

Senate - 4/26/93 W & M
Sen. 4/28/93 Do Pass

APR 19 1993

HOUSE FILE 664
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HF 190)

Passed House, ^(p. 1650) Date 4/26/93 Passed Senate, ^(p. 1445) Date 4/29/93
Vote: Ayes 98 Nays 0 Vote: Ayes 43 Nays 7
Approved May 26, 1993

A BILL FOR

1 An Act relating to providing for special valuation for property
2 tax and sales, service, and use tax exemptions for wind energy
3 conversion property.

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

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HF 664

1 Section 1. Section 422.45, Code 1993, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 48. The gross receipts from the sale of
4 wind energy conversion property to be used as an electric
5 power source and the sale of the materials used to
6 manufacture, install, or construct wind energy conversion
7 property used or to be used as an electric power source.

8 For purposes of this section, "wind energy conversion
9 property" means any device, including, but not limited to, a
10 wind charger, windmill, wind turbine, tower and electrical
11 equipment, pad mount transformers, power lines, and
12 substation, which converts wind energy to a form of usable
13 energy.

14 Sec. 2. NEW SECTION. 427B.26 SPECIAL VALUATION OF WIND
15 ENERGY CONVERSION PROPERTY.

16 1. a. A city council or county board of supervisors may
17 provide by ordinance for the special valuation of wind energy
18 conversion property as provided in subsection 2. The
19 ordinance may be enacted not less than thirty days after a
20 public hearing on the ordinance is held. Notice of the
21 hearing shall be published in accordance with section 331.305
22 in the case of a county, or section 362.3 in the case of a
23 city. The ordinance shall only apply to property first
24 assessed on or after the effective date of the ordinance.

25 b. If in the opinion of the city council or the county
26 board of supervisors continuation of the special valuation
27 provided under this section ceases to be of benefit to the
28 city or county, the city council or the county board of
29 supervisors may repeal the ordinance authorized by this
30 subsection. Property specially valued under this section
31 prior to repeal of the ordinance shall continue to be valued
32 under this section until the end of the nineteenth assessment
33 year following the assessment year in which the property was
34 first assessed.

35 2. In lieu of the valuation and assessment provisions in

1 section 441.21, subsection 9, paragraphs "b" and "c", and
2 sections 428.24 to 428.29, wind energy conversion property
3 which is first assessed for property taxation on or after
4 January 1, 1994, and on or after the effective date of the
5 ordinance enacted pursuant to subsection 1, shall be valued by
6 the local assessor for property tax purposes as follows:

7 a. For the first assessment year, at zero percent of the
8 net acquisition cost.

9 b. For the second through sixth assessment years, at a
10 percent of the net acquisition cost which rate increases by
11 five percentage points each assessment year.

12 c. For the seventh and succeeding assessment years, at
13 thirty percent of the net acquisition cost.

14 3. The taxpayer shall file with the local assessor by
15 February 1 of the assessment year in which the wind energy
16 conversion property is first assessed for property tax
17 purposes, a declaration of intent to have the property
18 assessed at the value determined under this section in lieu of
19 the valuation and assessment provisions in section 441.21,
20 subsection 9, paragraphs "b" and "c", and sections 428.24 to
21 428.29.

22 4. For purposes of this section:

23 a. "Net acquisition cost" means the acquired cost of the
24 property including all foundations and installation cost less
25 any excess cost adjustment.

26 b. "Wind energy conversion property" means the entire
27 windplant including, but not limited to, a wind charger,
28 windmill, wind turbine, tower and electrical equipment, pad
29 mount transformers, power lines, and substation.

30 EXPLANATION

31 The bill provides for special valuation for property tax
32 purposes and an exemption from the state sales and use tax of
33 wind energy conversion property used as an electric power
34 source. A wind energy conversion system is a device such as a
35 wind charger, windmill, or wind turbine which converts wind

1 energy to a form of usable energy.

2 The property tax exemption is available for new con-
3 struction which is first assessed for taxation on or after
4 January 1, 1994. In addition, the exemption is available only
5 if a city or county adopts an ordinance providing for the
6 special valuation.

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HOUSE FILE 664

AN ACT

RELATING TO PROVIDING FOR SPECIAL VALUATION FOR PROPERTY TAX
AND SALES, SERVICE, AND USE TAX EXEMPTIONS FOR WIND ENERGY
CONVERSION PROPERTY.

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

Section 1. Section 422.45, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 48. The gross receipts from the sale of wind energy conversion property to be used as an electric power source and the sale of the materials used to manufacture, install, or construct wind energy conversion property used or to be used as an electric power source.

For purposes of this section, "wind energy conversion property" means any device, including, but not limited to, a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation, which converts wind energy to a form of usable energy.

Sec. 2. NEW SECTION. 427B.26 SPECIAL VALUATION OF WIND ENERGY CONVERSION PROPERTY.

1. a. A city council or county board of supervisors may provide by ordinance for the special valuation of wind energy conversion property as provided in subsection 2. The ordinance may be enacted not less than thirty days after a public hearing on the ordinance is held. Notice of the hearing shall be published in accordance with section 331.305 in the case of a county, or section 362.3 in the case of a city. The ordinance shall only apply to property first assessed on or after the effective date of the ordinance.

b. If in the opinion of the city council or the county board of supervisors continuation of the special valuation

provided under this section 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 this subsection. Property specially valued under this section prior to repeal of the ordinance shall continue to be valued under this section until the end of the nineteenth assessment year following the assessment year in which the property was first assessed.

2. In lieu of the valuation and assessment provisions in section 441.21, subsection 9, paragraphs "b" and "c", and sections 428.24 to 428.29, wind energy conversion property which is first assessed for property taxation on or after January 1, 1994, and on or after the effective date of the ordinance enacted pursuant to subsection 1, shall be valued by the local assessor for property tax purposes as follows:

a. For the first assessment year, at zero percent of the net acquisition cost.

b. For the second through sixth assessment years, at a percent of the net acquisition cost which rate increases by five percentage points each assessment year.

c. For the seventh and succeeding assessment years, at thirty percent of the net acquisition cost.

3. The taxpayer shall file with the local assessor by February 1 of the assessment year in which the wind energy conversion property is first assessed for property tax purposes, a declaration of intent to have the property assessed at the value determined under this section in lieu of the valuation and assessment provisions in section 441.21, subsection 9, paragraphs "b" and "c", and sections 428.24 to 428.29.

4. For purposes of this section:

a. "Net acquisition cost" means the acquired cost of the property including all foundations and installation cost less any excess cost adjustment.

b. "Wind energy conversion property" means the entire windplant including, but not limited to, a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 664, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 26, 1993

TERRY E. BRANSTAD
Governor