

JAN 30 1998

WAYS AND MEANS

HOUSE FILE 2123

BY OSTERHAUS, THOMAS, WITT,  
and KOENIGS

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act providing for a commercial property tax credit for owners  
2 operating certain retail businesses, making an annual  
3 appropriation, and providing an effective and applicability  
4 date provision.

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

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

HF 2123

1 Section 1. NEW SECTION. 426C.1 COMMERCIAL PROPERTY TAX  
2 CREDIT FUND -- APPORTIONMENT -- PAYMENT.

3 1. A commercial property tax credit fund is created.  
4 There is appropriated annually from the general fund of the  
5 state to the department of revenue and finance to be credited  
6 to the commercial property tax credit fund, the sum of twenty  
7 million dollars to implement this chapter.

8 The director of revenue and finance shall issue warrants on  
9 the commercial property tax credit fund payable to the county  
10 treasurer of each county of the state pursuant to this  
11 chapter.

12 "Commercial property" as used in this chapter means  
13 buildings and land assessed as commercial property which are  
14 owned by a person operating a retail business occupying the  
15 property and employing ten or fewer full-time equivalent  
16 positions.

17 2. The commercial property tax credit fund shall be  
18 apportioned each year so as to give a credit against the tax  
19 on each eligible commercial property in the state in an amount  
20 equal to the actual levy on the first fifteen thousand dollars  
21 of actual value for each eligible commercial property.

22 3. The amount due each county shall be paid in two  
23 payments on November 15 and March 15 of each fiscal year,  
24 drawn upon warrants payable to the respective county  
25 treasurers. The two payments shall be as nearly equal as  
26 possible.

27 4. Annually, the department of revenue and finance shall  
28 estimate the credit not to exceed the actual levy on the first  
29 fifteen thousand dollars of actual value of each eligible  
30 commercial property, and shall certify to the county auditor  
31 of each county the credit and its amount in dollars. If the  
32 amount appropriated in subsection 1 is insufficient to fully  
33 fund the credit on the first fifteen thousand dollars of  
34 actual value for each eligible commercial property, the  
35 department shall estimate the portion of the fifteen thousand

1 dollar credit which will be fully funded by the appropriation  
2 as required in section 25B.7 and shall so notify each county  
3 auditor. Each county auditor shall then enter the credit  
4 against the tax levied on each eligible commercial property in  
5 each county payable during the ensuing year, designating on  
6 the tax lists the credit as being from the commercial property  
7 tax credit fund, and credit shall then be given to the several  
8 taxing districts in which eligible commercial properties are  
9 located in an amount equal to the credits allowed on the taxes  
10 of the commercial properties. The amount of credits shall be  
11 apportioned by each county treasurer to the several taxing  
12 districts as provided by law, in the same manner as though the  
13 amount of the credit had been paid by the owners of the  
14 commercial properties. However, the several taxing districts  
15 shall not draw the funds so credited until after the  
16 semiannual allocations are received by the county treasurer,  
17 as provided in this chapter. Each county treasurer shall show  
18 on each tax receipt the amount of credit received from the  
19 commercial property tax credit fund.

20 5. The commercial property tax credit allowed in this  
21 chapter shall not exceed the actual amount of taxes payable on  
22 the eligible commercial property, exclusive of any special  
23 assessments levied against the commercial property.

24 Sec. 2. NEW SECTION. 426C.2 QUALIFYING FOR CREDIT.

25 A person who wishes to qualify for the credit allowed under  
26 this chapter shall obtain the appropriate forms for filing for  
27 the credit from the assessor. The person claiming the credit  
28 shall file a verified statement and designation of commercial  
29 property with the assessor for the year for which the person  
30 is first claiming the credit. The claim shall be filed not  
31 later than July 1 of the year for which the person is claiming  
32 the credit. A claim filed after July 1 of the year for which  
33 the person is claiming the credit shall be considered as a  
34 claim filed for the following year.

35 Upon the filing and allowance of the claim, the claim shall

1 be allowed on that commercial property for successive years  
2 without further filing as long as the property is legally or  
3 equitably owned and used as commercial property by that person  
4 or that person's spouse on July 1 of each of those successive  
5 years and the number of full-time equivalent positions has not  
6 exceeded ten. When the property is sold or transferred, the  
7 buyer or transferee who wishes to qualify shall refile for the  
8 credit.

9 Sec. 3. NEW SECTION. 426C.3 FORMS -- RULES.

10 The director of revenue and finance shall prescribe the  
11 form for making a verified statement and designation of  
12 commercial property pursuant to section 426C.2, the form for  
13 any required supporting affidavits, and other forms as may be  
14 necessary for the proper administration of this chapter.  
15 Whenever necessary, the department of revenue and finance  
16 shall forward to the county auditor of each county in the  
17 state the prescribed sample forms, and the county auditors  
18 shall furnish blank forms, prepared in accordance with the  
19 sample forms, with the assessment rolls, books, and supplies  
20 delivered to the assessors. The department of revenue and  
21 finance shall prescribe and the county auditors shall include  
22 on the forms for claiming the credit a statement to the effect  
23 that the owner realizes that the owner must give written  
24 notice to the assessor when the owner changes the use of the  
25 property.

26 The director of revenue and finance may prescribe rules,  
27 not inconsistent with the provisions of this chapter,  
28 necessary to carry out and effectuate the purposes of this  
29 chapter.

30 Sec. 4. EFFECTIVE AND APPLICABILITY DATES. This Act,  
31 being deemed of immediate importance, takes effect upon  
32 enactment and applies to taxes due and payable in fiscal years  
33 beginning on or after July 1, 1999.

34 EXPLANATION

35 The bill creates a property tax credit for property

1 assessed as commercial upon which the owner of the property  
2 operates a retail business employing 10 or fewer full-time  
3 equivalent positions. The amount of the credit equals the tax  
4 levied on the first \$15,000 of actual value of the commercial  
5 property. Twenty million dollars is appropriated annually to  
6 reimburse local governments for the loss of revenue resulting  
7 from the credit. However, if the \$20 million is insufficient  
8 to fully fund the credit then the credit is reduced so that  
9 the local governments do not lose revenue. To claim the  
10 credit the owner must file a claim for the first year the  
11 credit is claimed but does not have to file again as long as  
12 the property still qualifies.

13 The bill takes effect upon enactment and applies to  
14 property taxes due and payable in fiscal years beginning on or  
15 after July 1, 1999.

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35