

Jager
Blodgett
Osterhaus

HSB 669

WAYS AND MEANS

§
HF 2546

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the administration and enforcement of the
2 replacement tax imposed on the generation, transmission, and
3 delivery, consumption, and use of electricity and natural gas,
4 providing for the Act's retroactive applicability, and
5 providing an effective date.

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

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1 Section 1. Section 421.10, Code 1999, is amended to read
2 as follows:

3 421.10 APPEAL PERIOD -- APPLICABILITY.

4 The appeal period for revision of assessment of tax,
5 interest, and penalties set out under section 422.28, 422.54,
6 437A.9, 437A.22, 452A.64, 453A.29, or 453A.46 applies to
7 appeals to notices from the department denying changes in
8 filing methods, denying refund claims, and denying portions of
9 refund claims for the tax covered by that section, and notices
10 of any department action directed to a specific taxpayer,
11 other than licensing, which involves a calculation.

12 Sec. 2. Section 437A.3, subsection 1, unnumbered paragraph
13 1, Code Supplement 1999, is amended to read as follows:

14 "Assessed value" means the base year assessed value, as
15 adjusted by section 437A.19, subsection 2. "Base year
16 assessed value", for a taxpayer other than an electric
17 company, natural gas company, or electric cooperative, means
18 the value attributable to property identified in section
19 427A.1, subsection 1, paragraph "h", certified by the
20 department of revenue and finance to the county auditors for
21 the assessment date of January 1, 1997, and the value
22 attributable to property identified in section 427A.1 and
23 section 427B.17, subsection 5, as certified by the local
24 assessors to the county auditors for the assessment date of
25 January 1, 1997, provided, that for a taxpayer subject to
26 section 437A.17A, such value shall be the value certified by
27 the department of revenue and finance and local assessors to
28 the county auditors for the assessment date of January 1,
29 1998.

30 Sec. 3. Section 437A.5, subsection 7, unnumbered paragraph
31 2, Code 1999, is amended to read as follows:

32 ~~Section-437A-57-subsection~~ Subsection 27 does not apply to
33 natural gas consumed by a person, other than an electric
34 company, natural gas company, electric cooperative, or
35 municipal utility, acquired by means of facilities owned by or

1 leased to such person on January 1, 1999, which were
2 physically attached to pipelines that are not permitted
3 pursuant to chapter 479 and used by such person for the
4 purpose of bypassing the local natural gas company or
5 municipal utility.

6 Sec. 4. Section 437A.5, subsection 7, Code 1999, is
7 amended by adding the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. Subsection 1 does not apply to
9 natural gas which is delivered, by a pipeline that is not
10 permitted pursuant to chapter 479, into a facility owned by or
11 leased to a person, other than an electric company, natural
12 gas company, electric cooperative, or municipal utility, if
13 the person who consumes the gas uses the gas for the purpose
14 of bypassing the local natural gas company or municipal
15 utility, regardless of whether such facility existed on
16 January 1, 1999.

17 Sec. 5. Section 437A.6, subsection 2, Code 1999, is
18 amended to read as follows:

19 2. For purposes of this section, if a generation facility
20 is jointly owned or leased, ~~the taxpayer shall compute the~~
21 ~~number of kilowatt-hours of electricity subject to the~~
22 ~~replacement generation tax by multiplying the taxpayer's~~
23 ~~percentage interest in the jointly held generation facility by~~
24 ~~the number of kilowatt-hours of electricity generated~~ shall be
25 the number of kilowatt-hours of electricity generated and
26 dispatched by the jointly held generation facility to the
27 account of the taxpayer.

28 Sec. 6. Section 437A.6, Code 1999, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 3. For purposes of this section, the
31 number of kilowatt-hours generated by a generation facility
32 shall exclude any kilowatt-hours used to operate that
33 generation facility.

34 Sec. 7. Section 437A.8, subsection 4, Code 1999, is
35 amended to by adding the following new unnumbered paragraphs:

1 NEW UNNUMBERED PARAGRAPH. If a distribution electric
2 cooperative member or a municipal utility purchasing member
3 subject to section 437A.15, subsection 3, paragraph "b", does
4 not make timely payment of the correct amount of replacement
5 tax to the generation and transmission electric cooperative
6 and the generation and transmission electric cooperative so
7 notifies the director and the appropriate county treasurer
8 within fifteen days after August 1, and timely remits to the
9 county treasurer the amounts of replacement tax received by
10 the generation and transmission elective cooperative in
11 accordance with section 437A.15, subsection 3, paragraph "b",
12 the generation and transmission electric cooperative shall not
13 be liable for the unpaid replacement tax due from the
14 distribution electric cooperative member or municipal utility
15 purchasing member. The generation and transmission electric
16 cooperative shall also not be liable for a special utility
17 property tax levy, if any, and shall not be entitled to a tax
18 credit, if any, attributable to the unpaid replacement tax.
19 The county treasurer and the director shall enforce payment of
20 the replacement tax against the appropriate distribution
21 electric cooperative member or municipal utility purchasing
22 member pursuant to sections 437A.9 through 437A.13. The
23 county treasurer shall enforce payment of the special utility
24 property tax levy, if any, against the appropriate
25 distribution electric cooperative member or municipal utility
26 purchasing member.

27 NEW UNNUMBERED PARAGRAPH. If a generation and transmission
28 electric cooperative receives some, but not all, of the
29 required payment from a distribution electric cooperative
30 member or a municipal utility purchasing member, the
31 generation and transmission electric cooperative shall notify
32 the director within fifteen days after August 1. The director
33 shall then notify the generation and transmission electric
34 cooperative of the paid amount to be remitted to the
35 appropriate county treasurer and shall also notify the county

1 treasurer. If the generation and transmission electric
 2 cooperative timely notifies the director and timely remits to
 3 the county treasurer the amounts of replacement tax, as
 4 determined by the director, the generation and transmission
 5 electric cooperative shall not be liable for that unpaid
 6 replacement tax due from the distribution electric cooperative
 7 member or municipal utility purchasing member. The generation
 8 and transmission electric cooperative shall also not be liable
 9 for a special utility property tax levy, if any, and shall not
 10 be entitled to a tax credit, if any, attributable to the
 11 unpaid replacement tax. The county treasurer and the director
 12 shall enforce payment of the replacement tax against the
 13 appropriate distribution electric cooperative member or
 14 municipal utility purchasing member pursuant to sections
 15 437A.9 through 437A.13. The county treasurer shall enforce
 16 payment of the special utility property tax levy, if any,
 17 against the appropriate distribution electric cooperative
 18 member or municipal utility purchasing member.

19 NEW UNNUMBERED PARAGRAPH. If a generation and transmission
 20 electric cooperative, after notice, does not timely pay the
 21 correct amount of replacement tax or special utility property
 22 tax levy attributable to the excess property tax liability to
 23 the appropriate county treasurer, after receiving the required
 24 payment from the distribution electric cooperative member or
 25 municipal utility purchasing member, such replacement tax
 26 shall be enforced solely against the generation and
 27 transmission electric cooperative under sections 437A.9
 28 through 437A.13, and shall not be enforced against the paying
 29 distribution electric cooperative member or municipal utility
 30 purchasing member, and the special utility property tax levy
 31 shall be enforced solely against the generation and
 32 transmission electric cooperative.

33 Sec. 8. Section 437A.11, unnumbered paragraph 6, Code
 34 1999, is amended to read as follows:

Section 445.3 applies with respect to the replacement taxes

1 and special utility property tax levies and penalties and
2 interest imposed by this chapter, except for the provisions
3 limiting the commencement of actions. In addition, at the
4 county treasurer's discretion, chapters 446, 447, and 448
5 apply in the enforcement of the special utility property tax
6 levies, but any tax deed issued shall not extinguish a tax
7 lien or judgment lien for replacement taxes that has attached
8 to the property.

9 Sec. 9. Section 437A.14, subsection 1, paragraph b, Code
10 Supplement 1999, is amended by adding the following new
11 unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. If an amount of overpaid
13 replacement tax is attributable to payment of excess property
14 tax liability as described in section 437A.15, subsection 3,
15 paragraph "b", a claim for refund or credit may only be made
16 by, and a refund or credit shall only be made to, the person
17 who made such excess payment. Such claim shall not be made by
18 the person who collected the tax from another person.

19 Sec. 10. Section 437A.15, subsection 3, Code Supplement
20 1999, is amended to read as follows:

21 3. a. All replacement taxes owed by a taxpayer shall be
22 allocated among the local taxing districts in which such
23 taxpayer's property is located in accordance with a general
24 allocation formula determined by the department of management
25 on the basis of general property tax equivalents. General
26 property tax equivalents shall be determined by applying the
27 levy rates reported by each local taxing district to the
28 department of management on or before June 30 following a tax
29 year to the assessed value of taxpayer property allocated to
30 each such local taxing district as adjusted and reported to
31 the department of management in such tax year by the director
32 pursuant to section 437A.19, subsection 2. The general
33 allocation formula for a tax year shall allocate to each local
34 taxing district that portion of the replacement taxes owed by
35 each taxpayer which bears the same ratio as such taxpayer's

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1 general property tax equivalents for each local taxing
2 district bears to such taxpayer's total general property tax
3 equivalents for all local taxing districts in Iowa.

4 b. Notwithstanding other provisions of this section, if
5 excess property tax liability has been assigned pursuant to
6 section 437A.4, subsection 3, paragraph "c", subparagraph (4),
7 and has not been removed, the allocation of electric delivery
8 replacement tax attributable to the excess property tax
9 liability shall be made by the director and the department of
10 management so as to allocate the electric delivery replacement
11 tax attributable to the excess property tax liability among
12 those local taxing districts in which the property associated
13 with the excess property tax liability is located. In order
14 to ensure that the electric delivery replacement tax
15 attributable to the excess property tax liability is paid to
16 the appropriate county treasurer for disposition to the local
17 taxing districts, each distribution electric cooperative
18 member and each municipal utility purchasing member subject to
19 section 437A.4, subsection 3, paragraph "c", subparagraph (4),
20 shall pay to the appropriate generation and transmission
21 electric cooperative the electric delivery replacement tax
22 attributable to the excess property tax liability by August 1.
23 The amount of electric delivery replacement tax attributable
24 to the excess property tax liability shall equal that
25 percentage of total electric delivery replacement tax
26 liability that the excess property tax liability bears to the
27 total property tax liability contained in the electric
28 delivery tax component. The generation and transmission
29 electric cooperative shall pay the electric delivery
30 replacement tax attributable to the excess property tax
31 liability to the appropriate county treasurer.

32 c. If paragraph "b" is applicable, on or before June 1,
33 the director shall notify each distribution electric
34 cooperative member, each municipal utility purchasing member,
and each generation and transmission electric cooperative of

1 the amount of electric delivery replacement tax to pay to the
2 generation and transmission electric cooperative. On or
3 before June 1, the director shall notify the generation and
4 transmission electric cooperative of the amount of replacement
5 tax liability attributable to the excess property tax
6 liability that is payable to each county treasurer. The
7 director shall determine the amount of any special utility
8 property tax levy or tax credit attributable to the excess
9 property tax liability which shall be reflected in the amount
10 required to be paid by each distribution electric cooperative
11 member and each municipal utility purchasing member to the
12 generation and transmission electric cooperative.

13 Sec. 11. Section 437A.15, subsection 4, unnumbered
14 paragraph 1, Code Supplement 1999, is amended to read as
15 follows:

16 On or before August 31 following tax years 1999, 2000, and
17 2001, each county treasurer shall compute a special utility
18 property tax levy or tax credit for each taxpayer for which a
19 replacement tax liability for each such tax year is reported
20 to the county treasurer pursuant to subsection 1, and shall
21 notify the taxpayer of the amount of such tax levy or tax
22 credit. The amount of the special utility property tax levy
23 or credit shall be determined for each taxpayer by the county
24 treasurer by comparing the taxpayer's total replacement tax
25 liability allocated to taxing districts in the county pursuant
26 to this section with the anticipated tax revenues from the
27 taxpayer for all taxing districts in the county. If the
28 taxpayer's total replacement tax liability allocated to taxing
29 districts in the county is less than the anticipated tax
30 revenues from the taxpayer for all taxing districts in the
31 county, the county treasurer shall levy a special utility
32 property tax equal to the shortfall which shall be added to
33 and collected with the replacement tax owed by the taxpayer to
34 the county treasurer for the tax year pursuant to section
35 437A.8, subsection 4. If the taxpayer's total replacement tax

1 liability allocated to taxing districts in the county exceeds
 2 the anticipated tax revenues from the taxpayer for all taxing
 3 districts in the county, the county treasurer shall issue a
 4 credit to the taxpayer which shall be applied to reduce the
 5 taxpayer's replacement tax liability to the county treasurer
 6 for the tax year. If the taxpayer's total replacement tax
 7 liability allocated to taxing districts in the county equals
 8 the anticipated tax revenues from the taxpayer for all taxing
 9 districts in the county, no levy or credit is required.

10 Replacement tax liability for purposes of this subsection
 11 means replacement tax liability before credits allowed by
 12 section 437A.8, subsection 7. A recalculation of a special
 13 utility property tax levy or credit shall not be made as a
 14 result of a subsequent recalculation of replacement tax
 15 liability under section 437A.8, subsection 7, or adjustment to
 16 assessed value under section 437A.19, subsection 2, paragraph
 17 "f". "Anticipated tax revenues from a taxpayer" means the
 18 product of the total levy rates imposed by the taxing
 19 districts and the value of taxpayer property allocated to the
 20 taxing districts and reported to the county auditor. Special
 21 utility property tax levies and credits shall be treated as
 22 replacement taxes for purposes of section 437A.11. If a
 23 special utility property tax levy payment becomes delinquent,
 24 the delinquent payment shall accrue interest and penalty in
 25 the same manner and amount as the replacement tax under
 26 section 437A.13.

27 Sec. 12. Section 437A.19, subsection 2, paragraph f,
 28 unnumbered paragraph 3, Code Supplement 1999, is amended to
 29 read as follows:

30 The director, on or before October 31, 1999, in the case of
 31 January 1, 1999, assessed values, and on or before August 31
 32 of each subsequent assessment year, shall report to the
 33 department of management and to the auditor of each county the
 34 adjusted assessed value of taxpayer property as of January 1
 35 of such assessment year for each local taxing district,

1 provided that for a taxpayer whose base year as defined in
2 section 437A.3, subsection 1, changed from 1997 to 1998, the
3 director shall, before May 1, 2000, report to the department
4 of management and to the auditor of each county, the assessed
5 values as of January 1, 1999. For purposes of this
6 subsection, the assessed value of taxpayer property in each
7 local taxing district subject to adjustment under this section
8 by the director means the assessed value of such property as
9 of the preceding January 1 as determined and allocated among
10 the local taxing districts by the director.

11 Sec. 13. Section 437A.21, Code 1999, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 6. Notwithstanding subsections 1 through
14 5, a taxpayer is not required to file a return under this
15 section or to remit any statewide property tax for any tax
16 year in which the taxpayer's statewide property tax liability
17 is one dollar or less.

18 Sec. 14. Section 443.2, unnumbered paragraph 2, Code 1999,
19 is amended to read as follows:

20 The county auditor shall list the aggregate actual value
21 and the aggregate taxable value of all taxable property within
22 the county and each political subdivision including property
23 subject to the statewide property tax imposed under section
24 437A.18 on the tax list in order that the actual value of the
25 taxable property within the county or a political subdivision
26 may be ascertained and shown by the tax list for the purpose
27 of computing the debt-incurring capacity of the county or
28 political subdivision. As used in this section, "actual
29 value" is the value determined under section 441.21,
30 subsections 1 to 3, prior to the reduction to a percentage of
31 actual value as otherwise provided in section 441.21. "Actual
32 value" of property subject to statewide property tax is the
33 assessed value under section 437A.18.

34 Sec. 15. Section 445.57, Code 1999, is amended by adding
35 the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. The county treasurer shall
 2 apportion all interest and penalties on the replacement taxes
 3 and special utility property tax levies collected by the
 4 county treasurer to the general fund. Replacement taxes
 5 collected by the county treasurer shall be apportioned as set
 6 forth in this section.

7 Sec. 16. RECOMPUTATION. The director of revenue and
 8 finance shall recompute the electric replacement delivery tax
 9 rate applicable to each electric competitive service area
 10 under section 437A.4 in order to reflect the electric
 11 generation tax component determined under section 437A.6, as
 12 amended by this Act. If the recomputed electric replacement
 13 delivery tax rate differs from the delivery tax rate published
 14 in the Iowa administrative bulletin in 1999, the director
 15 shall publish the recomputed tax rate in the Iowa
 16 administrative bulletin within ninety days of the effective
 17 date of this Act.

18 Sec. 17. RETROACTIVE APPLICABILITY. Sections 3, 4, 5, 6,
 19 8, and 9 of this Act, amending section 437A.5, subsection 7;
 20 section 437A.6; section 437A.8, subsection 4; section 437A.14,
 21 subsection 1; and section 437A.15, subsection 3, respectively,
 22 apply retroactively to January 1, 1999, for tax years
 23 beginning on and after that date.

24 Sec. 18. EFFECTIVE DATE. This Act, being deemed of
 25 immediate importance, takes effect upon enactment.

26 EXPLANATION

27 This bill amends provisions relating to the replacement tax
 28 imposed on the generation, transmission, and delivery,
 29 consumption, and use of electricity and natural gas.

30 Code section 421.10 is amended to provide for a 60-day
 31 period for an appeal of a denial of refund or portion of a
 32 refund of replacement tax paid.

33 Code section 437A.3 is amended to provide that the "base
 34 year assessed value" for a municipal utility subject to Code
 section 437A.17A is the value certified by the department of

1 revenue and finance and local assessors to the county auditors
2 for the assessment date of January 1, 1998. Currently, such
3 value is the value certified by the department of revenue and
4 finance and local assessors to the county auditors for the
5 assessment date of January 1, 1997. A municipal utility
6 subject to Code section 437A.17A is one whose property tax
7 assessment for the 1998 assessment year was adjusted by the
8 department of revenue and finance to include depreciation and
9 whose property tax assessment for the 1997 assessment year did
10 not include depreciation in determining its assessment.

11 Code section 437A.5 is amended to exempt from the
12 replacement tax, natural gas delivered by a pipeline not
13 permitted under Code chapter 479 to a person other than an
14 electric company, natural gas company, electric cooperative,
15 or municipal utility, who consumes the gas for the purpose of
16 bypassing the local natural gas company or municipal utility.

17 Code section 437A.6 is amended to provide that a taxpayer
18 participating in a jointly owned or leased generation facility
19 is to pay replacement tax on the number of kilowatt-hours of
20 electricity generated and dispatched by such facility to the
21 account of the taxpayer. The Code section is also amended to
22 provide that the number of kilowatt-hours generated by a
23 generation facility excludes any kilowatt-hours used in the
24 operation of the generation facility.

25 Code section 437A.8 is amended to provide that a generation
26 and transmission electric cooperative is not liable for unpaid
27 replacement tax due from a distribution electric cooperative
28 member or a municipal utility purchasing member so long as
29 appropriate notice as provided for in the Code section is
30 given to the director of revenue and finance. The bill also
31 provides that if a generation and transmission electric
32 cooperative, after notice, does not timely pay the correct
33 amount of replacement tax attributable to the excess property
34 tax liability to the appropriate county treasurer, after
35 receiving the required payment from the distribution electric

1 cooperative member or municipal utility purchasing member,
2 such replacement tax shall be enforced solely against the
3 generation and transmission electric cooperative.

4 Code section 437A.11 is amended to authorize the collection
5 of accrued interest associated with the replacement taxes and
6 special utility property tax levies. The bill also authorizes
7 the county treasurer to enforce payment of the special utility
8 property tax levy by the tax sale process in the same manner
9 as other property tax payments are enforced. The bill
10 provides that a tax deed issued does not extinguish a tax lien
11 or judgment lien for replacement taxes that has attached to
12 the property.

13 Code section 437A.14 is amended to provide that if an
14 amount of overpaid replacement tax is attributable to payment
15 of excess property tax liability, a claim for refund or credit
16 may only be made by, and a refund or credit shall only be made
17 to, the person who made such excess payment.

18 Code section 437A.15 is amended to provide for the
19 allocation of electric delivery replacement tax attributable
20 to excess property tax liability if excess property tax
21 liability has been assigned under Code section 437A.4. The
22 Code section is also amended to provide for the accrual of a
23 penalty and interest on a delinquent special utility property
24 tax levy payment.

25 Code section 437A.19 is amended to conform to Code section
26 437A.3 regarding the definition of "base year assessed value"
27 for a municipal utility subject to Code section 437A.17A.

28 Code section 437A.21 is amended to provide that a taxpayer
29 is not required to file a return under this section or to
30 remit any statewide property tax for any tax year in which the
31 taxpayer's statewide property tax liability is \$1 or less.

32 Code section 443.2 is amended to provide that the actual
33 value and the taxable value of property subject to the
34 statewide property tax under Code chapter 437A is to be listed
35 by the county auditor as part of the aggregate actual value

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1 and the aggregate taxable value of all taxable property within
2 the county for purposes of computing the debt-incurring
3 capacity of the county or political subdivision.

4 Code section 445.57 is amended to provide that all interest
5 and penalties collected on delinquent replacement taxes and
6 special utility property tax levies are to be deposited in the
7 county general fund. The Code section is also amended to
8 specifically state that replacement taxes collected by the
9 county treasurer are to be apportioned as directed in Code
10 section 445.57.

11 Section 14 of the bill provides that the director of
12 revenue and finance shall recompute the electric replacement
13 delivery tax rate applicable to each electric competitive
14 service area under Code section 437A.4 in order to clearly
15 reflect the electric generation tax component determined under
16 Code section 437A.6, as amended by this bill.

17 The bill provides that Code section 437A.5, subsection 7;
18 section 437A.6; Code section 437A.8, subsection 4; Code
19 section 437A.14, subsection 1; and Code section 437A.15,
20 subsection 3, as amended in this bill are made retroactively
21 applicable to January 1, 1999, for tax years beginning on and
22 after that date.

23 The bill takes effect upon enactment.

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Substituted For by SA 2420

MAR 22 2000 4-3-00 (p. 1179)

WAYS & MEANS CALENDAR

HOUSE FILE 2546

BY COMMITTEE ON WAYS AND MEANS

WITHDRAWN

(SUCCESSOR TO HSB 669)

4-3-00 (p. 1180)

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

A BILL FOR

1 An Act relating to the administration and enforcement of the
2 replacement tax imposed on the generation, transmission, and
3 delivery, consumption, and use of electricity and natural gas,
4 providing for the Act's retroactive applicability, and
5 providing an effective date.

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

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1 Section 1. Section 421.10, Code 1999, is amended to read
2 as follows:

3 421.10 APPEAL PERIOD -- APPLICABILITY. *W*

4 The appeal period for revision of assessment of tax,
5 interest, and penalties set out under section 422.28, 422.54,
6 437A.9, 437A.22, 452A.64, 453A.29, or 453A.46 applies to
7 appeals to notices from the department denying changes in
8 filing methods, denying refund claims, and denying portions of
9 refund claims for the tax covered by that section, and notices
10 of any department action directed to a specific taxpayer,
11 other than licensing, which involves a calculation.

12 Sec. 2. Section 437A.3, subsection 1, unnumbered paragraph
13 1, Code Supplement 1999, is amended to read as follows:

14 "Assessed value" means the base year assessed value, as
15 adjusted by section 437A.19, subsection 2. "Base year
16 assessed value", for a taxpayer other than an electric
17 company, natural gas company, or electric cooperative, means
18 the value attributable to property identified in section
19 427A.1, subsection 1, paragraph "h", certified by the
20 department of revenue and finance to the county auditors for
21 the assessment date of January 1, 1997, and the value
22 attributable to property identified in section 427A.1 and
23 section 427B.17, subsection 5, as certified by the local
24 assessors to the county auditors for the assessment date of
25 January 1, 1997, provided, that for a taxpayer subject to
26 section 437A.17A, such value shall be the value certified by
27 the department of revenue and finance and local assessors to
28 the county auditors for the assessment date of January 1,
29 1998.

30 Sec. 3. Section 437A.5, subsection 7, unnumbered paragraph
31 2, Code 1999, is amended to read as follows:

32 ~~Section-437A-5-7-subsection~~ Subsection 2 does not apply to
33 natural gas consumed by a person, other than an electric
34 company, natural gas company, electric cooperative, or
35 municipal utility, acquired by means of facilities owned by or

1 leased to such person on January 1, 1999, which were
2 physically attached to pipelines that are not permitted
3 pursuant to chapter 479 and used by such person for the
4 purpose of bypassing the local natural gas company or
5 municipal utility.

6 Sec. 4. Section 437A.5, subsection 7, Code 1999, is
7 amended by adding the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. Subsection 1 does not apply to
9 natural gas which is delivered, by a pipeline that is not
10 permitted pursuant to chapter 479, into a facility owned by or
11 leased to a person, other than an electric company, natural
12 gas company, electric cooperative, or municipal utility, if
13 the person who consumes the gas uses the gas for the purpose
14 of bypassing the local natural gas company or municipal
15 utility, regardless of whether such facility existed on
16 January 1, 1999.

17 Sec. 5. Section 437A.6, subsection 2, Code 1999, is
18 amended to read as follows:

19 2. For purposes of this section, if a generation facility
20 is jointly owned or leased, ~~the taxpayer shall compute the~~
21 number of kilowatt-hours of electricity subject to the
22 replacement generation tax ~~by multiplying the taxpayer's~~
23 ~~percentage interest in the jointly held generation facility by~~
24 ~~the number of kilowatt-hours of electricity generated~~ shall be
25 the number of kilowatt-hours of electricity generated and
26 dispatched by the jointly held generation facility to the
27 account of the taxpayer.

28 Sec. 6. Section 437A.6, Code 1999, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 3. For purposes of this section, the
31 number of kilowatt-hours generated by a generation facility
32 shall exclude any kilowatt-hours used to operate that
33 generation facility.

34 Sec. 7. Section 437A.8, subsection 4, Code 1999, is
35 amended by adding the following new unnumbered paragraphs:

1 NEW UNNUMBERED PARAGRAPH. If a distribution electric
2 cooperative member or a municipal utility purchasing member
3 subject to section 437A.15, subsection 3, paragraph "b", does
4 not make timely payment of the correct amount of replacement
5 tax to the generation and transmission electric cooperative
6 and the generation and transmission electric cooperative so
7 notifies the director and the appropriate county treasurer
8 within fifteen days after August 1, and timely remits to the
9 county treasurer the amounts of replacement tax received by
10 the generation and transmission elective cooperative in
11 accordance with section 437A.15, subsection 3, paragraph "b",
12 the generation and transmission electric cooperative shall not
13 be liable for the unpaid replacement tax due from the
14 distribution electric cooperative member or municipal utility
15 purchasing member. The generation and transmission electric
16 cooperative shall also not be liable for a special utility
17 property tax levy, if any, and shall not be entitled to a tax
18 credit, if any, attributable to the unpaid replacement tax.
19 The county treasurer and the director shall enforce payment of
20 the replacement tax against the appropriate distribution
21 electric cooperative member or municipal utility purchasing
22 member pursuant to sections 437A.9 through 437A.13. The
23 county treasurer shall enforce payment of the special utility
24 property tax levy, if any, against the appropriate
25 distribution electric cooperative member or municipal utility
26 purchasing member.

27 NEW UNNUMBERED PARAGRAPH. If a generation and transmission
28 electric cooperative receives some, but not all, of the
29 required payment from a distribution electric cooperative
30 member or a municipal utility purchasing member, the
31 generation and transmission electric cooperative shall notify
32 the director within fifteen days after August 1. The director
33 shall then notify the generation and transmission electric
34 cooperative of the paid amount to be remitted to the
35 appropriate county treasurer and shall also notify the county

1 treasurer. If the generation and transmission electric
2 cooperative timely notifies the director and timely remits to
3 the county treasurer the amounts of replacement tax, as
4 determined by the director, the generation and transmission
5 electric cooperative shall not be liable for that unpaid
6 replacement tax due from the distribution electric cooperative
7 member or municipal utility purchasing member. The generation
8 and transmission electric cooperative shall also not be liable
9 for a special utility property tax levy, if any, and shall not
10 be entitled to a tax credit, if any, attributable to the
11 unpaid replacement tax. The county treasurer and the director
12 shall enforce payment of the replacement tax against the
13 appropriate distribution electric cooperative member or
14 municipal utility purchasing member pursuant to sections
15 437A.9 through 437A.13. The county treasurer shall enforce
16 payment of the special utility property tax levy, if any,
17 against the appropriate distribution electric cooperative
18 member or municipal utility purchasing member.

19 NEW UNNUMBERED PARAGRAPH. If a generation and transmission
20 electric cooperative, after notice, does not timely pay the
21 correct amount of replacement tax or special utility property
22 tax levy attributable to the excess property tax liability to
23 the appropriate county treasurer, after receiving the required
24 payment from the distribution electric cooperative member or
25 municipal utility purchasing member, such replacement tax
26 shall be enforced solely against the generation and
27 transmission electric cooperative under sections 437A.9
28 through 437A.13, and shall not be enforced against the paying
29 distribution electric cooperative member or municipal utility
30 purchasing member, and the special utility property tax levy
31 shall be enforced solely against the generation and
32 transmission electric cooperative.

33 Sec. 8. Section 437A.11, unnumbered paragraph 6, Code
34 1999, is amended to read as follows:

35 Section 445.3 applies with respect to the replacement taxes

1 and special utility property tax levies and penalties and
2 interest imposed by this chapter, except for the provisions
3 limiting the commencement of actions. In addition, at the
4 county treasurer's discretion, chapters 446, 447, and 448
5 apply in the enforcement of the special utility property tax
6 levies, but any tax deed issued shall not extinguish a tax
7 lien or judgment lien for replacement taxes that has attached
8 to the property.

9 Sec. 9. Section 437A.14, subsection 1, paragraph b, Code
10 Supplement 1999, is amended by adding the following new
11 unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. If an amount of overpaid
13 replacement tax is attributable to payment of excess property
14 tax liability as described in section 437A.15, subsection 3,
15 paragraph "b", a claim for refund or credit may only be made
16 by, and a refund or credit shall only be made to, the person
17 who made such excess payment. Such claim shall not be made by
18 the person who collected the tax from another person.

19 Sec. 10. Section 437A.15, subsection 3, Code Supplement
20 1999, is amended to read as follows:

21 3. a. All replacement taxes owed by a taxpayer shall be
22 allocated among the local taxing districts in which such
23 taxpayer's property is located in accordance with a general
24 allocation formula determined by the department of management
25 on the basis of general property tax equivalents. General
26 property tax equivalents shall be determined by applying the
27 levy rates reported by each local taxing district to the
28 department of management on or before June 30 following a tax
29 year to the assessed value of taxpayer property allocated to
30 each such local taxing district as adjusted and reported to
31 the department of management in such tax year by the director
32 pursuant to section 437A.19, subsection 2. The general
33 allocation formula for a tax year shall allocate to each local
34 taxing district that portion of the replacement taxes owed by
35 each taxpayer which bears the same ratio as such taxpayer's

1 general property tax equivalents for each local taxing
2 district bears to such taxpayer's total general property tax
3 equivalents for all local taxing districts in Iowa.

4 b. Notwithstanding other provisions of this section, if
5 excess property tax liability has been assigned pursuant to
6 section 437A.4, subsection 3, paragraph "c", subparagraph (4),
7 and has not been removed, the allocation of electric delivery
8 replacement tax attributable to the excess property tax
9 liability shall be made by the director and the department of
10 management so as to allocate the electric delivery replacement
11 tax attributable to the excess property tax liability among
12 those local taxing districts in which the property associated
13 with the excess property tax liability is located. In order
14 to ensure that the electric delivery replacement tax
15 attributable to the excess property tax liability is paid to
16 the appropriate county treasurer for disposition to the local
17 taxing districts, each distribution electric cooperative
18 member and each municipal utility purchasing member subject to
19 section 437A.4, subsection 3, paragraph "c", subparagraph (4),
20 shall pay to the appropriate generation and transmission
21 electric cooperative the electric delivery replacement tax
22 attributable to the excess property tax liability by August 1.
23 The amount of electric delivery replacement tax attributable
24 to the excess property tax liability shall equal that
25 percentage of total electric delivery replacement tax
26 liability that the excess property tax liability bears to the
27 total property tax liability contained in the electric
28 delivery tax component. The generation and transmission
29 electric cooperative shall pay the electric delivery
30 replacement tax attributable to the excess property tax
31 liability to the appropriate county treasurer.

32 c. If paragraph "b" is applicable, on or before June 1,
33 the director shall notify each distribution electric
34 cooperative member, each municipal utility purchasing member,
35 and each generation and transmission electric cooperative of

1 the amount of electric delivery replacement tax to pay to the
2 generation and transmission electric cooperative. On or
3 before June 1, the director shall notify the generation and
4 transmission electric cooperative of the amount of replacement
5 tax liability attributable to the excess property tax
6 liability that is payable to each county treasurer. The
7 director shall determine the amount of any special utility
8 property tax levy or tax credit attributable to the excess
9 property tax liability which shall be reflected in the amount
10 required to be paid by each distribution electric cooperative
11 member and each municipal utility purchasing member to the
12 generation and transmission electric cooperative.

13 Sec. 11. Section 437A.15, subsection 4, unnumbered
14 paragraph 1, Code Supplement 1999, is amended to read as
15 follows:

16 On or before August 31 following tax years 1999, 2000, and
17 2001, each county treasurer shall compute a special utility
18 property tax levy or tax credit for each taxpayer for which a
19 replacement tax liability for each such tax year is reported
20 to the county treasurer pursuant to subsection 1, and shall
21 notify the taxpayer of the amount of such tax levy or tax
22 credit. The amount of the special utility property tax levy
23 or credit shall be determined for each taxpayer by the county
24 treasurer by comparing the taxpayer's total replacement tax
25 liability allocated to taxing districts in the county pursuant
26 to this section with the anticipated tax revenues from the
27 taxpayer for all taxing districts in the county. If the
28 taxpayer's total replacement tax liability allocated to taxing
29 districts in the county is less than the anticipated tax
30 revenues from the taxpayer for all taxing districts in the
31 county, the county treasurer shall levy a special utility
32 property tax equal to the shortfall which shall be added to
33 and collected with the replacement tax owed by the taxpayer to
34 the county treasurer for the tax year pursuant to section
35 437A.8, subsection 4. If the taxpayer's total replacement tax

1 liability allocated to taxing districts in the county exceeds
2 the anticipated tax revenues from the taxpayer for all taxing
3 districts in the county, the county treasurer shall issue a
4 credit to the taxpayer which shall be applied to reduce the
5 taxpayer's replacement tax liability to the county treasurer
6 for the tax year. If the taxpayer's total replacement tax
7 liability allocated to taxing districts in the county equals
8 the anticipated tax revenues from the taxpayer for all taxing
9 districts in the county, no levy or credit is required.

10 Replacement tax liability for purposes of this subsection
11 means replacement tax liability before credits allowed by
12 section 437A.8, subsection 7. A recalculation of a special
13 utility property tax levy or credit shall not be made as a
14 result of a subsequent recalculation of replacement tax
15 liability under section 437A.8, subsection 7, or adjustment to
16 assessed value under section 437A.19, subsection 2, paragraph
17 "f". "Anticipated tax revenues from a taxpayer" means the
18 product of the total levy rates imposed by the taxing
19 districts and the value of taxpayer property allocated to the
20 taxing districts and reported to the county auditor. Special
21 utility property tax levies and credits shall be treated as
22 replacement taxes for purposes of section 437A.11. If a
23 special utility property tax levy payment becomes delinquent,
24 the delinquent payment shall accrue interest and penalty in
25 the same manner and amount as the replacement tax under
26 section 437A.13.

27 Sec. 12. Section 437A.19, subsection 2, paragraph f,
28 unnumbered paragraph 3, Code Supplement 1999, is amended to
29 read as follows:

30 The director, on or before October 31, 1999, in the case of
31 January 1, 1999, assessed values, and on or before August 31
32 of each subsequent assessment year, shall report to the
33 department of management and to the auditor of each county the
34 adjusted assessed value of taxpayer property as of January 1
35 of such assessment year for each local taxing district,

1 provided that for a taxpayer whose base year as defined in
2 section 437A.3, subsection 1, changed from 1997 to 1998, the
3 director shall, before May 1, 2000, report to the department
4 of management and to the auditor of each county, the assessed
5 values as of January 1, 1999. For purposes of this
6 subsection, the assessed value of taxpayer property in each
7 local taxing district subject to adjustment under this section
8 by the director means the assessed value of such property as
9 of the preceding January 1 as determined and allocated among
10 the local taxing districts by the director.

11 Sec. 13. Section 437A.21, Code 1999, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 6. Notwithstanding subsections 1 through
14 5, a taxpayer is not required to file a return under this
15 section or to remit any statewide property tax for any tax
16 year in which the taxpayer's statewide property tax liability
17 is one dollar or less.

18 Sec. 14. Section 443.2, unnumbered paragraph 2, Code 1999,
19 is amended to read as follows:

20 The county auditor shall list the aggregate actual value
21 and the aggregate taxable value of all taxable property within
22 the county and each political subdivision including property
23 subject to the statewide property tax imposed under section
24 437A.18 on the tax list in order that the actual value of the
25 taxable property within the county or a political subdivision
26 may be ascertained and shown by the tax list for the purpose
27 of computing the debt-incurring capacity of the county or
28 political subdivision. As used in this section, "actual
29 value" is the value determined under section 441.21,
30 subsections 1 to 3, prior to the reduction to a percentage of
31 actual value as otherwise provided in section 441.21. "Actual
32 value" of property subject to statewide property tax is the
33 assessed value under section 437A.18.

34 Sec. 15. Section 445.57, Code 1999, is amended by adding
35 the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. The county treasurer shall
2 apportion all interest and penalties on the replacement taxes
3 and special utility property tax levies collected by the
4 county treasurer to the general fund. Replacement taxes
5 collected by the county treasurer shall be apportioned as set
6 forth in this section.

7 Sec. 16. RECOMPUTATION. The director of revenue and
8 finance shall recompute the electric replacement delivery tax
9 rate applicable to each electric competitive service area
10 under section 437A.4 in order to reflect the electric
11 generation tax component determined under section 437A.6, as
12 amended by this Act. If the recomputed electric replacement
13 delivery tax rate differs from the delivery tax rate published
14 in the Iowa administrative bulletin in 1999, the director
15 shall publish the recomputed tax rate in the Iowa
16 administrative bulletin within ninety days of the effective
17 date of this Act.

18 Sec. 17. RETROACTIVE APPLICABILITY. Sections 3, 4, 5, 6,
19 7, 9, and 10 of this Act, amending section 437A.5, subsection
20 7; section 437A.6; section 437A.8, subsection 4; section
21 437A.14, subsection 1; and section 437A.15, subsection 3,
22 respectively, apply retroactively to January 1, 1999, for tax
23 years beginning on and after that date.

24 Sec. 18. EFFECTIVE DATE. This Act, being deemed of
25 immediate importance, takes effect upon enactment.

26 EXPLANATION

27 This bill amends provisions relating to the replacement tax
28 imposed on the generation, transmission, and delivery,
29 consumption, and use of electricity and natural gas.

30 Code section 421.10 is amended to provide for a 60-day
31 period for an appeal of a denial of refund or portion of a
32 refund of replacement tax paid.

33 Code section 437A.3 is amended to provide that the "base
34 year assessed value" for a municipal utility subject to Code
35 section 437A.17A is the value certified by the department of

1 revenue and finance and local assessors to the county auditors
2 for the assessment date of January 1, 1998. Currently, such
3 value is the value certified by the department of revenue and
4 finance and local assessors to the county auditors for the
5 assessment date of January 1, 1997. A municipal utility
6 subject to Code section 437A.17A is one whose property tax
7 assessment for the 1998 assessment year was adjusted by the
8 department of revenue and finance to include depreciation and
9 whose property tax assessment for the 1997 assessment year did
10 not include depreciation in determining its assessment.

11 Code section 437A.5 is amended to exempt from the
12 replacement tax, natural gas delivered by a pipeline not
13 permitted under Code chapter 479 to a person other than an
14 electric company, natural gas company, electric cooperative,
15 or municipal utility, who consumes the gas for the purpose of
16 bypassing the local natural gas company or municipal utility.

17 Code section 437A.6 is amended to provide that a taxpayer
18 participating in a jointly owned or leased generation facility
19 is to pay replacement tax on the number of kilowatt-hours of
20 electricity generated and dispatched by such facility to the
21 account of the taxpayer. The Code section is also amended to
22 provide that the number of kilowatt-hours generated by a
23 generation facility excludes any kilowatt-hours used in the
24 operation of the generation facility.

25 Code section 437A.8 is amended to provide that a generation
26 and transmission electric cooperative is not liable for unpaid
27 replacement tax due from a distribution electric cooperative
28 member or a municipal utility purchasing member so long as
29 appropriate notice as provided for in the Code section is
30 given to the director of revenue and finance. The bill also
31 provides that if a generation and transmission electric
32 cooperative, after notice, does not timely pay the correct
33 amount of replacement tax attributable to the excess property
34 tax liability to the appropriate county treasurer, after
35 receiving the required payment from the distribution electric

1 cooperative member or municipal utility purchasing member,
2 such replacement tax shall be enforced solely against the
3 generation and transmission electric cooperative.

4 Code section 437A.11 is amended to authorize the collection
5 of accrued interest associated with the replacement taxes and
6 special utility property tax levies. The bill also authorizes
7 the county treasurer to enforce payment of the special utility
8 property tax levy by the tax sale process in the same manner
9 as other property tax payments are enforced. The bill
10 provides that a tax deed issued does not extinguish a tax lien
11 or judgment lien for replacement taxes that has attached to
12 the property.

13 Code section 437A.14 is amended to provide that if an
14 amount of overpaid replacement tax is attributable to payment
15 of excess property tax liability, a claim for refund or credit
16 may only be made by, and a refund or credit shall only be made
17 to, the person who made such excess payment.

18 Code section 437A.15 is amended to provide for the
19 allocation of electric delivery replacement tax attributable
20 to excess property tax liability if excess property tax
21 liability has been assigned under Code section 437A.4. The
22 Code section is also amended to provide for the accrual of a
23 penalty and interest on a delinquent special utility property
24 tax levy payment.

25 Code section 437A.19 is amended to conform to Code section
26 437A.3 regarding the definition of "base year assessed value"
27 for a municipal utility subject to Code section 437A.17A.

28 Code section 437A.21 is amended to provide that a taxpayer
29 is not required to file a return under this section or to
30 remit any statewide property tax for any tax year in which the
31 taxpayer's statewide property tax liability is \$1 or less.

32 Code section 443.2 is amended to provide that the actual
33 value and the taxable value of property subject to the
34 statewide property tax under Code chapter 437A is to be listed
35 by the county auditor as part of the aggregate actual value

1 and the aggregate taxable value of all taxable property within
2 the county for purposes of computing the debt-incurring
3 capacity of the county or political subdivision.

4 Code section 445.57 is amended to provide that all interest
5 and penalties collected on delinquent replacement taxes and
6 special utility property tax levies are to be deposited in the
7 county general fund. The Code section is also amended to
8 specifically state that replacement taxes collected by the
9 county treasurer are to be apportioned as directed in Code
10 section 445.57.

11 Section 14 of the bill provides that the director of
12 revenue and finance shall recompute the electric replacement
13 delivery tax rate applicable to each electric competitive
14 service area under Code section 437A.4 in order to clearly
15 reflect the electric generation tax component determined under
16 Code section 437A.6, as amended by this bill.

17 The bill provides that Code section 437A.5, subsection 7;
18 section 437A.6; Code section 437A.8, subsection 4; Code
19 section 437A.14, subsection 1; and Code section 437A.15,
20 subsection 3, as amended in this bill are made retroactively
21 applicable to January 1, 1999, for tax years beginning on and
22 after that date.

23 The bill takes effect upon enactment.

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