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FILED APR 12 2001

SENATE FILE SF 520

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 290)

Passed Senate ^(P. 143) Date 4.17-01
Vote: Ayes 47 Nays 0
Approved 5/16/01

Passed House, Date 5/4/01 (p. 1861)
Vote: Ayes 87 Nays 0

A BILL FOR

1 An Act relating to the property tax exemption for methane gas and
2 other gas conversion property and providing a retroactive
3 applicability date and an effective date.

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

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SF 520

1 Section 1. Section 427.1, subsection 29, unnumbered
2 paragraph 2, Code 2001, is amended to read as follows:
3 For purposes of this subsection, "methane gas conversion
4 property" means personal property, real property, and
5 improvements to real property, and machinery, equipment, and
6 computers assessed as real property pursuant to section
7 427A.1, subsection 1, paragraphs "e" and "j", used in an
8 operation connected with, or in conjunction with, a publicly
9 owned sanitary landfill to collect methane gas or other gases
10 produced as a by-product of waste decomposition and to convert
11 the gas to energy, or to collect waste that would otherwise be
12 collected by, or deposited with, a publicly owned sanitary
13 landfill in order to decompose the waste to produce methane
14 gas or other gases and to convert the gas to energy. However,
15 property used to decompose the waste and convert the waste to
16 gas is not eligible for this exemption.

17 Sec. 2. FILING OF CLAIMS. As a result of the retroactive
18 application of this Act, a taxpayer may file a claim for
19 credit of electric generation tax with the appropriate chief
20 financial officer for the 1998, 1999, 2000, and 2001 tax
21 years, no later than July 1, 2001. In order to qualify for a
22 credit of electric generation tax, the taxpayer must also file
23 a claim for property tax exemption under section 427.1,
24 subsection 29, for assessment years 1998, 1999, 2000, and
25 2001, by June 1, 2001, and be approved by the appropriate
26 assessing authority. If a claim for credit is allowed for any
27 of those tax years and the electric generation taxes remain
28 unpaid for any of those tax years, the amount of electric
29 generation taxes due, including interest, penalty, and other
30 additions to the taxes, shall be credited to the taxpayer. If
31 a claim for electric generation tax credit or for property tax
32 exemption for any one of those years is filed pursuant to this
33 Act and is denied by the city or county to which the tax is
34 owed, the claimant may, within fifteen days of the denial,
35 apply to the director of revenue and finance for a hearing on

1 the claim.

2 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 shall not
3 apply to this Act.

4 Sec. 4. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY
5 PROVISIONS. This Act, being deemed of immediate importance,
6 takes effect upon enactment and applies retroactively to
7 January 1, 1998, for purposes of taxes levied pursuant to
8 section 437A.6. Those taxpayers who would not be subject to
9 tax under section 437A.6 had the taxpayer been deemed exempt
10 from property tax under section 427.1, subsection 29, shall be
11 eligible to claim a credit for electric generation taxes
12 pursuant to section 2 of this Act. Such taxpayer shall be
13 deemed exempt from property taxation for purposes of section
14 427.1, subsection 29, but the taxpayer shall not be eligible
15 for a refund or abatement of property taxes.

16 EXPLANATION

17 This bill allows a taxpayer to file an exemption from
18 property taxation for methane gas or other gas conversion
19 property if the taxpayer, in conjunction with a publicly owned
20 sanitary landfill, collects waste that would otherwise go to
21 the landfill and decomposes the waste to produce methane gas
22 or other gases for conversion into energy. Property used for
23 the decomposition process is not eligible for the exemption.

24 The bill applies retroactively to January 1, 1998, for
25 purposes of providing a tax credit for electric generation
26 taxes unpaid by a taxpayer for the 1998, 1999, 2000, and 2001,
27 tax years if the taxpayer is allowed a methane gas conversion
28 property tax exemption for those years. By operation of law,
29 property generating electricity is exempt from the electric
30 generation tax if it is methane gas conversion property that
31 has received a property tax exemption. The property tax
32 exemption for 1998, 1999, 2000, and 2001 must be applied for
33 by June 1, 2001. The claim for electric generation tax credit
34 for those tax years must be applied for by July 1, 2001.

35 The bill provides that Code section 25B.7, which requires

1 the state to fund property tax credits or exemptions enacted
2 after January 1, 1997, shall not apply.

3 The bill takes effect upon enactment.

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SENATE FILE 520

AN ACT
RELATING TO THE PROPERTY TAX EXEMPTION FOR METHANE GAS AND
OTHER GAS CONVERSION PROPERTY AND PROVIDING A RETROACTIVE
APPLICABILITY DATE AND AN EFFECTIVE DATE.

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

Section 1. Section 427.1, subsection 29, unnumbered paragraph 2, Code 2001, is amended to read as follows:

For purposes of this subsection, "methane gas conversion property" means personal property, real property, and improvements to real property, and machinery, equipment, and computers assessed as real property pursuant to section 427A.1, subsection 1, paragraphs "e" and "j", used in an operation connected with, or in conjunction with, a publicly owned sanitary landfill to collect methane gas or other gases produced as a by-product of waste decomposition and to convert the gas to energy, or to collect waste that would otherwise be collected by, or deposited with, a publicly owned sanitary

landfill in order to decompose the waste to produce methane gas or other gases and to convert the gas to energy. However, property used to decompose the waste and convert the waste to gas is not eligible for this exemption.

Sec. 2. FILING OF CLAIMS. As a result of the retroactive application of this Act, a taxpayer may file a claim for credit of electric generation tax with the appropriate chief financial officer for the 1998, 1999, 2000, and 2001 tax years, no later than July 1, 2001. In order to qualify for a credit of electric generation tax, the taxpayer must also file a claim for property tax exemption under section 427.1, subsection 29, for assessment years 1998, 1999, 2000, and 2001, by June 1, 2001, and be approved by the appropriate assessing authority. If a claim for credit is allowed for any of those tax years and the electric generation taxes remain unpaid for any of those tax years, the amount of electric generation taxes due, including interest, penalty, and other additions to the taxes, shall be credited to the taxpayer. If a claim for electric generation tax credit or for property tax exemption for any one of those years is filed pursuant to this Act and is denied by the city or county to which the tax is owed, the claimant may, within fifteen days of the denial, apply to the director of revenue and finance for a hearing on the claim.

Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 shall not apply to this Act.

Sec. 4. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 1998, for purposes of taxes levied pursuant to section 437A.6. Those taxpayers who would not be subject to tax under section 437A.6 had the taxpayer been deemed exempt from property tax under section 427.1, subsection 29, shall be eligible to claim a credit for electric generation taxes pursuant to section 2 of this Act. Such taxpayer shall be

deemed exempt from property taxation for purposes of section 427.1, subsection 29, but the taxpayer shall not be eligible for a refund or abatement of property taxes.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 520, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 5/16, 2001

THOMAS J. VILSACK
Governor