

MAR 2 2 2006
WAYS & MEANS CALENDAR

HOUSE FILE 2758
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2441)

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

A BILL FOR

1 An Act relating to the assessment for property taxation purposes
2 of machinery, equipment, and fixtures used at concrete mixing
3 facilities and hot mix asphalt facilities and including
4 effective date and retroactive applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2758

1 Section 1. Section 427A.1, subsection 1, paragraph c, Code
2 2005, is amended to read as follows:

3 c. Buildings, structures or improvements, any of which are
4 constructed on or in the land, attached to the land, or placed
5 upon a foundation whether or not attached to the foundation.
6 However, property taxed under chapter 435 and property that is
7 a concrete batch plant as that term is defined in subsection 4
8 shall not be assessed and taxed as real property.

9 Sec. 2. Section 427A.1, subsection 4, Code 2005, is
10 amended to read as follows:

11 4. Notwithstanding the definition of "attached" in
12 subsection 2, property is not "attached" if it any of the
13 following conditions are met:

14 a. It is a fixture used for cooking, refrigeration, or
15 freezing of value-added agricultural products, used in value-
16 added agricultural processing or used in direct support of
17 value-added agricultural processing. For purposes of this
18 subsection, "direct support" includes storage by public
19 refrigerated warehouses for processors of value-added
20 agricultural products. Such fixtures shall not be considered
21 "attached" whether owned directly by the processor or
22 warehouse operator or by another who leases the fixture to the
23 processor or warehouse operator. This subsection paragraph
24 shall not apply to fixtures used primarily for retail sale or
25 display.

26 b. It is a concrete batch plant. A "concrete batch plant"
27 is the machinery, equipment, and fixtures used at a concrete
28 mixing facility to process cement dry additive and other raw
29 materials into concrete.

30 c. It is a hot mix asphalt facility.

31 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
32 This Act, being deemed of immediate importance, takes effect
33 upon enactment and applies retroactively to January 1, 2005,
34 for assessment years beginning on or after that date.

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EXPLANATION

1 This bill provides that machinery, equipment, and fixtures
2 used to process raw materials into concrete at a concrete
3 mixing facility are not buildings, structures, and
4 improvements and shall not be assessed and taxed as real
5 property for purposes of property taxation. The bill also
6 provides that such machinery, equipment, and fixtures are not
7 considered attached for purposes of property taxation. The
8 bill further provides that a hot mix asphalt facility is not
9 considered attached for purposes of property taxation.

10 The bill takes effect upon enactment and applies
11 retroactively to assessment years beginning on or after
12 January 1, 2005.

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HOUSE FILE 2758

H-8485

1 Amend House File 2758 as follows:

- 2 1. Page 1, line 33, by striking the figure
3 "2005," and inserting the following: "2006,".

By CARROLL of Poweshiek

H-8485 FILED APRIL 4, 2006

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2758 - Concrete Plants Tax Exemption (LSB 5153 HV)
Analyst: Dwayne Ferguson (Phone: [515] 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version – New
Requested by Representative Danny Carroll

Description

House File 2758 results in concrete batch plants and hot-mix asphalt facilities being exempt from property tax.

Background

There are 250 concrete batch plants that are assessed in 43 counties and five cities. Of these, 154 plants are taxed as property, and 96 are not taxed as property. Mannatt's Concrete Company sued the Board of Review of Buchanan County claiming its concrete batch plant was machinery and equipment and should not be taxed as property. The Iowa District Court in and for Buchanan County ruled the Mannatt's concrete batch plant was machinery and equipment and exempt from property tax.

One hot-mix asphalt facility has been identified as being taxed as property.

Assumptions

1. The 154 concrete batch plants affected by this Bill have an estimated total taxable value of \$9.1 million. The hot-mix asphalt facility has a taxable value of \$18,000.
2. The consolidated tax rates for the locations of the affected concrete plants will be applied.
3. Taxing authorities whose levies are not at the statutory limit may adjust tax rates to offset the reduction in taxable value.

Fiscal Impact

House File 2758 would reduce property tax revenues for local governments by approximately \$325,000 annually, unless tax rates are adjusted to offset the reduction in taxable value.

Sources

Iowa State Association of Counties
Department of Revenue
Iowa State Association of Assessors

/s/ Holly M. Lyons

March 27, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
