

Senate Study Bill 342

Conference Committee Text

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1 1 Section 1. Section 427.1, subsection 41, unnumbered
1 2 paragraph 1, Code 1995, is amended to read as follows:
1 3 New construction of shell buildings by community
1 4 development organizations, not-for-profit cooperative
1 5 associations under chapter 499, or for-profit entities for
1 6 speculative purposes or the portion of the value added to
1 7 buildings being reconstructed or renovated by community
1 8 development organizations, not-for-profit cooperative
1 9 associations under chapter 499, or for-profit entities in
1 10 order to become speculative shell buildings. The exemption or
1 11 partial exemption shall be allowed only pursuant to ordinance
1 12 of a city council or board of supervisors, which ordinance
1 13 shall specify if the exemption will be available for community
1 14 development organizations, not-for-profit cooperative
1 15 associations under chapter 499, for-profit entities, or both,
1 16 and shall be effective for the assessment year in which the
1 17 building is first assessed for property taxation or the
1 18 assessment year in which the reconstruction or renovation
1 19 first adds value and all subsequent years until the property
1 20 is leased or sold or for a specific time period stated in the
1 21 ordinance or until the exemption is terminated by ordinance of
1 22 the city council or board of supervisors which approved the
1 23 exemption. Eligibility for an exemption as a speculative
1 24 shell building shall be determined as of January 1 of the
1 25 assessment year. However, an exemption shall not be granted a
1 26 speculative shell building of a not-for-profit cooperative
1 27 association under chapter 499 or a for-profit entity if the
1 28 building is used by the not-for-profit cooperative association
1 29 under chapter 499 or for-profit entity, subsidiary of the not-
1 30 for-profit cooperative association under chapter 499, for-
1 31 profit entity, or majority owners of the not-for-profit
1 32 cooperative association under chapter 499 or for-profit entity
1 33 for other than as a speculative shell building. If the shell
1 34 building or any portion of the shell building is leased or
1 35 sold, the portion of the shell building which is leased or
2 1 sold shall not be entitled to an exemption under this
2 2 subsection for subsequent years. An application shall be
2 3 filed pursuant to section 427B.4 for each project for which an
2 4 exemption is claimed. Upon the sale of the shell building,
2 5 the shell building shall be considered new construction for
2 6 purposes of section 427B.1 if used for purposes set forth in
2 7 section 427B.1.

2 8 Sec. 2. Section 427.1, subsection 41, paragraph b, Code
2 9 1995, is amended to read as follows:
2 10 b. "New construction" means new buildings or structures
2 11 and includes new buildings or structures which are constructed
2 12 as additions to existing buildings or structures. "New
2 13 construction" also includes reconstruction or renovation of an
2 14 existing building or structure which constitutes complete
2 15 replacement of an existing building or structure or refitting
2 16 of an existing building or structure, if the reconstruction or
2 17 renovation of the existing building or structure is required
2 18 due to economic obsolescence, if the reconstruction or
2 19 renovation is necessary to implement recognized industry
2 20 standards for the manufacturing or processing of products, and
2 21 the reconstruction or renovation is required in order to

2 22 competitively manufacture or process products or for community
2 23 development organizations, not-for-profit cooperative
2 24 associations under chapter 499, or for-profit entities to
2 25 market a building or structure as a speculative shell
2 26 building, which determination must receive prior approval from
2 27 the city council of the city or county board of supervisors of
2 28 the county.

2 29 Sec. 3. Section 427.1, subsection 41, paragraph c, Code
2 30 1995, is amended to read as follows:

2 31 c. "Speculative shell building" means a building or
2 32 structure owned and constructed or reconstructed by a
2 33 community development organization, a not-for-profit
2 34 cooperative association under chapter 499, or a for-profit
2 35 entity without a tenant or buyer for the purpose of attracting
3 1 an employer or user which will complete the building to the
3 2 employer's or user's specification for manufacturing,
3 3 processing, or warehousing the employer's or user's product
3 4 line.

3 5 EXPLANATION

3 6 This bill provides that a not-for-profit cooperative
3 7 association may build a speculative shell building in a city
3 8 or county and receive the same property tax exemption that is
3 9 currently received by community development organizations or
3 10 for-profit entities which build speculative shell buildings.

3 11 LSB 2178SC 76

3 12 mk/jj/8