

House Study Bill 189

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

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

A BILL FOR

1 An Act relating to the property taxation of nursing facilities
2 and including effective and applicability date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1961HC 81
5 mg/sh/8

PAG LIN

1 1 Section 1. Section 427.1, subsection 14, unnumbered
1 2 paragraph 2, Code 2005, is amended to read as follows:
1 3 The assessor, in arriving at the valuation of any property
1 4 of the society or organization, shall take into consideration
1 5 any uses of the property not for the appropriate objects of
1 6 the organization and shall assess in the same manner as other
1 7 property, all or any portion of the property involved which is
1 8 leased or rented and is used regularly for commercial purposes
1 9 for a profit to a party or individual. If a portion of the
1 10 property is used regularly for commercial purposes, an
1 11 exemption shall not be allowed upon property so used and the
1 12 exemption granted shall be in the proportion of the value of
1 13 the property used solely for the appropriate objects of the
1 14 organization, to the entire value of the property. However,
1 15 the board of trustees or the board of directors of a hospital,
1 16 as defined in section 135B.1, may permit use of a portion of
1 17 the hospital for commercial purposes, and the hospital is
1 18 entitled to full exemption for that portion used for nonprofit
1 19 health-related purposes, upon compliance with the filing
1 20 requirements of this subsection. The property of a nursing
1 21 facility, as defined in section 135C.1, which is exempt from
1 22 federal income tax under section 501(c)(3) of the Internal
1 23 Revenue Code, is entitled to the full exemption of the
1 24 property regardless of the proportion of residents of the
1 25 facility for whom the cost of care is privately paid or paid
1 26 under Title XIX of the federal Social Security Act, upon
1 27 compliance with the filing requirements of this subsection.

1 28 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being
1 29 deemed of immediate importance, takes effect upon enactment
1 30 and applies to property taxes due and payable in fiscal years
1 31 beginning on or after July 1, 2005.

1 32 EXPLANATION

1 33 This bill provides that the property of a nursing facility
1 34 that is exempt from federal income tax under section 501(c)(3)
1 35 of the Internal Revenue Code is totally exempt from property
2 1 tax regardless of the proportion of private pay and Title XIX
2 2 of the federal Social Security Act residents of the facility.

2 3 The bill takes effect upon enactment and applies to
2 4 property taxes due and payable in fiscal years beginning on or
2 5 after July 1, 2005.

2 6 LSB 1961HC 81

2 7 mg:rj/sh/8