

FEB 17 1998  
WAYS AND MEANS

HOUSE FILE 2291  
BY HEATON

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

**A BILL FOR**

1 An Act relating to the definition of "commercial property" for  
2 purposes of property taxation.

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

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HF 2291

1 Section 1. Section 404.2, subsection 2, paragraph f, Code  
2 Supplement 1997, is amended to read as follows:

3 f. A statement specifying whether the revitalization is  
4 applicable to none, some, or all of the property assessed as  
5 residential, agricultural, commercial or industrial property  
6 within the designated area or a combination thereof and  
7 whether the revitalization is for rehabilitation and additions  
8 to existing buildings or new construction or both. If  
9 revitalization is made applicable only to some property within  
10 an assessment classification, the definition of that subset of  
11 eligible property must be by uniform criteria which further  
12 some planning objective identified in the plan. The city  
13 shall state how long it is estimated that the area shall  
14 remain a designated revitalization area which time shall be  
15 longer than one year from the date of designation and shall  
16 state any plan by the city to issue revenue bonds for  
17 revitalization projects within the area. For a county, a  
18 revitalization area shall include only property which will be  
19 used as industrial property, commercial property, commercial  
20 property consisting of three four or more separate living  
21 quarters with at least seventy-five percent of the space used  
22 for residential purposes, or residential property. However, a  
23 county shall not provide a tax exemption under this chapter to  
24 commercial property, commercial property consisting of three  
25 four or more separate living quarters with at least seventy-  
26 five percent of the space used for residential purposes, or  
27 residential property which is located within the limits of a  
28 city.

29 Sec. 2. Section 404.3, subsection 4, Code 1997, is amended  
30 to read as follows:

31 4. All qualified real estate assessed as residential  
32 property or assessed as commercial property, if the commercial  
33 property consists of three four or more separate living  
34 quarters with at least seventy-five percent of the space used  
35 for residential purposes, is eligible to receive a one hundred

1 percent exemption from taxation on the actual value added by  
2 the improvements. The exemption is for a period of ten years.

3 Sec. 3. Section 441.21, subsection 11, Code Supplement  
4 1997, is amended to read as follows:

5 11. a. Beginning with valuations established on or after  
6 January 1, 1995, as used in this section, "residential  
7 property" includes all land and buildings of multiple housing  
8 cooperatives organized under chapter 499A and includes land  
9 and buildings used primarily for human habitation which land  
10 and buildings are owned and operated by organizations that  
11 have received tax-exempt status under section 501(c)(3) of the  
12 Internal Revenue Code and rental income from the property is  
13 not taxed as unrelated business income under section 422.33,  
14 subsection 1A.

15 b. For the assessment year beginning January 1, 1999, and  
16 for all subsequent assessment years, "commercial property"  
17 includes buildings and structures used as commercial ventures,  
18 which buildings and structures contain four or more separate  
19 living quarters intended for human habitation.

20 EXPLANATION

21 This bill provides that buildings and structures which  
22 contain four or more separate living quarters intended for  
23 human habitation and which are used as commercial ventures  
24 shall be considered commercial property for property tax  
25 assessment purposes.

26 The bill applies to assessment years beginning on or after  
27 January 1, 1999.

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