

Reprinted

FEB 21 1990

HOUSE FILE 2540

WAYS & MEANS CALENDAR

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2184)

Passed House, Date 3/8/90 (p. 940) Passed Senate, Date 3/26/90 (p. 1317)

Vote: Ayes 94 Nays 1 Vote: Ayes 48 Nays 0

Approved _____

A BILL FOR

1 An Act relating to and providing a temporary property tax
2 exemption for certain increased valuation of historic
3 property, providing a phase-in of increased valuation, and
4 providing an applicability date.

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

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HF 2540

1 Section 1. NEW SECTION. 441.22A HISTORIC PROPERTY -- RE-
2 HABILITATION TAX EXEMPTION -- APPLICATION.

53673 1. An assessor shall not increase the assessed valuation
4 of historic property upon the filing of an approved
5 application from the state historic preservation officer for
6 substantial rehabilitation and an application for an
7 exemption. The owner of the property shall file an
8 application for an exemption before July 1 in the calendar
9 year for which the exemption is claimed. The owner shall
10 apply for an exemption each year and the exemption may be
11 approved for a period of not more than four years.

12 2. For purposes of this section "historic property" means
13 any of the following:

14 a. Property in Iowa listed on the national register of
15 historic places.

16 b. An historical site as defined in section 303.2.

17 c. Property located in an area of historical significance
18 as defined in section 303.20.

19 d. Property located in an area designated as an area of
20 historic significance under section 303.34.

21 e. Property designated an historic building or site as
22 approved by a county or municipal landmark ordinance.

23 3. For purposes of this section, "substantial
24 rehabilitation" means qualified expenditures which exceed
536725 either the adjusted basis of the building or five thousand
26 dollars.

736727 4. For purposes of this section, "adjusted basis" means
28 the acquisition cost of the property to the taxpayer and any
29 additions or improvements to the property since its
30 acquisition.

31 5. For purposes of this section, "qualified expenditures"
32 means costs incurred to preserve or to maintain a building as
33 a historic property according to the secretary of the
34 interior's standards for rehabilitation and guidelines for
35 rehabilitating historic buildings.

1 6. The assessor shall determine the base year valuation of
2 the historic property upon receipt of the approved application
3 and shall make a notation on each statement of assessment that
4 the exemption of the historic property shall be based upon the
5 certification from the state historic preservation officer.
6 An assessor shall make an annual report to the county auditor
7 of all substantial rehabilitations of historic property made
8 in the county which receives a tax exemption under this
9 section and shall submit a copy or summary of the record to
10 the state historic preservation officer.

526711 7. A tax exemption granted under this section is valid if
12 the property continues to meet the definition of historic
13 property. If the property is sold or transferred, the buyer
14 or transferee is not required to refile for the tax exemption
15 for the year in which the property is purchased or
16 transferred.

17 8. The valuation for purposes of computing the assessed
18 valuation of property under this section following the four-
19 year exemption period is as follows:

20 a. For the first year after the expiration of the four-
21 year exemption period, the valuation is the base year
22 valuation plus twenty-five percent of the adjustment in value.

23 b. For the second year after the expiration of the four-
24 year exemption period, the valuation is the base year
25 valuation plus fifty percent of the adjustment in value.

26 c. For the third year after the expiration of the four-
27 year exemption period, the valuation is the base year
28 valuation plus seventy-five percent of the adjustment in
29 value.

30 d. For the fourth year after the expiration of the four-
31 year exemption period, the valuation is based upon the current
32 fair cash value.

33 9. An additional application for a tax exemption under
34 this section for substantial rehabilitation shall not affect
35 subsection 6 and the increase in assessed value of the

1 historic property following a four-year tax exemption period.

2 10. The department of cultural affairs shall adopt rules
3 pursuant to chapter 17A to administer this section.

4 Sec. 2.

5 This Act is applicable for assessment years beginning on or
52906 after January 1, 1991.

7 EXPLANATION

8 This bill provides a tax exemption for the increased value
9 of historic property because of improvements to the historic
10 property. The improvement must be a substantial
11 rehabilitation. The exemption is allowed for 4 years and the
12 taxpayer is entitled to the exemption beginning in the first
13 year for which the improvements are assessed for taxation.
14 Following the 4-year exemption period, the additional assessed
15 value is phased in for over a 4-year period.

16 The bill would be effective for assessment years beginning
17 on or after January 1, 1991.

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HOUSE FILE 2540

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Amend House File 2540 as follows:

- 2 1. Page 1, by striking lines 3 through 11 and
3 inserting the following:
4 "1. The board of supervisors shall annually
5 designate real property in the county for a historic
6 property tax exemption.
7 2. Application for the exemption shall be filed
8 with the board, not later than April 15 of the
9 assessment year, on forms provided by the department
10 of revenue and finance. The exemption application
11 shall include an approved application for certified
12 substantial rehabilitation from the state historic
13 preservation officer and documentation of additional
14 property tax relief or financial assistance currently
15 allowed for the real property. Upon receipt of the
16 application, the board shall certify whether or not
17 the property is eligible to receive the exemption.
18 3. Before the board may designate real property
19 for the exemption, the board shall establish
20 priorities for which an exemption may be granted. The
21 priorities shall be based upon financial assistance or
22 property tax relief the owner is receiving for the
23 property or for which the property is eligible. A
24 public hearing shall be held with notice given as
25 provided in section 23.2 at which the proposed
26 priority list shall be presented. However, a public
27 hearing is not required if the proposed priorities are
28 the same as those established for the previous year.
29 After the public hearing, the board shall adopt by
30 resolution the proposed priority list or another
31 priority list.
32 4. After receipt of an exemption application with
33 an accompanying approved application from the state
34 historic preservation officer, and the establishment
35 of a priority list, the board shall grant a tax
36 exemption under this section using the adopted
37 priority list. The board shall notify an owner in
38 writing of a denial of the exemption under this
39 section and an explanation of the denial.
40 5. Real property designated for the tax exemption
41 shall be designated by May 15 of the assessment year
42 in which the fiscal year begins for which the
43 exemption is granted. Notification shall be sent to
44 the county auditor and the applicant.
45 6. The owner shall apply for an exemption and the
46 exemption may be approved for a period of not more
47 than four years."
48 2. Page 1, line 25, by striking the word "either"
49 and inserting the following: "the greater of".
50 3. Page 1, by striking lines 28 through 30 and

H-5367

Page 2

1 inserting the following: "the acquisition cost of the
2 property to the taxpayer; less the value of the land;
3 less depreciation taken or one-half the current
4 assessed valuation of the property, whichever is
5 greater; plus the cost of additions or improvements to
6 the property since its acquisition."

7 4. Page 2, lines 12 and 13, by striking the words
8 "meet the definition of historic property" and
9 inserting the following: "be certified by the state
10 historic preservation officer".

11 5. By renumbering as necessary.

By WISE of Lee

DAGGETT of Adams

HANSON of Delaware

OSTERBERG of Linn

SCHNEKLOTH of Scott

H-5367 FILED FEBRUARY 27, 1990

Adopted 3/8 (p. 940)

HOUSE FILE 2540

H-5290

1 Amend House File 2540 as follows:

2 1. Page 3, line 6, by inserting after the figure

3 "1991" the following: ", for substantial

4 rehabilitation to historic property begun after July

5 1, 1990".

By SCHNEKLOTH of Scott

H-5290 FILED FEBRUARY 22, 1990

Adopted 3/8 (p. 940)

HOUSE FILE 2540

H-5559

1 Amend House File 2540 as follows:

2 1. Page 2, line 35, by inserting after the word

3 and figure "6 and" the following: "under subsection

4 8".

By WISE of Lee

H-5559 FILED MARCH 7, 1990

Adopted 3/8 (p. 940)

HOUSE FILE 2540
FISCAL NOTE

A fiscal note for House File 2540 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2540 provides a tax exemption for the increased value of historic property because of improvements to the historic property. The improvement must be a substantial rehabilitation. The exemption is allowed for four years and the taxpayer is entitled to the exemption beginning in the first year for which the improvements are assessed for taxation. Following the four-year exemption period, the additional assessed value is phased in for over a four-year period. The bill would be effective for assessment years beginning on or after January 1, 1991.

Fiscal Impact

There is no impact on state revenues. The expected impact on state expenditures cannot be determined due to the Department's inability to predict the number of qualified property owners who would apply for the exemption or the amount of increased valuation exempted.

Department of Revenue and Finance

(LSB 7345hv, PDD)

ED FEBRUARY 22, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2540
FISCAL NOTE

A fiscal note for House File 2540 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2540 provides a tax exemption for the increased value of historic property because of improvements to the historic property. The improvement must be a substantial rehabilitation. The exemption is allowed for four years and the taxpayer is entitled to the exemption beginning in the first year for which the improvements are assessed for taxation. Following the four-year exemption period, the additional assessed value is phased in for over a four-year period. The bill would be effective for assessment years beginning on or after January 1, 1991.

Fiscal Impact

There is no impact on state revenues. The expected impact on state expenditures cannot be determined due to the Department's inability to predict the number of qualified property owners who would apply for the exemption or the amount of increased valuation exempted.

Department of Revenue and Finance

(LSB 7345hv, PDD)

FILED MARCH 5, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2540
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2184)

(As Amended and Passed by the House March 8, 1990)

^{as amended}
Passed House, Date 3/28/90 (p. 1513) Passed Senate, Date _____
Vote: Ayes 97 Nays 0 Vote: Ayes _____ Nays _____
Approved April 6, 1990

A BILL FOR

1 An Act relating to and providing a temporary property tax
2 exemption for certain increased valuation of historic
3 property, providing a phase-in of increased valuation, and
4 providing an applicability date.

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

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House Amendments _____

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1 Section 1. NEW SECTION. 441.22A HISTORIC PROPERTY --
2 REHABILITATION TAX EXEMPTION -- APPLICATION.

3 1. The board of supervisors shall annually designate real
4 property in the county for a historic property tax exemption.

5 2. Application for the exemption shall be filed with the
6 board, not later than April 15 of the assessment year, on
7 forms provided by the department of revenue and finance. The
8 exemption application shall include an approved application
9 for certified substantial rehabilitation from the state
10 historic preservation officer and documentation of additional
11 property tax relief or financial assistance currently allowed
12 for the real property. Upon receipt of the application, the
13 board shall certify whether or not the property is eligible to
14 receive the exemption.

15 3. Before the board may designate real property for the
16 exemption, the board shall establish priorities for which an
17 exemption may be granted. The priorities shall be based upon
18 financial assistance or property tax relief the owner is
19 receiving for the property or for which the property is
20 eligible. A public hearing shall be held with notice given as
21 provided in section 23.2 at which the proposed priority list
22 shall be presented. However, a public hearing is not required
23 if the proposed priorities are the same as those established
24 for the previous year. After the public hearing, the board
25 shall adopt by resolution the proposed priority list or
26 another priority list.

27 4. After receipt of an exemption application with an
28 accompanying approved application from the state historic
29 preservation officer, and the establishment of a priority
30 list, the board shall grant a tax exemption under this section
31 using the adopted priority list. The board shall notify an
32 owner in writing of a denial of the exemption under this
33 section and an explanation of the denial.

34 5. Real property designated for the tax exemption shall be
35 designated by May 15 of the assessment year in which the

1 fiscal year begins for which the exemption is granted.

2 Notification shall be sent to the county auditor and the
3 applicant.

4 6. The owner shall apply for an exemption and the
5 exemption may be approved for a period of not more than four
6 years.

7 7. For purposes of this section "historic property" means
8 any of the following:

9 a. Property in Iowa listed on the national register of
10 historic places.

11 b. An historical site as defined in section 303.2.

12 c. Property located in an area of historical significance
13 as defined in section 303.20.

14 d. Property located in an area designated as an area of
15 historic significance under section 303.34.

16 e. Property designated an historic building or site as
17 approved by a county or municipal landmark ordinance.

18 8. For purposes of this section, "substantial
19 rehabilitation" means qualified expenditures which exceed the
20 greater of the adjusted basis of the building or five thousand
21 dollars.

22 9. For purposes of this section, "adjusted basis" means
23 the acquisition cost of the property to the taxpayer; less the
24 value of the land; less depreciation taken or one-half the
25 current assessed valuation of the property, whichever is
26 greater; plus the cost of additions or improvements to the
27 property since its acquisition.

28 10. For purposes of this section, "qualified expenditures"
29 means costs incurred to preserve or to maintain a building as
30 a historic property according to the secretary of the
31 interior's standards for rehabilitation and guidelines for
32 rehabilitating historic buildings.

33 11. The assessor shall determine the base year valuation
34 of the historic property upon receipt of the approved
35 application and shall make a notation on each statement of

1 assessment that the exemption of the historic property shall
2 be based upon the certification from the state historic
3 preservation officer. An assessor shall make an annual report
4 to the county auditor of all substantial rehabilitations of
5 historic property made in the county which receives a tax
6 exemption under this section and shall submit a copy or
7 summary of the record to the state historic preservation
8 officer.

9 12. A tax exemption granted under this section is valid if
10 the property continues to be certified by the state historic
11 preservation officer. If the property is sold or transferred,
12 the buyer or transferee is not required to refile for the tax
13 exemption for the year in which the property is purchased or
14 transferred.

15 13. The valuation for purposes of computing the assessed
16 valuation of property under this section following the four-
17 year exemption period is as follows:

18 a. For the first year after the expiration of the four-
19 year exemption period, the valuation is the base year
20 valuation plus twenty-five percent of the adjustment in value.

21 b. For the second year after the expiration of the four-
22 year exemption period, the valuation is the base year
23 valuation plus fifty percent of the adjustment in value.

24 c. For the third year after the expiration of the four-
25 year exemption period, the valuation is the base year
26 valuation plus seventy-five percent of the adjustment in
27 value.

28 d. For the fourth year after the expiration of the four-
29 year exemption period, the valuation is based upon the current
30 fair cash value.

31 14. An additional application for a tax exemption under
32 this section for substantial rehabilitation shall not affect
33 subsection 11 and under subsection 13 the increase in assessed
34 value of the historic property following a four-year tax
35 exemption period.

SENATE AMENDMENT TO HOUSE FILE 2540

H-5873

- 1 Amend House File 2540, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 6, by striking the word "board"
- 4 and inserting the following: "assessor".
- 5 2. Page 1, line 6, by striking the word and
- 6 figure "April 15" and inserting the following: "March
- 7 1".
- 8 3. Page 1, line 13, by striking the word "board"
- 9 and inserting the following: "assessor".
- 10 4. Page 1, line 14, by inserting after the word
- 11 "exemption" the following: "and shall forward the
- 12 application to the board".
- 13 5. Page 1, line 27, by inserting after the word
- 14 "receipt" the following: "from the assessor".
- 15 6. Page 1, line 35, by striking the word and
- 16 figure "May 15" and inserting the following: "April
- 17 15".
- 18 7. By renumbering, relettering, or redesignating
- 19 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-5873 FILED MARCH 27, 1990

House concurred 3/28 (p. 1512)

1 15. The department of cultural affairs shall adopt rules
2 pursuant to chapter 17A to administer this section.

3 Sec. 2.

4 This Act is applicable for assessment years beginning on or
5 after January 1, 1991, for substantial rehabilitation to
6 historic property begun after July 1, 1990.

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HOUSE FILE 2540

AN ACT

RELATING TO AND PROVIDING A TEMPORARY PROPERTY TAX EXEMPTION FOR CERTAIN INCREASED VALUATION OF HISTORIC PROPERTY, PROVIDING A PHASE-IN OF INCREASED VALUATION, AND PROVIDING AN APPLICABILITY DATE.

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

Section 1. NEW SECTION. 441.22A HISTORIC PROPERTY -- REHABILITATION TAX EXEMPTION -- APPLICATION.

1. The board of supervisors shall annually designate real property in the county for a historic property tax exemption.

2. Application for the exemption shall be filed with the assessor, not later than March 1 of the assessment year, on forms provided by the department of revenue and finance. The exemption application shall include an approved application for certified substantial rehabilitation from the state historic preservation officer and documentation of additional property tax relief or financial assistance currently allowed for the real property. Upon receipt of the application, the assessor shall certify whether or not the property is eligible to receive the exemption and shall forward the application to the board.

3. Before the board may designate real property for the exemption, the board shall establish priorities for which an exemption may be granted. The priorities shall be based upon financial assistance or property tax relief the owner is receiving for the property or for which the property is eligible. A public hearing shall be held with notice given as provided in section 23.2 at which the proposed priority list shall be presented. However, a public hearing is not required if the proposed priorities are the same as those established for the previous year. After the public hearing, the board shall adopt by resolution the proposed priority list or another priority list.

4. After receipt from the assessor of an exemption application with an accompanying approved application from the state historic preservation officer, and the establishment of a priority list, the board shall grant a tax exemption under this section using the adopted priority list. The board shall notify an owner in writing of a denial of the exemption under this section and an explanation of the denial.

5. Real property designated for the tax exemption shall be designated by April 15 of the assessment year in which the fiscal year begins for which the exemption is granted. Notification shall be sent to the county auditor and the applicant.

6. The owner shall apply for an exemption and the exemption may be approved for a period of not more than four years.

7. For purposes of this section "historic property" means any of the following:

- a. Property in Iowa listed on the national register of historic places.
- b. An historical site as defined in section 303.2.
- c. Property located in an area of historical significance as defined in section 303.20.
- d. Property located in an area designated as an area of historic significance under section 303.34.
- e. Property designated an historic building or site as approved by a county or municipal landmark ordinance.

8. For purposes of this section, "substantial rehabilitation" means qualified expenditures which exceed the greater of the adjusted basis of the building or five thousand dollars.

9. For purposes of this section, "adjusted basis" means the acquisition cost of the property to the taxpayer; less the value of the land; less depreciation taken or one-half the current assessed valuation of the property, whichever is greater; plus the cost of additions or improvements to the property since its acquisition.

10. For purposes of this section, "qualified expenditures" means costs incurred to preserve or to maintain a building as a historic property according to the secretary of the interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.

11. The assessor shall determine the base year valuation of the historic property upon receipt of the approved application and shall make a notation on each statement of assessment that the exemption of the historic property shall be based upon the certification from the state historic preservation officer. An assessor shall make an annual report to the county auditor of all substantial rehabilitations of historic property made in the county which receives a tax exemption under this section and shall submit a copy or summary of the record to the state historic preservation officer.

12. A tax exemption granted under this section is valid if the property continues to be certified by the state historic preservation officer. If the property is sold or transferred, the buyer or transferee is not required to refile for the tax exemption for the year in which the property is purchased or transferred.

13. The valuation for purposes of computing the assessed valuation of property under this section following the four-year exemption period is as follows:

a. For the first year after the expiration of the four-year exemption period, the valuation is the base year valuation plus twenty-five percent of the adjustment in value.

b. For the second year after the expiration of the four-year exemption period, the valuation is the base year valuation plus fifty percent of the adjustment in value.

c. For the third year after the expiration of the four-year exemption period, the valuation is the base year valuation plus seventy-five percent of the adjustment in value.

d. For the fourth year after the expiration of the four-year exemption period, the valuation is based upon the current fair cash value.

14. An additional application for a tax exemption under this section for substantial rehabilitation shall not affect subsection 11 and under subsection 13 the increase in assessed value of the historic property following a four-year tax exemption period.

15. The department of cultural affairs shall adopt rules pursuant to chapter 17A to administer this section.

Sec. 2.

This Act is applicable for assessment years beginning on or after January 1, 1991, for substantial rehabilitation to historic property begun after July 1, 1990.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2540, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 6, 1990

TERRY E. BRANSTAD
Governor