

FEB 12 2003
WAYS AND MEANS

HOUSE FILE 173
BY FALLON

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

A BILL FOR

1 An Act relating to the assessing of a service charge in lieu of
2 property taxes for the providing of police and fire protection
3 by a city for real property which is totally or partially
4 exempt from property tax, including government-owned real
5 property, and property of certain nonprofit institutions and
6 societies, and providing an applicability date.

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

HF 173

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1 Section 1. NEW SECTION. 384.12A POLICE AND FIRE
2 PROTECTION SERVICE CHARGE IN LIEU OF TAXES.

3 1. The city may assess a service charge for the providing
4 of police and fire protection in a fiscal year for real
5 property that is totally or partially tax-exempt, including
6 government-owned real property, and property under section
7 427.1, subsection 8, of nonprofit literary, scientific,
8 charitable, benevolent, agricultural, and religious
9 institutions and societies used solely for their appropriate
10 objects. However, those portions of real property owned by a
11 religious institution or organization which are used
12 exclusively for worship shall not be assessed the service
13 charge. The amount of the service charge equals the rate
14 determined under subsection 2 times the amount of the assessed
15 value of the real property that is not subject to the city's
16 property tax levy in the fiscal year. Service charges
17 collected pursuant to this section shall be deposited into the
18 city general fund for use in funding police and fire
19 protection. Service charges are payable at the time and in
20 the same manner as property taxes are paid.

21 2. The rate of the service charge, expressed in dollars
22 per one thousand dollars of valuation, for providing police
23 and fire protection equals the portion of the property tax
24 levy rate for the city general fund, as certified by the city,
25 which is budgeted to support police and fire protection
26 services.

27 3. If real property assessed a service charge under
28 subsection 1 for a fiscal year is subsequently subject to
29 property tax on the assessed value upon which the service
30 charge was determined, the amount of the property tax shall be
31 reduced by the amount of any service charge paid.

32 If a city receives payment in lieu of property taxes or
33 reimbursement for property taxes as a result of a tax
34 exemption, the amount of such payment or reimbursement shall
35 be a credit on the service charge assessed on that real

1 property.

2 4. For purposes of this section, real property subject to
3 the service charge under subsection 1 shall be valued and
4 assessed as required in section 427.1, subsection 18, and in
5 accordance with chapter 441, and the owner or other persons as
6 authorized by chapter 441 are entitled to protest any
7 assessment and take appeals in the same manner as any
8 taxpayer.

9 Sec. 2. Section 384.16, subsection 1, paragraphs b and c,
10 Code 2003, are amended to read as follows:

11 b. Income from sources other than property taxation,
12 including the amount to be raised from the police and fire
13 protection service charge under section 384.12A.

14 c. Amount to be raised by property taxation, and the
15 property tax rate expressed in dollars per one thousand
16 dollars assessed valuation, including the portion of the
17 general fund property tax levy that is budgeted to support
18 police and fire protection services.

19 Sec. 3. APPLICABILITY. This Act applies to the providing
20 of police and fire protection services for fiscal years
21 beginning on or after July 1, 2004.

22 EXPLANATION

23 This bill allows a city to assess a service charge for the
24 providing of police and fire protection services to real
25 property that is totally or partially exempt from taxation,
26 including government-owned real property and property of
27 nonprofit literary, scientific, charitable, benevolent,
28 agricultural, and religious institutions and societies. That
29 portion of church-owned property that is used solely for
30 religious worship is exempt from the service charge. The
31 amount of the charge is determined by multiplying the assessed
32 value of the real property that is not subject to property tax
33 by the portion of the property tax rate for the city general
34 fund as certified by the city which will be used to fund
35 police and fire protection.

1 The bill applies to fiscal years beginning on or after July
2 1, 2004.

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