

JAN 28 1995

WAYS AND MEANS

HOUSE FILE 83
BY COON

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property tax exemption schedules for property
2 located in an urban revitalization area and to exemptions from
3 property taxation for improvements to residential property
4 located in an urban revitalization area, and providing an
5 applicability date.

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

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HF 83

1 Section 1. Section 404.2, subsection 2, Code 1995, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. k. In the case of an urban revitalization
4 area designated by a city, the county and all school districts
5 in which is located the urban revitalization area may choose
6 not to allow an exemption for that portion of the taxes
7 payable to the county or school district or may choose to
8 allow an exemption under the schedule set out in section
9 404.3, subsection 1, 2, 3, or 4. In the case of an urban
10 revitalization area designated by a county, all school
11 districts in which is located the urban revitalization area
12 may choose not to allow an exemption for that portion of the
13 taxes payable to the school district or may choose to allow an
14 exemption under the schedule set out in section 404.3,
15 subsection 1, 2, 3, or 4. A schedule chosen by a county or
16 school district shall not allow a greater exemption, but may
17 allow a smaller exemption than allowed in the schedule
18 specified in the corresponding subsection of section 404.3.

19 Sec. 2. Section 404.3, subsections 2, 3, and 4, Code 1995,
20 are amended to read as follows:

21 2. All qualified real estate is eligible to receive a
22 partial exemption from taxation on the actual value added by
23 the improvements. For qualified real estate assessed as
24 residential property, the amount of the actual value added by
25 the improvements used to compute the exemption shall not
26 exceed one hundred thousand dollars. The exemption is for a
27 period of ten years. The amount of the partial exemption is
28 equal to a percent of the actual value added by the
29 improvements, determined as follows:

- 30 a. For the first year, eighty percent.
- 31 b. For the second year, seventy percent.
- 32 c. For the third year, sixty percent.
- 33 d. For the fourth year, fifty percent.
- 34 e. For the fifth year, forty percent.
- 35 f. For the sixth year, forty percent.

1 g. For the seventh year, thirty percent.

2 h. For the eighth year, thirty percent.

3 i. For the ninth year, twenty percent.

4 j. For the tenth year, twenty percent.

5 3. All qualified real estate is eligible to receive a one
6 hundred percent exemption from taxation on the actual value
7 added by the improvements. However, for qualified real estate
8 assessed as residential property, the amount of the actual
9 value added by the improvements used to compute the exemption
10 shall not exceed one hundred thousand dollars. The exemption
11 is for a period of three years.

12 4. All qualified real estate assessed as residential
13 property or assessed as commercial property, if the commercial
14 property consists of three or more separate living quarters
15 with at least seventy-five percent of the space used for
16 residential purposes, is eligible to receive a one hundred
17 percent exemption from taxation on the actual value added by
18 the improvements. However, for qualified real estate assessed
19 as residential property, the amount of the actual value added
20 by the improvements used to compute the exemption shall not
21 exceed one hundred thousand dollars. The exemption is for a
22 period of ten years.

23 Sec. 3. Section 404.4, Code 1995, is amended by adding the
24 following new unnumbered paragraphs:

25 NEW UNNUMBERED PARAGRAPH. An owner is not eligible to
26 receive an exemption for property located within a
27 revitalization area and classified as residential property if
28 that owner, or that owner's spouse, has at any time received
29 an exemption under this chapter for other property located in
30 a revitalization area and classified as residential property.
31 However, this shall not apply to an owner, or an owner's
32 spouse, who has submitted an application following a
33 dissolution of marriage pursuant to chapter 598.

34 NEW UNNUMBERED PARAGRAPH. If an owner is granted an
35 exemption for residential property, such property must also be

1 claimed as the owner's homestead under chapter 425 for taxes
2 payable in the fiscal year in which the exemption is first
3 allowed.

4 Sec. 4. APPLICABILITY. This Act applies to applications
5 for exemption filed on or after January 1, 1996.

6 EXPLANATION

7 This bill makes several amendments relating to property tax
8 exemptions for property located in an urban revitalization
9 area. The bill provides that, in the case of an urban
10 revitalization area designated by a city, a school district or
11 county located within the revitalization area may choose to
12 allow no exemption from taxation or may allow an exemption
13 under a schedule other than that chosen by the city. In the
14 case of a revitalization area designated by a county, a school
15 district located within the area may choose to allow no
16 exemption or may allow an exemption under a schedule other
17 than that chosen by the county.

18 The bill provides that, for certain exemption schedules,
19 the amount of the actual improvements to residential property
20 upon which the exemption is computed shall not exceed
21 \$100,000.

22 The bill provides that an owner applying for a tax
23 exemption for residential property located in an urban
24 revitalization area shall not receive the exemption if the
25 owner has already received such an exemption unless the
26 exemption was granted while the owner was married and the
27 owner has since dissolved the marriage. The bill also
28 provides that residential property for which an owner seeks an
29 exemption must also be the owner's homestead for purposes of
30 property taxation beginning in the tax year that the exemption
31 is applied to property taxes due and payable.

32 The bill applies to applications for property tax exemption
33 filed on or after January 1, 1996.

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