three hundred fifty-eight A point six (358A.6)
44 of the Code in the case of a county, or section three
45 hundred sixty-two point three (362.3) of the Code
46 in the case of a city. The ordinance or resolution
47 shall designate the length of time the partial
48 exemption shall be available and may provide for an
49 exemption schedule in lieu of that, provided in section
50 three (3) of this Act. However, an alternative

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1 exemption schedule adopted shall not provide for a
2 larger tax exemption in a particular year than is
3 provided for that year in the schedule contained in
4 section three (3) of this Act.

5 Sec. 2. NEW SECTION. The board of supervisors
6 of a county which has appointed a county zoning
7 commission and provided for county zoning under the
8 provisions of chapter three hundred fifty-eight A
9 (358A) of the Code may, by resolution, provide for
10 a partial exemption from property taxation of the
11 actual value added to industrial real estate as
12 provided under section one (1) of this Act. The board
13 of supervisors of a county which has not appointed
14 a zoning commission may, by resolution, provide for
15 a partial exemption from property taxation of the
16 actual value added to industrial real estate as
17 provided under section one (1) of this Act in any
18 area outside the incorporated limits of a city to
19 which a city has extended its zoning ordinance pursuant
20 to section four hundred fourteen point twenty-three
21 (414.23) of the Code. To grant an exemption under
22 the provisions of this section, the county board of
23 supervisors shall comply with all of the requirements
24 imposed by this Act upon the city council of a city.

25 Sec. 3. NEW SECTION. The actual value added to
26 industrial real estate for the reasons specified in
27 section one (1) of this Act is eligible to receive
28 a partial exemption from taxation for a period of
29 five years. "Actual value added" as used in this
30 Act means the actual value added as of the first year
31 for which the exemption is received, except that
32 actual value added by improvements to machinery and
33 equipment means the actual value as determined by
34 the assessor as of January first of each year for
35 which the exemption is received. The amount of actual
36 value added which is eligible to be exempt from
37 taxation shall be as follows:

- 38 a. For the first year, seventy-five percent.
- 39 b. For the second year, sixty percent.
- 40 c. For the third year, forty-five percent.
- 41 d. For the fourth year, thirty percent.
- 42 e. For the fifth year, fifteen percent.

43 This schedule shall be followed unless an
44 alternative schedule is adopted by the city council
45 of a city or the board of supervisors of a county
46 in accordance with section one (1) of this Act.

47 However, the granting of the exemption under this
48 section for new construction constituting complete
49 replacement of an existing building or structure shall
50 not result in the assessed value of the industrial

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1 real estate being reduced below the assessed value
2 of the industrial real estate before the start of
3 the new construction added.

4 Sec. 4. NEW SECTION. An application shall be
5 filed for each project resulting in actual value added
6 for which an exemption is claimed. The application
7 for exemption shall be filed by the owner of the
8 property with the local assessor by February first
9 of the assessment year in which the value added is
10 first assessed for taxation. Applications for
11 exemption shall be made on forms prescribed by the
12 director of revenue and shall contain information
13 pertaining to the nature of the improvement, its cost,
14 and other information deemed necessary by the director
15 of revenue.

16 A person may submit a proposal to the city council
17 of the city or the board of supervisors of a county
18 to receive prior approval for eligibility for a tax
19 exemption on new construction. The city council,
20 by ordinance, or the board of supervisors, by
21 resolution, may give its prior approval of a tax
22 exemption for new construction if the new construction
23 is in conformance with the zoning plans for the city
24 or county. Such prior approval shall not entitle
25 the owner to exemption from taxation until the new
26 construction has been completed and found to be
27 qualified real estate; however, if the tax exemption
28 for new construction is not approved, the person may
29 submit an amended proposal to the city council or
30 board of supervisors to approve or reject.

31 Sec. 5. NEW SECTION. When in the opinion of the
32 city council or the county board of supervisors
33 continuation of the exemption granted by this Act
34 ceases to be of benefit to the city or county, the
35 city council or the county board of supervisors may
36 repeal the ordinance authorized by section one (1)
37 of this Act, but all existing exemptions shall continue
38 until their expiration.

39 Sec. 6. NEW SECTION. A property tax exemption
40 under this Act shall not be granted if the property
41 for which the exemption is claimed has received any
42 other property tax exemption authorized by law."

S-3481 FILED *Per order* BY RICHARD DRAKE
APRIL 11, 1979 *4/25 (p. 1413)*

S-3547

1 Amend House File 650, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:
5 "Section 1. NEW SECTION. A city council, by
6 ordinance, or a county board of supervisors for the
7 unincorporated areas of the county, by resolution,
8 may provide for a partial exemption from property
9 taxation of the actual value added to industrial real
10 estate by the new construction of industrial real
11 estate and the acquisition of or improvement to
12 machinery and equipment assessed as real estate
13 pursuant to section four hundred twenty-seven A point
14 one (427A.1), subsection one (1), paragraph e, of
15 the Code, subject to the provisions of section six
16 (6) of this Act. New construction means new buildings
17 and structures and includes new buildings and
18 structures which are constructed as additions to
19 existing buildings and structures. New construction
20 does not include reconstruction of an existing building
21 or structure which does not constitute complete
22 replacement of an existing building or structure or
23 refitting of an existing building or structure, unless
24 the reconstruction of an existing building or structure
25 is required due to economic obsolescence and the
26 reconstruction is necessary to implement recognized
27 industry standards for the manufacturing and processing
28 of specific products and the reconstruction is required
29 for the owner of the building or structure to continue
30 to competitively manufacture or process those products
31 which determination shall receive prior approval from
32 the city council of the city or the board of
33 supervisors of a county granting the exemption. The
34 exemption shall also apply to new machinery and
35 equipment assessed as real estate pursuant to section
36 four hundred twenty-seven A point one (427A.1),
37 subsection one (1), paragraph e, of the Code unless
38 the machinery or equipment is part of the normal
39 replacement or operating process to maintain or expand
40 the existing operational status.
41 The ordinance or resolution may be enacted not
42 less than thirty days after holding a public hearing
43 in accordance with section three hundred fifty-eight
44 A point six (358A.6) of the Code in the case of a
45 county, or section three hundred sixty-two point three
46 (362.3) of the Code in the case of a city. The
47 ordinance or resolution shall designate the length
48 of time the partial exemption shall be available and
49 may provide for an exemption schedule in lieu of that
50 provided in section two (2) of this Act. However,

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1 an alternative exemption schedule adopted shall not
2 provide for a larger tax exemption in a particular
3 year than is provided for that year in the schedule
4 contained in section two (2) of this Act.

5 Sec. 2. NEW SECTION. The actual value added to
6 industrial real estate for the reasons specified in
7 section one (1) of this Act is eligible to receive
8 a partial exemption from taxation for a period of
9 five years. "Actual value added" as used in this
10 Act means the actual value added as determined by
11 the assessor as of the first year for which the
12 exemption is received, except that actual value added
13 by improvements to machinery and equipment means the
14 actual value as determined by the assessor as of
15 January first of each year for which the exemption
16 is received. The amount of actual value added which
17 is eligible to be exempt from taxation shall be as
18 follows:

- 19 a. For the first year, seventy-five percent.
- 20 b. For the second year, sixty percent.
- 21 c. For the third year, forty-five percent.
- 22 d. For the fourth year, thirty percent.
- 23 e. For the fifth year, fifteen percent.

24 This schedule shall be followed unless an
25 alternative schedule is adopted by the city council
363-26 of a city or the board of supervisors of a county
27 in accordance with section one (1) of this Act.

28 However, the granting of the exemption under this
29 section for new construction constituting complete
30 replacement of an existing building or structure shall
31 not result in the assessed value of the industrial
32 real estate being reduced below the assessed value
33 of the industrial real estate before the start of
34 the new construction added.

35 Sec. 3. NEW SECTION. An application shall be
36 filed for each project resulting in actual value added
37 for which an exemption is claimed. The application
38 for exemption shall be filed by the owner of the
39 property with the local assessor by February first
40 of the assessment year in which the value added is
41 first assessed for taxation. Applications for
42 exemption shall be made on forms prescribed by the
43 director of revenue and shall contain information
44 pertaining to the nature of the improvement, its cost,
45 and other information deemed necessary by the director
46 of revenue.

47 A person may submit a proposal to the city council
48 of the city or the board of supervisors of a county
49 to receive prior approval for eligibility for a tax
50 exemption on new construction. The city council,

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3. 1 by ordinance, or the board of supervisors, by
2 resolution, may give its prior approval of a tax
3 exemption for new construction if the new construction
4 is in conformance with the zoning plans for the city
5 or county. The prior approval shall also be subject
6 to the hearing requirements of section one (1) of
7 this Act and the provisions of section six (6) of
8 this Act. Such prior approval shall not entitle the
9 owner to exemption from taxation until the new
10 construction has been completed and found to be
11 qualified real estate; however, if the tax exemption
12 for new construction is not approved, the person may
13 submit an amended proposal to the city council or
14 board of supervisors to approve or reject.

15 Sec. 4. NEW SECTION. When in the opinion of the
16 city council or the county board of supervisors
17 continuation of the exemption granted by this Act
18 ceases to be of benefit to the city or county, the
19 city council or the county board of supervisors may
20 repeal the ordinance authorized by section one (1)
21 of this Act, but all existing exemptions shall continue
22 until their expiration.

23 Sec. 5. NEW SECTION. A property tax exemption
24 under this Act shall not be granted if the property
25 for which the exemption is claimed has received any
26 other property tax exemption authorized by law or
27 an election has been held pursuant to section seven
28 (7) of this Act and the majority has rejected the
29 exemption.

30 Sec. 6. NEW SECTION. However, upon the receipt
31 of a petition signed by residents of the city or
32 county equal in number to at least five percent of
33 the number of people who voted at the last city
34 election, excluding the primary or runoff election,
35 in the case of a city, or in the last general election
36 of the county, in the case of a county, the city
37 council of a city or the board of supervisors of a
38 county shall submit the question of the exemption
39 from property taxation to the eligible electors of
40 the city or county. The election shall be held within
41 six months of the receipt of the petition at a
42 regularly scheduled city or county general election
43 or at a special election held for that purpose. If
44 a majority of those voting on the question of granting
45 a property tax exemption vote against the granting
46 of the exemption, the city council of a city or the
47 board of supervisors of a county shall not grant the
48 exemption or shall rescind the granting of the
49 exemption if the exemption has previously been granted.
50 A rescission of the granting of the property tax

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1 exemption shall be retroactive to the first fiscal
2 year for which the exemption applied.

3 If an election has been held on the question of
4 granting an exemption and the majority of those voting
5 voted against the granting of the exemption, the city
6 council of a city or the board of supervisors of a
7 county which held the election shall not grant an
8 exemption for that project."

S-3547 FILED *Adopted as* BY COMMITTEE ON WAYS AND MEANS
APRIL 18, 1979 *amended by* ROLF V. CRAFT, CHAIRPERSON
3602-3628 4/25 (p. 1413)
HOUSE FILE 650

S-3602

1 Amend the Committee on Ways and Means amendment
2 S-3547, to House File 650 as amended, passed and
3 reprinted by the House as follows:

4 1. Page 3, lines 27 and 28 by striking the words
5 and figure "seven (7)" and inserting in lieu thereof
6 the words and figure "six (6)".

S-3602 FILED *Adopted 4/25 (1402)* BY ROLF V. CRAFT
APRIL 24, 1979

HOUSE FILE 650

S-3612

1 Amend the Committee on Ways and Means amendment
2 S-3547, to House File 650 as amended, passed and
3 reprinted by the House as follows:

4 1. Page 3, line 32, by striking the word
5 "five" and inserting in lieu thereof the word
6 "ten".

S-3612 FILED *Revised*
and 4/25 (p. 1412) BY JACK W. HESTER
APRIL 24, 1979

HOUSE FILE 650

S-3632

- 1 Amend the Committee on Ways and Means amendment,
- 2 S-3547, to House File 650, as amended, passed, and
- 3 reprinted by the House, as follows:
- 4 1. Page 1, by striking lines 6 and 7 and inserting
- 5 in lieu thereof the word "ordinance,".
- 6 2. Page 1, lines 32 and 33, by striking the words
- 7 "or the board of supervisors of a county".
- 8 3. Page 1, line 41, by striking the words "or
- 9 resolution".
- 10 4. Page 1, line 43, by striking the words "three
- 11 hundred fifty-eight".
- 12 5. Page 1, by striking line 44.
- 13 6. Page 1, line 45, by striking the words "county,
- 14 or section".
- 15 7. Page 1, line 46, by striking the words "in
- 16 the case of a city".
- 17 8. Page 1, line 47, by striking the words "or
- 18 resolution".
- 19 9. Page 2, line 26, by striking the words "or
- 20 the board of supervisors of a county".
- 21 10. Page 2, line 48, by striking the words "or
- 22 the board of supervisors of a county".
- 23 11. Page 3, lines 1 and 2, by striking the words
- 24 "or the board of supervisors, by resolution,".
- 25 12. Page 3, line 5, by striking the words "or
- 26 county".
- 27 13. Page 3, lines 13 and 14, by striking the words
- 28 "or board of supervisors".
- 29 14. Page 3, line 16, by striking the words "or
- 30 the county board of supervisors".
- 31 15. Page 3, line 18, by striking the words "or
- 32 county".
- 33 16. Page 3, line 19, by striking the words "or
- 34 the county board of supervisors".
- 35 17. Page 3, lines 31 and 32, by striking the words
- 36 "or county".
- 37 18. Page 3, by striking line 35.
- 38 19. Page 3, line 36, by striking the words "of
- 39 the county, in the case of a county,".
- 40 20. Page 3, lines 37 and 38, by striking the words
- 41 "or the board of supervisors of a county".
- 42 21. Page 3, line 40, by striking the words "or
- 43 county".
- 44 22. Page 3, line 42, by striking the words "or
- 45 county general".
- 46 23. Page 3, lines 46 and 47, by striking the words
- 47 "or the board of supervisors of a county".
- 48 24. Page 4, lines 6 and 7, by striking the words
- 49 "or the board of supervisors of a county".

HOUSE FILE 650

S-3633

- 1 Amend the Drake amendment, S-3481, to House File
2 650, as amended, passed, and reprinted by the House,
3 as follows:
- 4 1. Page 1, by striking lines 6 and 7 and inserting
5 in lieu thereof the words "ordinance, by".
 - 6 2. Page 1, lines 31 and 32, by striking the words
7 "or the board of supervisors of a county".
 - 8 3. Page 1, line 41, by striking the words "or
9 resolution".
 - 10 4. Page 1, by striking lines 43 and 44 and
11 inserting in lieu thereof the words "section three".
 - 12 5. Page 1, by striking line 46 and inserting in
13 lieu thereof the words ". The ordinance".
 - 14 6. Page 2, by striking lines 5 through 24.
 - 15 7. Page 2, by striking line 45 and inserting in
16 lieu thereof the words "of a city".
 - 17 8. Page 3, line 17, by striking the words "or
18 the board of supervisors of a county".
 - 19 9. Page 3, lines 20 and 21, by striking the words
20 "or the board of supervisors, by resolution,".
 - 21 10. Page 3, line 24, by striking the words "or
22 county".
 - 23 11. Page 3, lines 29 and 30, by striking the words
24 "or board of supervisors".
 - 25 12. Page 3, line 32, by striking the words "or
26 the county board of supervisors".
 - 27 13. Page 3, line 34, by striking the words "or
28 county".
 - 29 14. Page 3, line 35, by striking the words "or
30 the county board of supervisors".

S-3633 FILED
APRIL 25, 1979

BY EARL M. WILLITS

RULED OUT OF ORDER (p. 1413)

HOUSE FILE 650

S-3628

- 1 Amend the committee amendment, S-3547, to House
2 File 650, as amended, passed and reprinted by the
3 House as follows:
- 4 1. Page 3, line 31, by inserting after the word
5 "petition" the words ", which was received no later
6 than thirty days after the holding of the public
7 hearing under section one (1) of this Act,".
 - 8 2. Page 3, line 32, by striking the word "five"
9 and inserting in lieu thereof the word "ten".
 - 10 3. Page 3, line 40, by inserting after the word
11 "county" the words "and shall not enact the ordinance
12 or resolution authorized by section one (1) of this
13 Act until after the result of the election".
 - 14 4. Page 3, by striking line 48 through page 4,
15 line 8 and inserting in lieu thereof the word
16 "exemption."

BY C. W. HUTCHINS

JACK HESTER
WILLIAM PALMER
RICHARD DRAKE

S-3628 FILED & ADOPTED (p. 1412)
APRIL 25, 1979

SENATE AMENDMENT TO
HOUSE FILE 650

H-4148

1 Amend House File 650, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. NEW SECTION. A city council, by
6 ordinance, or a county board of supervisors for the
7 unincorporated areas of the county, by resolution,
8 may provide for a partial exemption from property
9 taxation of the actual value added to industrial real
10 estate by the new construction of industrial real
11 estate and the acquisition of or improvement to
12 machinery and equipment assessed as real estate
13 pursuant to section four hundred twenty-seven A point
14 one (427A.1), subsection one (1), paragraph e, of
15 the Code, subject to the provisions of section six
16 (6) of this Act. New construction means new buildings
17 and structures and includes new buildings and
18 structures which are constructed as additions to
19 existing buildings and structures. New construction
20 does not include reconstruction of an existing building
21 or structure which does not constitute complete
22 replacement of an existing building or structure or
23 refitting of an existing building or structure, unless
24 the reconstruction of an existing building or structure
25 is required due to economic obsolescence and the
26 reconstruction is necessary to implement recognized
27 industry standards for the manufacturing and processing
28 of specific products and the reconstruction is required
29 for the owner of the building or structure to continue
30 to competitively manufacture or process those products
31 which determination shall receive prior approval from
32 the city council of the city or the board of
33 supervisors of a county granting the exemption. The
34 exemption shall also apply to new machinery and
35 equipment assessed as real estate pursuant to section
36 four hundred twenty-seven A point one (427A.1),
37 subsection one (1), paragraph e, of the Code unless
38 the machinery or equipment is part of the normal
39 replacement or operating process to maintain or expand
40 the existing operational status.

41 The ordinance or resolution may be enacted not
42 less than thirty days after holding a public hearing
43 in accordance with section three hundred fifty-eight
44 A point six (358A.6) of the Code in the case of a
45 county, or section three hundred sixty-two point three
46 (362.3) of the Code in the case of a city. The
47 ordinance or resolution shall designate the length
48 of time the partial exemption shall be available and
49 may provide for an exemption schedule in lieu of that
50 provided in section two (2) of this Act. However,

1 an alternative exemption schedule adopted shall not
2 provide for a larger tax exemption in a particular
3 year than is provided for that year in the schedule
4 contained in section two (2) of this Act.

4221 5 Sec. 2. NEW SECTION. The actual value added to
6 industrial real estate for the reasons specified in
7 section one (1) of this Act is eligible to receive
8 a partial exemption from taxation for a period of
9 five years. "Actual value added" as used in this
10 Act means the actual value added as determined by
11 the assessor as of the first year for which the
12 exemption is received, except that actual value added
13 by improvements to machinery and equipment means the
14 actual value as determined by the assessor as of
15 January first of each year for which the exemption
16 is received. The amount of actual value added which
17 is eligible to be exempt from taxation shall be as
18 follows:

- 19 a. For the first year, seventy-five percent.
- 20 b. For the second year, sixty percent.
- 21 c. For the third year, forty-five percent.
- 22 d. For the fourth year, thirty percent.
- 23 e. For the fifth year, fifteen percent.

24 This schedule shall be followed unless an
25 alternative schedule is adopted by the city council
26 of a city or the board of supervisors of a county
27 in accordance with section one (1) of this Act.

28 However, the granting of the exemption under this
29 section for new construction constituting complete
30 replacement of an existing building or structure shall
31 not result in the assessed value of the industrial
32 real estate being reduced below the assessed value
33 of the industrial real estate before the start of
34 the new construction added.

35 Sec. 3. NEW SECTION. An application shall be
36 filed for each project resulting in actual value added
37 for which an exemption is claimed. The application
38 for exemption shall be filed by the owner of the
39 property with the local assessor by February first
40 of the assessment year in which the value added is
41 first assessed for taxation. Applications for
42 exemption shall be made on forms prescribed by the
43 director of revenue and shall contain information
44 pertaining to the nature of the improvement, its cost,
45 and other information deemed necessary by the director
46 of revenue.

4202- 47 A person may submit a proposal to the city council
48 of the city or the board of supervisors of a county
49 to receive prior approval for eligibility for a tax
50 exemption on new construction. The city council,

4202 } 1 by ordinance, or the board of supervisors, by
2 resolution, may give its prior approval of a tax
3 exemption for new construction if the new construction
4 is in conformance with the zoning plans for the city
4202- 5 or county. The prior approval shall also be subject
6 to the hearing requirements of section one (1) of
7 this Act and the provisions of section six (6) of
8 this Act. Such prior approval shall not entitle the
9 owner to exemption from taxation until the new
10 construction has been completed and found to be
11 qualified real estate; however, if the tax exemption
12 for new construction is not approved, the person may
13 submit an amended proposal to the city council or
4202- 14 board of supervisors to approve or reject.

15 Sec. 4. NEW SECTION. When in the opinion of the
16 city council or the county board of supervisors
17 continuation of the exemption granted by this Act
18 ceases to be of benefit to the city or county, the
19 city council or the county board of supervisors may
20 repeal the ordinance authorized by section one (1)
21 of this Act, but all existing exemptions shall continue
22 until their expiration.

23 Sec. 5. NEW SECTION. A property tax exemption
24 under this Act shall not be granted if the property
25 for which the exemption is claimed has received any
26 other property tax exemption authorized by law or
27 an election has been held pursuant to section six
28 (6) of this Act and the majority has rejected the
29 exemption.

30 Sec. 6. NEW SECTION. However, upon the receipt
31 of a petition, which was received no later than thirty
32 days after the holding of the public hearing under
33 section one (1) of this Act, signed by residents of
34 the city or county equal in number to at least ten
35 percent of the number of people who voted at the last
36 city election, excluding the primary or runoff
37 election, in the case of a city, or in the last general
38 election of the county, in the case of a county, the
4202 { 39 city council of a city or the board of supervisors
40 of a county shall submit the question of the exemption
41 from property taxation to the eligible electors of
42 the city or county and shall not enact the ordinance
43 or resolution authorized by section one (1) of this
44 Act until after the result of the election. The
45 election shall be held within six months of the receipt
46 of the petition at a regularly scheduled city or
47 county general election or at a special election held
48 for that purpose. If a majority of those voting on
49 the question of granting a property tax exemption
50 vote against the granting of the exemption, the city

1 council of a city or the board of supervisors of a
2 county shall not grant the exemption."

RECEIVED FROM THE SENATE
*House amended (4202, 4228)
and concurred 5/2 (p. 2009)*

HOUSE FILE 650

H-4221

1 Amend the Senate amendment, H-4148, to House File
2 650 as amended, passed and reprinted by the House
3 as follows:
4 1. Page 1, lines 6 and 7, by striking the words
5 "for the unincorporated areas of the county" and
6 inserting in lieu thereof the words and figure "as
7 provided in section two (2) of this Act".
8 2. Page 2, by inserting after line 4 the following:
9 "Sec. 2. NEW SECTION. The board of supervisors
10 of a county which has appointed a county zoning
11 commission and provided for county zoning under the
12 provisions of chapter three hundred fifty-eight A
13 (358A) of the Code may, by resolution, provide for
14 a partial exemption from property taxation of the
15 actual value added to industrial real estate as
16 provided under section one (1) of this Act. The board
17 of supervisors of a county which has not appointed
18 a zoning commission may, by resolution, provide for
19 a partial exemption from property taxation of the
20 actual value added to industrial real estate as
21 provided under section one (1) of this Act in any
22 area outside the incorporated limits of a city to
23 which a city has extended its zoning ordinance pursuant
24 to section four hundred fourteen point twenty-three
25 (414.23) of the Code. To grant an exemption under
26 the provisions of this section, the county board of
27 supervisors shall comply with all of the requirements
28 imposed by this Act upon the city council of a city."
29 3. By numbering, renumbering, and correcting
30 internal references as required by this amendment.

H-4221 FILED *Placed out of* BY PERKINS of Greene
MAY 1, 1979 *order 5/2 (3008)*

HOUSE FILE 650

-4202

- 1 Amend the Senate amendment H-4148, to House File
2 650, as passed and reprinted by the House, as follows:
- 3 1. Page 1, by striking lines 6 and 7 and insert-
4 ing in lieu thereof the word "ordinance,".
- 5 2. Page 1, lines 15 and 16, by striking the
6 words ", subject to the provisions of section six (6)
7 of this Act".
- 8 3. Page 1, lines 32 and 33, by striking the words
9 "or the board of supervisors of a county".
- 10 4. Page 1, line 41, by striking the words "or
11 resolution".
- 12 5. Page 1, line 43, by striking the words "three
13 hundred fifty-eight".
- 14 6. Page 1, by striking line 44.
- 15 7. Page 1, line 45, by striking the words "county,
16 or section".
- 17 8. Page 1, line 46, by striking the words "in
18 the case of a city".
- 19 9. Page 1, line 47, by striking the words "or
20 resolution".
- 21 10. Page 2, line 26, by striking the words "or
22 the board of supervisors of a county".
- 23 11. Page 2, line 48, by striking the words "or
24 the board of supervisors of a county".
- 25 12. Page 3, lines 1 and 2, by striking the words
26 "or the board of supervisors, by resolution,".
- 27 13. Page 3, line 5, by striking the words "or
28 county".
- 29 14. Page 3, lines 13 and 14, by striking the words
30 "or board of supervisors".
- 31 15. Page 3, line 16, by striking the words "or
32 the county board of supervisors".
- 33 16. Page 3, line 18, by striking the words "or
34 county".
- 35 17. Page 3, line 19, by striking the words "or
36 the county board of supervisors".
- 37 18. Page 3, line 26, by striking the word "or"
38 and inserting in lieu thereof a period.
- 39 19. Page 3, by striking line 27 through page 4,
40 line 2.

H-4202 FILED *Adopted 5/2(2008)* BY KREWSON of Polk
APRIL 30, 1979 LLOYD-JONES of Johnson
LORENZEN of Scott

H-4231

- 1 Amend amendment H-4228 to Senate amendment
 2 H-4148 to House File 650 as amended, passed and
 3 reprinted by the House, as follows:
 4 1. Page 1, line 16, by striking the word "and"
 5 and inserting in lieu thereof the word "or".

H-4231 FILED, ADOPTED (*p. 2009*) BY BRANDT of Black Hawk
 MAY 2, 1979

HOUSE FILE 650

H-4228

- 1 Amend the Senate amendment H-4148, to House File
 2 650, as amended, passed, and reprinted by the
 3 House as follows:
 4 1. Page 1, by striking lines 19 through 31 and
 5 inserting in lieu thereof the following:
 6 "existing buildings and structures. Reconstruction
 7 of an existing building or structure shall not be
 8 eligible for a partial exemption from property taxes
 9 unless such reconstruction constitutes a complete
 10 replacement of an existing building or structure or
 11 a complete refitting of an existing building or
 12 structure. However, the requirement for a complete
 13 replacement or refitting may be waived if such
 14 reconstruction is required due to economic obso-
 15 lence, is necessary to implement recognized
 16 industry standards for the manufacturing and
 17 processing of specific products and is required for
 18 the owner of the building or structure to continue
 19 to competitively manufacture or process those
 20 products. The determination of such waiver shall
 21 receive prior approval from".

H-4228 FILED, ADOPTED *as amended* BY ANDERSON of Jasper
 MAY 2, 1979 *by 4231 5/2 (p 2009)*

HOUSE FILE 650

H-4234

- 1 Amend the Senate amendment H-4148 to House File
 2 650, as amended, passed, and reprinted by the House,
 3 as follows:
 4 1. Page 1, line 48, by inserting after the word
 5 "time" the words ",not to exceed five years,".

H-4234 FILED
 MAY 2, 1979

BY NORLAND of Worth

ADOPTED (*p. 2009*)

HOUSE AMENDMENT TO SENATE AMENDMENT
TO HOUSE FILE 650

-3709

1 Amend the Senate amendment H-4148, to House File
2 650, as passed and reprinted by the House, as follows:

3 1. Page 1, by striking lines 6 and 7 and inserting
4 in lieu thereof the word "ordinance,".

5 2. Page 1, lines 15 and 16, by striking the words
6 ", subject to the provisions of section six (6) of
7 this Act".

8 3. Page 1, by striking lines 19 through 31 and
9 inserting in lieu thereof the following: "existing
10 buildings and structures. Reconstruction of an
11 existing building or structure shall not be eligible
12 for a partial exemption from property taxes unless
13 such reconstruction constitutes a complete replacement
14 of an existing building or structure or a complete
15 refitting of an existing building or structure.
16 However, the requirement for a complete replacement
17 or refitting may be waived if such reconstruction
18 is required due to economic obsolescence, is necessary
19 to implement recognized industry standards for the
20 manufacturing or processing of specific products and
21 is required for the owner of the building or structure
22 to continue to competitively manufacture or process
23 those products. The determination of such waiver
24 shall receive prior approval from".

25 4. Page 1, lines 32 and 33, by striking the words
26 "or the board of supervisors of a county".

27 5. Page 1, line 41, by striking the words "or
28 resolution".

29 6. Page 1, line 43, by striking the words "three
30 hundred fifty-eight".

31 7. Page 1, by striking line 44.

32 8. Page 1, line 45, by striking the words "county,
33 or section".

34 9. Page 1, line 46, by striking the words "in
35 the case of a city".

36 10. Page 1, line 47, by striking the words "or
37 resolution".

38 11. Page 1, line 48, by inserting after the word
39 "time" the words ", not to exceed five years,".

40 12. Page 2, line 26, by striking the words "or
41 the board of supervisors of a county".

42 13. Page 2, line 48, by striking the words "or
43 the board of supervisors of a county".

44 14. Page 3, lines 1 and 2, by striking the words
45 "or the board of supervisors, by resolution,".

46 15. Page 3, line 5, by striking the words "or
47 county".

48 16. Page 3, lines 13 and 14, by striking the words
49 "or board of supervisors".

50 17. Page 3, line 16, by striking the words "or

S-3709

PAGE 2

1 the county board of supervisors".

2 18. Page 3, line 18, by striking the words "or
3 county".

4 19. Page 3, line 19, by striking the words "or
5 the county board of supervisors".

6 20. Page 3, line 26, by striking the word "or"
7 and inserting in lieu thereof a period.

8 21. Page 3, by striking line 27 through page 4,
9 line 2.

S-3709 FILED

MAY 3, 1979

RECEIVED FROM THE HOUSE

Senate refused to concur 5/4 (p. 1538)
House insisted 5/8 (p. 2136)

REPORT OF THE CONFERENCE COMMITTEE
ON HOUSE FILE 650

To the President of the Senate and the Speaker of the House
of Representatives:

We, the undersigned members of the conference committee
appointed to consider the differences between the Senate and
the House of Representatives on House File 650, a bill for
an Act relating to partial property tax exemptions for
industrial property on which improvements have been made,
respectfully make the following report:

1. That the House recedes from its amendment, S-3709,
to the Senate amendment, H-4148, to House File 650, as amended,
passed, and reprinted by the House.

2. That the Senate recedes from its amendment, H-4148,
to House File 650, as amended, passed, and reprinted by the
House.

3. That House File 650, as amended, passed, and reprinted
by the House, is amended as follows:

Page Two (Conference Co. Report on House File 650)

1. By striking everything after the enacting clause and inserting in lieu thereof the following:

"Section 1. NEW SECTION. A city council, by ordinance, or a county board of supervisors as authorized by section two (2) of this Act, by resolution, may provide for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code. New construction means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council of the city or the board of supervisors of a county upon the recommendation of the Iowa development commission. The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

The ordinance or resolution may be enacted not less than thirty days after holding a public hearing in accordance with section three hundred fifty-eight A point six (358A.6) of the Code in the case of a county, or section three hundred

Page 3 (Conference Co. Report on House File 650)

sixty-two point three (362.3) of the Code in the case of a city. The ordinance or resolution shall designate the length of time the partial exemption shall be available and may provide for an exemption schedule in lieu of that provided in section three (3) of this Act. However, an alternative exemption schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule contained in section three (3) of this Act.

Sec. 2. NEW SECTION.

1. The board of supervisors of a county which has appointed a county zoning commission and provided for county zoning under the provisions of chapter three hundred fifty-eight A (358A) of the Code may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act.

2. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in the following areas:

a. Outside the incorporated limits of a city to which a city has extended its zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code which complies with the city's zoning ordinance.

b. Outside the incorporated limits of a city which has adopted a zoning ordinance but which has not extended the ordinance to the area permitted under section four hundred fourteen point twenty-three (414.23) of the Code if the property would be within the area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

c. Outside the incorporated limits of a city which has not adopted a zoning ordinance but which would be within the

area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

3. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in an area where the partial exemption could not otherwise be granted under this Act where the actual value added is to industrial real estate existing on the effective date of this Act.

To grant an exemption under the provisions of this section, the county board of supervisors shall comply with all of the requirements imposed by this Act upon the city council of a city.

Sec. 3. NEW SECTION. The actual value added to industrial real estate for the reasons specified in section one (1) of this Act is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this Act means the actual value added as of the first year for which the exemption is received, except that actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January first of each year for which the exemption is received. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

- a. For the first year, seventy-five percent.
- b. For the second year, sixty percent.
- c. For the third year, forty-five percent.
- d. For the fourth year, thirty percent.
- e. For the fifth year, fifteen percent.

This schedule shall be followed unless an alternative schedule is adopted by the city council of a city or the board of supervisors of a county in accordance with section one (1) of this Act.

However, the granting of the exemption under this section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

Sec. 4. NEW SECTION. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February first of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the director of revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the director of revenue.

A person may submit a proposal to the city council of the city or the board of supervisors of a county to receive prior approval for eligibility for a tax exemption on new construction. The city council, by ordinance, or the board of supervisors, by resolution, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for the city or county. The prior approval shall also be subject to the hearing requirements of section one (1) of this Act. Such prior approval shall not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the city council or board of supervisors to approve or reject.

Sec. 5. NEW SECTION. When in the opinion of the city council or the county board of supervisors continuation of the exemption granted by this Act ceases to be of benefit to the city or county, the city council or the county board of supervisors may repeal the ordinance authorized by section one (1) of this Act, but all existing exemptions shall continue until their expiration.

Page 6 (Conference Co. Report on House File 650)

Sec. 6. NEW SECTION. A property tax exemption under this Act shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law."

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

JACK W. HESTER, Chair
ROLF V. CRAFT
RICHARD R. RAMSEY
NORMAN G. RODGERS
EARL M. WILLITS

JAMES C. WEST, Chair
HORACE A. DAGGETT
LYLE R. KREWSON
JAMES O'KANE
CARROLL PERKINS

FILED MAY 10, 1979

House adopted 5/10 (p. 2307)
Senate adopted 5/10 (p. 1671)

HOUSE FILE 650

AN ACT

RELATING TO PARTIAL PROPERTY TAX EXEMPTIONS FOR INDUSTRIAL
PROPERTY ON WHICH IMPROVEMENTS HAVE BEEN MADE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. A city council, by ordinance, or a county board of supervisors as authorized by section two (2) of this Act, by resolution, may provide for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate and the acquisition of or improvement to machinery

and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code. New construction means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council of the city or the board of supervisors of a county upon the recommendation of the Iowa development commission. The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

The ordinance or resolution may be enacted not less than thirty days after holding a public hearing in accordance with section three hundred fifty-eight A point six (358A.6) of the Code in the case of a county, or section three hundred sixty-two point three (362.3) of the Code in the case of a city. The ordinance or resolution shall designate the length of time the partial exemption shall be available and may provide for an exemption schedule in lieu of that provided in section three (3) of this Act. However, an alternative

exemption schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule contained in section three (3) of this Act.

Sec. 2. NEW SECTION.

1. The board of supervisors of a county which has appointed a county zoning commission and provided for county zoning under the provisions of chapter three hundred fifty-eight A (358A) of the Code may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act.

2. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in the following areas:

a. Outside the incorporated limits of a city to which a city has extended its zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code which complies with the city's zoning ordinance.

b. Outside the incorporated limits of a city which has adopted a zoning ordinance but which has not extended the ordinance to the area permitted under section four hundred fourteen point twenty-three (414.23) of the Code if the property would be within the area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

c. Outside the incorporated limits of a city which has not adopted a zoning ordinance but which would be within the area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

3. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in an area where the partial exemption could not otherwise be granted under this Act where the actual value added is to industrial real estate existing on the effective date of this Act.

To grant an exemption under the provisions of this section, the county board of supervisors shall comply with all of the requirements imposed by this Act upon the city council of a city.

Sec. 3. NEW SECTION. The actual value added to industrial real estate for the reasons specified in section one (1) of this Act is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this Act means the actual value added as of the first year for which the exemption is received, except that actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January first of each year for which the exemption is received. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

- a. For the first year, seventy-five percent.
- b. For the second year, sixty percent.
- c. For the third year, forty-five percent.
- d. For the fourth year, thirty percent.
- e. For the fifth year, fifteen percent.

This schedule shall be followed unless an alternative schedule is adopted by the city council of a city or the board of supervisors of a county in accordance with section one (1) of this Act.

However, the granting of the exemption under this section for new construction constituting complete replacement of

an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

Sec. 4. NEW SECTION. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February first of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the director of revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the director of revenue.

A person may submit a proposal to the city council of the city or the board of supervisors of a county to receive prior approval for eligibility for a tax exemption on new construction. The city council, by ordinance, or the board of supervisors, by resolution, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for the city or county. The prior approval shall also be subject to the hearing requirements of section one (1) of this Act. Such prior approval shall not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the city council or board of supervisors to approve or reject.

Sec. 5. NEW SECTION. When in the opinion of the city council or the county board of supervisors continuation of the exemption granted by this Act ceases to be of benefit to the city or county, the city council or the county board of supervisors may repeal the ordinance authorized by section

one (1) of this Act, but all existing exemptions shall continue until their expiration.

Sec. 6. NEW SECTION. A property tax exemption under this Act shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

FLOYD H. MILLEN
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 650, Sixty-eighth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved June 8, 1979

ROBERT D. RAY
Governor