

SENATE FILE 41
BY MILLER

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

A BILL FOR

1 An Act relating to property taxation by requiring funding for
2 state mandates, modifying the regular program school
3 foundation base percentage, limiting certain school district
4 property tax levies, establishing an ending fund balance
5 limitation for counties, relating to county levies for mental
6 health, mental retardation, and developmental disabilities
7 services, excepting school district revenue from taxes
8 collected for tax increment financing districts, repealing
9 certain property tax credits, modifying certain property tax
10 credits to operate as exemptions and striking state
11 reimbursement for the credits, modifying certain property tax
12 exemptions, providing for an ad valorem tax on mobile homes
13 and manufactured homes, making changes to the method of
14 assessment of property, establishing an agricultural land
15 reserve, establishing limits on taxes collectible by class of
16 property and by taxpayer, and lowering the rate of interest
17 charged on delinquent taxes, and providing for other properly
18 related matters and including effective and applicability date
19 provisions.

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

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SF 41
WAYS & MEANS

1 Section 1. Section 25B.2, subsection 3, Code 2003, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. 25B.5A UNFUNDED STATE MANDATES --
4 EFFECT.

5 If, on or after July 1, 2004, a state mandate is enacted by
6 the general assembly, or otherwise imposed, on a political
7 subdivision and the state mandate requires a political
8 subdivision to engage in any new activity, to provide a new
9 service, or to provide any service beyond that required by any
10 law enacted prior to July 1, 2004, and the state does not
11 appropriate moneys to fully fund the cost of the state mandate
12 as identified pursuant to section 25B.5, subsections 1 and 2,
13 the political subdivision is not required to perform the
14 activity or provide the new or increased service and the
15 political subdivision shall not be subject to any liabilities
16 imposed by the state or the imposition of any fines or
17 penalties for the failure to comply with the state mandate.

18 Sec. 3. Section 25B.7, subsections 2 and 3, Code 2003, are
19 amended by striking the subsections.

20 Sec. 4. Section 216.12, subsection 5, Code 2003, is
21 amended to read as follows:

22 5. The rental or leasing of a housing accommodation in a
23 building which contains housing accommodations for not more
24 than four families living independently of each other, if the
25 owner resides in one of the housing accommodations for which
26 the owner qualifies for the homestead tax credit exemption
27 under section 425.1.

28 Sec. 5. Section 257.1, subsection 2, unnumbered paragraph
29 2, Code 2003, is amended to read as follows:

30 For the budget year commencing July 1, ~~1999~~ 2005, and for
31 each succeeding budget year the regular program foundation
32 base per pupil is ~~eighty-seven-and-five-tenths~~ ninety-eight
33 and four-tenths percent of the regular program state cost per
34 pupil. For the budget year commencing July 1, 1991, and for
35 each succeeding budget year the special education support

1 services foundation base is seventy-nine percent of the
2 special education support services state cost per pupil. The
3 combined foundation base is the sum of the regular program
4 foundation base and the special education support services
5 foundation base.

6 Sec. 6. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

7 1. For property taxes due and payable in the fiscal year
8 beginning July 1, 2005, and all subsequent fiscal years,
9 property taxes levied by a school district against residential
10 property shall not exceed an amount equal to one-half of one
11 percent.

12 2. For property taxes due and payable in the fiscal year
13 beginning July 1, 2005, and all subsequent fiscal years,
14 property taxes levied by a school district against
15 agricultural property shall not exceed an amount equal to one-
16 half of one percent.

17 3. For property taxes due and payable in the fiscal year
18 beginning July 1, 2005, and all subsequent fiscal years,
19 property taxes levied by a school district against commercial
20 and industrial property shall not exceed an amount equal to
21 one percent.

22 4. This section applies to all school district property
23 tax levies, other than those authorized in sections 257.3 and
24 257.4.

25 Sec. 7. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION --
26 CONSUMER PRICE INDEX.

27 1. Notwithstanding the limitation in section 257A.1, in
28 any one fiscal year, the amount of property taxes to be levied
29 by a school district against any class of property for the
30 budget year cannot exceed the amount computed in this section.
31 This section applies to all school district property tax
32 levies, other than those authorized in sections 257.3 and
33 257.4.

34 2. The school district property tax limitation shall be
35 computed as follows:

1 a. Determine the amount of property taxes levied as a
2 percent of actual value in the current fiscal year.

3 b. Determine the sum of the amount of actual value of all
4 taxable property for the current fiscal year and the increase
5 in actual value of property due to new construction, additions
6 or improvements to existing structures, expiration of tax
7 abatement under chapter 404, and any increase in valuation due
8 to reclassification of property.

9 c. Multiply the percent calculated in paragraph "a" times
10 the amount in paragraph "b".

11 d. Multiply the product determined in paragraph "c" times
12 the sum of one plus the consumer price index.

13 3. For purposes of this section, "consumer price index"
14 means the percentage rate of change in the consumer price
15 index as tabulated by the United States department of labor,
16 bureau of labor statistics, for the twelve-month period ending
17 June 30 of the previous fiscal year.

18 Sec. 8. Section 331.401, subsection 1, paragraph g, Code
19 2003, is amended by striking the paragraph.

20 Sec. 9. NEW SECTION. 331.423A ENDING FUND BALANCE.
21 Effective for a fiscal year beginning on or after July 1,
22 2008, budgeted ending fund balances shall not exceed twenty-
23 five percent of actual expenditures in the previous fiscal
24 year for either the general fund or the rural services fund.
25 An ending fund balance does not include funds reserved or
26 designated for a specific purpose and specifically described
27 in the certified budget. For purposes of this section, the
28 general fund includes the general basic fund and the general
29 supplemental fund and the rural services fund includes the
30 rural services basic fund and the rural services supplemental
31 fund.

32 Sec. 10. Section 331.424A, subsection 1, Code 2003, is
33 amended to read as follows:

34 1. For the purposes of this chapter, unless the context
35 otherwise requires, "services:

1 a. "Ending balance target percentage" means a county's
2 fiscal year ending balance for the services fund calculated on
3 a modified accrual basis under generally accepted accounting
4 principles and expressed as a percentage of the gross
5 expenditure amount for that fiscal year.

6 b. "Gross expenditure amount" means a county's gross
7 expenditures from the services fund for a fiscal year, as
8 calculated on a modified accrual basis under generally
9 accepted accounting principles.

10 c. "Services fund" means the county mental health, mental
11 retardation, and developmental disabilities services fund
12 created in subsection 2.

13 PARAGRAPH DIVIDED. The county finance committee created in
14 section 333A.2 shall consult with the mental health and
15 developmental disabilities commission in adopting rules and
16 prescribing forms for administering the services fund.

17 Sec. 11. Section 331.424A, subsection 4, Code 2003, is
18 amended to read as follows:

19 4. a. For the fiscal year beginning July 1, 1996, and for
20 each subsequent fiscal year, the county shall certify a levy
21 for payment of services. For each fiscal year, county
22 revenues from taxes imposed by the county credited to the
23 services fund shall not exceed an amount equal to the amount
24 of base year expenditures for services as defined in section
25 331.438, less the amount of property tax relief to be received
26 pursuant to section 426B.2, in the fiscal year for which the
27 budget is certified. The county auditor and the board of
28 supervisors shall reduce the amount of the levy certified for
29 the services fund by the amount of property tax relief to be
30 received. A levy certified under this section is not subject
31 to the appeal provisions of section 331.426 or to any other
32 provision in law authorizing a county to exceed, increase, or
33 appeal a property tax levy limit.

34 b. The levy amount certified for the services fund under
35 this subsection shall not be less than the following

1 applicable percentage of the county's base year expenditures
2 for services as defined in section 331.438, less the amount of
3 property tax relief to be received pursuant to section 426B.2,
4 as follows:

5 (1) For the fiscal year beginning July 1, 2003, fifty
6 percent of the county's base year expenditures for services.

7 (2) For the fiscal year beginning July 1, 2004, sixty
8 percent of the county's base year expenditures for services.

9 (3) For the fiscal year beginning July 1, 2005, and
10 succeeding fiscal years, seventy percent of the county's base
11 year expenditures for services.

12 Sec. 12. Section 331.424A, Code 2003, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 6. For purposes of determining the final
15 amount for the state payment to a county of allowed growth
16 funding in accordance with sections 331.438, subsection 2, and
17 331.439, subsection 3, and the per capita expenditure target
18 pool portion of allowed growth under section 426B.5,
19 subsection 1, the amounts determined for a county under those
20 sections shall be proportionately reduced by the amount the
21 county's services fund ending balance for the previous fiscal
22 year was in excess of the applicable ending balance target
23 percentage for that fiscal year as listed in paragraphs "a"
24 through "c". The total of county allowed growth funding
25 amounts reduced pursuant to this subsection shall be
26 redistributed among the eligible counties in accordance with
27 the formula for the per capita expenditure target pool portion
28 of allowed growth under section 426B.5, subsection 1. The
29 ending balance target percentages shall be as follows:

30 a. For services fund ending balances for the fiscal year
31 beginning July 1, 2002, the ending balance target percentage
32 shall be fifty percent.

33 b. For services fund ending balances for the fiscal year
34 beginning July 1, 2003, the ending balance target percentage
35 shall be thirty-five percent.

1 c. For services fund ending balances for the fiscal year
2 beginning July 1, 2004, and succeeding fiscal years, the
3 ending balance target percentage shall be twenty-five percent.

4 Sec. 13. Section 331.429, subsection 1, paragraphs a and
5 b, Code 2003, are amended to read as follows:

6 a. Transfers from the general fund not to exceed in any
7 year the dollar equivalent of a tax of sixteen and seven-
8 eighths cents per thousand dollars of assessed value on all
9 taxable property in the county multiplied by the ratio of
10 current taxes actually collected and apportioned for the
11 general basic levy to the total general basic levy for the
12 current year, and an amount equivalent to the moneys derived
13 by the general fund from ~~military-service-tax-credits-under~~
14 ~~chapter-426A, manufactured-or-mobile-home-taxes-under-section~~
15 ~~435-22, and~~ delinquent taxes for prior years collected and
16 apportioned to the general basic fund in the current year,
17 multiplied by the ratio of sixteen and seven-eighths cents to
18 three dollars and fifty cents.

19 b. Transfers from the rural services fund not to exceed in
20 any year the dollar equivalent of a tax of three dollars and
21 three-eighths cents per thousand dollars of assessed value on
22 all taxable property not located within the corporate limits
23 of a city in the county multiplied by the ratio of current
24 taxes actually collected and apportioned for the rural
25 services basic levy to the total rural services basic levy for
26 the current year and an amount equivalent to the moneys
27 derived by the rural services fund from ~~military-service-tax~~
28 ~~credits-under-chapter-426A, manufactured-or-mobile-home-taxes~~
29 ~~under-section-435-22, and~~ delinquent taxes for prior years
30 collected and apportioned to the rural services basic fund in
31 the current year, multiplied by the ratio of three dollars and
32 three-eighths cents to three dollars and ninety-five cents.

33 Sec. 14. Section 331.512, subsection 3, Code 2003, is
34 amended to read as follows:

35 3. Carry out duties relating to the homestead tax credit

1 ~~and-agricultural-land-tax-credit~~ exemptions and the military
2 tax exemption as provided in chapters 425 and 426 426A.

3 Sec. 15. Section 331.512, subsection 4, Code 2003, is
4 amended by striking the subsection.

5 Sec. 16. Section 331.559, subsections 12, 13, and 14, Code
6 2003, are amended by striking the subsections.

7 Sec. 17. Section 335.30A, unnumbered paragraph 2, Code
8 2003, is amended to read as follows:

9 "Land-leased community" means any site, lot, field, or
10 tract of land under common ownership upon which ten or more
11 occupied manufactured homes are harbored, either free of
12 charge or for revenue purposes, and shall include any
13 building, structure, or enclosure used or intended for use as
14 part of the equipment of the land-leased community. The term
15 "land-leased community" shall not be construed to include
16 homes, buildings, or other structures temporarily maintained
17 by any individual, educational institution, or company on
18 their own premises and used exclusively to house their own
19 labor or students. A manufactured home located in a land-
20 leased community shall be taxed under section 435.22 ~~as-if-the~~
21 ~~manufactured-home-were-located-in-a-mobile-home-park~~.

22 Sec. 18. Section 403.19, subsection 2, Code 2003, is
23 amended to read as follows:

24 2. That portion of the taxes each year in excess of such
25 amount shall be allocated to and when collected be paid into a
26 special fund of the municipality to pay the principal of and
27 interest on loans, moneys advanced to, or indebtedness,
28 whether funded, refunded, assumed, or otherwise, including
29 bonds issued under the authority of section 403.9, subsection
30 1, incurred by the municipality to finance or refinance, in
31 whole or in part, an urban renewal project within the area,
32 and to provide assistance for low and moderate income family
33 housing as provided in section 403.22, except as otherwise
34 provided in subsection 7, and ~~except that taxes-for-the~~
35 ~~regular-and-voter-approved-physical-plant-and-equipment-levy~~

1 ~~of a school district imposed pursuant to section 298.2 and~~
2 taxes for the payment of bonds and interest of each taxing
3 district must be collected against all taxable property within
4 the taxing district without limitation by the provisions of
5 this subsection. ~~However, all or a portion of the taxes for~~
6 ~~the physical plant and equipment levy shall be paid by the~~
7 ~~school district to the municipality if the auditor certifies~~
8 ~~to the school district by July 1 the amount of such levy that~~
9 ~~is necessary to pay the principal and interest on bonds issued~~
10 ~~by the municipality to finance an urban renewal project, which~~
11 ~~bonds were issued before July 1, 2001. Indebtedness incurred~~
12 ~~to refund bonds issued prior to July 1, 2001, shall not be~~
13 ~~included in the certification. Such school district shall pay~~
14 ~~over the amount certified by November 1 and May 1 of the~~
15 ~~fiscal year following certification to the school district.~~
16 Unless and until the total assessed valuation of the taxable
17 property in an urban renewal area exceeds the total assessed
18 value of the taxable property in such area as shown by the
19 last equalized assessment roll referred to in subsection 1,
20 all of the taxes levied and collected upon the taxable
21 property in the urban renewal area shall be paid into the
22 funds for the respective taxing districts as taxes by or for
23 the taxing districts in the same manner as all other property
24 taxes. When such loans, advances, indebtedness, and bonds, if
25 any, and interest thereon, have been paid, all moneys
26 thereafter received from taxes upon the taxable property in
27 such urban renewal area shall be paid into the funds for the
28 respective taxing districts in the same manner as taxes on all
29 other property.

30 Sec. 19. Section 403.19, subsection 7, Code 2003, is
31 amended by striking the subsection and inserting in lieu
32 thereof the following:

33 7. a. Notwithstanding subsection 2, school district
34 revenue from property tax levies shall be paid to the school
35 district if the school district property levied against is

1 located in an urban renewal area in which ten percent or more
2 of the property in the urban renewal area is assessed for
3 property tax purposes as residential property, except
4 residential property that is housing for low or moderate
5 income families as that term is defined in section 403.17.
6 However, all or a portion of school district property tax
7 revenue shall be paid by the school district to the
8 municipality if the auditor certifies to the school district
9 by July 1 the amount of such revenue that is necessary to pay
10 the principal and interest on bonds issued by the municipality
11 to finance an urban renewal project, which bonds were issued
12 before July 1, 2004. Indebtedness incurred to refund bonds
13 issued prior to July 1, 2004, shall not be included in the
14 certification. Such school district shall pay over the amount
15 certified by November 1 and May 1 of the fiscal year following
16 certification to the school district.

17 b. For any fiscal year, a municipality may certify to the
18 county auditor the school district property tax revenue
19 necessary for payment of principal and interest on bonds
20 issued prior to July 1, 2004. The municipality may receive
21 school district property tax revenue only if the municipality
22 certified for such revenue for the fiscal year beginning July
23 1, 2004. A municipality shall not certify more than the
24 amount the municipality certified for the fiscal year
25 beginning July 1, 2004. If for any fiscal year a municipality
26 fails to certify to the county auditor for a school district
27 by July 1 the amount of school district property tax revenue
28 necessary for payment of principal and interest on such bonds,
29 as provided in subsection 2, the school district is not
30 required to pay over the revenue to the municipality.

31 If in any fiscal year a school district and a municipality
32 are unable to agree on the amount of school district property
33 tax revenue for which a municipality may certify, either party
34 may request that the state appeal board review and finally
35 pass upon the amount that may be certified. Such appeals must

1 be presented in writing to the state appeal board no later
2 than July 31 following certification. The burden shall be on
3 the municipality to prove that the school district property
4 tax revenue is necessary to pay principal and interest on
5 bonds issued prior to July 1, 2004. A final decision must be
6 issued by the state appeal board no later than the following
7 October 1.

8 Sec. 20. Section 403.20, Code 2003, is amended to read as
9 follows:

10 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
11 ASSESSMENT.

12 In determining the assessed value of property within an
13 urban renewal area which is subject to a division of tax
14 revenues pursuant to section 403.19, the ~~difference between~~
15 ~~the actual value of the property as determined by the assessor~~
16 ~~each year and the percentage of adjustment certified for that~~
17 ~~year by the director of revenue and finance on or before~~
18 ~~November 1~~ reductions applied to the property pursuant to
19 section 441.21, subsection 9 4, 5, 5A, or 5B, multiplied by
20 ~~the actual value of the property as determined by the~~
21 ~~assessor~~, shall be subtracted from the actual value of the
22 property as determined pursuant to section 403.19, subsection
23 1. If the assessed value of the property as determined
24 pursuant to section 403.19, subsection 1, is reduced to zero,
25 the additional valuation reduction shall be subtracted from
26 the actual value of the property as determined by the
27 assessor.

28 Sec. 21. Section 404.3, subsection 1, Code 2003, is
29 amended to read as follows:

30 1. All qualified real estate assessed as residential
31 property is eligible to receive an exemption from taxation
32 based on the actual value added by the improvements. The
33 exemption is for a period of ten years. The amount of the
34 exemption is equal to a percent of the actual value added by
35 the improvements, determined as follows: One hundred fifteen

1 percent of the value added by the improvements. However, the
2 amount of the actual value added by the improvements which
3 shall be used to compute the exemption shall not exceed twenty
4 thousand dollars and the granting of the exemption shall not
5 result in the actual value of the qualified real estate being
6 reduced below the ~~actual-value-on-which~~ amount of the
7 homestead ~~credit-is-computed~~ exemption under section 425.1.

8 Sec. 22. Section 414.28A, unnumbered paragraph 2, Code
9 2003, is amended to read as follows:

10 "Land-leased community" means any site, lot, field, or
11 tract of land under common ownership upon which ten or more
12 occupied manufactured homes are harbored, either free of
13 charge or for revenue purposes, and shall include any
14 building, structure, or enclosure used or intended for use as
15 part of the equipment of the land-leased community. The term
16 "land-leased community" shall not be construed to include
17 homes, buildings, or other structures temporarily maintained
18 by any individual, educational institution, or company on
19 their own premises and used exclusively to house their own
20 labor or students. A manufactured home located in a land-
21 leased community shall be taxed under section 435.22 ~~as-if-the~~
22 ~~manufactured-home-were-located-in-a-mobile-home-park.~~

23 Sec. 23. Section 425.1, Code 2003, is amended by striking
24 the section and inserting in lieu thereof the following:

25 425.1 HOMESTEAD ASSESSMENT REDUCTION.

26 For valuations established pursuant to section 441.21, as
27 of January 1, 2004, the actual value at which an eligible
28 homestead is assessed shall be reduced by five thousand
29 dollars. The reduction allowed under this part is in addition
30 to the reduction in section 441.21, subsection 4.

31 Sec. 24. Section 425.2, Code 2003, is amended to read as
32 follows:

33 425.2 QUALIFYING FOR ~~CREDIT~~ EXEMPTION.

34 A person who wishes to qualify for the credit exemption
35 allowed under this chapter shall obtain the appropriate forms

1 for filing for the credit exemption from the assessor. The
2 person claiming the credit exemption shall file a verified
3 statement and designation of homestead with the assessor for
4 the year for which the person is first claiming the credit
5 exemption. The claim shall be filed not later than July 1 of
6 the assessment year for which the person is claiming the
7 credit exemption. A claim filed after July 1 of the
8 assessment year for which the person is claiming the credit
9 exemption shall be considered as a claim filed for the
10 following year.

11 Upon the filing and allowance of the claim, the claim shall
12 be allowed on that homestead for successive years without
13 further filing as long as the property is legally or equitably
14 owned and used as a homestead by that person or that person's
15 spouse on July 1 of each of those successive years, and the
16 owner of the property being claimed as a homestead declares
17 residency in Iowa for purposes of income taxation, and the
18 property is occupied by that person or that person's spouse
19 for at least six months in each of those calendar years in
20 which the fiscal year begins. When the property is sold or
21 transferred, the buyer or transferee who wishes to qualify
22 shall refile for the credit exemption. However, when the
23 property is transferred as part of a distribution made
24 pursuant to chapter 598, the transferee who is the spouse
25 retaining ownership of the property is not required to refile
26 for the credit exemption. Property divided pursuant to
27 chapter 598 shall not be modified following the division of
28 the property. An owner who ceases to use a property for a
29 homestead or intends not to use it as a homestead for at least
30 six months in a calendar year shall provide written notice to
31 the assessor by July 1 following the date on which the use is
32 changed. A person who sells or transfers a homestead or the
33 personal representative of a deceased person who had a
34 homestead at the time of death, shall provide written notice
35 to the assessor that the property is no longer the homestead

1 of the former claimant.

2 In case the owner of the homestead is in active service in
3 the armed forces of this state or of the United States, or is
4 sixty-five years of age or older, or is disabled, the
5 statement and designation may be signed and delivered by any
6 member of the owner's family, by the owner's guardian or
7 conservator, or by any other person who may represent the
8 owner under power of attorney. If the owner of the homestead
9 is married, the spouse may sign and deliver the statement and
10 designation. The director of human services or the director's
11 designee may make application for the benefits of this chapter
12 as the agent for and on behalf of persons receiving assistance
13 under chapter 249.

14 Any person sixty-five years of age or older or any person
15 who is disabled may request, in writing, from the appropriate
16 assessor forms for filing for the homestead tax **credit**
17 exemption. Any person sixty-five years of age or older or who
18 is disabled may complete the form, which shall include a
19 statement of homestead, and mail or return it to the
20 appropriate assessor. The signature of the claimant on the
21 statement shall be considered the claimant's acknowledgment
22 that all statements and facts entered on the form are correct
23 to the best of the claimant's knowledge.

24 Upon adoption of a resolution by the county board of
25 supervisors, any person may request, in writing, from the
26 appropriate assessor forms for the filing for the homestead
27 tax **credit** exemption. The person may complete the form, which
28 shall include a statement of homestead, and mail or return it
29 to the appropriate assessor. The signature of the claimant on
30 the statement of homestead shall be considered the claimant's
31 acknowledgment that all statements and facts entered on the
32 form are correct to the best of the claimant's knowledge.

33 Sec. 25. Section 425.3, unnumbered paragraph 4, Code 2003,
34 is amended to read as follows:

35 The county auditor shall forward the claims to the board of

1 supervisors. The board shall allow or disallow the claims.
2 If the board disallows a claim, it shall send written notice,
3 by mail, to the claimant at the claimant's last known address.
4 The notice shall state the reasons for disallowing the claim
5 for the credit exemption. The board is not required to send
6 notice that a claim is disallowed if the claimant voluntarily
7 withdraws the claim.

8 Sec. 26. Section 425.6, Code 2003, is amended to read as
9 follows:

10 425.6 WAIVER BY NEGLECT.

11 If a person fails to file a claim or to have a claim on
12 file with the assessor for the credits exemptions provided in
13 this chapter, the person is deemed to have waived the
14 homestead credit exemption for the year in which the person
15 failed to file the claim or to have a claim on file with the
16 assessor.

17 Sec. 27. Section 425.7, subsection 3, Code 2003, is
18 amended to read as follows:

19 3. If the director of revenue and finance determines that
20 a claim for the homestead credit exemption has been allowed by
21 the board of supervisors which is not justifiable under the
22 law and not substantiated by proper facts, the director may,
23 at any time within thirty-six months from July 1 of the year
24 in which the claim is allowed, set aside the allowance.
25 Notice of the disallowance shall be given to the county
26 auditor of the county in which the claim has been improperly
27 granted and a written notice of the disallowance shall also be
28 addressed to the claimant at the claimant's last known
29 address. The claimant or board of supervisors may appeal to
30 the state board of tax review pursuant to section 421.1,
31 subsection 4. The claimant or the board of supervisors may
32 seek judicial review of the action of the state board of tax
33 review in accordance with chapter 17A.

34 If a claim is disallowed by the director of revenue and
35 finance and not appealed to the state board of tax review or

1 appealed to the state board of tax review and thereafter
2 upheld upon final resolution, including any judicial review,
3 any amounts of credits exemptions allowed ~~and-paid-from-the~~
4 ~~homestead-credit-fund~~ including the penalty, if any, become a
5 lien upon the property on which credit was originally granted,
6 if still in the hands of the claimant, and not in the hands of
7 a bona fide purchaser, and any amount so erroneously paid
8 including the penalty, if any, shall be collected by the
9 county treasurer in the same manner as other taxes ~~and-the~~
10 ~~collections-shall-be-retained-to-the-department-of-revenue-and~~
11 ~~finance-and-credited-to-the-homestead-credit-fund.~~ The
12 ~~director-of-revenue-and-finance~~ county attorney may institute
13 legal proceedings against a homestead credit exemption
14 claimant for the collection of payments made on disallowed
15 credits exemptions and the penalty, if any. If a person makes
16 a false claim or affidavit with fraudulent intent to obtain
17 the homestead credit exemption, the person is guilty of a
18 fraudulent practice and the claim shall be disallowed in full.
19 If the credit exemption has been paid applied to the value,
20 the amount of the credit exemption credited as taxes plus a
21 penalty equal to twenty-five percent of the amount of credit
22 the exemption credited as taxes plus interest, at the rate in
23 effect under section 421.7, from the time of payment shall be
24 collected by the county treasurer in the same manner as other
25 property taxes, penalty, and interest are collected ~~and-when~~
26 ~~collected-shall-be-paid-to-the-director-of-revenue-and~~
27 ~~finance.~~ If a homestead credit exemption is disallowed and
28 the claimant failed to give written notice to the assessor as
29 required by section 425.2 when the property ceased to be used
30 as a homestead by the claimant, a civil penalty equal to five
31 percent of the amount of the disallowed credit exemption
32 credited as taxes is assessed against the claimant.

33 Sec. 28. Section 425.8, unnumbered paragraph 1, Code 2003,
34 is amended to read as follows:

35 The director of revenue and finance shall prescribe the

1 form for the making of verified statement and designation of
2 homestead, the form for the supporting affidavits required
3 herein, and such other forms as may be necessary for the
4 proper administration of this chapter. Whenever necessary,
5 the department of revenue and finance shall forward to the
6 county auditors of the several counties in the state the
7 prescribed sample forms, and the county auditors shall furnish
8 blank forms prepared in accordance therewith with the
9 assessment rolls, books, and supplies delivered to the
10 assessors. The department of revenue and finance shall
11 prescribe and the county auditors shall provide on the forms
12 for claiming the homestead credit exemption a statement to the
13 effect that the owner realizes that the owner must give
14 written notice to the assessor when the owner changes the use
15 of the property.

16 Sec. 29. Section 425.9, Code 2003, is amended to read as
17 follows:

18 425.9 ~~CREDITS-IN-EXCESS-OF-TAX---~~ APPEALS -- REFUNDS.

19 ~~If-the-amount-of-credit-apportioned-to-any-homestead-under~~
20 ~~the-provisions-of-this-chapter-in-any-year-shall-exceed-the~~
21 ~~total-tax,-exclusive-of-any-special-assessments-levied-against~~
22 ~~said-homestead,-then-such-excess-shall-be-remitted-by-the~~
23 ~~county-treasurer-to-the-department-of-revenue-and-finance-to~~
24 ~~be-redeposited-in-the-homestead-credit-fund-and-be-reallocated~~
25 ~~the-following-year-by-the-department-as-provided-hereunder-~~

26 If any claim for credit-made-hereunder a homestead tax
27 exemption has been denied by the board of supervisors, and
28 such action is subsequently reversed on appeal, the credit
29 exemption shall be allowed on the homestead involved in said
30 the appeal, and the ~~director-of-revenue-and-finance,-the~~
31 county auditor, and the county treasurer shall make such
32 credit exemption and change their books and records
33 accordingly.

34 In the event the appealing taxpayer has paid one or both of
35 the installments of the tax payable in the year or years in

1 question on such homestead valuation, remittance shall be made
2 to such taxpayer of the amount of such credit exemption
3 credited as taxes.

4 ~~The amount of such credit shall be allocated and paid from~~
5 ~~the surplus redeposited in the homestead credit fund provided~~
6 ~~for in the first paragraph of this section.~~

7 Sec. 30. Section 425.10, Code 2003, is amended to read as
8 follows:

9 425.10 REVERSAL OF ALLOWED CLAIM.

10 In the event any claim is allowed, and subsequently
11 reversed on appeal, any credit exemption made thereunder shall
12 be void, and the amount of such credit exemption credited as
13 taxes shall be charged against the property in question, and
14 ~~the director of revenue and finance,~~ the county auditor, and
15 the county treasurer are authorized and directed to correct
16 their books and records accordingly. The amount of such
17 erroneous credit exemption, credited as taxes, when collected,
18 shall be returned by the county treasurer to the homestead
19 ~~credit fund to be reallocated the following year as provided~~
20 herein general fund of the county.

21 Sec. 31. Section 425.11, subsection 3, paragraph a,
22 unnumbered paragraph 1, Code 2003, is amended to read as
23 follows:

24 The homestead includes the dwelling house which the owner,
25 in good faith, is occupying as a home on July 1 of the
26 assessment year for which the credit exemption is claimed and
27 occupies as a home for at least six months during the calendar
28 year in which the fiscal year begins, except as otherwise
29 provided.

30 Sec. 32. Section 425.11, subsection 3, paragraph c, Code
31 2003, is amended to read as follows:

32 c. It must not embrace more than one dwelling house, but
33 where a homestead has more than one dwelling house situated
34 thereon, the credit exemption provided for in this chapter
35 shall apply to the home and buildings used by the owner, but

1 shall not apply to any other dwelling house and buildings
2 appurtenant.

3 Sec. 33. Section 425.11, subsection 4, Code 2003, is
4 amended to read as follows:

5 4. The word "owner" shall mean the person who holds the
6 fee simple title to the homestead, and in addition shall mean
7 the person occupying as a surviving spouse or the person
8 occupying under a contract of purchase which contract has been
9 recorded in the office of the county recorder of the county in
10 which the property is located, or the person occupying the
11 homestead under devise or by operation of the inheritance laws
12 where the whole interest passes or where the divided interest
13 is shared only by persons related or formerly related to each
14 other by blood, marriage or adoption, or the person occupying
15 the homestead is a shareholder of a family farm corporation
16 that owns the property, or the person occupying the homestead
17 under a deed which conveys a divided interest where the
18 divided interest is shared only by persons related or formerly
19 related to each other by blood, marriage or adoption or where
20 the person occupying the homestead holds a life estate with
21 the reversion interest held by a nonprofit corporation
22 organized under chapter 504A, provided that the holder of the
23 life estate is liable for and pays property tax on the
24 homestead or where the person occupying the homestead holds an
25 interest in a horizontal property regime under chapter 499B,
26 regardless of whether the underlying land committed to the
27 horizontal property regime is in fee or as a leasehold
28 interest, provided that the holder of the interest in the
29 horizontal property regime is liable for and pays property tax
30 on the homestead. For the purpose of this chapter the word
31 "owner" shall be construed to mean a bona fide owner and not
32 one for the purpose only of availing the person of the
33 benefits of this chapter. In order to qualify for the
34 homestead tax credit exemption, evidence of ownership shall be
35 on file in the office of the clerk of the district court or

1 recorded in the office of the county recorder at the time the
2 owner files with the assessor a verified statement of the
3 homestead claimed by the owner as provided in section 425.2.
4 Sec. 34. Section 425.12, Code 2003, is amended to read as
5 follows:

6 425.12 INDIAN LAND.

7 Each forty acres of land, or fraction thereof, occupied by
8 a member or members of the Sac and Fox Indians in Tama county,
9 which land is held in trust by the secretary of the interior
10 of the United States for said Indians, shall be given a
11 homestead tax ~~credit~~ exemption within the meaning and under
12 the provisions of this chapter. Application for such
13 homestead tax ~~credit~~ exemption shall be made to the county
14 auditor of Tama county and may be made by a representative of
15 the tribal council.

16 Sec. 35. Section 425.13, Code 2003, is amended to read as
17 follows:

18 425.13 CONSPIRACY TO DEFRAUD.

19 If any two or more persons conspire and confederate
20 together with fraudulent intent to obtain the ~~credit~~ exemption
21 provided for under the terms of this chapter by making a false
22 deed, or a false contract of purchase, they are guilty of a
23 fraudulent practice.

24 Sec. 36. Section 425.15, Code 2003, is amended to read as
25 follows:

26 425.15 DISABLED VETERAN TAX ~~CREDIT~~ EXEMPTION.

27 If the owner of a homestead allowed ~~a-credit~~ an exemption
28 under this chapter is a veteran of any of the military forces
29 of the United States, who acquired the homestead under 38
30 U.S.C. § 21.801, 21.802, or 38 U.S.C. § 2101, 2102, the ~~credit~~
31 exemption allowed on the homestead ~~from-the-homestead-credit~~
32 ~~fund~~ shall be the entire amount of the ~~tax-levied~~ assessed
33 value on the homestead. The ~~credit~~ exemption allowed shall be
34 continued to the estate of a veteran who is deceased or the
35 surviving spouse and any child, as defined in section 234.1,

1 who are the beneficiaries of a deceased veteran, so long as
2 the surviving spouse remains unmarried. This section is not
3 applicable to the holder of title to any homestead whose
4 annual income, together with that of the titleholder's spouse,
5 if any, for the last preceding twelve-month income tax
6 accounting period exceeds thirty-five thousand dollars. For
7 the purpose of this section "income" means taxable income for
8 federal income tax purposes plus income from securities of
9 state and other political subdivisions exempt from federal
10 income tax. A veteran or a beneficiary of a veteran who
11 elects to secure the credit exemption provided in this section
12 is not eligible for any other real property tax exemption
13 provided by law for veterans of military service. If a
14 veteran acquires a different homestead, the credit exemption
15 allowed under this section may be claimed on the new homestead
16 unless the veteran fails to meet the other requirements of
17 this section.

18 Sec. 37. Section 425.16, Code 2003, is amended to read as
19 follows:

20 425.16 ADDITIONAL TAX CREDIT.

21 In addition to the homestead tax credit exemption allowed
22 under section 425.1, subsections 1 to 4, persons who own or
23 rent their homesteads and who meet the qualifications provided
24 in this division are eligible for an extraordinary property
25 tax credit-or-reimbursement exemption.

26 For valuations established pursuant to section 441.21, as
27 of January 1, 2004, the actual value at which an eligible
28 homestead under this part is assessed shall be reduced by two
29 thousand five hundred dollars.

30 The reduction allowed under this part is in addition to the
31 reduction in section 441.21, subsection 4.

32 Sec. 38. Section 425.17, subsection 2, Code 2003, is
33 amended to read as follows:

34 2. "Claimant" means either of the following:

35 a. A person filing a claim for credit-or-reimbursement

1 exemption under this division who has attained the age of
2 sixty-five years on or before December 31 of the base year or
3 who is totally disabled and was totally disabled on or before
4 December 31 of the base year and is domiciled in this state at
5 the time the claim is filed or at the time of the person's
6 death in the case of a claim filed by the executor or
7 administrator of the claimant's estate and whose income in the
8 base year was less than sixteen thousand five hundred dollars.

9 b. A person filing a claim for ~~credit-or-reimbursement~~
10 exemption under this division who has attained the age of
11 twenty-three years on or before December 31 of the base year
12 or was a head of household on December 31 of the base year, as
13 defined in the Internal Revenue Code, but has not attained the
14 age or disability status described in paragraph "a", and is
15 domiciled in this state at the time the claim is filed or at
16 the time of the person's death in the case of a claim filed by
17 the executor or administrator of the claimant's estate, and
18 was not claimed as a dependent on any other person's tax
19 return for the base year and whose income in the base year was
20 less than sixteen thousand five hundred dollars.

21 "Claimant" under paragraph "a" or "b" includes a vendee in
22 possession under a contract for deed and may include one or
23 more joint tenants or tenants in common. ~~In-the-case-of-a~~
24 ~~claim-for-rent-constituting-property-taxes-paid,-the-claimant~~
25 ~~shall-have-rented-the-property-during-any-part-of-the-base~~
26 ~~year.--In-the-case-of-a-claim-for-property-taxes-due,-the~~ The
27 claimant shall have occupied the property during any part of
28 the fiscal year beginning July 1 of the base year. If a
29 homestead is occupied by two or more persons, and more than
30 one person is able to qualify as a claimant, the persons may
31 each file a claim based upon each person's income ~~and-rent~~
32 ~~constituting-property-taxes-paid-or-property-taxes-due.~~

33 Sec. 39. Section 425.17, subsection 3, Code 2003, is
34 amended by striking the subsection.

35 Sec. 40. Section 425.17, subsection 4, Code 2003, is

1 amended to read as follows:

2 4. "Homestead" means the dwelling owned ~~or-rented~~ and
3 actually used as a home by the claimant during the period
4 specified in subsection 2, and so much of the land surrounding
5 it including one or more contiguous lots or tracts of land, as
6 is reasonably necessary for use of the dwelling as a home, and
7 may consist of a part of a multidwelling or multipurpose
8 building and a part of the land upon which it is built. It
9 does not include personal property except that a manufactured
10 or mobile home may be a homestead. ~~Any-dwelling-or-a-part-of~~
11 ~~a-multidwelling-or-multipurpose-building-which-is-exempt-from~~
12 ~~taxation-does-not-qualify-as-a-homestead-under-this-division.~~
13 ~~However,-solely-for-purposes-of-claimants-living-in-a-property~~
14 ~~and-receiving-reimbursement-for-rent-constituting-property~~
15 ~~taxes-paid-immediately-before-the-property-becomes-tax-exempt,~~
16 ~~and-continuing-to-live-in-it-after-it-becomes-tax-exempt,-the~~
17 ~~property-shall-continue-to-be-classified-as-a-homestead.~~ A
18 homestead must be located in this state. When a person is
19 confined in a nursing home, extended-care facility, or
20 hospital, the person shall be considered as occupying or
21 living in the person's homestead if the person is the owner of
22 the homestead and the person maintains the homestead and does
23 not lease, rent, or otherwise receive profits from other
24 persons for the use of the homestead.

25 Sec. 41. Section 425.17, subsections 8 and 9, Code 2003,
26 are amended by striking the subsections.

27 Sec. 42. Section 425.18, Code 2003, is amended to read as
28 follows:

29 425.18 RIGHT TO FILE A CLAIM.

30 The right to file a claim for ~~reimbursement-or-credit~~
31 exemption under this division may be exercised by the claimant
32 or on behalf of a claimant by the claimant's legal guardian,
33 spouse, or attorney, or by the executor or administrator of
34 the claimant's estate. ~~If-a-claimant-dies-after-having-filed~~
35 ~~a-claim-for-reimbursement-for-rent-constituting-property-taxes~~

1 paid, the amount of the reimbursement may be paid to another
2 member of the household as determined by the director. If the
3 claimant was the only member of the household, the
4 reimbursement may be paid to the claimant's executor or
5 administrator, but if neither is appointed and qualified
6 within one year from the date of the filing of the claim, the
7 reimbursement shall escheat to the state. If a claimant dies
8 after having filed a claim for credit for property taxes due
9 exemption, the amount of credit the exemption shall be paid
10 allowed as if the claimant had not died.

11 Sec. 43. Section 425.19, Code 2003, is amended to read as
12 follows:

13 425.19 CLAIM AND CREDIT OR REIMBURSEMENT EXEMPTION.

14 Subject to the limitations provided in this division, a
15 claimant may annually claim a credit for property taxes due an
16 exemption during the fiscal year next following the base year
17 or claim a reimbursement for rent constituting property taxes
18 paid in the base year. The amount of the credit for property
19 taxes due for a homestead shall be paid on June 15 of each
20 year by the director to the county treasurer who shall credit
21 the money received against the amount of the property taxes
22 due and payable on the homestead of the claimant and the
23 amount of the reimbursement for rent constituting property
24 taxes paid shall be paid to the claimant from the state
25 general fund on or before December 31 of each year.

26 Sec. 44. Section 425.20, unnumbered paragraph 1, Code
27 2003, is amended by striking the unnumbered paragraph.

28 Sec. 45. Section 425.20, unnumbered paragraph 3, Code
29 2003, is amended to read as follows:

30 In case of sickness, absence, or other disability of the
31 claimant or if, in the judgment of the director of revenue and
32 finance, good cause exists and the claimant requests an
33 extension, the director may extend the time for filing a claim
34 for reimbursement or credit exemption. However, any further
35 time granted shall not extend beyond December 31 of the year

1 following the year in which the claim was required to be
2 filed. Claims filed as a result of this paragraph shall be
3 filed with the director who shall provide for the
4 reimbursement of the claim to the claimant.

5 Sec. 46. Section 425.22, Code 2003, is amended to read as
6 follows:

7 425.22 ONE CLAIMANT PER HOUSEHOLD.

8 Only one claimant per household per ~~year shall be entitled~~
9 ~~to reimbursement under this division and only one claimant per~~
10 ~~household per~~ fiscal year shall be entitled to a credit an
11 exemption under this division.

12 Sec. 47. Section 425.23, Code 2003, is amended by striking
13 the section and inserting in lieu thereof the following:

14 425.23 ANNUAL ADJUSTMENT TO INCOME.

15 1. For the base year beginning in the 1999 calendar year
16 and for each subsequent base year, the dollar amounts set
17 forth in section 425.17, subsection 2, shall be multiplied by
18 the cumulative adjustment factor for that base year.

19 "Cumulative adjustment factor" means the product of the annual
20 adjustment factor for the 1998 base year and all annual
21 adjustment factors for subsequent base years. The cumulative
22 adjustment factor applies to the base year beginning in the
23 calendar year for which the latest annual adjustment factor
24 has been determined.

25 2. The annual adjustment factor for the 1998 base year is
26 one hundred percent. For each subsequent base year, the
27 annual adjustment factor equals the annual inflation factor
28 for the calendar year, in which the base year begins, as
29 computed in section 422.4 for purposes of the individual
30 income tax.

31 Sec. 48. Section 425.26, subsections 2 and 3, Code 2003,
32 are amended by striking the subsection.

33 Sec. 49. Section 425.27, Code 2003, is amended to read as
34 follows:

35 425.27 AUDIT -- RECALCULATION OR DENIAL.

1 If on the audit of a claim for ~~credit-or-reimbursement~~
2 exemption under this division, the director determines the
3 ~~amount-of-the-claim-to-have-been-incorrectly-calculated-or~~
4 that the claim is not allowable, the director shall
5 ~~recalculate-the-claim-and~~ notify the claimant of the
6 ~~recalculation-or~~ denial and the reasons for it. The director
7 shall not adjust a claim after three years from October 31 of
8 the year in which the claim was filed. ~~If-the-claim-for~~
9 ~~reimbursement-has-been-paid,-the-amount-may-be-recovered-by~~
10 ~~assessment-in-the-same-manner-that-income-taxes-are-assessed~~
11 ~~under-sections-422-26-and-422-30-~~ If the claim for credit
12 exemption has been paid allowed, the director shall give
13 notification to the claimant and the county treasurer of the
14 ~~recalculation-or~~ denial of the claim and the county treasurer
15 shall proceed to collect the tax owed in the same manner as
16 other property taxes due and payable are collected, if the
17 property on which the credit exemption was granted is still
18 owned by the claimant, ~~and-repay-the-amount-to-the-director~~
19 upon-collection. If the property on which the credit
20 exemption was granted is not owned by the claimant, the amount
21 may be recovered from the claimant by assessment in the same
22 manner that income taxes are assessed under sections 422.26
23 and 422.30. The recalculation of ~~the-claim~~ property taxes due
24 shall be final unless appealed as provided in section 425.31.
25 Section 422.70 is applicable with respect to this division.

26 Sec. 50. Section 425.28, unnumbered paragraph 2, Code
27 2003, is amended to read as follows:

28 The department of revenue and finance may release
29 information pertaining to a person's eligibility ~~or-claim-for~~
30 ~~or-receipt-of-rent-reimbursement~~ to an employee of the
31 department of inspections and appeals in the employee's
32 official conduct of an audit or investigation.

33 Sec. 51. Section 425.29, Code 2003, is amended to read as
34 follows:

35 425.29 FALSE CLAIM -- PENALTY.

1 A person who makes a false affidavit for the purpose of
2 obtaining ~~credit-or-reimbursement~~ an exemption provided for in
3 this division or who knowingly receives the ~~credit-or~~
4 ~~reimbursement~~ exemption without being legally entitled to it
5 or makes claim for the ~~credit-or-reimbursement~~ exemption in
6 more than one county in the state without being legally
7 entitled to it is guilty of a fraudulent practice. The claim
8 for ~~credit-or-reimbursement~~ exemption shall be disallowed in
9 full and if the claim reduction in value has been paid made
10 the amount of the exemption credited as taxes shall be
11 recovered in the manner provided in section 425.27. The
12 director of revenue and finance shall send a notice of
13 disallowance of the claim.

14 Sec. 52. Section 426A.6, Code 2003, is amended to read as
15 follows:

16 426A.6 SETTING ASIDE ALLOWANCE.

17 If the director of revenue and finance determines that a
18 claim for military service tax exemption has been allowed by a
19 board of supervisors which is not justifiable under the law
20 and not substantiated by proper facts, the director may, at
21 any time within thirty-six months from July 1 of the year in
22 which the claim is allowed, set aside the allowance. Notice
23 of the disallowance shall be given to the county auditor of
24 the county in which the claim has been improperly granted and
25 a written notice of the disallowance shall also be addressed
26 to the claimant at the claimant's last known address. The
27 claimant or the board of supervisors may appeal to the state
28 board of tax review pursuant to section 421.1, subsection 4.
29 The claimant or the board of supervisors may seek judicial
30 review of the action of the state board of tax review in
31 accordance with chapter 17A. If a claim is disallowed by the
32 director of revenue and finance and not appealed to the state
33 board of tax review or appealed to the state board of tax
34 review and thereafter upheld upon final resolution, including
35 judicial review, the ~~credits~~ exemption credited as taxes

1 allowed ~~and-paid-from-the-general-fund-of-the-state~~ become a
2 lien upon the property on which the credit exemption was
3 originally granted, if still in the hands of the claimant and
4 not in the hands of a bona fide purchaser, the amount of the
5 exemption credited as taxes so erroneously paid allowed shall
6 be collected by the county treasurer in the same manner as
7 other taxes, ~~and-the-collections-shall-be-returned-to-the~~
8 ~~department-of-revenue-and-finance-and-credited-to-the-general~~
9 ~~fund-of-the-state.~~ The ~~director-of-revenue-and-finance~~ county
10 attorney may institute legal proceedings against a military
11 service tax exemption claimant for the collection of payments
12 made on disallowed exemptions.

13 Sec. 53. Section 426A.8, Code 2003, is amended to read as
14 follows:

15 426A.8 ~~EXCESS-REMITTED---~~ APPEALS.

16 ~~If-the-amount-of-credit-apportioned-to-any-property~~
17 ~~eligible-to-military-service-tax-exemption-under-this-chapter~~
18 ~~in-any-year-shall-exceed-the-total-tax,-exclusive-of-any~~
19 ~~special-assessments-levied-against-such-property-eligible-for~~
20 ~~military-service-tax-exemption,--then-the-excess-shall-be~~
21 ~~remitted-by-the-county-treasurer-to-the-department-of-revenue~~
22 ~~and-finance-to-be-redeposited-in-the-general-fund-of-the-state~~
23 ~~and-reallocated-the-following-year-by-the-department.~~

24 If any claim for exemption made has been denied by the
25 board of supervisors, and the action is subsequently reversed
26 on appeal, the same-credit exemption shall be allowed on the
27 assessed valuation, ~~not-to-exceed-the-amount-of-the-military~~
28 ~~service-tax-exemption-involved-in-the-appeal,--as-was-allowed~~
29 ~~on-other-military-service-tax-exemption-valuations-for-the~~
30 ~~year-or-years-in-question,~~ and the ~~director-of-revenue-and~~
31 ~~finance,~~ the county auditor, and the county treasurer shall
32 credit and change their books and records accordingly.

33 If the appealing taxpayer has paid one or both of the
34 installments of the tax payable in the year or years in
35 question on such military service tax exemption valuation,

1 remittance shall be made to the county treasurer in the amount
2 of such credit exemption credited as taxes.

3 The amount of the credit shall be allocated and paid from
4 the ~~surplus-redeposited-in-the~~ general fund of the state
5 ~~provided-for-in-the-first-paragraph-of-this-section~~ county.

6 Sec. 54. Section 426A.9, Code 2003, is amended to read as
7 follows:

8 426A.9 ERRONEOUS CREDITS EXEMPTIONS.

9 If any claim is allowed, and subsequently reversed on
10 appeal, any credit exemption shall be void, and the amount of
11 the credit exemption credited as taxes shall be charged
12 against the property in question, and the ~~director-of-revenue~~
13 ~~and-finance~~, the county auditor and the county treasurer shall
14 correct their books and records. The amount of the erroneous
15 credit exemption credited as taxes, when collected, shall be
16 ~~returned-by-the-county-treasurer~~ paid to the general fund of
17 the state county.

18 Sec. 55. Section 426A.11, Code 2003, is amended to read a
19 follows:

20 426A.11 MILITARY SERVICE -- EXEMPTIONS.

21 The following exemptions from taxation shall be allowed:

22 ~~1. The property, not to exceed two thousand seven hundred~~
23 ~~seventy-eight dollars in taxable value of any veteran, as~~
24 ~~defined in section 35.1, of the First World War.~~

25 ~~2. 1.~~ The property, not to exceed one two thousand eight
26 ~~hundred-fifty-two~~ dollars in taxable value of an honorably
27 separated, retired, furloughed to a reserve, placed on
28 inactive status, or discharged veteran, ~~as defined in section~~
29 ~~35.1~~ or a person currently serving in the armed forces of the
30 United States.

31 ~~3. 2.~~ Where the word "veteran" appears in this chapter, it
32 Service in the armed forces of the United States includes,
33 without limitation, the members service as a member of the
34 United States air force, merchant marine, and coast guard,
35 reserve forces, Iowa national guard, and women's air force and

1 army corps.

2 ~~4~~ 3. For the purpose of determining a military tax
3 exemption under this section, property includes a manufactured
4 or mobile home as defined in section 435.1.

5 Sec. 56. Section 426A.13, unnumbered paragraph 1, Code
6 2003, is amended to read as follows:

7 A person named in section 426A.11, who is a resident of and
8 domiciled in the state of Iowa, shall receive a reduction
9 equal to the exemption, to be made from any property owned by
10 the person or owned by a family farm corporation of which the
11 person is a shareholder and who occupies the property and so
12 designated by proceeding as provided in the section. To be
13 eligible to receive the exemption the person claiming it shall
14 have recorded in the office of the county recorder of the
15 county in which is located the property designated for the
16 exemption, evidence of property ownership by that person or
17 the family farm corporation of which the person is a
18 shareholder and proof of active military service or the
19 military certificate of satisfactory service, order
20 transferring to inactive status, reserve, retirement, order of
21 separation from service, honorable discharge or a copy of any
22 of these documents of the person claiming or through whom is
23 claimed the exemption.

24 Sec. 57. Section 427.1, subsection 19, unnumbered
25 paragraph 8, Code 2003, is amended to read as follows:

26 For the purposes of this subsection "pollution-control
27 property" means personal property or improvements to real
28 property, or any portion thereof, used primarily to control or
29 abate pollution of any air or water of this state or used
30 primarily to enhance the quality of any air or water of this
31 state and "recycling property" means personal property or
32 improvements to real property or any portion of the property,
33 used primarily in the manufacturing process and resulting
34 directly in the conversion of waste plastic, wastepaper
35 products, or waste paperboard, into new raw materials or

1 products composed primarily of recycled material. In the
2 event such property shall also serve other purposes or uses of
3 productive benefit to the owner of the property, only such
4 portion of the assessed valuation thereof as may reasonably be
5 calculated to be necessary for and devoted to the control or
6 abatement of pollution, to the enhancement of the quality of
7 the air or water of this state, or for recycling shall be
8 exempt from taxation under this subsection. "Pollution-
9 control property" includes personal or real property that is
10 part of an animal feeding operation structure as defined in
11 section 459.102, if the agricultural land where the structure
12 is located qualifies for the pollution-control exemption as
13 provided in subsection 19A. The exemption calculated for
14 pollution-control property that is part of an animal feeding
15 operation structure is limited to the first one hundred
16 thousand dollars in assessed value.

17 Sec. 58. Section 427.1, Code 2003, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 19A. a. To qualify for the pollution-
20 control exemption in subsection 19, a tract of land containing
21 an animal feeding operation structure must be owned by an
22 owner as defined in this subsection and a designated person
23 must be actively engaged in farming during the calendar year
24 preceding the calendar year in which the land is assessed.

25 b. For purposes of this subsection:

26 (1) "Actively engaged in farming" means the designated
27 person is personally involved in the production of crops and
28 livestock on the eligible tract on a regular, continuous, and
29 substantial basis. However, a lessor, whether under a cash or
30 a crop share lease, is not actively engaged in farming on the
31 area of the tract covered by the lease. This provision
32 applies to both written and oral leases.

33 (2) "Agricultural land" means land in tracts of ten acres
34 or more excluding any buildings or other structures located on
35 the land, and not laid off into lots of less than ten acres or

1 divided by streets and alleys into parcels of less than ten
2 acres, and in good faith used for agricultural or
3 horticultural purposes. Any land in tracts laid off or
4 platted into lots of less than ten acres belonging to and a
5 part of other lands of more than ten acres and in good faith
6 used for agricultural or horticultural purposes is entitled to
7 the benefits of this chapter.

8 (3) "Crop" or "crop production" includes pastureland.

9 (4) "Designated person" means one of the following:

10 (a) If the owner is an individual, the designated person
11 includes the owner of the tract, the owner's spouse, the
12 owner's child or stepchild, and their spouses, or the owner's
13 relative within the third degree of consanguinity, and the
14 relative's spouse.

15 (b) If the owner is a partnership, a partner or the
16 partner's spouse.

17 (c) If the owner is a family farm corporation, a family
18 member who is a shareholder of the family farm corporation or
19 the shareholder's spouse.

20 (d) If the owner is an authorized farm corporation, a
21 shareholder who owns at least fifty-one percent of the stock
22 of the authorized farm corporation or the shareholder's
23 spouse.

24 (e) If the owner is an individual who leases the tract to
25 a family farm corporation, a shareholder of the corporation if
26 the combined stock of the family farm corporation owned by the
27 owner of the tract and persons related to the owner as
28 enumerated in subparagraph subdivision (a) is equal to at
29 least fifty-one percent of the stock of the family farm
30 corporation.

31 (f) If the owner is an individual who leases the tract to
32 a partnership, a partner if the combined partnership interest
33 owned by a designated person as defined in subparagraph
34 subdivision (a) is equal to at least fifty-one percent of the
35 ownership interest of the partnership.

1 (5) "Eligible tract" or "eligible tract of agricultural
2 land" means an area of agricultural land which meets all of
3 the following:

4 (a) Is comprised of all of the contiguous tracts under
5 identical legal ownership that are located within the same
6 county.

7 (b) In the aggregate more than half the acres of the
8 contiguous tract are devoted to the production of crops or
9 livestock by a designated person who is actively engaged in
10 farming.

11 (c) For purposes of subparagraph (2), if some or all of
12 the contiguous tract is being farmed under a lease
13 arrangement, the activities of the lessor do not constitute
14 being actively engaged in farming on the areas of the tract
15 covered by the lease. If the lessee is a designated person
16 who is actively engaged in farming, the acres under lease may
17 be considered in determining whether more than half the acres
18 of the contiguous tract are devoted to the production of crops
19 or livestock.

20 (6) "Owner" means any of the following:

21 (a) An individual who holds the fee simple title to the
22 agricultural land.

23 (b) An individual who owns the agricultural land under a
24 contract of purchase which has been recorded in the office of
25 the county recorder of the county in which the agricultural
26 land is located.

27 (c) An individual who owns the agricultural land under
28 devise or by operation of the inheritance laws, where the
29 whole interest passes or where the divided interest is shared
30 only by individuals related or formerly related to each other
31 by blood, marriage, or adoption.

32 (d) An individual who owns the agricultural land under a
33 deed which conveys a divided interest, where the divided
34 interest is shared only by individuals related or formerly
35 related to each other by blood, marriage, or adoption.

1 (e) A partnership where all partners are related or
2 formerly related to each other by blood, marriage, or
3 adoption.

4 (f) A family farm corporation or authorized farm
5 corporation, as both are defined in section 9H.1, which owns
6 the agricultural land.

7 Sec. 59. Section 427.9, Code 2003, is amended to read as
8 follows:

9 427.9 SUSPENSION OF TAXES, ASSESSMENTS, AND RATES OR
10 CHARGES, INCLUDING INTEREST, FEES, AND COSTS.

11 If a person is a recipient of federal supplementary
12 security income or state supplementary assistance, as defined
13 in section 249.1, or is a resident of a health care facility,
14 as defined by section 135C.1, which is receiving payment from
15 the department of human services for the person's care, the
16 person shall be deemed to be unable to contribute to the
17 public revenue. The director of human services shall notify a
18 person receiving such assistance of the tax suspension
19 provision and shall provide the person with evidence to
20 present to the appropriate county board of supervisors which
21 shows the person's eligibility for tax suspension on parcels
22 owned, possessed, or upon which the person is paying taxes as
23 a purchaser under contract. The board of supervisors so
24 notified, without the filing of a petition and statement as
25 specified in section 427.8, shall order the county treasurer
26 to suspend the collection of all the taxes, special
27 assessments, and rates or charges, including interest, fees,
28 and costs, assessed against the parcels and remaining unpaid
29 by the person or contractually payable by the person, for such
30 time as the person remains the owner or contractually
31 prospective owner of the parcels, and during the period the
32 person receives assistance as described in this section. The
33 county board of supervisors shall annually send to the
34 department of human services the names and social security
35 numbers of persons receiving a tax suspension pursuant to this

1 section. The department shall verify the continued
2 eligibility for tax suspension of each name on the list and
3 shall return the list to the board of supervisors. The
4 director of human services shall advise the person that the
5 person may apply for an additional property tax credit
6 pursuant to sections 425.16 ~~to-425.39~~ through 425.37 which
7 shall be credited against the amount of the taxes suspended.

8 Sec. 60. Section 427A.1, subsection 1, paragraph c, Code
9 2003, is amended to read as follows:

10 c. Buildings, structures or improvements, any of which are
11 constructed on or in the land, attached to the land, or placed
12 upon a foundation whether or not attached to the foundation.
13 ~~However, property taxed under chapter 435 shall not be~~
14 ~~assessed and taxed as real property.~~

15 Sec. 61. Section 427C.12, unnumbered paragraph 2, Code
16 2003, is amended to read as follows:

17 The board of supervisors shall designate the county
18 conservation board or the assessor who shall inspect the area
19 for which an application is filed for a fruit-tree or forest
20 reservation tax exemption before the application is accepted.
21 Use of aerial photographs may be substituted for on-site
22 inspection when appropriate. The application can only be
23 accepted if it meets the criteria established by the natural
24 resource commission to be a fruit-tree or forest reservation.
25 Once the application has been accepted, the area shall
26 continue to receive the tax exemption during each year in
27 which the area is maintained as a fruit-tree or forest
28 reservation without the owner having to refile. Acres in a
29 forest reservation shall be exempt from school district levies
30 only.

31 PARAGRAPH DIVIDED. If the property is sold or transferred,
32 the seller shall notify the buyer that all, or part of, the
33 property is in fruit-tree or forest reservation and subject to
34 the recapture tax provisions of this section. The tax
35 exemption shall continue to be granted for the remainder of

1 the eight-year period for fruit-tree reservation and for the
2 following years for forest reservation or until the property
3 no longer qualifies as a fruit-tree or forest reservation.
4 The owner of the forest or fruit-tree reservation shall
5 annually certify to the county conservation board or the
6 assessor that the area is being maintained with proper forest
7 or fruit-tree management, including necessary pruning and
8 planting of trees. The area may be inspected each year by the
9 county conservation board or the assessor to determine if the
10 area is maintained as a fruit-tree or forest reservation. If
11 the area is not maintained or is used for economic gain other
12 than as a fruit-tree reservation during any year of the eight-
13 year exemption period and any year of the following five years
14 or as a forest reservation during any year for which the
15 exemption is granted and any of the five years following those
16 exemption years, the assessor shall assess the property for
17 taxation at its fair market value as of January 1 of that year
18 and in addition the area shall be subject to a recapture tax.
19 However, the area shall not be subject to the recapture tax if
20 the owner, including one possessing under a contract of sale,
21 and the owner's direct antecedents or descendants have owned
22 the area for more than ten years. ~~The~~ In the case of a fruit-
23 tree reservation, the tax shall be computed by multiplying the
24 consolidated levy for each of those years, if any, of the five
25 preceding years for which the area received the exemption for
26 fruit-tree or-forest reservation times the assessed value of
27 the area that would have been taxed but for the tax exemption.
28 In the case of a forest reservation, the tax shall be computed
29 by multiplying the school district levy for each of those
30 years, if any, of the five preceding years for which the area
31 received the exemption for forest reservation times the
32 assessed value of the area that would have been taxed but for
33 the tax exemption. ~~This~~ The tax shall be entered against the
34 property on the tax list for the current year and shall
35 constitute a lien against the property in the same manner as a

1 lien for property taxes. The tax when collected shall be
2 apportioned in the manner provided for the apportionment of
3 the property taxes for the applicable tax year.

4 Sec. 62. Section 433.6, Code 2003, is amended to read as
5 follows:

6 433.6 TAXABLE VALUE.

7 The taxable value shall be ~~determined by taking the~~
8 ~~percentage of the actual value so ascertained,~~ reduced as
9 provided by section 441.21, and the ratio between the actual
10 value and the assessed or taxable value of the property of
11 each of said companies shall be the same as in the case of
12 property of private individuals.

13 Sec. 63. Section 435.22, Code 2003, is amended by striking
14 the section and inserting in lieu thereof the following:

15 435.22 ASSESSMENT -- CREDITS.

16 A mobile home or manufactured home used primarily as a
17 residence shall be assessed as improved residential property
18 pursuant to section 441.21, subsection 4, and shall be taxed
19 an annual ad valorem tax in the same manner as other
20 residential property. A mobile home or manufactured home used
21 primarily for commercial or industrial purposes shall be
22 assessed as improved commercial or industrial property
23 pursuant to section 441.21, subsection 5A, and shall be taxed
24 an annual ad valorem tax in the same manner as other
25 commercial or industrial property. Persons who own or rent a
26 mobile home or manufactured home as a homestead and who meet
27 the qualifications provided in sections 425.17 through 425.37
28 are eligible for an extraordinary property tax exemption. A
29 person who owns a mobile home or manufactured home is eligible
30 to apply for the military tax exemption as provided in section
31 426A.11.

32 Real estate located in a manufactured home community or a
33 mobile home park, as defined in section 435.1, shall be
34 assessed and taxed as improved residential property. Real
35 estate located in a land-leased community, as defined in

1 sections 335.30A and 414.28A, shall be assessed and taxed as
2 improved residential property.

3 Sec. 64. Section 435.23, Code 2003, is amended to read as
4 follows:

5 435.23 EXEMPTIONS -- PRORATING TAX.

6 The manufacturer's and dealer's inventory of mobile homes,
7 manufactured homes, or modular homes not in use as a place of
8 human habitation shall be exempt from the annual tax. All
9 travel trailers shall be exempt from this tax. The homes and
10 travel trailers in the inventory of manufacturers and dealers
11 shall be exempt from personal property tax. ~~The homes coming
12 into Iowa from out of state and located in a manufactured home
13 community or mobile home park shall be liable for the tax
14 computed pro-rata to the nearest whole month, for the time the
15 home is actually situated in Iowa.~~

16 Sec. 65. Section 435.24, subsections 1, 2, and 4, Code
17 2003, are amended to read as follows:

18 1. ~~The annual tax is due and payable to the county
19 treasurer on or after July 1 in each fiscal year and is
20 collectible in the same manner and at the same time as
21 ordinary taxes as provided in sections 445.36, 445.37, and
22 445.39. Interest at the rate prescribed by law shall accrue
23 on unpaid taxes. Both installments of taxes may be paid at
24 one time. The September installment represents a tax period
25 beginning July 1 and ending December 31. The March
26 installment represents a tax period beginning January 1 and
27 ending June 30. A mobile home, manufactured home, or modular
28 home coming into this state from outside the state, put in use
29 from a dealer's inventory, or put in use at any time after
30 July 1 or January 1, and located in a manufactured home
31 community or mobile home park, is subject to the taxes
32 prorated for the remaining unexpired months of the tax period,
33 but the purchaser is not required to pay the tax at the time
34 of purchase. Interest attaches the following April 1 for
35 taxes prorated on or after October 1. Interest attaches the~~

1 ~~following October 1 for taxes prorated on or after April 1.~~
2 Interest at the rate prescribed by law shall accrue on unpaid
3 taxes. If the taxes are not paid, the county treasurer shall
4 send a statement of delinquent taxes as part of the notice of
5 tax sale as provided in section 446.9. The owner of a home
6 who sells the home between July 1 and December 31 and obtains
7 a tax clearance statement is responsible only for the
8 September tax payment and is not required to pay taxes for
9 subsequent tax periods. If the owner of a home located in a
10 manufactured home community or mobile home park sells the
11 home, obtains a tax clearance statement, and obtains a
12 replacement home to be located in a manufactured home
13 community or mobile home park, the owner shall not pay taxes
14 under this chapter for the newly acquired home for the same
15 tax period that the owner has paid taxes on the home sold.
16 Interest for delinquent taxes shall be calculated to the
17 nearest whole dollar. In calculating interest each fraction
18 of a month shall be counted as an entire month.

19 2. The home owners upon issuance of a certificate of title
20 or upon transporting to a new site shall file the address,
21 township, and school district, of the location where the home
22 is parked with the county treasurer's office. Failure to
23 comply is punishable as set out in section 435.18. ~~When the~~
24 ~~new location is outside of a manufactured home community or~~
25 ~~mobile home park, the~~ The county treasurer shall provide to
26 the assessor a copy of the tax clearance statement for
27 purposes of assessment as real estate on the following January
28 1.

29 4. The tax is a lien on the vehicle senior to any other
30 lien upon it except a judgment obtained in an action to
31 dispose of an abandoned home under section 555B.8. The home
32 bearing a current registration issued by any other state and
33 remaining within this state for an accumulated period not to
34 exceed ninety days in any twelve-month period is not subject
35 to Iowa tax. However, when one or more persons occupying a

1 home bearing a foreign registration are employed in this
2 state, there is no exemption from the Iowa tax. ~~This tax is~~
3 ~~in-lieu-of-all-other-taxes-general-or-local-on-a-home-~~

4 Sec. 66. Section 435.26, subsection 1, paragraph a, Code
5 2003, is amended to read as follows:

6 a. A mobile home or manufactured home which is located
7 outside a manufactured home community or mobile home park
8 ~~shall-be-converted-to-real-estate-by-being~~ shall be placed on
9 a permanent foundation and shall be assessed for real estate
10 taxes. ~~A home, after conversion to real estate, is eligible~~
11 ~~for-the-homestead-tax-credit-and-the-military-tax-exemption-as~~
12 ~~provided-in-sections-425.2-and-426A.11.~~ Such mobile home or
13 manufactured home is subject to the requirements of this
14 section.

15 Sec. 67. Section 435.27, subsection 1, Code 2003, is
16 amended to read as follows:

17 1. A mobile home or manufactured home ~~converted to real~~
18 ~~estate~~ under section 435.26 ~~may be reconverted to a home as~~
19 ~~provided in this section when it~~ that is moved to a
20 manufactured home community or mobile home park or a
21 manufactured or mobile home retailer's inventory is subject to
22 the requirements of this section. ~~When the home is located~~
23 ~~within a manufactured home community or mobile home park, the~~
24 ~~home shall be taxed pursuant to section 435.227, subsection 1.~~

25 Sec. 68. Section 435.27, subsection 3, Code 2003, is
26 amended by striking the subsection.

27 Sec. 69. Section 435.28, Code 2003, is amended to read as
28 follows:

29 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

30 Upon issuance of a certificate of title to a mobile home or
31 manufactured home which is not located in a ~~manufactured home~~
32 ~~community or mobile home park or~~ dealer's inventory, the
33 county treasurer shall notify the assessor of the existence of
34 the home for tax assessment purposes.

35 Sec. 70. Section 435.35, Code 2003, is amended to read as

1 follows:

2 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME
3 COMMUNITY OR MOBILE HOME PARK -- EXEMPTION.

4 A taxable mobile home or manufactured home which is not
5 located in a manufactured home community or mobile home park
6 as of January 1, 1995, ~~shall be assessed and taxed as real~~
7 ~~estate.~~ The home is also exempt from the permanent foundation
8 requirements of this chapter until the home is relocated.

9 Sec. 71. Section 437.7, Code 2003, is amended to read as
10 follows:

11 437.7 TAXABLE VALUE.

12 The taxable value of such line or lines of which the
13 director of revenue and finance by this chapter is required to
14 find the value, shall be determined by taking the ~~percentage~~
15 ~~of the actual~~ reduction in value so ascertained, as provided
16 by section 441.21, and the ratio between the actual value and
17 the assessed or taxable value of the transmission line or
18 lines of each of said companies located outside of cities
19 shall be the same as in the case of the property of private
20 individuals.

21 Sec. 72. Section 441.21, subsection 1, paragraphs e, f,
22 and g, Code 2003, are amended by striking the paragraphs.

23 Sec. 73. Section 441.21, subsection 2, Code 2003, is
24 amended to read as follows:

25 2. In the event market value of the property being
26 assessed cannot be readily established in the foregoing
27 manner, then the assessor may determine the value of the
28 property using the other uniform and recognized appraisal
29 methods including its productive and earning capacity, if any,
30 industrial conditions, its cost, physical and functional
31 depreciation and obsolescence and replacement cost, and all
32 other factors which would assist in determining the fair and
33 reasonable market value of the property but the actual value
34 shall not be determined by use of only one such factor. The
35 following shall not be taken into consideration: Special

1 value or use value of the property to its present owner, and
2 the good will or value of a business which uses the property
3 as distinguished from the value of the property as property.
4 However, in assessing property that is rented or leased to
5 low-income individuals and families as authorized by section
6 42 of the Internal Revenue Code, as amended, and which section
7 limits the amount that the individual or family pays for the
8 rental or lease of units in the property, the assessor shall
9 use the productive and earning capacity from the actual rents
10 received as a method of appraisal and shall take into account
11 the extent to which that use and limitation reduces the market
12 value of the property. The assessor shall not consider any
13 tax credit equity or other subsidized financing as income
14 provided to the property in determining the assessed value.
15 Upon adoption of uniform rules by the revenue department or
16 succeeding authority covering assessments and valuations of
17 such properties, said valuation on such properties shall be
18 determined in accordance ~~therewith~~ with such uniform rules for
19 assessment purposes to assure uniformity, but such rules shall
20 not be inconsistent with or change the foregoing means of
21 determining the actual, market, taxable, and assessed values.

22 In the event market value of newly constructed residential
23 property being assessed cannot be readily established because
24 of insufficient comparable sales, the assessor shall use the
25 replacement cost method to value the property.

26 Sec. 74. Section 441.21, subsection 4, Code 2003, is
27 amended by striking the subsection and inserting in lieu
28 thereof the following:

29 4. For valuations established as of January 1, 2004, the
30 actual value at which residential property is assessed shall
31 be reduced by fifty percent up to a maximum of twenty thousand
32 dollars on each parcel of residential property assessed for
33 taxation. The reduction shall be applied to an improved
34 parcel only.

35 Sec. 75. Section 441.21, subsection 5, Code 2003, is

1 amended to read as follows:

2 5. ~~For valuations established as of January 1, 1979,~~
3 ~~commercial property and industrial property, excluding~~
4 ~~properties referred to in section 427A.1, subsection 7, shall~~
5 ~~be assessed as a percentage of the actual value of each class~~
6 ~~of property. The percentage shall be determined for each~~
7 ~~class of property by the director of revenue for the state in~~
8 ~~accordance with the provisions of this section. For~~
9 ~~valuations established as of January 1, 1979, the percentage~~
10 ~~shall be the quotient of the dividend and divisor as defined~~
11 ~~in this section. The dividend for each class of property~~
12 ~~shall be the total actual valuation for each class of property~~
13 ~~established for 1978, plus six percent of the amount so~~
14 ~~determined. The divisor for each class of property shall be~~
15 ~~the valuation for each class of property established for 1978,~~
16 ~~as reported by the assessors on the abstracts of assessment~~
17 ~~for 1978, plus the amount of value added to the total actual~~
18 ~~value by the revaluation of existing properties in 1979 as~~
19 ~~equalized by the director of revenue pursuant to section~~
20 ~~441.49.~~ For valuations established as of January 1, 1979,
21 property valued by the department of revenue pursuant to
22 sections 428.24 through 428.29, and chapters 428, 433, 437,
23 and 438 shall be considered as one class of property and shall
24 be assessed as a percentage of its actual value. The
25 percentage shall be determined by the director of revenue in
26 accordance with the provisions of this section. For
27 valuations established as of January 1, 1979, the percentage
28 shall be the quotient of the dividend and divisor as defined
29 in this section. The dividend shall be the total actual
30 valuation established for 1978 by the department of revenue,
31 plus ten percent of the amount so determined. The divisor for
32 property valued by the department of revenue pursuant to
33 sections 428.24 through 428.29 and chapters 428, 433, 437, and
34 438 shall be the valuation established for 1978, plus the
35 amount of value added to the total actual value by the

1 revaluation of the property by the department of revenue as of
2 January 1, 1979. ~~For valuations established as of January 1,~~
3 ~~1980, commercial property and industrial property, excluding~~
4 ~~properties referred to in section 427A, subsection 7, shall~~
5 ~~be assessed at a percentage of the actual value of each class~~
6 ~~of property. The percentage shall be determined for each~~
7 ~~class of property by the director of revenue for the state in~~
8 ~~accordance with the provisions of this section. For~~
9 ~~valuations established as of January 1, 1980, the percentage~~
10 ~~shall be the quotient of the dividend and divisor as defined~~
11 ~~in this section. The dividend for each class of property~~
12 ~~shall be the dividend as determined for each class of property~~
13 ~~for valuations established as of January 1, 1979, adjusted by~~
14 ~~the product obtained by multiplying the percentage determined~~
15 ~~for that year by the amount of any additions or deletions to~~
16 ~~actual value, excluding those resulting from the revaluation~~
17 ~~of existing properties, as reported by the assessors on the~~
18 ~~abstracts of assessment for 1979, plus four percent of the~~
19 ~~amount so determined. The divisor for each class of property~~
20 ~~shall be the total actual value of all such property in 1979,~~
21 ~~as equalized by the director of revenue pursuant to section~~
22 ~~441.49, plus the amount of value added to the total actual~~
23 ~~value by the revaluation of existing properties in 1980. The~~
24 ~~director shall utilize information reported on the abstracts~~
25 ~~of assessment submitted pursuant to section 441.45 in~~
26 ~~determining such percentage.~~ For valuations established as of
27 January 1, 1980, property valued by the department of revenue
28 pursuant to sections 428.24 through 428.29, and chapters 428,
29 433, 437, and 438 shall be assessed at a percentage of its
30 actual value. The percentage shall be determined by the
31 director of revenue in accordance with the provisions of this
32 section. For valuations established as of January 1, 1980,
33 the percentage shall be the quotient of the dividend and
34 divisor as defined in this section. The dividend shall be the
35 total actual valuation established for 1979 by the department

1 of revenue, plus eight percent of the amount so determined.
2 The divisor for property valued by the department of revenue
3 pursuant to sections 428.24 through 428.29, and chapters 428,
4 433, 437, and 438 shall be the valuation established for 1979,
5 plus the amount of value added to the total actual value by
6 the revaluation of the property by the department of revenue
7 as of January 1, 1980. ~~For valuations established as of~~
8 ~~January 1, 1981, and each year thereafter, the percentage of~~
9 ~~actual value as equalized by the director of revenue and~~
10 ~~finance as provided in section 441.49 at which commercial~~
11 ~~property and industrial property, excluding properties~~
12 ~~referred to in section 427A.17 subsection 7, shall be assessed~~
13 ~~shall be calculated in accordance with the methods provided~~
14 ~~herein, except that any references to six percent in this~~
15 ~~subsection shall be four percent.~~ For valuations established
16 as of January 1, 1981, and each year thereafter, the
17 percentage of actual value at which property valued by the
18 department of revenue and finance pursuant to sections 428.24
19 through 428.29, and chapters 428, 433, 437, and 438 shall be
20 assessed shall be calculated in accordance with the methods
21 provided herein in this section, except that any references to
22 ten percent in this subsection shall be eight percent.
23 Beginning with valuations established as of January 1, 1979,
24 and each year thereafter, property valued by the department of
25 revenue and finance pursuant to chapter 434 shall also be
26 assessed at a percentage of its actual value which percentage
27 shall be equal to the percentage determined by the director of
28 revenue and finance for commercial property, industrial
29 property, or property valued by the department of revenue and
30 finance pursuant to sections 428.24 through 428.29, and
31 chapters 428, 433, 437, and 438, whichever is lowest.

32 Sec. 76. Section 441.21, Code 2003, is amended by adding
33 the following new subsections:

34 NEW SUBSECTION. 5A. For valuations established as of
35 January 1, 2004, the actual value at which commercial property

1 and industrial property is assessed shall be reduced by fifty
2 percent up to a maximum of twenty-five thousand dollars on
3 each parcel of commercial property or industrial property
4 assessed for taxation. The reduction shall be applied to an
5 improved parcel only.

6 NEW SUBSECTION. 5B. For valuations established as of
7 January 1, 2004, the actual value at which agricultural
8 property is assessed shall be reduced by fifty percent up to a
9 maximum of sixty-five thousand dollars per farm unit. For
10 purposes of this subsection, "farm unit" means a single
11 contiguous tract of agricultural land, or two or more adjacent
12 tracts of agricultural land upon which farming operations are
13 being conducted by a person who owns or is purchasing or
14 renting all of the land, or by that person's tenant or
15 tenants. If a landowner has multiple farm tenants, the land
16 on which farming operations are being conducted by each tenant
17 is a separate farm unit. Before assigning assessed value per
18 tract of agricultural land, the assessor shall establish a per
19 acre assessment for the agricultural property.

20 Sec. 77. Section 441.21, subsections 9 and 10, Code 2003,
21 are amended to read as follows:

22 9. Not later than November 1, ~~1979~~ 2004, and November 1 of
23 each subsequent year, the director shall certify to the county
24 auditor of each county the percentages of actual value at
25 which ~~residential-property, agricultural-property, commercial~~
26 ~~property, industrial-property, and~~ property valued by the
27 department of revenue and finance pursuant to sections 428.24
28 through 428.29, and chapters 428, 433, 434, 437, and 438 in
29 each assessing jurisdiction in the county shall be assessed
30 for taxation. The county auditor shall proceed to determine
31 the assessed values of ~~agricultural-property, residential~~
32 ~~property, commercial-property, industrial-property, and~~
33 property valued by the department of revenue and finance
34 pursuant to sections 428.24 through 428.29, and chapters 428,
35 433, 434, 437, and 438 by applying such percentages to the

1 current actual value of such property, as reported to the
2 county auditor by the assessor, and the assessed values so
3 determined shall be the taxable values of such properties upon
4 which the levy shall be made.

5 10. The percentage of actual value computed by the
6 director for agricultural property, residential property,
7 commercial property, industrial property, and property valued
8 by the department of revenue and finance pursuant to sections
9 428.24 through 428.29, and chapters ~~428~~, 433, 434, 437, and
10 438 and used to determine assessed values of those classes of
11 property does not constitute a rule as defined in section
12 17A.2, subsection 11.

13 Sec. 78. Section 441.21, Code 2003, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 13. a. The reduction amounts in
16 subsections 4, 5A, and 5B shall each year be increased for
17 inflation. Upon determination of the latest cumulative
18 inflation factor, the director of revenue and finance shall
19 multiply each dollar amount set forth in subsections 4, 5A,
20 and 5B by this cumulative inflation factor, shall round off
21 the resulting product to the nearest dollar, and shall
22 transmit the result to each city and county assessor for each
23 assessment year.

24 b. For purposes of this subsection, "cumulative inflation
25 factor" means the product of the annual inflation factor for
26 the 2004 calendar year and all annual inflation factors for
27 subsequent calendar years as determined pursuant to this
28 subsection. The cumulative inflation factor applies to all
29 tax years beginning on or after January 1 of the calendar year
30 for which the latest annual inflation factor has been
31 determined.

32 c. In determining the annual inflation factor, the
33 department shall use the annual percent change, but not less
34 than zero percent, in the gross domestic product price
35 deflator computed for the second quarter of the calendar year

1 by the bureau of economic analysis of the United States
2 department of commerce and shall add all of that percent
3 change to one hundred percent. The annual inflation factor
4 and the cumulative inflation factor shall each be expressed as
5 a percentage rounded to the nearest one-tenth of one percent.
6 The annual inflation factor shall not be less than one hundred
7 percent.

8 d. The annual inflation factor for the 2004 assessment
9 year is one hundred percent.

10 Sec. 79. Section 441.21, Code 2003, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 14. a. A tract of land containing an
13 animal feeding operation structure as defined in section
14 459.102, must be owned by an owner as defined in this
15 subsection and a designated person must be actively engaged in
16 farming during the calendar year preceding the calendar year
17 in which the land is assessed in order to be assessed and
18 taxed as agricultural property. All other tracts of land
19 containing an animal feeding operation structure shall be
20 assessed and taxed as commercial property.

21 b. For purposes of this subsection:

22 (1) "Actively engaged in farming" means the designated
23 person is personally involved in the production of crops and
24 livestock on the eligible tract on a regular, continuous, and
25 substantial basis. However, a lessor, whether under a cash or
26 a crop share lease, is not actively engaged in farming on the
27 area of the tract covered by the lease. This provision
28 applies to both written and oral leases.

29 (2) "Agricultural land" means land in tracts of ten acres
30 or more excluding any buildings or other structures located on
31 the land, and not laid off into lots of less than ten acres or
32 divided by streets and alleys into parcels of less than ten
33 acres, and in good faith used for agricultural or
34 horticultural purposes. Any land in tracts laid off or
35 platted into lots of less than ten acres belonging to and a

1 part of other lands of more than ten acres and in good faith
2 used for agricultural or horticultural purposes is entitled to
3 the benefits of this chapter.

4 (3) "Crop" or "crop production" includes pastureland.

5 (4) "Designated person" means one of the following:

6 (a) If the owner is an individual, the designated person
7 includes the owner of the tract, the owner's spouse, the
8 owner's child or stepchild, and their spouses, or the owner's
9 relative within the third degree of consanguinity, and the
10 relative's spouse.

11 (b) If the owner is a partnership, a partner or the
12 partner's spouse.

13 (c) If the owner is a family farm corporation, a family
14 member who is a shareholder of the family farm corporation or
15 the shareholder's spouse.

16 (d) If the owner is an authorized farm corporation, a
17 shareholder who owns at least fifty-one percent of the stock
18 of the authorized farm corporation or the shareholder's
19 spouse.

20 (e) If the owner is an individual who leases the tract to
21 a family farm corporation, a shareholder of the corporation if
22 the combined stock of the family farm corporation owned by the
23 owner of the tract and persons related to the owner as
24 enumerated in subparagraph subdivision (a) is equal to at
25 least fifty-one percent of the stock of the family farm
26 corporation.

27 (f) If the owner is an individual who leases the tract to
28 a partnership, a partner if the combined partnership interest
29 owned by a designated person as defined in subparagraph
30 subdivision (a) is equal to at least fifty-one percent of the
31 ownership interest of the partnership.

32 (5) "Eligible tract" or "eligible tract of agricultural
33 land" means an area of agricultural land which meets all of
34 the following:

35 (a) Is comprised of all of the contiguous tracts under

1 identical legal ownership that are located within the same
2 county.

3 (b) In the aggregate more than half the acres of the
4 contiguous tract are devoted to the production of crops or
5 livestock by a designated person who is actively engaged in
6 farming.

7 (c) For purposes of subparagraph (2), if some or all of
8 the contiguous tract is being farmed under a lease
9 arrangement, the activities of the lessor do not constitute
10 being actively engaged in farming on the areas of the tract
11 covered by the lease. If the lessee is a designated person
12 who is actively engaged in farming, the acres under lease may
13 be considered in determining whether more than half the acres
14 of the contiguous tract are devoted to the production of crops
15 or livestock.

16 (6) "Owner" means any of the following:

17 (a) An individual who holds the fee simple title to the
18 agricultural land.

19 (b) An individual who owns the agricultural land under a
20 contract of purchase which has been recorded in the office of
21 the county recorder of the county in which the agricultural
22 land is located.

23 (c) An individual who owns the agricultural land under
24 devise or by operation of the inheritance laws, where the
25 whole interest passes or where the divided interest is shared
26 only by individuals related or formerly related to each other
27 by blood, marriage, or adoption.

28 (d) An individual who owns the agricultural land under a
29 deed which conveys a divided interest, where the divided
30 interest is shared only by individuals related or formerly
31 related to each other by blood, marriage, or adoption.

32 (e) A partnership where all partners are related or
33 formerly related to each other by blood, marriage, or
34 adoption.

35 (f) A family farm corporation or authorized farm

1 corporation, as both are defined in section 9H.1, which owns
2 the agricultural land.

3 Sec. 80. NEW SECTION. 441.21A AGRICULTURAL LAND RESERVE.

4 1. Land classified for property tax purposes as
5 agricultural land shall, upon application of the owner by
6 January 10 of the assessment year, be placed in agricultural
7 land reserve by the assessor subject to this section.

8 2. An eligible tract of agricultural land shall be placed
9 in an agricultural land reserve if both of the following
10 apply:

11 a. The tract is owned by an owner as defined in this
12 section and a designated person is actively engaged in farming
13 during the calendar year preceding the calendar year in which
14 the land is assessed.

15 b. The assessed valuation of the land per acre exceeds the
16 average assessed valuation per acre of agricultural land in
17 the county by an amount equal to twenty-five percent of the
18 average valuation per acre of agricultural land in the county.

19 3. Agricultural land placed in an agricultural land
20 reserve shall be assessed for property tax purposes at the
21 average assessed valuation per acre of agricultural land in
22 the county. The assessment under this section shall continue
23 until the land no longer qualifies for placement in an
24 agricultural land reserve pursuant to subsection 2.

25 4. Land no longer qualifying for placement in an
26 agricultural land reserve is subject to a recapture tax. The
27 tax shall be computed by multiplying the consolidated levy for
28 each of the years the land was in agricultural land reserve
29 times the assessed value of the land that would have been
30 taxed but for the special valuation provisions of this
31 section. This tax shall be entered against the property on
32 the tax list for the current year and shall constitute a lien
33 against the property in the same manner as a lien for property
34 taxes. The tax when collected shall be apportioned in the
35 manner provided for the apportionment of the property taxes

1 for the applicable tax year.

2 5. For purposes of this section:

3 a. "Actively engaged in farming" means the designated
4 person is personally involved in the production of crops and
5 livestock on the eligible tract on a regular, continuous, and
6 substantial basis. However, a lessor, whether under a cash or
7 a crop share lease, is not actively engaged in farming on the
8 area of the tract covered by the lease. This provision
9 applies to both written and oral leases.

10 b. "Agricultural land" means land in tracts of ten acres
11 or more excluding any buildings or other structures located on
12 the land, and not laid off into lots of less than ten acres or
13 divided by streets and alleys into parcels of less than ten
14 acres, and in good faith used for agricultural or
15 horticultural purposes. Any land in tracts laid off or
16 platted into lots of less than ten acres belonging to and a
17 part of other lands of more than ten acres and in good faith
18 used for agricultural or horticultural purposes is entitled to
19 the benefits of this chapter.

20 c. "Crop" or "crop production" includes pastureland.

21 d. "Designated person" means one of the following:

22 (1) If the owner is an individual, the designated person
23 includes the owner of the tract, the owner's spouse, the
24 owner's child or stepchild, and their spouses, or the owner's
25 relative within the third degree of consanguinity, and the
26 relative's spouse.

27 (2) If the owner is a partnership, a partner or the
28 partner's spouse.

29 (3) If the owner is a family farm corporation, a family
30 member who is a shareholder of the family farm corporation or
31 the shareholder's spouse.

32 (4) If the owner is an authorized farm corporation, a
33 shareholder who owns at least fifty-one percent of the stock
34 of the authorized farm corporation or the shareholder's
35 spouse.

1 (5) If the owner is an individual who leases the tract to
2 a family farm corporation, a shareholder of the corporation if
3 the combined stock of the family farm corporation owned by the
4 owner of the tract and persons related to the owner as
5 enumerated in subparagraph (1) is equal to at least fifty-one
6 percent of the stock of the family farm corporation.

7 (6) If the owner is an individual who leases the tract to
8 a partnership, a partner if the combined partnership interest
9 owned by a designated person as defined in subparagraph (1) is
10 equal to at least fifty-one percent of the ownership interest
11 of the partnership.

12 e. "Eligible tract" or "eligible tract of agricultural
13 land" means an area of agricultural land which meets all of
14 the following:

15 (1) Is comprised of all of the contiguous tracts under
16 identical legal ownership that are located within the same
17 county.

18 (2) In the aggregate more than half the acres of the
19 contiguous tract are devoted to the production of crops or
20 livestock by a designated person who is actively engaged in
21 farming.

22 (3) For purposes of paragraph "b", if some or all of the
23 contiguous tract is being farmed under a lease arrangement,
24 the activities of the lessor do not constitute being actively
25 engaged in farming on the areas of the tract covered by the
26 lease. If the lessee is a designated person who is actively
27 engaged in farming, the acres under lease may be considered in
28 determining whether more than half the acres of the contiguous
29 tract are devoted to the production of crops or livestock.

30 f. "Owner" means any of the following:

31 (1) An individual who holds the fee simple title to the
32 agricultural land.

33 (2) An individual who owns the agricultural land under a
34 contract of purchase which has been recorded in the office of
35 the county recorder of the county in which the agricultural

1 land is located.

2 (3) An individual who owns the agricultural land under
3 devise or by operation of the inheritance laws, where the
4 whole interest passes or where the divided interest is shared
5 only by individuals related or formerly related to each other
6 by blood, marriage, or adoption.

7 (4) An individual who owns the agricultural land under a
8 deed which conveys a divided interest, where the divided
9 interest is shared only by individuals related or formerly
10 related to each other by blood, marriage, or adoption.

11 (5) A partnership where all partners are related or
12 formerly related to each other by blood, marriage, or
13 adoption.

14 (6) A family farm corporation or authorized farm
15 corporation, as both are defined in section 9H.1, which owns
16 the agricultural land.

17 Sec. 81. Section 441.22, Code 2003, is amended to read as
18 follows:

19 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

20 Forest and fruit-tree reservations fulfilling the
21 conditions of sections 427C.1 to 427C.13 shall be exempt from
22 taxation, except as otherwise provided in section 427C.12. In
23 all other cases where trees are planted upon any tract of
24 land, without regard to area, for forest, fruit, shade, or
25 ornamental purposes, or for windbreaks, the assessor shall not
26 increase the valuation of the property because of such
27 improvements.

28 Sec. 82. Section 441.40, Code 2003, is amended to read as
29 follows:

30 441.40 COSTS, FEES AND EXPENSES APPORTIONED.

31 The clerk of the court shall likewise certify to the county
32 treasurer the costs assessed by the court on any appeal from a
33 board of review to the district court, in all cases where said
34 costs are taxed against the board of review or any taxing
35 body. The district court may award payment of the property

1 owner's or aggrieved taxpayer's attorney fees as part of the
2 costs assessed by the court to be taxed against the board of
3 review or any taxing body. Thereupon the county treasurer
4 shall compute and apportion the said costs between the various
5 taxing bodies participating in the proceeds of the collection
6 of the taxes involved in any such appeal, and said treasurer
7 shall so compute and apportion the various amounts which said
8 taxing bodies are required to pay in proportion to the amount
9 of taxes each of said taxing bodies is entitled to receive
10 from the whole amount of taxes involved in each of such
11 appeals. The said county treasurer shall deduct from the
12 proceeds of all general taxes collected the amount of costs so
13 computed and apportioned by the treasurer from the moneys due
14 to each taxing body from general taxes collected. The amount
15 so deducted shall be certified to each taxing body in lieu of
16 moneys collected. Said county treasurer shall pay to the
17 clerk of the district court the amount of said costs so
18 computed, apportioned and collected by the treasurer in all
19 cases now on file or hereafter filed in which said costs have
20 not been paid.

21 Sec. 83. Section 441.73, subsection 4, Code 2003, is
22 amended to read as follows:

23 4. The executive council shall transfer for the fiscal
24 year beginning July 1, 1992, and each fiscal year thereafter,
25 from ~~funds~~ the fund established in ~~sections~~ section 405A.8,
26 ~~425:17-and-426:17~~ an amount necessary to pay litigation
27 expenses. The amount of the fund for each fiscal year shall
28 not exceed seven hundred thousand dollars. The executive
29 council shall determine annually the ~~proportionate-amounts~~
30 amount to be transferred from the ~~three-separate-funds~~ fund.
31 At any time when no litigation is pending or in progress the
32 balance in the litigation expense fund shall not exceed one
33 hundred thousand dollars. Any excess moneys shall be
34 transferred in a proportionate amount back to the ~~funds~~ fund
35 from which they were originally transferred.

1 Sec. 84. Section 443.2, unnumbered paragraph 2, Code 2003,
2 is amended to read as follows:

3 The county auditor shall list the aggregate actual value
4 and the aggregate taxable value of all taxable property within
5 the county and each political subdivision including property
6 subject to the statewide property tax imposed under section
7 437A.18 on the tax list in order that the actual value of the
8 taxable property within the county or a political subdivision
9 may be ascertained and shown by the tax list for the purpose
10 of computing the debt-incurring capacity of the county or
11 political subdivision. As used in this section, "actual
12 value" is the value determined under section 441.21,
13 subsections 1 to 3, prior to the reduction ~~to-a-percentage-of~~
14 in actual value as otherwise provided in section 441.21.
15 "Actual value" of property subject to statewide property tax
16 is the assessed value under section 437A.18.

17 Sec. 85. NEW SECTION. 444.29 PROPERTY TAX LIMITATION.

18 1. a. For property taxes due and payable in the fiscal
19 year beginning July 1, 2005, and all subsequent fiscal years,
20 property taxes levied by a county against residential property
21 shall not exceed the following percentages of the actual value
22 of the property as determined by the assessor after the
23 reduction in section 441.21, subsection 4, is applied:

24 (1) In the incorporated areas of the county, three-eighths
25 of one percent.

26 (2) In the unincorporated areas of the county, three-
27 fourths of one percent.

28 b. For property taxes due and payable in the fiscal year
29 beginning July 1, 2005, and all subsequent fiscal years,
30 property taxes levied by a city against residential property
31 shall not exceed an amount equal to one percent of the actual
32 value of the property as determined by the assessor after the
33 reduction in section 441.21, subsection 4, is applied.

34 2. a. (1) For property taxes due and payable in the
35 fiscal year beginning July 1, 2005, property taxes levied by a

1 county against commercial property shall not exceed the
2 following percentages of the actual value of the property as
3 determined by the assessor after the reduction in section
4 441.21, subsection 5A, is applied:

5 (a) In the incorporated areas of the county, one percent.

6 (b) In the unincorporated areas of the county, two
7 percent.

8 (2) For property taxes due and payable in the fiscal year
9 beginning July 1, 2006, property taxes levied by a county
10 against commercial property shall not exceed the following
11 percentages of the actual value of the property as determined
12 by the assessor after the reduction in section 441.21,
13 subsection 5A, is applied:

14 (a) In the incorporated areas of the county, seven-eighths
15 of one percent.

16 (b) In the unincorporated areas of the county, one and
17 three-fourths percent.

18 (3) For property taxes due and payable in the fiscal year
19 beginning July 1, 2007, and all subsequent fiscal years,
20 property taxes levied by a county against commercial property
21 shall not exceed the following percentages of the actual value
22 of the property as determined by the assessor after the
23 reduction in section 441.21, subsection 5A, is applied:

24 (a) In the incorporated areas of the county, three-fourths
25 of one percent.

26 (b) In the unincorporated areas of the county, one and
27 one-half percent.

28 b. (1) For property taxes due and payable in the fiscal
29 year beginning July 1, 2005, property taxes levied by a city
30 against commercial property shall not exceed an amount equal
31 to two percent of the actual value of the property as
32 determined by the assessor after the reduction in section
33 441.21, subsection 5A, is applied.

34 (2) For property taxes due and payable in the fiscal year
35 beginning July 1, 2006, property taxes levied by a city

1 against commercial property shall not exceed an amount equal
2 to one and three-fourths percent of the actual value of the
3 property as determined by the assessor after the reduction in
4 section 441.21, subsection 5A, is applied.

5 (3) For property taxes due and payable in the fiscal year
6 beginning July 1, 2007, and all subsequent fiscal years,
7 property taxes levied by a city against commercial property
8 shall not exceed an amount equal to one and one-half percent
9 of the actual value of the property as determined by the
10 assessor after the reduction in section 441.21, subsection 5A,
11 is applied.

12 3. a. For property taxes due and payable in the fiscal
13 year beginning July 1, 2005, and all subsequent fiscal years,
14 property taxes levied by a county against industrial property
15 shall not exceed the following percentages of the actual value
16 of the property as determined by the assessor after the
17 reduction in section 441.21, subsection 4, is applied:

18 (1) In the incorporated areas of the county, one percent.

19 (2) In the unincorporated area of the county, two percent.

20 b. For property taxes due and payable in the fiscal year
21 beginning July 1, 2005, and all subsequent fiscal years,
22 property taxes levied by a city against industrial property
23 shall not exceed an amount equal to two percent of the actual
24 value of the property as determined by the assessor after the
25 reduction in section 441.21, subsection 5A, is applied.

26 4. a. For property taxes due and payable in the fiscal
27 year beginning July 1, 2005, and all subsequent fiscal years,
28 property taxes levied by a county against agricultural
29 property shall not exceed the following percentages of the
30 actual value of the property as determined by the assessor
31 after the reduction in section 441.21, subsection 5B, is
32 applied:

33 (1) In the incorporated areas of the county, one-half of
34 one percent.

35 (2) In the unincorporated areas of the county, three-

1 fourths of one percent.

2 b. For property taxes due and payable in the fiscal year
3 beginning July 1, 2005, and all subsequent fiscal years,
4 property taxes levied by a city against agricultural property
5 shall not exceed an amount equal to one percent of the actual
6 value of the property as determined by the assessor after the
7 reduction in section 441.21, subsection 5B, is applied.

8 Sec. 86. NEW SECTION. 444.30 PROPERTY TAX LIMITATION --
9 CONSUMER PRICE INDEX.

10 1. Notwithstanding the limitations in section 444.29, the
11 percentage increase in the amount of property taxes to be
12 levied against any class of property for the next fiscal year
13 cannot exceed the amount computed in this section.

14 2. The property tax increase limitation shall be computed
15 as follows:

16 a. Determine the amount of property taxes levied as a
17 percent of actual value in the current fiscal year.

18 b. Determine the sum of the amount of actual value of all
19 taxable property for the current fiscal year and the increase
20 in actual value of property due to new construction, additions
21 or improvements to existing structures, expiration of tax
22 abatement under chapter 404, and any increase in valuation due
23 to reclassification of property.

24 c. Multiply the percent calculated in paragraph "a" times
25 the amount in paragraph "b".

26 d. Multiply the product determined in paragraph "c" times
27 the sum of one plus the consumer price index.

28 3. For purposes of this section, "consumer price index"
29 means the percentage rate of change in the consumer price
30 index as tabulated by the United States department of labor,
31 bureau of labor statistics, for the twelve-month period ending
32 June 30 of the previous fiscal year.

33 Sec. 87. Section 445.1, subsection 6, Code 2003, is
34 amended to read as follows:

35 6. "Taxes" means an annual ad valorem tax, a special

1 assessment, a drainage tax, and a rate or charge, ~~and taxes on~~
2 ~~homes pursuant to chapter 435~~ which are collectible by the
3 county treasurer.

4 Sec. 88. Section 445.39, Code 2003, is amended to read as
5 follows:

6 445.39 INTEREST ON DELINQUENT TAXES.

7 If the first installment of taxes is not paid by the
8 delinquent date specified in section 445.37, the installment
9 becomes due and draws interest of three-fourths of one and
10 ~~one-half~~ percent per month until paid, from the delinquent
11 date following the levy. If the last half is not paid by the
12 delinquent date specified for it in section 445.37, the same
13 interest shall be charged from the date the last half became
14 delinquent. However, after April 1 in a fiscal year when late
15 delivery of the tax list referred to in chapter 443 results in
16 a delinquency date later than October 1 for the first
17 installment, interest on delinquent first installments shall
18 accrue as if delivery were made on the previous June 30. The
19 interest imposed under this section shall be computed to the
20 nearest whole dollar and the amount of interest shall not be
21 less than one dollar. In calculating interest each fraction
22 of a month shall be counted as an entire month. The interest
23 percentage on delinquent special assessments and rates or
24 charges is the same as that for the first installment of
25 delinquent ad valorem taxes.

26 Sec. 89. Section 447.1, unnumbered paragraph 1, Code 2003,
27 is amended to read as follows:

28 A parcel sold under this chapter and chapter 446 may be
29 redeemed at any time before the right of redemption expires,
30 by payment to the county treasurer, to be held by the
31 treasurer subject to the order of the purchaser, of the amount
32 for which the parcel was sold, including the fee for the
33 certificate of purchase, and interest of ~~two~~ one percent per
34 month, counting each fraction of a month as an entire month,
35 from the month of sale, and the total amount paid by the

1 purchaser or the purchaser's assignee for any subsequent year,
2 with interest at the same rate added on the amount of the
3 payment for each subsequent year from the month of payment,
4 counting each fraction of a month as an entire month. The
5 amount of interest must be at least one dollar and shall be
6 rounded to the nearest whole dollar. Interest shall accrue on
7 subsequent amounts from the month of payment by the
8 certificate holder.

9 Sec. 90. Chapters 425A and 426, Code 2003, are repealed.
10 Sections 425.4, 425.21, 425.24, 425.25, 425.33 through 425.36,
11 425.39, 425.40, 426A.1A through 426A.5, 435.33, and 435.34,
12 Code 2003, are repealed.

13 Sec. 91. The homestead property tax exemption,
14 extraordinary homestead property tax exemption, and the
15 military property tax exemption are not considered newly
16 enacted after January 1, 1997, for purposes of section 25B.7.

17 Sec. 92. CODE EDITOR DIRECTIVE. The Code editor is
18 directed to change the term "credit" to "exemption" anywhere
19 it occurs in the Code in reference to the homestead credit.
20 The Code editor is further directed to change the terms
21 "credit" and "credit or reimbursement" to "exemption" anywhere
22 those terms occur in the Code in reference to the
23 extraordinary property tax credit or reimbursement.

24 Sec. 93. EFFECTIVE AND APPLICABILITY DATES.

25 1. This Act takes effect January 1, 2004, and, except as
26 provided in subsections 2 through 4, applies to assessment
27 years beginning on or after that date.

28 2. The sections of this Act amending section 403.19 apply
29 to taxes due and payable in the fiscal years beginning on or
30 after July 1, 2004.

31 3. The sections of this Act repealing chapters 425A and
32 426, and amending sections in chapters 425 and 426A, apply to
33 taxes due and payable in fiscal years beginning on or after
34 July 1, 2004.

35 4. The section of this Act amending section 427.1,

1 subsection 19, applies to exemptions first applied for on or
2 after July 1, 2004.

3 EXPLANATION

4 This bill makes several changes relating to property
5 taxation.

6 The bill provides that if a new state mandate is imposed on
7 or after July 1, 2004, which requires the performance of a new
8 activity or service or the expansion of a service beyond what
9 was required before July 1, 2004, the state mandate must be
10 fully funded. If the state mandate is not fully funded, the
11 affected political subdivisions are not required to comply or
12 implement the state mandate. Also, no fines or penalties may
13 be imposed on a political subdivision for failure to comply or
14 carry out an unfunded state mandate.

15 The bill strikes Code section 25B.2, subsection 3, and
16 rewrites it as a new section outside the intent section of
17 Code chapter 25B. The rewritten section removes a qualifying
18 phrase which limits the circumstances under which a political
19 subdivision may still be required to carry out an unfunded
20 state mandate. The rewritten section also strikes the
21 exception for federal mandates and for mandates relating to
22 public retirement systems. The rewritten section does not
23 include area education agencies and community colleges in the
24 definition of "political subdivision".

25 The bill increases the regular program foundation base per
26 pupil from 87.5 percent to 98.4 percent, beginning with the
27 budget year commencing July 1, 2005, to offset the increase in
28 school property taxes due to the changed method of assessment.

29 The bill provides that, beginning with the fiscal year
30 beginning July 1, 2005, a school district cannot levy property
31 taxes, other than foundation and additional property taxes, in
32 excess of .5 percent of the taxable value of residential and
33 agricultural property and 1 percent of commercial or
34 industrial property. The bill also provides that such school
35 district property taxes by class cannot increase by more than

1 the consumer price index for the preceding 12 months.

2 The bill limits the ending general fund and rural services
3 fund balances of a county to 25 percent of actual expenditures
4 from each fund in the previous fiscal year. The limitation
5 applies to fiscal years beginning on or after July 1, 2008.

6 The bill adds definitions for "ending balance target
7 percentage" and "gross expenditure amount" to the section
8 relating to funding for mental health, mental retardation, and
9 developmental disabilities (MH/MR/DD). The bill also requires
10 certification of a minimum levy for MH/MR/DD services based on
11 a percentage of a county's base year expenditures for services
12 less the amount of property tax relief to be received from the
13 state.

14 The bill provides that the revenues from school district
15 property taxes imposed in an urban renewal area that is
16 utilizing tax increment financing shall not be paid to the
17 municipality implementing the urban renewal plan if more than
18 10 percent of the property in the urban renewal area is
19 assessed as residential, but shall be paid to the school
20 district imposing the taxes unless the school district revenue
21 is needed to pay indebtedness for the urban renewal area
22 incurred before July 1, 2004. The municipality must have
23 certified for the school revenue by July 1, 2004. The amount
24 certified is to be paid to the municipality by November 1 and
25 May 1 following certification.

26 The bill strikes the state reimbursement for the homestead
27 property tax credit and military property tax credit and
28 changes the credits to exemptions from assessed value. The
29 homestead exemption amount is increased from \$4,850 to \$5,000.
30 The military exemption amount is increased from \$1,852 to
31 \$2,000. The amount of exemption for veterans of World War I
32 is reduced from \$2,778 to \$2,000. The military tax exemption
33 is expanded to all persons currently serving in the armed
34 forces of the United States and those honorably discharged.

35 The bill amends provisions relating to the elderly,

1 disabled, and low-income property tax credit by making it an
2 exemption from assessed value and by eliminating the sliding
3 scale for income and exemption amount and replacing it with a
4 flat exemption amount of \$2,500. Elderly persons, disabled
5 persons, and low-income persons all of whom have household
6 income of less than \$16,500 are eligible for the credit.

7 The bill directs the Code editor to change "credit" and
8 "credit or reimbursement" to "exemption" wherever it occurs in
9 the Code in relation to the military tax credit and the
10 homestead tax credit. The bill also provides that all three
11 exemptions are not considered to be newly enacted for purposes
12 of state mandate funding requirements.

13 The bill limits the pollution-control property tax
14 exemption for agricultural land owners to \$100,000 of value
15 and it may only be claimed if the pollution-control property
16 is on agricultural land owned by a certain type of owner and
17 farmed by a person actively engaged in farming. "Owner" and
18 "actively engaged in farming" are defined in the bill.

19 The bill provides that any land in a forest reservation is
20 exempt from school district levies only. The bill requires
21 the owner of land in a forest or fruit-tree reservation to
22 annually certify that proper management techniques, such as
23 pruning and planting, are being followed.

24 The bill removes the square footage tax on mobile homes and
25 manufactured homes and replaces it with the ad valorem tax
26 imposed on other residences. The bill provides that real
27 estate of a mobile home park or land-leased community shall be
28 assessed and taxed as improved residential property.

29 The bill removes the property tax assessment limitations on
30 residential, commercial, industrial, and agricultural property
31 and requires that all such property be valued at its fair
32 market value. The bill provides a reduction from actual value
33 of 50 percent up to a maximum of \$65,000 per farm unit. "Farm
34 unit" is defined in the bill. The bill also provides a
35 reduction from actual value of 50 percent up to a maximum of

1 \$20,000 for improved residential property and 50 percent up to
2 a maximum of \$25,000 for improved commercial and improved
3 industrial property.

4 The bill provides that attorney fees incurred by a property
5 owner or aggrieved taxpayer in an appeal of an assessment to
6 district court may be awarded by the court and assessed
7 against the board of review and any taxing body involved in
8 the appeal.

9 The bill makes conforming amendments to sections pertaining
10 to valuation of property in an urban renewal area and
11 valuation of property owned by telegraph and telephone
12 companies, express companies, and electric cooperatives.

13 The bill also provides that if the assessor is unable to
14 establish fair market value of newly constructed residential
15 property because of a lack of comparable sales, the assessor
16 shall use the replacement cost method to value the property.

17 The bill provides that agricultural land containing an
18 animal feeding operation structure shall be assessed as
19 agricultural land only if it is owned by a certain type of
20 owner and is operated by a person actively engaged in farming.
21 "Owner" and "actively engaged in farming" are defined in the
22 bill.

23 The bill provides that agricultural land that is owned by a
24 certain type of owner and farmed by a person actively engaged
25 in farming shall, upon application of the owner, be placed in
26 an agricultural land reserve for purposes of assessment and
27 taxation if its assessed value exceeds by 25 percent the
28 average assessed value for agricultural land in the county.
29 Land in an agricultural land reserve shall be assessed at an
30 amount equal to the average assessed value per acre of
31 agricultural land in the county. "Owner" and "actively
32 engaged in farming" are defined in the bill.

33 The bill provides that, beginning with the fiscal year
34 beginning in 2005, a county cannot levy property taxes in
35 excess of the following percentages:

1 For residential property and agricultural property in the
2 unincorporated area, three-fourths of 1 percent of the taxable
3 value.

4 For commercial property in the unincorporated area, 2
5 percent. The 2 percent is lowered for successive years until
6 it reaches 1 and one-half percent.

7 For industrial property in the unincorporated area, 2
8 percent.

9 For residential property in the incorporated area, three-
10 eighths of 1 percent.

11 For agricultural property in the incorporated area, one-
12 half of 1 percent.

13 For commercial property in the incorporated area, 1
14 percent. The 1 percent is lowered for successive years until
15 it reaches three-fourths of 1 percent.

16 For industrial property in the incorporated area, 1
17 percent.

18 The bill also provides that, beginning with the fiscal year
19 beginning in 2005, a city cannot levy property taxes in excess
20 of 1 percent of the taxable value of residential property and
21 agricultural property, and 2 percent for commercial property.
22 The 2 percent is lowered for successive years until it reaches
23 1 and one-half percent. For industrial property, 2 percent.

24 The bill also provides that city or county property taxes
25 by class cannot increase by more than the consumer price index
26 for the preceding 12 months.

27 The bill lowers the amount of interest that can be charged
28 against delinquent property taxes. The interest rate is
29 changed from 1 and one-half percent to three-fourths of 1
30 percent before tax sale. The interest rate after the
31 delinquent taxes are sold at tax sale is changed from 2
32 percent to 1 percent.

33 The bill repeals the family farm property tax credit and
34 the agricultural land property tax credit. The bill makes
35 conforming amendments pertaining to these repeals.

1 The bill takes effect January 1, 2004, and applies to
2 assessment years beginning on or after January 1, 2004.
3 The section of the bill amending Code section 403.19 on tax
4 increment financing applies to taxes due and payable in fiscal
5 years beginning on or after July 1, 2004. The sections of the
6 bill amending the homestead tax credit, the elderly, disabled,
7 and low-income tax credit, and the military tax credit and
8 repealing the family farm tax credit and the agricultural land
9 tax credit apply to taxes due and payable in fiscal years
10 beginning on or after July 1, 2005. The section of the bill
11 limiting the pollution control exemption on agricultural land
12 applies to exemptions first applied for on or after July 1,
13 2004.

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