

APR 6 1995

WAYS & MEANS CALENDAR

HOUSE FILE 556

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 322)

Passed House, ^(P. 1589) Date 4/17/95

Passed Senate, ^(P. 1259) Date 4/18/95

Vote: Ayes 96 Nays 1

Vote: Ayes 50 Nays 0

Approved April 25, 1995

A BILL FOR

1 An Act relating to the definition of entities eligible for
2 property tax exemption for construction of speculative shell
3 buildings.

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

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HF 556

1 Section 1. Section 427.1, subsection 41, unnumbered
2 paragraph 1, Code 1995, is amended to read as follows:
3 New construction of shell buildings by community
4 development organizations, not-for-profit cooperative
5 associations under chapter 499, or for-profit entities for
6 speculative purposes or the portion of the value added to
7 buildings being reconstructed or renovated by community
8 development organizations, not-for-profit cooperative
9 associations under chapter 499, or for-profit entities in
10 order to become speculative shell buildings. The exemption or
11 partial exemption shall be allowed only pursuant to ordinance
12 of a city council or board of supervisors, which ordinance
13 shall specify if the exemption will be available for community
14 development organizations, not-for-profit cooperative
15 associations under chapter 499, or for-profit entities, ~~or~~
16 ~~both~~, and shall be effective for the assessment year in which
17 the building is first assessed for property taxation or the
18 assessment year in which the reconstruction or renovation
19 first adds value and all subsequent years until the property
20 is leased or sold or for a specific time period stated in the
21 ordinance or until the exemption is terminated by ordinance of
22 the city council or board of supervisors which approved the
23 exemption. Eligibility for an exemption as a speculative
24 shell building shall be determined as of January 1 of the
25 assessment year. However, an exemption shall not be granted a
26 speculative shell building of a not-for-profit cooperative
27 association under chapter 499 or a for-profit entity if the
28 building is used by the cooperative association or for-profit
29 entity, or a subsidiary of the for-profit entity, or majority
30 owners ~~of the for-profit entity~~ thereof for other than as a
31 speculative shell building. If the shell building or any
32 portion of the shell building is leased or sold, the portion
33 of the shell building which is leased or sold shall not be
34 entitled to an exemption under this subsection for subsequent
35 years. An application shall be filed pursuant to section

1 427B.4 for each project for which an exemption is claimed.
2 Upon the sale of the shell building, the shell building shall
3 be considered new construction for purposes of section 427B.1
4 if used for purposes set forth in section 427B.1.

5 Sec. 2. Section 427.1, subsection 41, paragraph b, Code
6 1995, is amended to read as follows:

7 b. "New construction" means new buildings or structures
8 and includes new buildings or structures which are constructed
9 as additions to existing buildings or structures. "New
10 construction" also includes reconstruction or renovation of an
11 existing building or structure which constitutes complete
12 replacement of an existing building or structure or refitting
13 of an existing building or structure, if the reconstruction or
14 renovation of the existing building or structure is required
15 due to economic obsolescence, if the reconstruction or
16 renovation is necessary to implement recognized industry
17 standards for the manufacturing or processing of products, and
18 the reconstruction or renovation is required in order to
19 competitively manufacture or process products or for community
20 development organizations, not-for-profit cooperative
21 associations under chapter 499, or for-profit entities to
22 market a building or structure as a speculative shell
23 building, which determination must receive prior approval from
24 the city council of the city or county board of supervisors of
25 the county.

26 Sec. 3. Section 427.1, subsection 41, paragraph c, Code
27 1995, is amended to read as follows:

28 c. "Speculative shell building" means a building or
29 structure owned and constructed or reconstructed by a
30 community development organization, a not-for-profit
31 cooperative association under chapter 499, or a for-profit
32 entity without a tenant or buyer for the purpose of attracting
33 an employer or user which will complete the building to the
34 employer's or user's specification for manufacturing,
35 processing, or warehousing the employer's or user's product

1 line.

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EXPLANATION

3 This bill provides that a not-for-profit cooperative
4 association may build a speculative shell building in a city
5 or county and receive the same property tax exemption that is
6 currently received by community development organizations or
7 for-profit entities which build speculative shell buildings.

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Greis, Chair
Disney
Larkin

HSB 322

Succeeded BY WAYS AND MEANS
SF/HF 556

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HALVORSON)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

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2 paragraph 1, Code 1995, is amended to read as follows:
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9 associations under chapter 499, or for-profit entities in
10 order to become speculative shell buildings. The exemption or
11 partial exemption shall be allowed only pursuant to ordinance
12 of a city council or board of supervisors, which ordinance
13 shall specify if the exemption will be available for community
14 development organizations, not-for-profit cooperative
15 associations under chapter 499, for-profit entities, or both,
16 and shall be effective for the assessment year in which the
17 building is first assessed for property taxation or the
18 assessment year in which the reconstruction or renovation
19 first adds value and all subsequent years until the property
20 is leased or sold or for a specific time period stated in the
21 ordinance or until the exemption is terminated by ordinance of
22 the city council or board of supervisors which approved the
23 exemption. Eligibility for an exemption as a speculative
24 shell building shall be determined as of January 1 of the
25 assessment year. However, an exemption shall not be granted a
26 speculative shell building of a not-for-profit cooperative
27 association under chapter 499 or a for-profit entity if the
28 building is used by the not-for-profit cooperative association
29 under chapter 499 or for-profit entity, subsidiary of the not-
30 for-profit cooperative association under chapter 499, for-
31 profit entity, or majority owners of the not-for-profit
32 cooperative association under chapter 499 or for-profit entity
33 for other than as a speculative shell building. If the shell
34 building or any portion of the shell building is leased or
35 sold, the portion of the shell building which is leased or

1 sold shall not be entitled to an exemption under this
2 subsection for subsequent years. An application shall be
3 filed pursuant to section 427B.4 for each project for which an
4 exemption is claimed. Upon the sale of the shell building,
5 the shell building shall be considered new construction for
6 purposes of section 427B.1 if used for purposes set forth in
7 section 427B.1.

8 Sec. 2. Section 427.1, subsection 41, paragraph b, Code
9 1995, is amended to read as follows:

10 b. "New construction" means new buildings or structures
11 and includes new buildings or structures which are constructed
12 as additions to existing buildings or structures. "New
13 construction" also includes reconstruction or renovation of an
14 existing building or structure which constitutes complete
15 replacement of an existing building or structure or refitting
16 of an existing building or structure, if the reconstruction or
17 renovation of the existing building or structure is required
18 due to economic obsolescence, if the reconstruction or
19 renovation is necessary to implement recognized industry
20 standards for the manufacturing or processing of products, and
21 the reconstruction or renovation is required in order to
22 competitively manufacture or process products or for community
23 development organizations, not-for-profit cooperative
24 associations under chapter 499, or for-profit entities to
25 market a building or structure as a speculative shell
26 building, which determination must receive prior approval from
27 the city council of the city or county board of supervisors of
28 the county.

29 Sec. 3. Section 427.1, subsection 41, paragraph c, Code
30 1995, is amended to read as follows:

31 c. "Speculative shell building" means a building or
32 structure owned and constructed or reconstructed by a
33 community development organization, a not-for-profit
34 cooperative association under chapter 499, or a for-profit
35 entity without a tenant or buyer for the purpose of attracting

1 an employer or user which will complete the building to the
2 employer's or user's specification for manufacturing,
3 processing, or warehousing the employer's or user's product
4 line.

5 EXPLANATION

6 This bill provides that a not-for-profit cooperative
7 association may build a speculative shell building in a city
8 or county and receive the same property tax exemption that is
9 currently received by community development organizations or
10 for-profit entities which build speculative shell buildings.

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HOUSE FILE 556

AN ACT

RELATING TO THE DEFINITION OF ENTITIES ELIGIBLE FOR
PROPERTY TAX EXEMPTION FOR CONSTRUCTION OF SPECULA-
TIVE SHELL BUILDINGS.

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

Section 1. Section 427.1, subsection 41, unnumbered paragraph 1, Code 1995, is amended to read as follows:

New construction of shell buildings by community development organizations, not-for-profit cooperative associations under chapter 499, or for-profit entities for speculative purposes or the portion of the value added to buildings being reconstructed or renovated by community development organizations, not-for-profit cooperative associations under chapter 499, or for-profit entities in order to become speculative shell buildings. The exemption or partial exemption shall be allowed only pursuant to ordinance of a city council or board of supervisors, which ordinance shall specify if the exemption will be available for community development organizations, not-for-profit cooperative associations under chapter 499, or for-profit entities, ~~or both~~, and shall be effective for the assessment year in which the building is first assessed for property taxation or the assessment year in which the reconstruction or renovation first adds value and all subsequent years until the property is leased or sold or for a specific time period stated in the ordinance or until the exemption is terminated by ordinance of the city council or board of supervisors which approved the exemption. Eligibility for an exemption as a speculative shell building shall be determined as of January 1 of the assessment year. However, an exemption shall not be granted a speculative shell building of a not-for-profit cooperative

association under chapter 499 or a for-profit entity if the building is used by the cooperative association or for-profit entity, ~~or a subsidiary of the for-profit entity~~, or majority owners ~~of the for-profit entity~~ thereof for other than as a speculative shell building. If the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold shall not be entitled to an exemption under this subsection for subsequent years. An application shall be filed pursuant to section 427B.4 for each project for which an exemption is claimed. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of section 427B.1 if used for purposes set forth in section 427B.1.

Sec. 2. Section 427.1, subsection 41, paragraph b, Code 1995, is amended to read as follows:

b. "New construction" means new buildings or structures and includes new buildings or structures which are constructed as additions to existing buildings or structures. "New construction" also includes reconstruction or renovation of an existing building or structure which constitutes complete replacement of an existing building or structure or refitting of an existing building or structure, if the reconstruction or renovation of the existing building or structure is required due to economic obsolescence, if the reconstruction or renovation is necessary to implement recognized industry standards for the manufacturing or processing of products, and the reconstruction or renovation is required in order to competitively manufacture or process products or for community development organizations, not-for-profit cooperative associations under chapter 499, or for-profit entities to market a building or structure as a speculative shell building, which determination must receive prior approval from the city council of the city or county board of supervisors of the county.

Sec. 3. Section 427.1, subsection 41, paragraph c, Code 1995, is amended to read as follows:

c. "Speculative shell building" means a building or structure owned and constructed or reconstructed by a community development organization, a not-for-profit cooperative association under chapter 499, or a for-profit entity without a tenant or buyer for the purpose of attracting an employer or user which will complete the building to the employer's or user's specification for manufacturing, processing, or warehousing the employer's or user's product line.

RON J. CORBETT
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 556, Seventy-sixth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved April 25, 1995

TERRY E. BRANSTAD
Governor