

S-3/13/97 W. & Means  
S-3/25/97 Do Pass

MAR 6 1997  
WAYS & MEANS CALENDAR

HOUSE FILE 495  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 157)

Passed House, <sup>(p. 615)</sup> Date 3-17-97 Passed Senate, Date 4/14/97 (p. 1150)  
Vote: Ayes 96 Nays 0 Vote: Ayes 45 Nays 0  
Approved April 22, 1997

A BILL FOR

1 An Act relating to certain machinery, equipment, and computers  
2 for purposes of property taxation and providing an  
3 applicability date.

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

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HF 495

1 Section 1. Section 427B.17, subsection 1, Code 1997, is  
2 amended by striking the subsection and inserting in lieu  
3 thereof the following:

4 1. For property defined in section 427A.1, subsection 1,  
5 paragraphs "e" and "j", the taxpayer's valuation shall be  
6 limited to thirty percent of the net acquisition cost of the  
7 property, except as otherwise provided in subsections 2 and 3.  
8 For purposes of this section, "net acquisition cost" means the  
9 acquired cost of the property including all foundations and  
10 installation cost less any excess cost adjustment.

11 Sec. 2. By July 1, 1997, each county assessor shall report  
12 to the department of revenue and finance a revised statement  
13 of the total assessed value of property assessed pursuant to  
14 section 427B.17, as amended in this Act and assessed as of  
15 January 1, 1994.

16 Sec. 3. This Act applies to claims for reimbursement filed  
17 on or after July 1, 1997.

18 EXPLANATION

19 This bill provides that industrial machinery, equipment,  
20 and computers acquired or initially leased before January 1,  
21 1982, shall be assessed for taxation at 30 percent of net  
22 acquisition cost and shall be subject to the same exemption  
23 phaseout schedule as is currently provided by law for such  
24 property acquired or initially leased on or after January 1,  
25 1982. According to the phaseout schedule, applicable  
26 machinery, equipment, and computers will be totally exempt  
27 from taxation beginning with the 2002 assessment year.

28 The state will provide reimbursement for this property as  
29 it is removed from the tax rolls beginning with the 1996  
30 assessment year. The bill applies to claims for machinery and  
31 equipment tax reimbursement filed on or after July 1, 1997.

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**HOUSE FILE 495  
FISCAL NOTE**

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A fiscal note for House File 495 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 495 provides that machinery and equipment (M&E) acquired before January 1, 1982, shall be assessed for taxation at 30.0% of net acquisition cost and shall be subject to the same exemption phaseout schedule as is currently provided by law for such property acquired after January 1, 1982. According to the phaseout schedule, eligible M&E will be totally exempt from taxation beginning with the 2002 assessment year, which applies to taxes payable in FY 2004. The phaseout begins with the 1999 assessment year.

The State will provide reimbursement for this property as it is removed from the tax rolls beginning with the 1996 assessment year. The Bill applies to claims for M&E tax reimbursement filed on or after July 1, 1997.

**FISCAL IMPACT**

The estimates on which the initial legislation was based implicitly assumed that the M&E addressed in this Bill was subject to the phaseout, and that local governments would be reimbursed. To the extent that these costs have already been reflected in balance sheet projections, there would be no fiscal impact associated with HF 495. (LSB 1675hv, JAM)

FILED MARCH 10, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

Sec. 3. This Act applies to claims for reimbursement filed on or after July 1, 1997.

HOUSE FILE 495

AN ACT

RELATING TO CERTAIN MACHINERY, EQUIPMENT, AND COMPUTERS  
FOR PURPOSES OF PROPERTY TAXATION AND PROVIDING AN AP-  
PLICABILITY DATE.

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

Section 1. Section 427B.17, subsection 1, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

1. For property defined in section 427A.1, subsection 1, paragraphs "e" and "j", the taxpayer's valuation shall be limited to thirty percent of the net acquisition cost of the property, except as otherwise provided in subsections 2 and 3. For purposes of this section, "net acquisition cost" means the acquired cost of the property including all foundations and installation cost less any excess cost adjustment.

Sec. 2. By July 1, 1997, each county assessor shall report to the department of revenue and finance a revised statement of the total assessed value of property assessed pursuant to section 427B.17, as amended in this Act and assessed as of January 1, 1994.

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RON J. CORBETT  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 495, Seventy-seventh General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved April 22, 1997

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TERRY E. BRANSTAD  
Governor