

# House File 2659 - Introduced

HOUSE FILE \_\_\_\_\_  
BY JACOBY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to taxation by making changes to assessment of  
2 property for purposes of property taxation, county and city  
3 budgets funded primarily by property taxes and service  
4 charges, school district budgets funded primarily by state and  
5 local taxes, state mandates funding, local assessors, and  
6 property tax exemptions and credits, creating an  
7 implementation committee, and including effective and  
8 applicability date provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 6002HH 82  
11 sc/rj/14

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1 1 DIVISION I  
1 2 LOCAL BUDGETS AND PROPERTY TAXES  
1 3 Section 1. Section 23A.2, subsection 10, paragraph h, Code  
1 4 2007, is amended to read as follows:  
1 5 h. The performance of an activity listed in section  
1 6 331.424, Code 2007, as a service for which a ~~supplemental levy~~  
1 7 ~~county may be certified include in its budget.~~  
1 8 Sec. 2. Section 24.48, unnumbered paragraphs 4, 5, and 7,  
1 9 Code 2007, are amended by striking the unnumbered paragraphs.  
1 10 Sec. 3. Section 24.48, unnumbered paragraph 6, Code 2007,  
1 11 is amended to read as follows:  
1 12 For purposes of this section only, "political subdivision"  
1 13 means a ~~city~~, school district, or any other special purpose  
1 14 district which certifies its budget to the county auditor and  
1 15 derives funds from a property tax levied against taxable  
1 16 property situated within the political subdivision.  
1 17 Sec. 4. Section 25B.2, subsection 3, Code 2007, is amended  
1 18 by striking the subsection.  
1 19 Sec. 5. NEW SECTION. 25B.3A UNFUNDED STATE MANDATES ==  
1 20 EFFECT.  
1 21 If, on or after July 1, 2009, a state mandate is enacted by  
1 22 the general assembly, or otherwise imposed, on a political  
1 23 subdivision and the state mandate requires a political  
1 24 subdivision to engage in any new activity, to provide a new  
1 25 service, or to provide any service beyond that required by any  
1 26 law enacted prior to July 1, 2009, and the state does not  
1 27 appropriate moneys to fully fund the cost of the state mandate  
1 28 as those costs are identified pursuant to section 25B.5, the  
1 29 political subdivision is not required to perform the activity  
1 30 or provide the new or increased service and the political  
1 31 subdivision shall not be subject to any liabilities imposed by  
1 32 the state or the imposition of any fines or penalties for the  
1 33 failure to comply with the state mandate.  
1 34 Sec. 6. Section 28M.5, subsections 1 and 2, Code 2007, are  
1 35 amended to read as follows:  
2 1 1. The commission, with the approval of the board of  
2 2 supervisors of participating counties and the city council of  
2 3 participating cities in the chapter 28E agreement, may levy  
2 4 annually a tax not to exceed ninety-five cents per thousand  
2 5 dollars of the assessed value of all taxable property in a  
2 6 regional transit district to the extent provided in this  
2 7 section. The chapter 28E agreement may authorize the  
2 8 commission to levy the tax at different rates within the  
2 9 participating cities and counties in amounts sufficient to  
2 10 meet the revenue responsibilities of such cities and counties  
2 11 as allocated in the budget adopted by the commission.  
2 12 ~~However, for a city participating in a regional transit~~  
~~2 13 district, the total of all the tax levies imposed in the city~~  
~~2 14 pursuant to section 384.12, subsection 10, and this section~~

2 15 shall not exceed the aggregate of ninety-five cents per  
2 16 thousand dollars of the assessed value of all taxable property  
2 17 in the participating city.

2 18 2. If a regional transit district budget allocates revenue  
2 19 responsibilities to the board of supervisors of a  
2 20 participating county, the amount of the regional transit  
2 21 district levy that is the responsibility of the participating  
2 22 county shall be deducted from the maximum rates of taxes  
2 23 authorized to be levied by the county pursuant to section  
2 24 331.423, subsections 1 and 2, as applicable for general and  
2 25 rural county services, unless the county meets its revenue  
2 26 responsibilities as allocated in the budget from other  
2 27 available revenue sources. However, for a regional transit  
2 28 district that includes a county with a population of less than  
2 29 three hundred thousand, the amount of the regional transit  
2 30 district levy that is the responsibility of such participating  
2 31 county shall be deducted from the maximum rate of taxes  
2 32 authorized to be levied by the county pursuant to section  
2 33 331.423, subsection 1 for general county services.

2 34 Sec. 7. Section 37.8, Code 2007, is amended to read as  
2 35 follows:

3 1 37.8 LEVY FOR MAINTENANCE.

3 2 For the development, operation, and maintenance of a  
3 3 building or monument constructed, purchased, or donated under  
3 4 this chapter, a city may levy a tax not to exceed eighty-one  
3 5 cents per thousand dollars of assessed value on all the  
3 6 taxable property within the city, as provided in section  
3 7 384.12, subsection 2 subject to the limitation in section  
3 8 384.1.

3 9 Sec. 8. Section 123.38, unnumbered paragraph 2, Code 2007,  
3 10 is amended to read as follows:

3 11 Any licensee or permittee, or the licensee's or permittee's  
3 12 executor or administrator, or any person duly appointed by the  
3 13 court to take charge of and administer the property or assets  
3 14 of the licensee or permittee for the benefit of the licensee's  
3 15 or permittee's creditors, may voluntarily surrender a license  
3 16 or permit to the division. When a license or permit is  
3 17 surrendered the division shall notify the local authority, and  
3 18 the division or the local authority shall refund to the person  
3 19 surrendering the license or permit, a proportionate amount of  
3 20 the fee received by the division or the local authority for  
3 21 the license or permit as follows: if a license or permit is  
3 22 surrendered during the first three months of the period for  
3 23 which it was issued, the refund shall be three-fourths of the  
3 24 amount of the fee; if surrendered more than three months but  
3 25 not more than six months after issuance, the refund shall be  
3 26 one-half of the amount of the fee; if surrendered more than  
3 27 six months but not more than nine months after issuance, the  
3 28 refund shall be one-fourth of the amount of the fee. No  
3 29 refund shall be made, however, for any special liquor permit,  
3 30 nor for a liquor control license, wine permit, or beer permit  
3 31 surrendered more than nine months after issuance. For  
3 32 purposes of this paragraph, any portion of license or permit  
3 33 fees used for the purposes authorized in section 331.424,  
3 34 subsection 1, paragraphs "a" and "b", Code 2007, and in  
3 35 section 331.424A, shall not be deemed received either by the  
4 1 division or by a local authority. No refund shall be made to  
4 2 any licensee or permittee, upon the surrender of the license  
4 3 or permit, if there is at the time of surrender, a complaint  
4 4 filed with the division or local authority, charging the  
4 5 licensee or permittee with a violation of this chapter. If  
4 6 upon a hearing on a complaint the license or permit is not  
4 7 revoked or suspended, then the licensee or permittee is  
4 8 eligible, upon surrender of the license or permit, to receive  
4 9 a refund as provided in this section; but if the license or  
4 10 permit is revoked or suspended upon hearing the licensee or  
4 11 permittee is not eligible for the refund of any portion of the  
4 12 license or permit fee.

4 13 Sec. 9. Section 218.99, Code 2007, is amended to read as  
4 14 follows:

4 15 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL  
4 16 ACCOUNTS.

4 17 The administrator in control of a state institution shall  
4 18 direct the business manager of each institution under the  
4 19 administrator's jurisdiction which is mentioned in section  
4 20 331.424, subsection 1, paragraphs "a" and "b", Code 2007, and  
4 21 for which services are paid under section 331.424A, to  
4 22 quarterly inform the county of legal settlement's entity  
4 23 designated to perform the county's central point of  
4 24 coordination process of any patient or resident who has an  
4 25 amount in excess of two hundred dollars on account in the

4 26 patients' personal deposit fund and the amount on deposit.  
4 27 The administrators shall direct the business manager to  
4 28 further notify the entity designated to perform the county's  
4 29 central point of coordination process at least fifteen days  
4 30 before the release of funds in excess of two hundred dollars  
4 31 or upon the death of the patient or resident. If the patient  
4 32 or resident has no county of legal settlement, notice shall be  
4 33 made to the director of human services and the administrator  
4 34 in control of the institution involved.

4 35 Sec. 10. Section 257.1, subsection 2, unnumbered paragraph  
5 1 2, Code 2007, is amended to read as follows:

5 2 For the budget year commencing July 1, ~~1999~~ 2010, and for  
5 3 each succeeding budget year the regular program foundation  
5 4 base per pupil is ~~eighty-seven and five-tenths~~ ninety-five  
5 5 percent of the regular program state cost per pupil. For the  
5 6 budget year commencing July 1, 1991, and for each succeeding  
5 7 budget year the special education support services foundation  
5 8 base is seventy-nine percent of the special education support  
5 9 services state cost per pupil. The combined foundation base  
5 10 is the sum of the regular program foundation base and the  
5 11 special education support services foundation base.

5 12 Sec. 11. Section 257.3, subsection 1, unnumbered paragraph  
5 13 1, Code Supplement 2007, is amended to read as follows:

5 14 Except as provided in subsections 2 and 3, a school  
5 15 district shall cause to be levied each year, for the school  
5 16 general fund, a foundation property tax equal to ~~five~~ four  
5 17 dollars and ~~forty thirty-two~~ cents per thousand dollars of  
5 18 assessed valuation on all taxable property in the district.  
5 19 The county auditor shall spread the foundation levy over all  
5 20 taxable property in the district.

5 21 Sec. 12. Section 257.3, subsection 2, paragraphs a and b,  
5 22 Code Supplement 2007, are amended to read as follows:

5 23 a. Notwithstanding subsection 1, a reorganized school  
5 24 district shall cause a foundation property tax of ~~four~~ three  
5 25 dollars and ~~forty fifty-two~~ cents per thousand dollars of  
5 26 assessed valuation to be levied on all taxable property which,  
5 27 in the year preceding a reorganization, was within a school  
5 28 district affected by the reorganization as defined in section  
5 29 275.1, or in the year preceding a dissolution was a part of a  
5 30 school district that dissolved if the dissolution proposal has  
5 31 been approved by the director of the department of education  
5 32 pursuant to section 275.55.

5 33 b. In succeeding school years, the foundation property tax  
5 34 levy on that portion shall be increased to the rate of ~~four~~  
5 35 three dollars and ~~ninety ninety-two~~ cents per thousand dollars  
6 1 of assessed valuation the first succeeding year, ~~five~~ four  
6 2 dollars and ~~fifteen twelve~~ cents per thousand dollars of  
6 3 assessed valuation the second succeeding year, and ~~five~~ four  
6 4 dollars and ~~forty thirty-two~~ cents per thousand dollars of  
6 5 assessed valuation the third succeeding year and each year  
6 6 thereafter.

6 7 Sec. 13. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

6 8 1. For property taxes due and payable in the fiscal year  
6 9 beginning July 1, 2010, and all subsequent fiscal years,  
6 10 property taxes levied by a school district shall not exceed  
6 11 the following percentages of the actual value of the property  
6 12 as determined by the assessor after application of the  
6 13 appropriate reduction in section 441.21:

6 14 a. For residential property, one-fourth of one percent.

6 15 b. For income residential property, one-fourth of one  
6 16 percent.

6 17 c. For commercial property, three-fourths of one percent.

6 18 d. For industrial property, one-half of one percent.

6 19 e. For agricultural property, one-fourth of one percent.

6 20 2. In any fiscal year, the ratio of the percentage amount  
6 21 actually levied to the maximum percentage levy allowed shall  
6 22 be the same for each type of property in subsection 1.

6 23 3. This section applies to all school district property  
6 24 tax levies, other than those authorized in sections 257.3 and  
6 25 257.4.

6 26 4. a. For the fiscal year beginning July 1, 2010, the  
6 27 percentage tax rate levied against each type of property  
6 28 described in subsection 1 shall not exceed the sum of one=  
6 29 fourth of one percent plus the corresponding percentage tax  
6 30 rate imposed against that type of property in the fiscal year  
6 31 beginning July 1, 2009. For the fiscal years beginning July  
6 32 1, 2011, and July 1, 2012, the percentage tax rate levied  
6 33 against each type of property described in subsection 1 shall  
6 34 not exceed the sum of one-fourth of one percent plus the  
6 35 percentage tax rate imposed for the previous fiscal year.

7 1 Implementation of this subsection shall not cause the

7 2 percentage tax rate levied against any type of property  
7 3 described in subsection 1 to exceed the limitations in that  
7 4 subsection.

7 5 b. If, for the fiscal year beginning July 1, 2009, the  
7 6 corresponding percentage tax rate imposed against each type of  
7 7 property described in subsection 1 exceeds the percentage rate  
7 8 limitations in subsection 1, a school district shall reduce  
7 9 its levy over a three-year period in order to meet the  
7 10 percentage rate limitation requirements of subsection 1.

7 11 Sec. 14. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION ==  
7 12 CONSUMER PRICE INDEX.

7 13 1. Notwithstanding the limitation in section 257A.1,  
7 14 beginning with the fiscal year beginning July 1, 2013, the  
7 15 amount of property taxes to be levied by a school district  
7 16 against any class of property for the budget year cannot  
7 17 exceed the amount computed in this section. This section  
7 18 applies to all school district property tax levies, other than  
7 19 those authorized in sections 257.3 and 257.4.

7 20 2. The school district property tax limitation shall be  
7 21 computed as follows:

7 22 a. Determine the amount of property taxes levied as a  
7 23 percent of taxable value in the current fiscal year.

7 24 b. Determine the sum of the amount of taxable value of  
7 25 property for the current fiscal year, and the amount of  
7 26 increase in taxable value of property due to new construction,  
7 27 additions or improvements to existing structures, expiration  
7 28 of tax abatement under chapter 404, and any increase in  
7 29 valuation because of reclassification of property.

7 30 c. Multiply the percent calculated in paragraph "a" times  
7 31 the amount in paragraph "b".

7 32 d. Multiply the product determined in paragraph "c" times  
7 33 the sum of one plus the consumer price index.

7 34 3. For purposes of this section, "consumer price index"  
7 35 means the percentage rate of change in the consumer price  
8 1 index as tabulated by the United States department of labor,  
8 2 bureau of labor statistics, for the twelve-month period ending  
8 3 June 30 of the previous fiscal year.

8 4 Sec. 15. Section 331.263, subsection 2, Code 2007, is  
8 5 amended to read as follows:

8 6 2. The governing body of the community commonwealth shall  
8 7 have the authority to levy county taxes and shall have the  
8 8 authority to levy city taxes to the extent the city tax levy  
8 9 authority is transferred by the charter to the community  
8 10 commonwealth. A city participating in the community  
8 11 commonwealth shall transfer a portion of the city's tax levy  
8 12 authorized under section 384.1 ~~or 384.12, whichever is~~  
~~8 13 applicable,~~ to the governing body of the community  
8 14 commonwealth. The maximum rates of taxes authorized to be  
8 15 levied under ~~sections~~ section 384.1 ~~and 384.12~~ by a city  
8 16 participating in the community commonwealth shall be reduced  
8 17 by an amount equal to the rates of the same or similar taxes  
8 18 levied in the city by the governing body of the community  
8 19 commonwealth.

8 20 Sec. 16. Section 331.301, subsections 11 and 12, Code  
8 21 2007, are amended to read as follows:

~~8 22 11. A county may levy for tort liability insurance,  
8 23 property insurance, and any other insurance that may be  
8 24 necessary in the operation of the county, costs of a  
8 25 self-insurance program, costs of a local government risk pool,  
8 26 and amounts payable under any insurance agreements to provide  
8 27 or procure such insurance, self-insurance program, or local  
8 28 government risk pool. A county may enter into insurance  
8 29 agreements obligating the county to make payments beyond its  
8 30 current budget year to procure or provide for a policy of  
8 31 insurance, a self-insurance program, or a local government  
8 32 risk pool to protect the county against tort liability, loss  
8 33 of property, or any other risk associated with the operation  
8 34 of the county. Such a self-insurance program or local  
8 35 government risk pool is not insurance and is not subject to  
9 1 regulation under chapters 505 through 523C. However, those  
9 2 self-insurance plans regulated pursuant to section 509A.14  
9 3 shall remain subject to the requirements of section 509A.14  
9 4 and rules adopted pursuant to that section.~~

9 5 12. The board of supervisors may credit funds to a reserve  
9 6 for the purposes authorized by subsection 11 of this section+  
~~9 7 section 331.424, subsection 1, paragraph "f"; and section~~  
9 8 331.441, subsection 2, paragraph "b". Moneys credited to the  
9 9 reserve, and interest earned on such moneys, shall remain in  
9 10 the reserve until expended for purposes authorized by  
9 11 subsection 11 of this section+ ~~section 331.424, subsection 1,~~  
~~9 12 paragraph "f" or section 331.441, subsection 2, paragraph~~

9 13 "b".  
9 14 Sec. 17. Section 331.421, Code 2007, is amended by adding  
9 15 the following new subsections:  
9 16 NEW SUBSECTION. 1A. "Budget year" is the fiscal year  
9 17 beginning during the calendar year in which a budget is first  
9 18 certified.  
9 19 NEW SUBSECTION. 2A. "Current fiscal year" is the fiscal  
9 20 year ending during the calendar year in which a budget is  
9 21 first certified.  
9 22 Sec. 18. Section 331.421, subsection 10, Code 2007, is  
9 23 amended by striking the subsection.  
9 24 Sec. 19. Section 331.422, unnumbered paragraph 1, Code  
9 25 2007, is amended to read as follows:  
9 26 Subject to this section and sections 331.423 through  
9 27 ~~331.426~~ 331.424C or as otherwise provided by state law, the  
9 28 board of each county shall certify property taxes annually at  
9 29 its March session to be levied for county purposes as follows:  
9 30 Sec. 20. Section 331.423, Code 2007, is amended by  
9 31 striking the section and inserting in lieu thereof the  
9 32 following:  
9 33 331.423 PROPERTY TAX LEVY LIMITATION.  
9 34 1. Annually, the board may certify a levy subject to the  
9 35 limits in this section and section 444.29. For property taxes  
10 1 due and payable in the fiscal year beginning July 1, 2010, and  
10 2 all subsequent fiscal years, property taxes levied by a county  
10 3 shall not exceed the following percentages of the actual value  
10 4 of the property as determined by the assessor after the  
10 5 appropriate reduction in section 441.21 is applied:  
10 6 a. For residential property in the incorporated areas of  
10 7 the county, one-fourth of one percent.  
10 8 b. For residential property in the unincorporated areas of  
10 9 the county, one percent.  
10 10 c. For commercial property in the incorporated areas of  
10 11 the county, three-fourths of one percent.  
10 12 d. For commercial property in the unincorporated areas of  
10 13 the county, two percent.  
10 14 e. For industrial property in the incorporated areas of  
10 15 the county, one percent.  
10 16 f. For industrial property in the unincorporated areas of  
10 17 the county, three percent.  
10 18 g. For agricultural property in the incorporated areas of  
10 19 the county, one-fourth of one percent.  
10 20 h. For agricultural property in the unincorporated areas  
10 21 of the county, three-fourths of one percent.  
10 22 i. For income residential property in the incorporated  
10 23 areas of the county, one-half of one percent.  
10 24 j. For income residential property in the unincorporated  
10 25 areas of the county, one-half of one percent.  
10 26 2. Notwithstanding subsection 1, paragraph "c", property  
10 27 taxes levied by a county against commercial property in the  
10 28 incorporated areas of the county shall not exceed the  
10 29 following percentages of the actual value of the property as  
10 30 determined by the assessor after the appropriate reduction in  
10 31 section 441.21 is applied:  
10 32 a. For property taxes due and payable in the fiscal year  
10 33 beginning July 1, 2010, one percent.  
10 34 b. For property taxes due and payable in the fiscal year  
10 35 beginning July 1, 2011, seven-eighths of one percent.  
11 1 3. a. In any fiscal year, the ratio of the percentage  
11 2 amount actually levied and the maximum percentage levy allowed  
11 3 shall be the same for each type of property in subsection 1,  
11 4 paragraphs "a", "c", "e", "g", and "i", and subsection 2, when  
11 5 applicable.  
11 6 b. In any fiscal year, the ratio of the percentage amount  
11 7 actually levied and the maximum percentage levy allowed shall  
11 8 be the same for each type of property in subsection 1,  
11 9 paragraphs "b", "d", "f", "h", and "j".  
11 10 4. The limitations in subsections 1 and 2 do not apply to  
11 11 amounts levied for debt service pursuant to section 331.430.  
11 12 5. a. For the fiscal year beginning July 1, 2010, the  
11 13 percentage tax rate levied against each type of property  
11 14 described in subsections 1 and 2 shall not exceed the sum of  
11 15 one-fourth of one percent plus the corresponding percentage  
11 16 tax rate imposed against that type of property in the fiscal  
11 17 year beginning July 1, 2009. For the fiscal years beginning  
11 18 July 1, 2011, and July 1, 2012, the percentage tax rate levied  
11 19 against each type of property described in subsections 1 and 2  
11 20 shall not exceed the sum of one-fourth of one percent plus the  
11 21 percentage tax rate imposed for the previous fiscal year.  
11 22 Implementation of this subsection shall not cause the  
11 23 percentage tax rate levied against any type of property

11 24 described in subsections 1 and 2 to exceed the limitations in  
11 25 those subsections.

11 26 b. If, for the fiscal year beginning July 1, 2009, the  
11 27 corresponding percentage tax rate imposed against each type of  
11 28 property described in subsections 1 and 2 exceeds the  
11 29 percentage rate limitations in those subsections, a county  
11 30 shall reduce its levy over a three-year period in order to  
11 31 meet the percentage rate limitation requirements of  
11 32 subsections 1 and 2.

11 33 Sec. 21. NEW SECTION. 331.423A ENDING FUND BALANCE.

11 34 1. Effective for a fiscal year beginning on or after July  
11 35 1, 2013, budgeted ending fund balances for a budget year in  
12 1 excess of twenty-five percent of budgeted expenditures in  
12 2 either the general fund or rural services fund for that budget  
12 3 year shall be explicitly reserved or designated for a specific  
12 4 purpose and specifically described in the certified budget.  
12 5 The certified budget for the budget year shall include a  
12 6 description of any changes from the current fiscal year to the  
12 7 explicitly reserved or designated purpose for the excess  
12 8 ending fund balance as specifically described in the certified  
12 9 budget. For purposes of this section, ending fund balances  
12 10 shall be determined either on a cash basis or an accrual  
12 11 basis, whichever is consistent with the method used for the  
12 12 county's budget. The description shall include the projected  
12 13 date that the expenditures will be appropriated for the  
12 14 specific purpose. Budgeted ending fund balances reserved or  
12 15 designated shall only be used for the purpose specifically  
12 16 described in the certified budget. The certified budget shall  
12 17 not be amended for the purpose of changing the specific  
12 18 purpose after the budget year begins.

12 19 2. In a protest to the county budget under section  
12 20 331.436, the county shall have the burden of proving that the  
12 21 budgeted ending fund balances in excess of twenty-five percent  
12 22 are reasonably likely to be appropriated for the explicitly  
12 23 reserved or designated specific purpose by the date identified  
12 24 in the certified budget.

12 25 3. The budgeted ending fund balance in excess of twenty=  
12 26 five percent of expenditures for the general fund or rural  
12 27 services fund shall be considered an increase in an item in  
12 28 the budget for purposes of section 24.28. The state appeal  
12 29 board may certify a decision in accordance with section 24.32  
12 30 that requires a reduction in the budgeted ending fund balance  
12 31 for a particular fund.

12 32 4. For purposes of this section, the general fund includes  
12 33 the general basic fund and the general supplemental fund and  
12 34 the rural services fund includes the rural services basic fund  
12 35 and the rural services supplemental fund.

13 1 Sec. 22. NEW SECTION. 331.423B SERVICE CHARGE IN LIEU OF  
13 2 PROPERTY TAXES.

13 3 A county may adopt an ordinance imposing a service charge  
13 4 against all property located in the county. Service charges  
13 5 are due and payable at the same time and in the same manner as  
13 6 property taxes are paid. Service charges collected pursuant  
13 7 to this section shall be deposited into the county general  
13 8 services fund or rural services fund, as applicable, for use  
13 9 in funding the service for which the service charge was  
13 10 imposed. The maximum percentages of actual value allowed to  
13 11 be levied pursuant to section 331.423 shall be adjusted to  
13 12 reflect the amount of service charges estimated to be  
13 13 collected in a fiscal year.

13 14 Real property subject to a service charge, which property  
13 15 is exempt from property taxation, shall be valued and assessed  
13 16 as required in section 427.1, subsection 18, and in accordance  
13 17 with chapter 441, and the owner or other persons as authorized  
13 18 by chapter 441 are entitled to protest any assessment and take  
13 19 appeals in the same manner as any taxpayer.

13 20 Sec. 23. Section 331.424A, subsection 4, Code Supplement  
13 21 2007, is amended to read as follows:

13 22 4. For the fiscal year beginning July 1, 1996, and for  
13 23 each subsequent fiscal year, the county shall certify a levy  
13 24 for payment of services. For each fiscal year, county  
13 25 revenues from taxes imposed by the county credited to the  
13 26 services fund shall not exceed an amount equal to the amount  
13 27 of base year expenditures for services as defined in section  
13 28 331.438, less the amount of property tax relief to be received  
13 29 pursuant to section 426B.2, in the fiscal year for which the  
13 30 budget is certified. The county auditor and the board of  
13 31 supervisors shall reduce the amount of the levy certified for  
13 32 the services fund by the amount of property tax relief to be  
13 33 received. A levy certified under this section is not subject  
13 34 to ~~the any appeal provisions of section 331.426 or to any~~

~~13 35 other provision in law authorizing a county to exceed,~~  
14 1 increase, or appeal a property tax levy limit.

14 2 Sec. 24. Section 331.427, subsection 3, paragraph 1, Code  
14 3 Supplement 2007, is amended to read as follows:

14 4 1. Services listed in section 331.424, subsection 1, Code  
14 5 2007, and section 331.554.

14 6 Sec. 25. Section 331.428, subsection 2, paragraph d, Code  
14 7 2007, is amended to read as follows:

14 8 d. Services listed under section 331.424, subsection 2,  
14 9 Code 2007.

14 10 Sec. 26. Section 331.429, subsection 1, paragraphs a and  
14 11 b, Code 2007, are amended to read as follows:

14 12 a. Transfers from the general fund not to exceed in any  
14 13 year the dollar equivalent of a tax of sixteen and  
14 14 seven-eighths cents per thousand dollars of assessed value on  
14 15 all taxable property in the county multiplied by the ratio of  
~~14 16 current taxes actually collected and apportioned for the~~  
~~14 17 general basic levy to the total general basic levy for the~~  
~~14 18 current year in section 331.423, subsection 3, paragraph "a",~~  
14 19 and an amount equivalent to the moneys derived by the general  
14 20 fund from ~~military service tax credits under chapter 426A,~~  
~~14 21 manufactured or mobile home taxes under section 435.22, and~~  
14 22 delinquent taxes for prior years collected and apportioned to  
14 23 the general basic fund in the current year, multiplied by the  
14 24 ratio of sixteen and seven-eighths cents to three dollars and  
14 25 fifty cents.

14 26 b. Transfers from the rural services fund not to exceed in  
14 27 any year the dollar equivalent of a tax of three dollars and  
14 28 three-eighths cents per thousand dollars of assessed value on  
14 29 all taxable property not located within the corporate limits  
14 30 of a city in the county multiplied by the ratio of ~~current~~  
~~14 31 taxes actually collected and apportioned for the rural~~  
~~14 32 services basic levy to the total rural services basic levy for~~  
~~14 33 the current year in section 331.423, subsection 3, paragraph~~  
14 34 "b", and an amount equivalent to the moneys derived by the

14 35 rural services fund from ~~military service tax credits under~~  
~~15 1 chapter 426A, manufactured or mobile home taxes under section~~  
~~15 2 435.22, and delinquent taxes for prior years collected and~~  
15 3 apportioned to the rural services basic fund in the current  
15 4 year, multiplied by the ratio of three dollars and  
15 5 three-eighths cents to three dollars and ninety-five cents.

15 6 Sec. 27. Section 331.434, unnumbered paragraph 1, Code  
15 7 Supplement 2007, is amended to read as follows:

15 8 Annually, the board of each county, subject to sections  
15 9 331.423 through ~~331.426~~ 331.424C and other applicable state  
15 10 law, shall prepare and adopt a budget, certify taxes, and  
15 11 provide appropriations as follows:

15 12 Sec. 28. Section 331.435, unnumbered paragraph 1, Code  
15 13 2007, is amended to read as follows:

15 14 The board may amend the adopted county budget, subject to  
15 15 sections 331.423 through ~~331.426~~ 331.424C and other applicable  
15 16 state law, to permit increases in any class of proposed  
15 17 expenditures contained in the budget summary published under  
15 18 section 331.434, subsection 3.

15 19 Sec. 29. Section 331.436, Code 2007, is amended by adding  
15 20 the following new unnumbered paragraph:

15 21 NEW UNNUMBERED PARAGRAPH. For purposes of a protest to the  
15 22 adopted budget, "item" means a budgeted expenditure,  
15 23 appropriation, or cash reserve from a fund for a service area,  
15 24 program, program element, or purpose.

15 25 Sec. 30. Section 335.30A, unnumbered paragraph 2, Code  
15 26 2007, is amended to read as follows:

15 27 "Land=leased community" means any site, lot, field, or  
15 28 tract of land under common ownership upon which ten or more  
15 29 occupied manufactured homes are harbored, either free of  
15 30 charge or for revenue purposes, and shall include any  
15 31 building, structure, or enclosure used or intended for use as  
15 32 part of the equipment of the land=leased community. The term  
15 33 "land=leased community" shall not be construed to include  
15 34 homes, buildings, or other structures temporarily maintained  
15 35 by any individual, educational institution, or company on  
16 1 their own premises and used exclusively to house their own  
16 2 labor or students. A manufactured home located in a  
16 3 land=leased community shall be taxed under section 435.22 ~~as~~  
~~16 4 if the manufactured home were located in a mobile home park.~~

16 5 Sec. 31. Section 373.10, Code 2007, is amended to read as  
16 6 follows:

16 7 373.10 TAXING AUTHORITY.

16 8 The metropolitan council shall have the authority to levy  
16 9 city taxes to the extent the city tax levy authority is  
16 10 transferred by the charter to the metropolitan council. A

16 11 member city shall transfer a portion of the city's tax levy  
16 12 authorized under section 384.1 or 384.12, whichever is  
~~16 13 applicable, to the metropolitan council. The maximum rates of~~  
16 14 taxes authorized to be levied under sections section 384.1 and  
~~16 15 384.12~~ by a member city shall be reduced by an amount equal to  
16 16 the rates of the same or similar taxes levied in the city by  
16 17 the metropolitan council.

16 18 Sec. 32. Section 384.1, Code 2007, is amended by striking  
16 19 the section and inserting in lieu thereof the following:

16 20 384.1 PROPERTY TAX LEVY LIMITATION.

16 21 1. Annually, a city may certify a levy subject to the  
16 22 limits in this section and section 444.29. For property taxes  
16 23 due and payable in the fiscal year beginning July 1, 2010, and  
16 24 all subsequent fiscal years, property taxes levied by a city  
16 25 shall not exceed the following percentages of the actual value  
16 26 of the property as determined by the assessor after the  
16 27 appropriate reduction in section 441.21 is applied:

- 16 28 a. For residential property, one percent.
- 16 29 b. For commercial property, one and one-half percent.
- 16 30 c. For industrial property, two percent.
- 16 31 d. For agricultural property, three-fourths of one  
16 32 percent.
- 16 33 e. For income residential property, one and one-half  
16 34 percent.

16 35 2. Notwithstanding subsection 1, paragraph "b", property  
17 1 taxes levied by a city against commercial property shall not  
17 2 exceed the following percentages of the actual value of the  
17 3 property as determined by the assessor after the appropriate  
17 4 reduction in section 441.21 is applied:

- 17 5 a. For property taxes due and payable in the fiscal year  
17 6 beginning July 1, 2010, two percent.
- 17 7 b. For property taxes due and payable in the fiscal year  
17 8 beginning July 1, 2011, one and three-fourths percent.

17 9 3. In any fiscal year, the ratio of the percentage amount  
17 10 actually levied to the maximum percentage levy allowed shall  
17 11 be the same for each type of property in subsections 1 and 2.

17 12 4. The limitations in subsections 1 and 2 do not apply to  
17 13 amounts levied for debt service pursuant to section 384.4.

17 14 5. a. For the fiscal year beginning July 1, 2010, the  
17 15 percentage tax rate levied against each type of property  
17 16 described in subsections 1 and 2 shall not exceed the sum of  
17 17 one-fourth of one percent plus the corresponding percentage  
17 18 tax rate imposed against that type of property in the fiscal  
17 19 year beginning July 1, 2009. For the fiscal years beginning  
17 20 July 1, 2011, and July 1, 2012, the percentage tax rate levied  
17 21 against each type of property described in subsections 1 and 2  
17 22 shall not exceed the sum of one-fourth of one percent plus the  
17 23 percentage tax rate imposed for the previous fiscal year.  
17 24 Implementation of this subsection shall not cause the  
17 25 percentage tax rate levied against any type of property  
17 26 described in subsections 1 and 2 to exceed the limitations in  
17 27 those subsections.

17 28 b. If, for the fiscal year beginning July 1, 2009, the  
17 29 corresponding percentage tax rate imposed against each type of  
17 30 property described in subsections 1 and 2 exceeds the  
17 31 percentage rate limitations in those subsections, a city shall  
17 32 reduce its levy over a three-year period in order to meet the  
17 33 percentage rate limitation requirements of subsections 1 and  
17 34 2.

17 35 Sec. 33. Section 384.6, subsection 1, unnumbered paragraph  
18 1 1, Code 2007, is amended to read as follows:

18 2 Accounting for pension and related employee benefit funds  
18 3 as provided by the city finance committee. A city may certify  
18 4 taxes to be levied for a trust and agency fund ~~in the amount~~  
~~18 5 necessary to meet its obligations, subject to the limitation~~  
18 6 in section 384.1.

18 7 Sec. 34. Section 384.7, Code 2007, is amended to read as  
18 8 follows:

18 9 384.7 CAPITAL IMPROVEMENTS FUND.

18 10 A city may establish a capital improvements reserve fund,  
18 11 and may certify taxes ~~not to exceed sixty-seven and one-half~~  
~~18 12 cents per thousand dollars of taxable value~~ each year to be  
18 13 levied for the fund, subject to the limitation in section  
18 14 384.1, for the purpose of accumulating moneys for the  
18 15 financing of specified capital improvements, or carrying out a  
18 16 specific capital improvement plan.

18 17 ~~The question of the establishment of a capital improvements~~  
~~18 18 reserve fund, the time period during which a levy will be made~~  
~~18 19 for the fund, and the tax rate to be levied for the fund is~~  
18 20 subject to approval by the voters, and may be submitted at any  
18 21 city election upon the council's motion, or shall be submitted

~~18 22 at the next regular city election upon receipt of a valid  
18 23 petition as provided in section 362.4.~~

~~18 24 If a continuing capital improvements levy is established by  
18 25 election, it may be terminated in the same manner, upon the  
18 26 council's motion or upon petition. Balances in a capital  
18 27 improvements reserve fund are not unencumbered or  
18 28 unappropriated funds for the purpose of reducing tax levies.  
18 29 Transfers may be made between the capital improvements reserve  
18 30 fund, construction funds, and the general fund, as provided in  
18 31 rules promulgated by the city finance committee created in  
18 32 section 384.13.~~

18 33 Sec. 35. Section 384.8, Code 2007, is amended to read as  
18 34 follows:

18 35 384.8 EMERGENCY FUND.

19 1 A city may establish an emergency fund and may certify  
19 2 taxes ~~not to exceed twenty-seven cents per thousand dollars of~~  
~~19 3 taxable value~~ each year to be levied for the fund, subject to  
~~19 4 the limitation in section 384.1.~~ Transfers may be made from  
19 5 the emergency fund to the general fund as provided in rules  
19 6 promulgated by the city finance committee created in section  
19 7 384.13.

19 8 Sec. 36. NEW SECTION. 384.12A SERVICE CHARGE IN LIEU OF  
19 9 PROPERTY TAXES.

19 10 A city may adopt an ordinance imposing a service charge  
19 11 against all property located in the city. Service charges are  
19 12 due and payable at the same time and in the same manner as  
19 13 property taxes are paid. Service charges collected pursuant  
19 14 to this section shall be deposited into the city general fund  
19 15 for use in funding the service for which the service charge  
19 16 was imposed. The maximum percentages of actual value allowed  
19 17 to be levied pursuant to section 384.1 shall be adjusted to  
19 18 reflect the amount of service charges estimated to be  
19 19 collected in a fiscal year.

19 20 Real property subject to a service charge, which property  
19 21 is exempt from property taxation, shall be valued and assessed  
19 22 as required in section 427.1, subsection 18, and in accordance  
19 23 with chapter 441, and the owner or other persons as authorized  
19 24 by chapter 441 are entitled to protest any assessment and take  
19 25 appeals in the same manner as any taxpayer.

19 26 Sec. 37. Section 384.84, subsection 8, Code 2007, is  
19 27 amended to read as follows:

19 28 8. For the purposes of this section, "premises" includes a  
19 29 mobile home, modular home, or manufactured home as defined in  
19 30 section 435.1, ~~when the mobile home, modular home, or~~  
~~19 31 manufactured home is taxed as real estate.~~

19 32 Sec. 38. Section 384.110, Code 2007, is amended to read as  
19 33 follows:

19 34 384.110 INSURANCE, SELF=INSURANCE, AND RISK POOLING FUNDS.

19 35 A city may credit funds to a fund or funds for the purposes  
20 1 authorized by section 364.4, subsection 5; ~~section 384.12,~~  
~~20 2 subsection 18,~~ or section 384.24, subsection 3, paragraph "s";  
~~20 3 or to pay the premium costs on tort liability insurance,~~  
~~20 4 property insurance, and any other insurance that may be~~  
~~20 5 necessary in the operation of the city, the costs of a self=~~  
~~20 6 insurance program, the costs of a local government risk pool~~  
~~20 7 and amounts payable under any insurance agreements to provide~~  
~~20 8 or procure such insurance, self-insurance program, or local~~  
~~20 9 government risk pool.~~ Moneys credited to the fund or funds,  
20 10 and interest earned on such moneys, shall remain in the fund  
20 11 or funds until expended for purposes authorized by section  
20 12 364.4, subsection 5; ~~section 384.12, subsection 18,~~ or section  
20 13 384.24, subsection 3, paragraph "s"; or for purposes specified  
~~20 14 in this section.~~

20 15 Sec. 39. Section 414.28A, unnumbered paragraph 2, Code  
20 16 2007, is amended to read as follows:

20 17 "Land=leased community" means any site, lot, field, or  
20 18 tract of land under common ownership upon which ten or more  
20 19 occupied manufactured homes are harbored, either free of  
20 20 charge or for revenue purposes, and shall include any  
20 21 building, structure, or enclosure used or intended for use as  
20 22 part of the equipment of the land=leased community. The term  
20 23 "land=leased community" shall not be construed to include  
20 24 homes, buildings, or other structures temporarily maintained  
20 25 by any individual, educational institution, or company on  
20 26 their own premises and used exclusively to house their own  
20 27 labor or students. A manufactured home located in a  
20 28 land=leased community shall be taxed under section 435.22 ~~as~~  
~~20 29 if the manufactured home were located in a mobile home park.~~

20 30 Sec. 40. Section 426B.1, subsection 3, Code 2007, is  
20 31 amended to read as follows:

20 32 3. There is annually appropriated from the property tax

20 33 relief fund to the department of human services to supplement  
20 34 the medical assistance appropriation for the fiscal year  
20 35 beginning July 1, 1997, and for succeeding fiscal years, six  
21 1 million six hundred thousand dollars to be used for the  
21 2 nonfederal share of the costs of services provided to minors  
21 3 with mental retardation under the medical assistance program  
21 4 to meet the requirements of section 249A.12, subsection 4.  
21 5 The appropriation in this subsection shall be charged to the  
21 6 property tax relief fund prior to the distribution of moneys  
21 7 from the fund under section 426B.2 and the amount of moneys  
21 8 available for distribution shall be reduced accordingly.  
21 9 However, the appropriation in this subsection shall be  
21 10 considered to be a property tax relief payment for purposes of  
21 11 the combined amount of payments required to achieve ~~fifty~~  
21 12 ~~seventy=five~~ percent of the counties' base year expenditures  
21 13 as provided in section 426B.2, subsection 2.

21 14 Sec. 41. Section 426B.2, subsection 2, Code 2007, is  
21 15 amended to read as follows:

21 16 2. The distributions under subsection 1 shall continue to  
21 17 be made until the combined amount of the distributions made  
21 18 under subsection 1 are equal to ~~fifty~~ ~~seventy=five~~ percent of  
21 19 the total of all counties' base year expenditures as defined  
21 20 in section 331.438.

21 21 Sec. 42. Section 427A.1, subsection 1, paragraph c, Code  
21 22 2007, is amended to read as follows:

21 23 c. Buildings, structures or improvements, any of which are  
21 24 constructed on or in the land, attached to the land, or placed  
21 25 upon a foundation whether or not attached to the foundation.  
21 26 However, property ~~taxed under chapter 435 and property~~ that is  
21 27 a concrete batch plant as that term is defined in subsection 4  
21 28 shall not be assessed and taxed as real property.

21 29 Sec. 43. Section 435.1, subsections 3, 5, and 7, Code  
21 30 2007, are amended to read as follows:

21 31 3. "Manufactured home" means a factory=built structure  
21 32 built under authority of 42 U.S.C. } 5403, that is required by  
21 33 federal law to display a seal from the United States  
21 34 department of housing and urban development, and was  
21 35 constructed on or after June 15, 1976. ~~If a A manufactured~~  
22 1 ~~home is placed in a manufactured home community or a mobile~~  
22 2 ~~home park, the home must be titled and is subject to the~~  
22 3 ~~manufactured or mobile home square foot tax. If a~~  
22 4 ~~manufactured home is placed outside a manufactured home~~  
22 5 ~~community or a mobile home park, the home must be titled and~~  
22 6 is to be assessed and taxed as real estate.

22 7 5. "Mobile home" means any vehicle without motive power  
22 8 used or so manufactured or constructed as to permit its being  
22 9 used as a conveyance upon the public streets and highways and  
22 10 so designed, constructed, or reconstructed as will permit the  
22 11 vehicle to be used as a place for human habitation by one or  
22 12 more persons; but shall also include any such vehicle with  
22 13 motive power not registered as a motor vehicle in Iowa. A  
22 14 "mobile home" is not built to a mandatory building code,  
22 15 contains no state or federal seals, and was built before June  
22 16 15, 1976. ~~If a A mobile home is placed outside a mobile home~~  
22 17 ~~park, the home is to be assessed and taxed as real estate.~~

22 18 7. "Modular home" means a factory=built structure which is  
22 19 manufactured to be used as a place of human habitation, is  
22 20 constructed to comply with the Iowa state building code for  
22 21 modular factory=built structures, as adopted pursuant to  
22 22 section 103A.7, and must display the seal issued by the state  
22 23 building code commissioner. ~~If a modular home is placed in a~~  
22 24 ~~manufactured home community or mobile home park, the home is~~  
22 25 ~~subject to the annual tax as required by section 435.22. If a~~  
22 26 ~~A modular home is placed outside a manufactured home community~~  
22 27 ~~or a mobile home park, the home shall be considered real~~  
22 28 ~~property and is to be assessed and taxed as real estate.~~

22 29 Sec. 44. Section 435.22, Code 2007, is amended by striking  
22 30 the section and inserting in lieu thereof the following:

22 31 435.22 ASSESSMENT == CREDITS.

22 32 A mobile home or manufactured home used primarily as a  
22 33 residence shall be assessed as improved residential property  
22 34 pursuant to section 441.21, subsection 4, and shall be taxed  
22 35 an annual ad valorem tax in the same manner as other  
23 1 residential property. A mobile home or manufactured home used  
23 2 primarily for commercial or industrial purposes shall be  
23 3 assessed as improved commercial or industrial property  
23 4 pursuant to section 441.21, subsection 5A, and shall be taxed  
23 5 an annual ad valorem tax in the same manner as other  
23 6 commercial or industrial property. Persons who own a mobile  
23 7 home or manufactured home as a homestead and who meet the  
23 8 qualifications provided in section 425.2 are eligible for the

23 9 homestead exemption and if they meet the qualifications  
23 10 provided in sections 425.17 through 425.37 are eligible for an  
23 11 extraordinary property tax exemption. A person who owns a  
23 12 mobile home or manufactured home is eligible to apply for the  
23 13 military tax exemption as provided in section 426A.11.  
23 14 Real estate located in a manufactured home community or a  
23 15 mobile home park, as defined in section 435.1, shall be  
23 16 assessed and taxed as improved residential property. Real  
23 17 estate located in a land=leased community, as defined in  
23 18 sections 335.30A and 414.28A, shall be assessed and taxed as  
23 19 improved residential property.  
23 20 Sec. 45. Section 435.23, Code 2007, is amended to read as  
23 21 follows:  
23 22 435.23 EXEMPTIONS ~~== PRORATING TAX.~~  
23 23 The manufacturer's and dealer's inventory of mobile homes,  
23 24 manufactured homes, or modular homes not in use as a place of  
23 25 human habitation shall be exempt from the annual tax. All  
23 26 travel trailers shall be exempt from this tax. The homes and  
23 27 travel trailers in the inventory of manufacturers and dealers  
23 28 shall be exempt from personal property tax. ~~The homes coming~~  
~~23 29 into Iowa from out of state and located in a manufactured home~~  
~~23 30 community or mobile home park shall be liable for the tax~~  
~~23 31 computed pro rata to the nearest whole month, for the time the~~  
~~23 32 home is actually situated in Iowa.~~  
23 33 Sec. 46. Section 435.24, subsections 1, 2, and 4, Code  
23 34 2007, are amended to read as follows:  
23 35 1. ~~The annual tax is due and payable to the county~~  
~~24 1 treasurer on or after July 1 in each fiscal year and is~~  
~~24 2 collectible in the same manner and at the same time as~~  
~~24 3 ordinary taxes as provided in sections 445.36, 445.37, and~~  
~~24 4 445.39. Interest at the rate prescribed by law shall accrue~~  
~~24 5 on unpaid taxes. Both installments of taxes may be paid at~~  
~~24 6 one time. The September installment represents a tax period~~  
~~24 7 beginning July 1 and ending December 31. The March~~  
~~24 8 installment represents a tax period beginning January 1 and~~  
~~24 9 ending June 30. A mobile home, manufactured home, or modular~~  
~~24 10 home\* coming into this state from outside the state, put in~~  
~~24 11 use from a dealer's inventory, or put in use at any time after~~  
~~24 12 July 1 or January 1, and located in a manufactured home~~  
~~24 13 community or mobile home park, is subject to the taxes~~  
~~24 14 prorated for the remaining unexpired months of the tax period,~~  
~~24 15 but the purchaser is not required to pay the tax at the time~~  
~~24 16 of purchase. Interest attaches the following April 1 for~~  
~~24 17 taxes prorated on or after October 1. Interest attaches the~~  
~~24 18 following October 1 for taxes prorated on or after April 1.~~  
~~24 19 Interest at the rate prescribed by law shall accrue on unpaid~~  
~~24 20 taxes. If the taxes are not paid, the county treasurer shall~~  
~~24 21 send a statement of delinquent taxes as part of the notice of~~  
~~24 22 tax sale as provided in section 446.9. The owner of a home~~  
~~24 23 who sells the home between July 1 and December 31 and obtains~~  
~~24 24 a tax clearance statement is responsible only for the~~  
~~24 25 September tax payment and is not required to pay taxes for~~  
~~24 26 subsequent tax periods. If the owner of a home located in a~~  
24 27 manufactured home community or mobile home park sells the  
24 28 home, obtains a tax clearance statement, and obtains a  
24 29 replacement home to be located in a manufactured home  
24 30 community or mobile home park, the owner shall not pay taxes  
24 31 under this chapter for the newly acquired home for the same  
24 32 tax period that the owner has paid taxes on the home sold.  
24 33 Interest for delinquent taxes shall be calculated to the  
24 34 nearest whole dollar. In calculating interest each fraction  
24 35 of a month shall be counted as an entire month.  
25 1 2. The home owners upon issuance of a certificate of title  
25 2 or upon transporting to a new site shall file the address,  
25 3 township, and school district, of the location where the home  
25 4 is parked with the county treasurer's office. Failure to  
25 5 comply is punishable as set out in section 435.18. ~~When the~~  
~~25 6 new location is outside of a manufactured home community or~~  
~~25 7 mobile home park, the~~ The county treasurer shall provide to  
25 8 the assessor a copy of the tax clearance statement for  
25 9 purposes of assessment as real estate on the following January  
25 10 1.  
25 11 4. The tax is a lien on the vehicle senior to any other  
25 12 lien upon it except a judgment obtained in an action to  
25 13 dispose of an abandoned home under section 555B.8. The home  
25 14 bearing a current registration issued by any other state and  
25 15 remaining within this state for an accumulated period not to  
25 16 exceed ninety days in any twelve=month period is not subject  
25 17 to Iowa tax. However, when one or more persons occupying a  
25 18 home bearing a foreign registration are employed in this  
25 19 state, there is no exemption from the Iowa tax. ~~This tax is~~

~~25 20 in lieu of all other taxes general or local on a home.~~

25 21 Sec. 47. Section 435.26, subsection 1, paragraph a, Code  
25 22 2007, is amended to read as follows:

25 23 a. A mobile home or manufactured home which is located  
25 24 outside a manufactured home community or mobile home park  
25 25 shall be ~~converted to real estate by being~~ placed on a  
25 26 permanent foundation and shall be assessed for real estate  
25 27 taxes. ~~A home, after conversion to real estate, is eligible~~  
~~25 28 for the homestead tax credit and the military service tax~~  
~~25 29 exemption as provided in sections 425.2 and 426A.11. Such~~  
25 30 mobile home or manufactured home is subject to the  
25 31 requirements of this section.

25 32 Sec. 48. Section 435.27, subsection 1, Code 2007, is  
25 33 amended to read as follows:

25 34 1. A mobile home or manufactured home ~~converted to real~~  
~~25 35 estate under section 435.26 may be reconverted to a home as~~  
~~26 1 provided in this section when it that~~ is moved to a  
26 2 manufactured home community or mobile home park or a  
26 3 manufactured or mobile home retailer's inventory is subject to  
26 4 the requirements of this section. When the home is located  
~~26 5 within a manufactured home community or mobile home park, the~~  
~~26 6 home shall be taxed pursuant to section 435.22, subsection 1.~~

26 7 Sec. 49. Section 435.27, subsection 3, Code 2007, is  
26 8 amended by striking the subsection.

26 9 Sec. 50. Section 435.28, Code 2007, is amended to read as  
26 10 follows:

26 11 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

26 12 Upon issuance of a certificate of title to a mobile home or  
26 13 manufactured home which is not located in a ~~manufactured home~~  
~~26 14 community or mobile home park or dealer's inventory, the~~  
26 15 county treasurer shall notify the assessor of the existence of  
26 16 the home for tax assessment purposes.

26 17 Sec. 51. Section 435.35, Code 2007, is amended to read as  
26 18 follows:

26 19 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME  
26 20 COMMUNITY OR MOBILE HOME PARK == EXEMPTION.

26 21 A taxable mobile home or manufactured home which is not  
26 22 located in a manufactured home community or mobile home park  
26 23 as of January 1, 1995, ~~shall be assessed and taxed as real~~  
~~26 24 estate. The home is also~~ exempt from the permanent foundation  
26 25 requirements of this chapter until the home is relocated.

26 26 Sec. 52. Section 441.16, unnumbered paragraph 7, Code  
26 27 2007, is amended to read as follows:

26 28 Any tax for the maintenance of the office of assessor and  
26 29 other assessment procedure shall be levied only upon the  
26 30 property in the area assessed by said assessor and such tax  
26 31 ~~levy shall not exceed forty and one-half cents per thousand~~  
~~26 32 dollars of assessed value in assessing areas where the~~  
~~26 33 valuation upon which the tax is levied does not exceed~~  
~~26 34 ninety-two million, six hundred thousand dollars; thirty-three~~  
~~26 35 and three-fourths cents per thousand dollars of assessed value~~  
27 1 ~~in assessing areas where the valuation upon which the tax is~~  
27 2 ~~levied exceeds ninety-two million, six hundred thousand~~  
27 3 ~~dollars and does not exceed one hundred eleven million, one~~  
27 4 ~~hundred twenty thousand dollars; twenty-seven cents per~~  
27 5 ~~thousand dollars of assessed value in assessing areas where~~  
27 6 ~~the valuation upon which the tax is levied exceeds one hundred~~  
27 7 ~~eleven million, one hundred twenty thousand dollars~~ is subject  
27 8 to the limitation in section 331.423 or 384.1, as applicable.

27 9 The county treasurer shall credit the sums received from such  
27 10 levy to a separate fund to be known as the "assessment expense  
27 11 fund" and from which fund all expenses incurred under this  
27 12 chapter shall be paid. In the case of a county where there is  
27 13 more than one assessor the treasurer shall maintain separate  
27 14 assessment expense funds for each assessor.

27 15 Sec. 53. Section 441.50, Code 2007, is amended to read as  
27 16 follows:

27 17 441.50 APPRAISERS EMPLOYED.

27 18 The conference board shall have power to employ appraisers  
27 19 or other technical or expert help to assist in the valuation  
27 20 of property, the cost thereof to be paid in the same manner as  
27 21 other expenses of the assessor's office. The conference board  
27 22 may certify for levy annually ~~an amount not to exceed forty~~  
~~27 23 and one-half cents per thousand dollars of assessed value of~~  
~~27 24 taxable property, subject to the limitation in section 331.423~~  
27 25 or 384.1, as applicable, for the purpose of establishing a  
27 26 special appraiser's fund, to be used only for such purposes.  
27 27 From time to time the conference board may direct the transfer  
27 28 of any unexpended balance in the special appraiser's fund to  
27 29 the assessment expense fund.

27 30 Sec. 54. NEW SECTION. 444.29 PROPERTY TAX LIMITATION ==

27 31 CONSUMER PRICE INDEX.

27 32 1. Notwithstanding the limitations in sections 331.423 and  
27 33 384.1, beginning with the fiscal year beginning July 1, 2013,  
27 34 the percentage increase in the amount of property taxes to be  
27 35 levied by a city or a county against any class of property for  
28 1 a fiscal year cannot exceed the amount computed in this  
28 2 section.

28 3 2. The property tax limitation shall be computed as  
28 4 follows:

28 5 a. Determine the amount of property taxes levied as a  
28 6 percent of taxable value in the current fiscal year.

28 7 b. Determine the sum of the amount of taxable value of  
28 8 property for the current fiscal year, and the amount of  
28 9 increase in taxable value of property due to new construction,  
28 10 additions or improvements to existing structures, expiration  
28 11 of tax abatement under chapter 404, and any increase in  
28 12 valuation because of reclassification of property.

28 13 c. Multiply the percent calculated in paragraph "a" times  
28 14 the amount in paragraph "b".

28 15 d. Multiply the product determined in paragraph "c" times  
28 16 the sum of one plus the consumer price index.

28 17 3. a. A city or county may exceed the limitation in this  
28 18 section if the purpose of exceeding the limitation is to  
28 19 provide additional property tax credits, exemptions, or  
28 20 abatements, and if the proposition to exceed the limitation is  
28 21 submitted at the regular city election in the case of a city  
28 22 or at the general election in the case of a county.

28 23 b. Notice of the election shall be given by publication as  
28 24 required by section 49.53.

28 25 c. The proposition of exceeding the limitation is not  
28 26 adopted unless the proposition receives a favorable majority  
28 27 of the votes cast on the proposition.

28 28 d. If the proposition of exceeding the limitation is  
28 29 approved by the voters, the city or county may proceed to  
28 30 exceed the limitation for a period not to exceed four years.

28 31 e. In no case shall the percentage rate limitations in  
28 32 sections 331.423 and 384.1 be exceeded by operation of this  
28 33 subsection.

28 34 4. For purposes of this section, "consumer price index"  
28 35 means the percentage rate of change in the consumer price  
29 1 index as tabulated by the United States department of labor,  
29 2 bureau of labor statistics, for the twelve-month period ending  
29 3 June 30 of the previous fiscal year.

29 4 Sec. 55. Section 445.1, subsection 6, Code 2007, is  
29 5 amended to read as follows:

29 6 6. "Taxes" means an annual ad valorem tax, a special  
29 7 assessment, a drainage tax, ~~and a rate or charge, and taxes on~~  
~~29 8 homes pursuant to chapter 435~~ which are collectible by the  
29 9 county treasurer.

29 10 Sec. 56. Section 445.39, Code 2007, is amended to read as  
29 11 follows:

29 12 445.39 INTEREST ON DELINQUENT TAXES.

29 13 If the first installment of taxes is not paid by the  
29 14 delinquent date specified in section 445.37, the installment  
29 15 becomes due and draws interest of one ~~and one-half~~ percent per  
29 16 month until paid, from the delinquent date following the levy.

29 17 If the last half is not paid by the delinquent date specified  
29 18 for it in section 445.37, the same interest shall be charged  
29 19 from the date the last half became delinquent. However, after

29 20 April 1 in a fiscal year when late delivery of the tax list  
29 21 referred to in chapter 443 results in a delinquency date later  
29 22 than October 1 for the first installment, interest on

29 23 delinquent first installments shall accrue as if delivery were  
29 24 made on the previous June 30. The interest imposed under this  
29 25 section shall be computed to the nearest whole dollar and the

29 26 amount of interest shall not be less than one dollar. In  
29 27 calculating interest each fraction of a month shall be counted  
29 28 as an entire month. The interest percentage on delinquent

29 29 special assessments and rates or charges is the same as that  
29 30 for the first installment of delinquent ad valorem taxes.

29 31 Sec. 57. Section 447.1, unnumbered paragraph 1, Code  
29 32 Supplement 2007, is amended to read as follows:

29 33 A parcel sold under this chapter and chapter 446 may be  
29 34 redeemed at any time before the right of redemption expires,  
29 35 by payment to the county treasurer, to be held by the

30 1 treasurer subject to the order of the purchaser, of the amount  
30 2 for which the parcel was sold, including the fee for the  
30 3 certificate of purchase, and interest of ~~two~~ one and one-half

30 4 percent per month, counting each fraction of a month as an  
30 5 entire month, from the month of sale, and the total amount

30 6 paid by the purchaser or the purchaser's assignee for any

30 7 subsequent year, with interest at the same rate added on the  
30 8 amount of the payment for each subsequent year from the month  
30 9 of payment, counting each fraction of a month as an entire  
30 10 month. The amount of interest must be at least one dollar and  
30 11 shall be rounded to the nearest whole dollar. Interest shall  
30 12 accrue on subsequent amounts as provided in section 446.32.  
30 13 The redemption must be received by the treasurer on or before  
30 14 the last day of the month to avoid additional interest being  
30 15 added to the amount necessary to redeem. However, if the last  
30 16 day of a month falls on a Saturday, Sunday, or a holiday, the  
30 17 payment must be received by the treasurer by the close of  
30 18 business on the first business day of the following month.

30 19 Sec. 58. Sections 331.424, 331.424B, 331.425, 331.426,  
30 20 384.12, 435.33, and 435.34, Code 2007, are repealed.

30 21 Sec. 59. EFFECTIVE AND APPLICABILITY DATES.

30 22 1. The sections of this division amending sections 445.39  
30 23 and 447.1 take effect July 1, 2008, and apply to property  
30 24 taxes which become delinquent on or after July 1, 2008, and to  
30 25 parcels sold for delinquent taxes on or after July 1, 2008.

30 26 2. The remainder of this division of this Act takes effect  
30 27 July 1, 2009, and applies to fiscal years beginning on or  
30 28 after July 1, 2010.

#### 30 29 DIVISION II

#### 30 30 ASSESSMENT OF PROPERTY

30 31 Sec. 60. Section 403.20, Code 2007, is amended to read as  
30 32 follows:

30 33 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE  
30 34 ASSESSMENT.

30 35 In determining the assessed value of property within an  
31 1 urban renewal area which is subject to a division of tax  
31 2 revenues pursuant to section 403.19, ~~the difference between~~  
~~31 3 the actual value of the property as determined by the assessor~~  
~~31 4 each year and the percentage of adjustment certified for that~~  
~~31 5 year by the director of revenue on or before November 1~~  
31 6 reductions applied to the property pursuant to section 441.21,  
31 7 subsection 4, 5, 5A, 5B, or 5C, multiplied by the actual  
~~31 8 value of the property as determined by the assessor,~~ shall be  
31 9 subtracted from the actual value of the property as determined  
31 10 pursuant to section 403.19, subsection 1. If the assessed  
31 11 value of the property as determined pursuant to section  
31 12 403.19, subsection 1, is reduced to zero, the additional  
31 13 valuation reduction shall be subtracted from the actual value  
31 14 of the property as determined by the assessor.

31 15 Sec. 61. Section 433.6, Code 2007, is amended to read as  
31 16 follows:

31 17 433.6 TAXABLE VALUE.

~~31 18 The taxable value shall be determined by taking the~~  
~~31 19 percentage of the actual value so ascertained, reduced as~~  
31 20 provided by section 441.21, and the ratio between the actual  
31 21 value and the assessed or taxable value of the property of  
31 22 each of said companies shall be the same as in the case of  
31 23 property of private individuals.

31 24 Sec. 62. Section 437.7, Code 2007, is amended to read as  
31 25 follows:

31 26 437.7 TAXABLE VALUE.

31 27 The taxable value of such line or lines of which the  
31 28 director of revenue by this chapter is required to find the  
31 29 value, shall be determined by taking the ~~percentage of the~~  
~~31 30 actual reduction in~~ value so ascertained, as provided by  
31 31 section 441.21, and the ratio between the actual value and the  
31 32 assessed or taxable value of the transmission line or lines of  
31 33 each of said companies located outside of cities shall be the  
31 34 same as in the case of the property of private individuals.

31 35 Sec. 63. Section 441.6, Code 2007, is amended to read as  
32 1 follows:

32 2 441.6 APPOINTMENT OF ASSESSOR.

32 3 1. a. When a vacancy occurs in the office of city or  
32 4 county assessor, the examining board shall, within seven days  
32 5 of the occurrence of the vacancy, request the director of  
32 6 revenue to forward a register containing the names of all  
32 7 individuals eligible for appointment as assessor. The  
32 8 examining board may, at its own expense, conduct a further  
32 9 examination, either written or oral, of any person whose name  
32 10 appears on the register, and shall make written report of the  
32 11 examination and submit the report together with the names of  
32 12 those individuals certified by the director of revenue to the  
32 13 conference board within fifteen days after the receipt of the  
32 14 register from the director of revenue.

32 15 b. Upon receipt of the report of the examining board, the  
32 16 chairperson of the conference board shall by written notice  
32 17 call a meeting of the conference board to appoint an assessor.

32 18 The meeting shall be held not later than seven days after the  
32 19 receipt of the report of the examining board by the conference  
32 20 board. At the meeting, the conference board shall appoint an  
32 21 assessor from the register of eligible candidates. However,  
32 22 if a special examination has not been conducted previously for  
32 23 the same vacancy, the conference board may request the  
32 24 director of revenue to hold a special examination pursuant to  
32 25 section 441.7. The chairperson of the conference board shall  
32 26 give written notice to the director of revenue of the  
32 27 appointment and its effective date within ten days of the  
32 28 decision of the board.

32 29 2. In lieu of subsection 1, a vacancy in the office of  
32 30 assessor occurring during an unexpired term may be filled by  
32 31 appointment of an assessor currently serving in another  
32 32 assessing jurisdiction if the conference boards of both  
32 33 assessing jurisdictions agree to jointly employ an assessor.  
32 34 The appointment to fill the vacancy shall be for the length of  
32 35 the unexpired term. The chairperson of the conference board  
33 1 of the assessing jurisdiction where the vacancy has occurred  
33 2 shall give written notice to the director of revenue of the  
33 3 agreement to jointly employ an assessor for the remainder of  
33 4 the unexpired term within ten days of the date of the  
33 5 appointment. If the conference boards jointly employing an  
33 6 assessor under this subsection wish to continue joint  
33 7 employment of an assessor beyond completion of the unexpired  
33 8 term, they must do so pursuant to section 441.16A.

33 9 Sec. 64. Section 441.8, unnumbered paragraphs 9 and 10,  
33 10 Code 2007, are amended to read as follows:

33 11 If the incumbent assessor is not reappointed as above  
33 12 provided, then not less than sixty days before the expiration  
33 13 of the term of said assessor, a new assessor shall be selected  
33 14 as provided in section 441.6, subsection 1, or section  
33 15 441.16A.

33 16 In the event of the removal, resignation, death, or removal  
33 17 from the county of the said assessor, the conference board  
33 18 shall proceed to fill the vacancy by appointing an assessor to  
33 19 serve the unexpired term in the manner provided in section  
33 20 441.6, subsection 1 or 2. Until the vacancy is filled, the  
33 21 chief deputy shall act as assessor, and in the event there be  
33 22 no deputy, in the case of counties the auditor shall act as  
33 23 assessor and in the case of cities having an assessor the city  
33 24 clerk shall act as assessor.

33 25 Sec. 65. NEW SECTION. 441.16A COUNTIES JOINING IN  
33 26 EMPLOYMENT OF MULTICOUNTY ASSESSOR.

33 27 The conference boards of two or more adjacent counties may  
33 28 enter into an agreement pursuant to chapter 28E to jointly  
33 29 employ a county assessor for one or more terms of office.  
33 30 Such agreement shall be written and entered in their  
33 31 respective minutes and a copy of the agreement transmitted to  
33 32 the conference board of each county that is a party to the  
33 33 agreement and to the director of revenue. The duration of the  
33 34 agreement shall not be for a period of less than six years  
33 35 beginning from the date the multicounty assessor is appointed  
34 1 by joint action of the conference boards. The incumbent  
34 2 assessor of each county that is a party to the agreement shall  
34 3 be allowed to complete the current term of office and the  
34 4 multicounty assessor shall be appointed for the succeeding  
34 5 term.

34 6 The agreement shall provide that the conference board of  
34 7 each county that is a party to the agreement shall meet  
34 8 jointly on matters pertaining to appointment, retention, or  
34 9 compensation of the assessor, or on other personnel matters  
34 10 relating to the assessor. When meeting jointly, the co=  
34 11 chairpersons of the conference boards shall be the chairperson  
34 12 of each board of supervisors represented on each conference  
34 13 board. When voting on matters at a joint meeting, section  
34 14 441.2 applies except that no action shall be valid except by  
34 15 the vote of not less than four out of the six units.

34 16 Sec. 66. Section 441.21, subsection 1, paragraph b,  
34 17 unnumbered paragraph 1, Code 2007, is amended to read as  
34 18 follows:

34 19 The actual value of all property subject to assessment and  
34 20 taxation shall be the fair and reasonable market value of such  
34 21 property except as otherwise provided in this section.  
34 22 "Market value" is defined as the fair and reasonable exchange  
34 23 in the year in which the property is listed and valued between  
34 24 a willing buyer and a willing seller, neither being under any  
34 25 compulsion to buy or sell and each being familiar with all the  
34 26 facts relating to the particular property. Sale prices of the  
34 27 property or comparable property in normal transactions  
34 28 reflecting market value, and the probable availability or

34 29 unavailability of persons interested in purchasing the  
34 30 property, shall be taken into consideration in arriving at its  
34 31 market value. In arriving at market value, sale prices of  
34 32 property in abnormal transactions not reflecting market value  
34 33 shall not be taken into account, or shall be adjusted to  
34 34 eliminate the effect of factors which distort market value,  
34 35 including but not limited to sales to immediate family of the  
35 1 seller, foreclosure or other forced sales, contract sales,  
35 2 discounted purchase transactions or purchase of adjoining land  
35 3 or other land to be operated as a unit. The sales price of  
35 4 property sold at public auction shall not be presumed to be a  
35 5 sales price of an abnormal transaction, nor shall a sale at  
35 6 public auction be presumed to be a factor which distorts  
35 7 market value. The sale price of property sold in the calendar  
35 8 year prior to the assessment year shall be presumed to be the  
35 9 market value of the property for that assessment year if the  
35 10 buyer and seller in such transaction were not immediate family  
35 11 members. If the assessment of such property is protested, the  
35 12 assessor has the burden of proving by a preponderance of the  
35 13 evidence that the market value is other than the sale price.

35 14 Sec. 67. Section 441.21, subsection 1, paragraphs e and f,  
35 15 Code 2007, are amended by striking the paragraphs.

35 16 Sec. 68. Section 441.21, subsection 1, paragraph g, Code  
35 17 2007, is amended to read as follows:

35 18 g. ~~Notwithstanding any other provision of this section,~~  
35 19 ~~the~~ The actual value of any property shall not exceed its fair  
35 20 and reasonable market value, except ~~agricultural property~~  
35 21 ~~which shall be valued exclusively as provided in paragraph "e"~~  
35 22 ~~of this subsection as otherwise provided in this section.~~

35 23 Sec. 69. Section 441.21, subsection 2, Code 2007, is  
35 24 amended by adding the following new unnumbered paragraph:

35 25 NEW UNNUMBERED PARAGRAPH. In the event market value of  
35 26 newly constructed residential property being assessed cannot  
35 27 be readily established because of insufficient comparable  
35 28 sales, the assessor shall use the replacement cost method to  
35 29 value the property.

35 30 Sec. 70. Section 441.21, subsection 4, Code 2007, is  
35 31 amended by striking the subsection and inserting in lieu  
35 32 thereof the following:

35 33 4. a. (1) For valuations established for the assessment  
35 34 year beginning January 1, 2009, and each year thereafter, the  
35 35 actual value at which residential property is assessed shall  
36 1 be the sum of the market value for the assessment year and for  
36 2 the previous four assessment years, as determined by the  
36 3 assessor, divided by five.

36 4 (2) For valuations established for the assessment year  
36 5 beginning January 1, 2009, and each year thereafter, the  
36 6 actual value at which residential property is assessed shall  
36 7 be reduced by fifty percent up to a maximum of twenty thousand  
36 8 dollars on each parcel of residential property assessed for  
36 9 taxation. The reduction shall be applied to an improved  
36 10 parcel only.

36 11 b. (1) For valuations established for the assessment year  
36 12 beginning January 1, 2009, and each year thereafter, the  
36 13 actual value at which income residential property is assessed  
36 14 shall be the sum of the market value for the assessment year  
36 15 and for the previous four assessment years, as determined by  
36 16 the assessor, divided by five.

36 17 (2) For valuations established for the assessment year  
36 18 beginning January 1, 2009, and each year thereafter, the  
36 19 actual value at which income residential property is assessed  
36 20 shall be reduced by fifty percent up to a maximum of twenty  
36 21 thousand dollars on each parcel of income residential property  
36 22 assessed for taxation. The reduction shall be applied to an  
36 23 improved parcel only. "Income residential property" means  
36 24 residential property consisting of three or more separate  
36 25 living quarters with at least seventy-five percent of the  
36 26 space used for residential purposes.

36 27 Sec. 71. Section 441.21, subsection 5, Code 2007, is  
36 28 amended to read as follows:

36 29 5. ~~For valuations established as of January 1, 1979,~~  
36 30 ~~commercial property and industrial property, excluding~~  
36 31 ~~properties referred to in section 427A.1, subsection 8, shall~~  
36 32 ~~be assessed as a percentage of the actual value of each class~~  
36 33 ~~of property. The percentage shall be determined for each~~  
36 34 ~~class of property by the director of revenue for the state in~~  
36 35 ~~accordance with the provisions of this section. For~~  
37 1 ~~valuations established as of January 1, 1979, the percentage~~  
37 2 ~~shall be the quotient of the dividend and divisor as defined~~  
37 3 ~~in this section. The dividend for each class of property~~  
37 4 ~~shall be the total actual valuation for each class of property~~

~~37 5 established for 1978, plus six percent of the amount so  
37 6 determined. The divisor for each class of property shall be  
37 7 the valuation for each class of property established for 1978,  
37 8 as reported by the assessors on the abstracts of assessment  
37 9 for 1978, plus the amount of value added to the total actual  
37 10 value by the revaluation of existing properties in 1979 as  
37 11 equalized by the director of revenue pursuant to section  
37 12 441.49. For valuations established as of January 1, 1979,  
37 13 property valued by the department of revenue pursuant to  
37 14 sections 428.24 through 428.29, and chapters 428, 433, 437,  
37 15 and 438 shall be considered as one class of property and shall  
37 16 be assessed as a percentage of its actual value. The  
37 17 percentage shall be determined by the director of revenue in  
37 18 accordance with the provisions of this section. For  
37 19 valuations established as of January 1, 1979, the percentage  
37 20 shall be the quotient of the dividend and divisor as defined  
37 21 in this section. The dividend shall be the total actual  
37 22 valuation established for 1978 by the department of revenue,  
37 23 plus ten percent of the amount so determined. The divisor for  
37 24 property valued by the department of revenue pursuant to  
37 25 sections 428.24 through 428.29 and chapters 428, 433, 437, and  
37 26 438 shall be the valuation established for 1978, plus the  
37 27 amount of value added to the total actual value by the  
37 28 revaluation of the property by the department of revenue as of  
37 29 January 1, 1979. For valuations established as of January 1,  
37 30 1980, commercial property and industrial property, excluding  
37 31 properties referred to in section 427A.1, subsection 8, shall  
37 32 be assessed at a percentage of the actual value of each class  
37 33 of property. The percentage shall be determined for each  
37 34 class of property by the director of revenue for the state in  
37 35 accordance with the provisions of this section. For  
38 1 valuations established as of January 1, 1980, the percentage  
38 2 shall be the quotient of the dividend and divisor as defined  
38 3 in this section. The dividend for each class of property  
38 4 shall be the dividend as determined for each class of property  
38 5 for valuations established as of January 1, 1979, adjusted by  
38 6 the product obtained by multiplying the percentage determined  
38 7 for that year by the amount of any additions or deletions to  
38 8 actual value, excluding those resulting from the revaluation  
38 9 of existing properties, as reported by the assessors on the  
38 10 abstracts of assessment for 1979, plus four percent of the  
38 11 amount so determined. The divisor for each class of property  
38 12 shall be the total actual value of all such property in 1979,  
38 13 as equalized by the director of revenue pursuant to section  
38 14 441.49, plus the amount of value added to the total actual  
38 15 value by the revaluation of existing properties in 1980. The  
38 16 director shall utilize information reported on the abstracts  
38 17 of assessment submitted pursuant to section 441.45 in  
38 18 determining such percentage. For valuations established as of  
38 19 January 1, 1980, property valued by the department of revenue  
38 20 pursuant to sections 428.24 through 428.29, and chapters 428,  
38 21 433, 437, and 438 shall be assessed at a percentage of its  
38 22 actual value. The percentage shall be determined by the  
38 23 director of revenue in accordance with the provisions of this  
38 24 section. For valuations established as of January 1, 1980,  
38 25 the percentage shall be the quotient of the dividend and  
38 26 divisor as defined in this section. The dividend shall be the  
38 27 total actual valuation established for 1979 by the department  
38 28 of revenue, plus eight percent of the amount so determined.  
38 29 The divisor for property valued by the department of revenue  
38 30 pursuant to sections 428.24 through 428.29, and chapters 428,  
38 31 433, 437, and 438 shall be the valuation established for 1979,  
38 32 plus the amount of value added to the total actual value by  
38 33 the revaluation of the property by the department of revenue  
38 34 as of January 1, 1980. For valuations established as of  
38 35 January 1, 1981, and each year thereafter, the percentage of  
39 1 actual value as equalized by the director of revenue as  
39 2 provided in section 441.49 at which commercial property and  
39 3 industrial property, excluding properties referred to in  
39 4 section 427A.1, subsection 8, shall be assessed shall be  
39 5 calculated in accordance with the methods provided herein,  
39 6 except that any references to six percent in this subsection  
39 7 shall be four percent. For valuations established as of  
39 8 January 1, 1981, and each year thereafter, the percentage of  
39 9 actual value at which property valued by the department of  
39 10 revenue pursuant to sections 428.24 through 428.29, and  
39 11 chapters 428, 433, 437, and 438 shall be assessed shall be  
39 12 calculated in accordance with the methods provided herein in  
39 13 this section, except that any references to ten percent in  
39 14 this subsection shall be eight percent. Beginning with  
39 15 valuations established as of January 1, 1979, and each year~~

39 16 thereafter, property valued by the department of revenue  
39 17 pursuant to chapter 434 shall also be assessed at a percentage  
39 18 of its actual value which percentage shall be equal to the  
39 19 percentage determined by the director of revenue for  
39 20 commercial property, industrial property, or property valued  
39 21 by the department of revenue pursuant to sections 428.24  
39 22 through 428.29, and chapters ~~428,~~ 433, 437, and 438, whichever

39 23 is lowest.

39 24 Sec. 72. Section 441.21, Code 2007, is amended by adding  
39 25 the following new subsections:

39 26 NEW SUBSECTION. 5A. a. For valuations established for  
39 27 the assessment year beginning January 1, 2009, and each year  
39 28 thereafter, the actual value at which commercial property is  
39 29 assessed shall be the sum of the market value for the  
39 30 assessment year and for the previous four assessment years, as  
39 31 determined by the assessor, divided by five.

39 32 b. For valuations established for the assessment year  
39 33 beginning January 1, 2009, and each year thereafter, the  
39 34 actual value at which industrial property is assessed shall be  
39 35 the sum of the market value for the assessment year and for  
40 1 the previous four assessment years, as determined by the  
40 2 assessor, divided by five.

40 3 c. Notwithstanding subsection 2, an owner of commercial  
40 4 property that has a fair market value of less than five  
40 5 hundred thousand dollars may notify the assessor that the  
40 6 owner elects to have the actual value of the property be  
40 7 determined by the assessor using the productive and earning  
40 8 capacity of the property as the sole method of appraisal.  
40 9 This paragraph does not apply to commercial property described  
40 10 in paragraphs "e" and "f" of this subsection. This  
40 11 notification must be provided to the assessor by no later than  
40 12 March 1 of each assessment year the election is taken. In  
40 13 determining the actual value of property under this paragraph,  
40 14 the assessor shall not consider any tax credit equity or other  
40 15 subsidized financing as income provided to the property or  
40 16 property owner.

40 17 d. For valuations established for the assessment year  
40 18 beginning January 1, 2009, and each year thereafter, the  
40 19 actual value at which commercial property and industrial  
40 20 property is assessed shall be reduced by fifty percent up to a  
40 21 maximum of twenty-five thousand dollars on each parcel of  
40 22 commercial property or industrial property assessed for  
40 23 taxation. The reduction shall be applied to an improved  
40 24 parcel only.

40 25 e. Commercial property includes agricultural land held for  
40 26 development, commercial, or investment purposes.

40 27 f. Commercial property includes a tract of land containing  
40 28 an animal feeding operation structure as defined in section  
40 29 459.102 if it is not classified as agricultural property under  
40 30 subsection 5C.

40 31 NEW SUBSECTION. 5B. a. For valuations established for  
40 32 the assessment year beginning January 1, 2009, and each year  
40 33 thereafter, the actual value at which agricultural property  
40 34 that is not classified as a family farm pursuant to subsection  
40 35 5C or as commercial property pursuant to subsection 5A,  
41 1 paragraph "e" or "f", is assessed shall be the sum of the  
41 2 market value for the assessment year and for the previous four  
41 3 assessment years, as determined by the assessor, divided by  
41 4 five.

41 5 b. For valuations established for the assessment year  
41 6 beginning January 1, 2009, the actual value at which  
41 7 agricultural property is assessed shall be reduced by fifty  
41 8 percent up to a maximum of sixty-five thousand dollars per  
41 9 farm unit.

41 10 c. For purposes of this subsection, "farm unit" means the  
41 11 same as defined by the farm services agency of the United  
41 12 States department of agriculture. Before assigning assessed  
41 13 value per tract of agricultural land, the assessor shall  
41 14 establish a per acre assessment for the agricultural property.

41 15 NEW SUBSECTION. 5C. a. For valuations established for  
41 16 the assessment year beginning January 1, 2009, and each year  
41 17 thereafter, the actual value of agricultural property shall be  
41 18 determined on the basis of productivity and net earning  
41 19 capacity of the property determined on the basis of its use  
41 20 for agricultural purposes capitalized at a rate of seven  
41 21 percent and applied uniformly among counties and among classes  
41 22 of property, except that increases in actual value are limited  
41 23 to four percent. Any formula or method employed to determine  
41 24 productivity and net earning capacity of property shall be  
41 25 adopted in full by rule. The agricultural property assessed  
41 26 under this subsection must be owned by an owner who is

41 27 actively engaged in farming the agricultural land.

41 28 b. In counties or townships in which field work on a  
41 29 modern soil survey has been completed since January 1, 1949,  
41 30 the assessor shall place emphasis upon the results of the  
41 31 survey in spreading the valuation among individual parcels of  
41 32 such agricultural property.

41 33 c. For purposes of this subsection:

41 34 (1) "Actively engaged in farming" means that the owner  
41 35 inspects the production activities periodically and furnishes  
42 1 at least half of the value of the tools and pays at least half  
42 2 the direct cost of production; or regularly and frequently  
42 3 makes or takes an important part in making management  
42 4 decisions substantially contributing to or affecting the  
42 5 success of the farm operation; or performs physical work which  
42 6 significantly contributes to crop or livestock production.  
42 7 However, a lessor, whether under a cash or a crop share lease,  
42 8 is not actively engaged in farming on the area of the tract  
42 9 covered by the lease. This provision applies to both written  
42 10 and oral leases.

42 11 (2) "Eligible tract" means an area of agricultural land  
42 12 which is comprised of all of the contiguous tracts under  
42 13 identical legal ownership that are located within the same  
42 14 county and, in the aggregate, more than half the acres of the  
42 15 contiguous tract are devoted to the production of crops or  
42 16 livestock by an owner who is actively engaged in farming.

42 17 (3) "Owner" means any of the following:

42 18 (a) An individual who holds the fee simple title to the  
42 19 agricultural land.

42 20 (b) An individual who owns the agricultural land under a  
42 21 contract of purchase which has been recorded in the office of  
42 22 the county recorder of the county in which the agricultural  
42 23 land is located.

42 24 (c) An individual who owns the agricultural land under  
42 25 devise or by operation of the inheritance laws, where the  
42 26 whole interest passes or where the divided interest is shared  
42 27 only by individuals related or formerly related to each other  
42 28 by blood, marriage, or adoption.

42 29 (d) An individual who owns the agricultural land under a  
42 30 deed which conveys a divided interest, where the divided  
42 31 interest is shared only by individuals related or formerly  
42 32 related to each other by blood, marriage, or adoption.

42 33 (e) A partnership where all partners are related or  
42 34 formerly related to each other by blood, marriage, or  
42 35 adoption.

43 1 (f) A family farm corporation or authorized farm  
43 2 corporation, as both are defined in section 9H.1, which owns  
43 3 the agricultural land.

43 4 (4) "Production of crops" includes pastureland.

43 5 Sec. 73. Section 441.21, subsections 9 and 10, Code 2007,  
43 6 are amended to read as follows:

43 7 9. Not later than November 1, ~~1979~~ 2009, and November 1 of  
43 8 each subsequent year, the director shall certify to the county  
43 9 auditor of each county the percentages of actual value at

~~43 10 which residential property, agricultural property, commercial~~

~~43 11 property, industrial property, and property valued by the~~

~~43 12 department of revenue pursuant to sections 428.24 through~~

~~43 13 428.29, and chapters 428, 433, 434, 437, and 438 in each~~

~~43 14 assessing jurisdiction in the county shall be assessed for~~

~~43 15 taxation. The county auditor shall proceed to determine the~~

~~43 16 assessed values of agricultural property, residential~~

~~43 17 property, commercial property, industrial property, and~~

~~43 18 property valued by the department of revenue pursuant to~~

~~43 19 sections 428.24 through 428.29, and chapters 428, 433, 434,~~

~~43 20 437, and 438 by applying such percentages to the current~~

~~43 21 actual value of such property, as reported to the county~~

~~43 22 auditor by the assessor, and the assessed values so determined~~

~~43 23 shall be the taxable values of such properties upon which the~~

~~43 24 levy shall be made.~~

~~43 25 10. The percentage of actual value computed by the~~

~~43 26 director for agricultural property, residential property,~~

~~43 27 income residential property, commercial property, industrial~~

~~43 28 property, and property valued by the department of revenue~~

~~43 29 pursuant to sections 428.24 through 428.29, and chapters 428,~~

~~43 30 433, 434, 437, and 438 and used to determine assessed values~~

~~43 31 of those classes of property does not constitute a rule as~~

~~43 32 defined in section 17A.2, subsection 11.~~

43 33 Sec. 74. Section 441.21, Code 2007, is amended by adding

43 34 the following new subsection:

43 35 NEW SUBSECTION. 13. a. The reduction amounts in

44 1 subsections 4, 5A, and 5B shall each year be increased for

44 2 inflation. Upon determination of the latest cumulative

44 3 inflation factor, the director of revenue shall multiply each  
44 4 dollar amount set forth in subsections 4, 5A, and 5B by this  
44 5 cumulative inflation factor, shall round off the resulting  
44 6 product to the nearest dollar, and shall transmit the result  
44 7 to each city and county assessor for each assessment year.  
44 8 b. For purposes of this subsection, "cumulative inflation  
44 9 factor" means the product of the annual inflation factor for  
44 10 the 2009 calendar year and all annual inflation factors for  
44 11 subsequent calendar years as determined pursuant to this  
44 12 subsection. The cumulative inflation factor applies to all  
44 13 tax years beginning on or after January 1 of the calendar year  
44 14 for which the latest annual inflation factor has been  
44 15 determined.

44 16 c. In determining the annual inflation factor, the  
44 17 department shall use the annual percent change, but not less  
44 18 than zero percent, in the gross domestic product price  
44 19 deflator computed for the second quarter of the calendar year  
44 20 by the bureau of economic analysis of the United States  
44 21 department of commerce and shall add all of that percent  
44 22 change to one hundred percent. The annual inflation factor  
44 23 and the cumulative inflation factor shall each be expressed as  
44 24 a percentage rounded to the nearest one-tenth of one percent.  
44 25 The annual inflation factor shall not be less than one hundred  
44 26 percent.

44 27 d. The annual inflation factor for the 2009 assessment  
44 28 year is one hundred percent.

44 29 Sec. 75. Section 441.40, Code 2007, is amended to read as  
44 30 follows:

44 31 441.40 COSTS, FEES, AND EXPENSES APPORTIONED.

44 32 The clerk of the court shall likewise certify to the county  
44 33 treasurer the costs assessed by the court on any appeal from a  
44 34 board of review to the district court, in all cases where said  
44 35 costs are taxed against the board of review or any taxing  
45 1 body. The district court may award payment of the property  
45 2 owner's or aggrieved taxpayer's attorney fees as part of the  
45 3 costs assessed by the court to be taxed against the board of  
45 4 review or any taxing body, unless the court determines that  
45 5 the protest was frivolous, and, in that case, the court may  
45 6 assess the costs of defending the protest against the owner or  
45 7 taxpayer who filed the protest. Thereupon the county

45 8 treasurer shall compute and apportion the said costs between  
45 9 the various taxing bodies participating in the proceeds of the  
45 10 collection of the taxes involved in any such appeal, and said  
45 11 treasurer shall so compute and apportion the various amounts  
45 12 which said taxing bodies are required to pay in proportion to  
45 13 the amount of taxes each of said taxing bodies is entitled to  
45 14 receive from the whole amount of taxes involved in each of  
45 15 such appeals. The said county treasurer shall deduct from the  
45 16 proceeds of all general taxes collected the amount of costs so  
45 17 computed and apportioned by the treasurer from the moneys due  
45 18 to each taxing body from general taxes collected. The amount  
45 19 so deducted shall be certified to each taxing body in lieu of  
45 20 moneys collected. Said county treasurer shall pay to the  
45 21 clerk of the district court the amount of said costs so  
45 22 computed, apportioned and collected by the treasurer in all  
45 23 cases now on file or hereafter filed in which said costs have  
45 24 not been paid.

45 25 Sec. 76. Section 441.47, Code 2007, is amended to read as  
45 26 follows:

45 27 441.47 ADJUSTED VALUATIONS.

45 28 1. The director of revenue on or about August 15, 1977,  
45 29 and every two years thereafter shall order the equalization of  
45 30 the levels of assessment of each class of property in the  
45 31 several assessing jurisdictions by adding to or deducting from  
45 32 the valuation of each class of property such percentage in  
45 33 each case as may be necessary to bring the same to its taxable  
45 34 value as fixed in this chapter and chapters 427 to 443. The  
45 35 director shall adjust to actual value the valuation of any  
46 1 class of property as set out in the abstract of assessment  
46 2 when the valuation is at least five percent above or below  
46 3 actual value as determined by the director.

46 4 2. For purposes of such value adjustments and before such  
46 5 equalization the director shall adopt, in the manner  
46 6 prescribed by chapter 17A, such rules as may be necessary to  
46 7 determine the level of assessment for each class of property  
46 8 in each county. The rules shall cover all of the following:

46 9 (1) a. The proposed use of the assessment-sales ratio  
46 10 study set out in section 421.17, subsection 6+1  
46 11 (2) b. ~~the~~ The proposed use of any statewide income  
46 12 capitalization studies+1  
46 13 (3) c. ~~the~~ The proposed use of other methods that would

46 14 assist the director in arriving at the accurate level of  
46 15 assessment of each class of property in each assessing  
46 16 jurisdiction.

46 17 3. Each county for which a multicounty assessor is  
46 18 appointed pursuant to section 441.6, subsection 2, or section  
46 19 441.16A is considered a separate assessing jurisdiction for  
46 20 purposes of this section.

46 21 Sec. 77. Section 441.54, Code 2007, is amended to read as  
46 22 follows:

46 23 441.54 CONSTRUCTION.

46 24 Whenever in the laws of this state, the words "assessor" or  
46 25 "assessors" appear, singly or in combination with other words,  
46 26 they shall be deemed to mean and refer to the multicounty,  
46 27 county, or city assessor, as the case may be.

46 28 Sec. 78. NEW SECTION. 441.58 CONFIDENTIALITY OF CERTAIN  
46 29 INFORMATION REQUIRED == ASSESSOR AND BOARD OF REVIEW.

46 30 The assessor, the board of review, and the assessment  
46 31 appeal board shall keep confidential any documents, reports,  
46 32 audits, and other information supplied by a taxpayer or  
46 33 property owner relating to the amount or source of income,  
46 34 profits, losses, or expenditures of the taxpayer or property  
46 35 owner, except that such information shall be made available to  
47 1 the taxpayer or property owner or that person's counsel and to  
47 2 the court in case any appeal is taken.

47 3 Sec. 79. Section 441.72, Code 2007, is amended to read as  
47 4 follows:

47 5 441.72 ASSESSMENT OF PLATTED LOTS.

47 6 When a subdivision plat is recorded pursuant to chapter  
47 7 354, the individual lots within the subdivision plat shall not  
47 8 be assessed in excess of the total assessment of the land as  
47 9 acreage or unimproved property for ~~three~~ six years after the  
47 10 recording of the plat or until the lot is actually improved  
47 11 with permanent construction, whichever occurs first. When an  
47 12 individual lot has been improved with permanent construction,  
47 13 the lot shall be assessed for taxation purposes as provided in  
47 14 chapter 428 and this chapter. This section does not apply to  
47 15 special assessment levies.

47 16 Sec. 80. Section 441.73, subsection 4, Code Supplement  
47 17 2007, is amended to read as follows:

47 18 ~~4. The executive council shall transfer for the fiscal~~  
47 19 ~~year beginning July 1, 1992, and each fiscal year thereafter,~~  
47 20 ~~from funds established in sections 425.1 and 426.1, an amount~~  
47 21 ~~necessary to pay litigation expenses. The amount of the fund~~  
47 22 ~~for each fiscal year shall not exceed seven hundred thousand~~  
47 23 ~~dollars. The executive council shall determine annually the~~  
47 24 ~~proportionate amounts to be transferred from the two separate~~  
47 25 ~~funds. At any time when no litigation is pending or in~~  
47 26 ~~progress the balance in the litigation expense fund shall not~~  
47 27 ~~exceed one hundred thousand dollars. Any excess moneys shall~~  
47 28 ~~be transferred in a proportionate amount back to the funds~~  
47 29 ~~from which they were originally transferred.~~

47 30 Sec. 81. Section 443.2, unnumbered paragraph 2, Code 2007,  
47 31 is amended to read as follows:

47 32 The county auditor shall list the aggregate actual value  
47 33 and the aggregate taxable value of all taxable property within  
47 34 the county and each political subdivision including property  
47 35 subject to the statewide property tax imposed under section  
48 1 437A.18 on the tax list in order that the actual value of the  
48 2 taxable property within the county or a political subdivision  
48 3 may be ascertained and shown by the tax list for the purpose  
48 4 of computing the debt-incurring capacity of the county or  
48 5 political subdivision. As used in this section, "actual  
48 6 value" is the value determined under section 441.21,  
48 7 subsections 1 to 3, prior to the reduction ~~to a percentage of~~  
48 8 in actual value as otherwise provided in section 441.21.  
48 9 "Actual value" of property subject to statewide property tax  
48 10 is the assessed value under section 437A.18.

48 11 Sec. 82. Chapter 405, Code 2007, is repealed.

48 12 Sec. 83. EFFECTIVE AND APPLICABILITY DATES. Unless  
48 13 otherwise stated, this division of this Act takes effect  
48 14 January 1, 2009, and applies to assessment years beginning on  
48 15 or after that date.

#### 48 16 DIVISION III

##### 48 17 PROPERTY TAX CREDITS AND EXEMPTIONS

48 18 Sec. 84. Section 25B.7, subsection 2, Code 2007, is  
48 19 amended by striking the subsection.

48 20 Sec. 85. Section 100.18, subsection 2, paragraph b, Code  
48 21 2007, is amended to read as follows:

48 22 b. The rules shall require the installation of smoke  
48 23 detectors in existing single-family rental units and  
48 24 multiple-unit residential buildings. Existing single-family

48 25 dwelling units shall be equipped with approved smoke  
48 26 detectors. A person who files for a homestead ~~credit~~  
48 27 exemption pursuant to chapter 425 shall certify that the  
48 28 single-family dwelling unit for which the ~~credit exemption~~ is  
48 29 filed has a smoke detector installed in compliance with this  
48 30 section, or that one will be installed within thirty days of  
48 31 the date the filing for the ~~credit exemption~~ is made. The  
48 32 state fire marshal shall adopt rules and establish appropriate  
48 33 procedures to administer this subsection.

48 34 Sec. 86. Section 216.12, subsection 1, paragraph e, Code  
48 35 Supplement 2007, is amended to read as follows:

49 1 e. The rental or leasing of a housing accommodation in a  
49 2 building which contains housing accommodations for not more  
49 3 than four families living independently of each other, if the  
49 4 owner resides in one of the housing accommodations for which  
49 5 the owner qualifies for the homestead tax ~~credit exemption~~  
49 6 under section 425.1.

49 7 Sec. 87. Section 331.401, subsection 1, paragraph g, Code  
49 8 Supplement 2007, is amended by striking the paragraph.

49 9 Sec. 88. Section 331.512, subsection 3, Code 2007, is  
49 10 amended to read as follows:

49 11 3. Carry out duties relating to the homestead tax ~~credit~~  
~~49 12 and agricultural land tax credit exemptions and the military~~  
49 13 ~~tax exemption~~ as provided in chapters 425 and ~~426 426A~~.

49 14 Sec. 89. Section 331.512, subsection 4, Code 2007, is  
49 15 amended by striking the subsection.

49 16 Sec. 90. Section 331.559, subsections 12, 13, and 14, Code  
49 17 2007, are amended by striking the subsections.

49 18 Sec. 91. Section 404.3, subsection 1, Code 2007, is  
49 19 amended to read as follows:

49 20 1. All qualified real estate assessed as residential  
49 21 property is eligible to receive an exemption from taxation  
49 22 based on the actual value added by the improvements. The  
49 23 exemption is for a period of ten years. The amount of the  
49 24 exemption is equal to a percent of the actual value added by  
49 25 the improvements, determined as follows: One hundred fifteen  
49 26 percent of the value added by the improvements. However, the  
49 27 amount of the actual value added by the improvements which  
49 28 shall be used to compute the exemption shall not exceed twenty  
49 29 thousand dollars and the granting of the exemption shall not  
49 30 result in the actual value of the qualified real estate being  
49 31 reduced below the ~~actual value on which amount of the~~  
49 32 ~~homestead credit is computed exemption~~ under section 425.1.

49 33 Sec. 92. Section 425.1, Code 2007, is amended by striking  
49 34 the section and inserting in lieu thereof the following:

49 35 425.1 HOMESTEAD ASSESSMENT REDUCTION.

50 1 For the assessment year beginning January 1, 2007, and each  
50 2 year thereafter, the actual value at which an eligible  
50 3 homestead is assessed pursuant to section 441.21, subsection  
50 4 4, shall be reduced by five thousand dollars. The reduction  
50 5 allowed under this part is in addition to the reduction in  
50 6 section 441.21, subsection 4, paragraph "a".

50 7 Sec. 93. Section 425.2, Code 2007, is amended to read as  
50 8 follows:

50 9 425.2 QUALIFYING FOR ~~CREDIT~~ EXEMPTION.

50 10 A person who wishes to qualify for the ~~credit exemption~~  
50 11 allowed under this chapter shall obtain the appropriate forms  
50 12 for filing for the ~~credit exemption~~ from the assessor. The  
50 13 person claiming the ~~credit exemption~~ shall file a verified  
50 14 statement and designation of homestead with the assessor for  
50 15 the year for which the person is first claiming the ~~credit~~  
50 16 ~~exemption~~. The claim shall be filed not later than July 1 of  
50 17 the year for which the person is claiming the ~~credit~~  
50 18 ~~exemption~~. A claim filed after July 1 of the year for which  
50 19 the person is claiming the ~~credit exemption~~ shall be  
50 20 considered as a claim filed for the following year.

50 21 Upon the filing and allowance of the claim, the claim shall  
50 22 be allowed on that homestead for successive years without  
50 23 further filing as long as the property is legally or equitably  
50 24 owned and used as a homestead by that person or that person's  
50 25 spouse on July 1 of each of those successive years, and the  
50 26 owner of the property being claimed as a homestead declares  
50 27 residency in Iowa for purposes of income taxation, and the  
50 28 property is occupied by that person or that person's spouse  
50 29 for at least six months in each of those calendar years in  
50 30 which the fiscal year begins. When the property is sold or  
50 31 transferred, the buyer or transferee who wishes to qualify  
50 32 shall refile for the ~~credit exemption~~. However, when the  
50 33 property is transferred as part of a distribution made  
50 34 pursuant to chapter 598, the transferee who is the spouse  
50 35 retaining ownership of the property is not required to refile

51 1 for the ~~credit exemption~~. Property divided pursuant to  
51 2 chapter 598 shall not be modified following the division of  
51 3 the property. An owner who ceases to use a property for a  
51 4 homestead or intends not to use it as a homestead for at least  
51 5 six months in a calendar year shall provide written notice to  
51 6 the assessor by July 1 following the date on which the use is  
51 7 changed. A person who sells or transfers a homestead or the  
51 8 personal representative of a deceased person who had a  
51 9 homestead at the time of death, shall provide written notice  
51 10 to the assessor that the property is no longer the homestead  
51 11 of the former claimant.

51 12 In case the owner of the homestead is in active service in  
51 13 the armed forces of this state or of the United States, or is  
51 14 sixty-five years of age or older, or is disabled, the  
51 15 statement and designation may be signed and delivered by any  
51 16 member of the owner's family, by the owner's guardian or  
51 17 conservator, or by any other person who may represent the  
51 18 owner under power of attorney. If the owner of the homestead  
51 19 is married, the spouse may sign and deliver the statement and  
51 20 designation. The director of human services or the director's  
51 21 designee may make application for the benefits of this chapter  
51 22 as the agent for and on behalf of persons receiving assistance  
51 23 under chapter 249.

51 24 Any person sixty-five years of age or older or any person  
51 25 who is disabled may request, in writing, from the appropriate  
51 26 assessor forms for filing for the homestead tax ~~credit~~  
51 27 exemption. Any person sixty-five years of age or older or who  
51 28 is disabled may complete the form, which shall include a  
51 29 statement of homestead, and mail or return it to the  
51 30 appropriate assessor. The signature of the claimant on the  
51 31 statement shall be considered the claimant's acknowledgment  
51 32 that all statements and facts entered on the form are correct  
51 33 to the best of the claimant's knowledge.

51 34 Upon adoption of a resolution by the county board of  
51 35 supervisors, any person may request, in writing, from the  
52 1 appropriate assessor forms for the filing for the homestead  
52 2 tax ~~credit exemption~~. The person may complete the form, which  
52 3 shall include a statement of homestead, and mail or return it  
52 4 to the appropriate assessor. The signature of the claimant on  
52 5 the statement of homestead shall be considered the claimant's  
52 6 acknowledgment that all statements and facts entered on the  
52 7 form are correct to the best of the claimant's knowledge.

52 8 Sec. 94. Section 425.3, unnumbered paragraph 4, Code 2007,  
52 9 is amended to read as follows:

52 10 The county auditor shall forward the claims to the board of  
52 11 supervisors. The board shall allow or disallow the claims.  
52 12 If the board disallows a claim, it shall send written notice,  
52 13 by mail, to the claimant at the claimant's last known address.  
52 14 The notice shall state the reasons for disallowing the claim  
52 15 for the ~~credit exemption~~. The board is not required to send  
52 16 notice that a claim is disallowed if the claimant voluntarily  
52 17 withdraws the claim.

52 18 Sec. 95. Section 425.6, Code 2007, is amended to read as  
52 19 follows:

52 20 425.6 WAIVER BY NEGLECT.

52 21 If a person fails to file a claim or to have a claim on  
52 22 file with the assessor for the ~~credits exemption~~ provided in  
52 23 this chapter, the person is deemed to have waived the  
52 24 homestead ~~credit exemption~~ for the year in which the person  
52 25 failed to file the claim or to have a claim on file with the  
52 26 assessor.

52 27 Sec. 96. Section 425.7, subsection 3, Code 2007, is  
52 28 amended to read as follows:

52 29 3. If the director of revenue determines that a claim for  
52 30 the homestead ~~credit exemption~~ has been allowed by the board  
52 31 of supervisors which is not justifiable under the law and not  
52 32 substantiated by proper facts, the director may, at any time  
52 33 within thirty-six months from July 1 of the year in which the  
52 34 claim is allowed, set aside the allowance. Notice of the  
52 35 disallowance shall be given to the county auditor of the  
53 1 county in which the claim has been improperly granted and a  
53 2 written notice of the disallowance shall also be addressed to  
53 3 the claimant at the claimant's last known address. The  
53 4 claimant or board of supervisors may appeal to the state board  
53 5 of tax review pursuant to section 421.1, subsection 5. The  
53 6 claimant or the board of supervisors may seek judicial review  
53 7 of the action of the state board of tax review in accordance  
53 8 with chapter 17A.

53 9 If a claim is disallowed by the director of revenue and not  
53 10 appealed to the state board of tax review or appealed to the  
53 11 state board of tax review and thereafter upheld upon final

53 12 resolution, including any judicial review, ~~any amounts of~~  
53 13 ~~credits allowed and paid from the homestead credit fund~~  
53 14 ~~including the penalty, if any, the taxes that would have been~~  
53 15 ~~due on the disallowed claim, if not otherwise paid, shall~~  
53 16 become a lien upon the property on which ~~credit the exemption~~  
53 17 was originally granted, if still in the hands of the claimant,  
53 18 and not in the hands of a bona fide purchaser, and any amount  
53 19 ~~so erroneously of such taxes not paid~~ including the penalty,  
53 20 if any, shall be collected by the county treasurer in the same  
53 21 manner as other taxes ~~and the collections shall be returned to~~  
53 22 ~~the department of revenue and credited to the homestead credit~~  
53 23 ~~fund. The director of revenue may institute legal proceedings~~  
53 24 ~~against a homestead credit claimant for the collection of~~  
53 25 ~~payments made on disallowed credits and the penalty, if any.~~  
53 26 If a person makes a false claim or affidavit with fraudulent  
53 27 intent to obtain the homestead ~~credit exemption~~, the person is  
53 28 guilty of a fraudulent practice and the claim shall be  
53 29 disallowed in full. ~~If the credit has been paid, the amount~~  
53 30 ~~of the credit plus a penalty equal to twenty-five percent of~~  
53 31 ~~the amount of credit plus interest, at the rate in effect~~  
53 32 ~~under section 421.7, from the time of payment shall be~~  
53 33 ~~collected by the county treasurer in the same manner as other~~  
53 34 ~~property taxes, penalty, and interest are collected and when~~  
53 35 ~~collected shall be paid to the director of revenue. If a~~  
54 1 homestead ~~credit exemption~~ is disallowed and the claimant  
54 2 failed to give written notice to the assessor as required by  
54 3 section 425.2 when the property ceased to be used as a  
54 4 homestead by the claimant, a civil penalty equal to five  
54 5 percent of the amount of the ~~taxes that would have been due on~~  
54 6 ~~the disallowed credit exemption~~ is assessed against the  
54 7 claimant.

54 8 Sec. 97. Section 425.8, unnumbered paragraph 1, Code 2007,  
54 9 is amended to read as follows:

54 10 The director of revenue shall prescribe the form for the  
54 11 making of verified statement and designation of homestead, the  
54 12 form for the supporting affidavits required herein, and such  
54 13 other forms as may be necessary for the proper administration  
54 14 of this chapter. Whenever necessary, the department of  
54 15 revenue shall forward to the county auditors of the several  
54 16 counties in the state the prescribed sample forms, and the  
54 17 county auditors shall furnish blank forms prepared in  
54 18 accordance therewith with the assessment rolls, books, and  
54 19 supplies delivered to the assessors. The department of  
54 20 revenue shall prescribe and the county auditors shall provide  
54 21 on the forms for claiming the homestead ~~credit exemption~~ a  
54 22 statement to the effect that the owner realizes that the owner  
54 23 must give written notice to the assessor when the owner  
54 24 changes the use of the property.

54 25 Sec. 98. Section 425.9, Code 2007, is amended by striking  
54 26 the section and inserting in lieu thereof the following:

54 27 425.9 EXEMPTION == APPEAL == CREDIT.  
54 28 If any claim for exemption made under this chapter has been  
54 29 denied by the board of supervisors, and such action is  
54 30 subsequently reversed on appeal, the exemption shall be  
54 31 allowed on the homestead involved in the appeal, and the  
54 32 director of revenue, the county auditor, and the county  
54 33 treasurer shall change their books and records accordingly.

54 34 If the tax has been levied on the exemption amount of the  
54 35 homestead of the appealing taxpayer or the appealing taxpayer  
55 1 has paid one or both of the installments of the tax payable in  
55 2 the year or years in question on such homestead valuation, a  
55 3 credit for such taxes shall be applied to the property if  
55 4 still in the hands of the claimant.

55 5 Sec. 99. Section 425.10, Code 2007, is amended to read as  
55 6 follows:

55 7 425.10 REVERSAL OF ALLOWED CLAIM.

55 8 In the event any claim is allowed, and subsequently  
55 9 reversed on appeal, any ~~credit exemption~~ made thereunder shall  
55 10 be void, and the amount of ~~such credit the taxes that would~~  
55 11 ~~have been due on the exemption~~ shall be charged against the  
55 12 property in question, and the director of revenue, the county  
55 13 auditor, and the county treasurer are authorized and directed  
55 14 to correct their books and records accordingly. The amount of  
55 15 ~~such taxes due on the erroneous credit exemption~~, when  
55 16 collected, shall be ~~returned distributed~~ by the county  
55 17 treasurer to the ~~homestead credit fund to be reallocated the~~  
55 18 ~~following year as provided herein other jurisdictions in the~~  
55 19 ~~same proportion as the other taxes.~~

55 20 Sec. 100. Section 425.11, subsection 3, paragraph a,  
55 21 unnumbered paragraph 1, Code 2007, is amended to read as  
55 22 follows:

55 23 The homestead includes the dwelling house which the owner,  
55 24 in good faith, is occupying as a home on July 1 of the year  
55 25 for which the ~~credit exemption~~ is claimed and occupies as a  
55 26 home for at least six months during the calendar year in which  
55 27 the fiscal year begins, except as otherwise provided.

55 28 Sec. 101. Section 425.11, subsection 3, paragraph c, Code  
55 29 2007, is amended to read as follows:

55 30 c. It must not embrace more than one dwelling house, but  
55 31 where a homestead has more than one dwelling house situated  
55 32 thereon, the ~~credit exemption~~ provided for in this chapter  
55 33 shall apply to the home and buildings used by the owner, but  
55 34 shall not apply to any other dwelling house and buildings  
55 35 appurtenant.

56 1 Sec. 102. Section 425.11, subsection 4, unnumbered  
56 2 paragraph 1, Code 2007, is amended to read as follows:

56 3 The word "owner" shall mean the person who holds the fee  
56 4 simple title to the homestead, and in addition shall mean the  
56 5 person occupying as a surviving spouse or the person occupying  
56 6 under a contract of purchase which contract has been recorded  
56 7 in the office of the county recorder of the county in which  
56 8 the property is located; or the person occupying the homestead  
56 9 under devise or by operation of the inheritance laws where the  
56 10 whole interest passes or where the divided interest is shared  
56 11 only by persons related or formerly related to each other by  
56 12 blood, marriage or adoption; or the person occupying the  
56 13 homestead is a shareholder of a family farm corporation that  
56 14 owns the property; or the person occupying the homestead under  
56 15 a deed which conveys a divided interest where the divided  
56 16 interest is shared only by persons related or formerly related  
56 17 to each other by blood, marriage or adoption; or where the  
56 18 person occupying the homestead holds a life estate with the  
56 19 reversion interest held by a nonprofit corporation organized  
56 20 under chapter 504, provided that the holder of the life estate  
56 21 is liable for and pays property tax on the homestead; or where  
56 22 the person occupying the homestead holds an interest in a  
56 23 horizontal property regime under chapter 499B, regardless of  
56 24 whether the underlying land committed to the horizontal  
56 25 property regime is in fee or as a leasehold interest, provided  
56 26 that the holder of the interest in the horizontal property  
56 27 regime is liable for and pays property tax on the homestead;  
56 28 or where the person occupying the homestead is a member of a  
56 29 community land trust as defined in 42 U.S.C. } 12773,  
56 30 regardless of whether the underlying land is in fee or as a  
56 31 leasehold interest, provided that the member of the community  
56 32 land trust is occupying the homestead and is liable for and  
56 33 pays property tax on the homestead. For the purpose of this  
56 34 chapter the word "owner" shall be construed to mean a bona  
56 35 fide owner and not one for the purpose only of availing the  
57 1 person of the benefits of this chapter. In order to qualify  
57 2 for the homestead tax ~~credit exemption~~, evidence of ownership  
57 3 shall be on file in the office of the clerk of the district  
57 4 court or recorded in the office of the county recorder at the  
57 5 time the owner files with the assessor a verified statement of  
57 6 the homestead claimed by the owner as provided in section  
57 7 425.2.

57 8 Sec. 103. Section 425.12, Code 2007, is amended to read as  
57 9 follows:

57 10 425.12 INDIAN LAND.

57 11 Each forty acres of land, or fraction thereof, occupied by  
57 12 a member or members of the Sac and Fox Indians in Tama county,  
57 13 which land is held in trust by the secretary of the interior  
57 14 of the United States for said Indians, shall be given a  
57 15 homestead tax ~~credit exemption~~ within the meaning and under  
57 16 the provisions of this chapter. Application for such  
57 17 homestead tax ~~credit exemption~~ shall be made to the county  
57 18 auditor of Tama county and may be made by a representative of  
57 19 the tribal council.

57 20 Sec. 104. Section 425.13, Code 2007, is amended to read as  
57 21 follows:

57 22 425.13 CONSPIRACY TO DEFRAUD.

57 23 If any two or more persons conspire and confederate  
57 24 together with fraudulent intent to obtain the ~~credit exemption~~  
57 25 provided for under the terms of this chapter by making a false  
57 26 deed, or a false contract of purchase, they are guilty of a  
57 27 fraudulent practice.

57 28 Sec. 105. Section 425.15, Code 2007, is amended to read as  
57 29 follows:

57 30 425.15 DISABLED VETERAN TAX ~~CREDIT~~ EXEMPTION.

57 31 If the owner of a homestead allowed ~~a credit an exemption~~  
57 32 under this chapter is a veteran of any of the military forces  
57 33 of the United States, who acquired the homestead under 38

57 34 U.S.C. } 21.801, 21.802, or 38 U.S.C. } 2101, 2102, the  
57 35 ~~credit exemption~~ allowed on the homestead ~~from the homestead~~  
58 1 ~~credit fund~~ shall be the entire amount of the ~~tax levied~~  
58 2 ~~assessed value~~ on the homestead. The ~~credit exemption~~ allowed  
58 3 shall be continued to the estate of a veteran who is deceased  
58 4 or the surviving spouse and any child, as defined in section  
58 5 234.1, who are the beneficiaries of a deceased veteran, so  
58 6 long as the surviving spouse remains unmarried. This section  
58 7 is not applicable to the holder of title to any homestead  
58 8 whose annual income, together with that of the titleholder's  
58 9 spouse, if any, for the last preceding twelve-month income tax  
58 10 accounting period exceeds thirty-five thousand dollars. For  
58 11 the purpose of this section "income" means taxable income for  
58 12 federal income tax purposes plus income from securities of  
58 13 state and other political subdivisions exempt from federal  
58 14 income tax. A veteran or a beneficiary of a veteran who  
58 15 elects to secure the ~~credit exemption~~ provided in this section  
58 16 is not eligible for any other real property tax exemption  
58 17 provided by law for veterans of military service. If a  
58 18 veteran acquires a different homestead, the ~~credit exemption~~  
58 19 allowed under this section may be claimed on the new homestead  
58 20 unless the veteran fails to meet the other requirements of  
58 21 this section.

58 22 Sec. 106. Section 425.16, Code 2007, is amended to read as  
58 23 follows:

58 24 425.16 ADDITIONAL TAX ~~CREDIT~~ EXEMPTION.

58 25 In addition to the homestead tax ~~credit exemption~~ allowed  
58 26 under section 425.1, ~~subsections 1 to 4~~, persons who own ~~or~~  
58 27 ~~rent~~ their homesteads and who meet the qualifications provided  
58 28 in this division are eligible for an extraordinary property  
58 29 tax ~~credit or reimbursement exemption~~.

58 30 For the assessment year beginning January 1, 2009, and each  
58 31 year thereafter, the actual value at which an eligible  
58 32 homestead under this part is assessed pursuant to section  
58 33 441.21 shall be reduced by two thousand five hundred dollars.

58 34 The reduction allowed under this division is in addition to  
58 35 the reduction in section 425.1 and section 441.21, subsection  
59 1 4, paragraph "a".

59 2 Sec. 107. Section 425.17, subsection 2, Code 2007, is  
59 3 amended to read as follows:

59 4 2. "Claimant" means either of the following:

59 5 a. A person filing a claim for ~~credit or reimbursement~~  
59 6 ~~exemption~~ under this division who has attained the age of  
59 7 sixty-five years on or before December 31 of the base year or  
59 8 who is totally disabled and was totally disabled on or before  
59 9 December 31 of the base year and is domiciled in this state at  
59 10 the time the claim is filed or at the time of the person's  
59 11 death in the case of a claim filed by the executor or  
59 12 administrator of the claimant's estate and whose income in the  
59 13 base year was less than sixteen thousand five hundred dollars.

59 14 b. A person filing a claim for ~~credit or reimbursement~~  
59 15 ~~exemption~~ under this division who has attained the age of  
59 16 twenty-three years on or before December 31 of the base year  
59 17 or was a head of household on December 31 of the base year, as  
59 18 defined in the Internal Revenue Code, but has not attained the  
59 19 age or disability status described in paragraph "a", and is  
59 20 domiciled in this state at the time the claim is filed or at  
59 21 the time of the person's death in the case of a claim filed by  
59 22 the executor or administrator of the claimant's estate, and  
59 23 was not claimed as a dependent on any other person's tax  
59 24 return for the base year and whose income in the base year was  
59 25 less than sixteen thousand five hundred dollars.

59 26 "Claimant" under paragraph "a" or "b" includes a vendee in  
59 27 possession under a contract for deed and may include one or  
59 28 more joint tenants or tenants in common. ~~In the case of a~~  
59 29 ~~claim for rent constituting property taxes paid, the claimant~~  
59 30 ~~shall have rented the property during any part of the base~~  
59 31 ~~year. In the case of a claim for property taxes due, the~~ The  
59 32 claimant shall have occupied the property during any part of  
59 33 the fiscal year beginning July 1 of the base year. If a  
59 34 homestead is occupied by two or more persons, and more than  
59 35 one person is able to qualify as a claimant, the persons may  
60 1 each file a claim based upon each person's income ~~and rent~~  
60 2 ~~constituting property taxes paid or property taxes due.~~

60 3 Sec. 108. Section 425.17, subsection 3, Code 2007, is  
60 4 amended by striking the subsection.

60 5 Sec. 109. Section 425.17, subsection 4, Code 2007, is  
60 6 amended to read as follows:

60 7 4. "Homestead" means the dwelling owned ~~or rented~~ and  
60 8 actually used as a home by the claimant during the period  
60 9 specified in subsection 2, and so much of the land surrounding

60 10 it including one or more contiguous lots or tracts of land, as  
60 11 is reasonably necessary for use of the dwelling as a home, and  
60 12 may consist of a part of a multidwelling or multipurpose  
60 13 building and a part of the land upon which it is built. It  
60 14 does not include personal property except that a manufactured  
60 15 or mobile home may be a homestead. ~~Any dwelling or a part of~~  
~~60 16 a multidwelling or multipurpose building which is exempt from~~  
~~60 17 taxation does not qualify as a homestead under this division.~~  
~~60 18 However, solely for purposes of claimants living in a property~~  
~~60 19 and receiving reimbursement for rent constituting property~~  
~~60 20 taxes paid immediately before the property becomes tax exempt,~~  
~~60 21 and continuing to live in it after it becomes tax exempt, the~~  
~~60 22 property shall continue to be classified as a homestead. A~~  
60 23 homestead must be located in this state. When a person is  
60 24 confined in a nursing home, extended-care facility, or  
60 25 hospital, the person shall be considered as occupying or  
60 26 living in the person's homestead if the person is the owner of  
60 27 the homestead and the person maintains the homestead and does  
60 28 not lease, rent, or otherwise receive profits from other  
60 29 persons for the use of the homestead.

60 30 Sec. 110. Section 425.17, subsections 8 and 9, Code 2007,  
60 31 are amended by striking the subsections.

60 32 Sec. 111. Section 425.18, Code 2007, is amended to read as  
60 33 follows:

60 34 425.18 RIGHT TO FILE A CLAIM.

60 35 The right to file a claim for ~~reimbursement or credit~~  
61 1 exemption under this division may be exercised by the claimant  
61 2 or on behalf of a claimant by the claimant's legal guardian,  
61 3 spouse, or attorney, or by the executor or administrator of  
61 4 the claimant's estate. ~~If a claimant dies after having filed~~  
~~61 5 a claim for reimbursement for rent constituting property taxes~~  
~~61 6 paid, the amount of the reimbursement may be paid to another~~  
~~61 7 member of the household as determined by the director. If the~~  
~~61 8 claimant was the only member of the household, the~~  
~~61 9 reimbursement may be paid to the claimant's executor or~~  
~~61 10 administrator, but if neither is appointed and qualified~~  
~~61 11 within one year from the date of the filing of the claim, the~~  
~~61 12 reimbursement shall escheat to the state. If a claimant dies~~  
~~61 13 after having filed a claim for credit for property taxes due~~  
61 14 exemption, the amount of credit the exemption shall be paid  
61 15 allowed as if the claimant had not died.

61 16 Sec. 112. Section 425.19, Code 2007, is amended to read as  
61 17 follows:

61 18 425.19 CLAIM AND CREDIT OR REIMBURSEMENT EXEMPTION.

61 19 Subject to the limitations provided in this division, a  
61 20 claimant may annually claim ~~a credit for property taxes due an~~  
61 21 exemption during the fiscal year next following the base year  
61 22 ~~or claim a reimbursement for rent constituting property taxes~~  
~~61 23 paid in the base year. The amount of the credit for property~~  
~~61 24 taxes due for a homestead shall be paid on June 15 of each~~  
~~61 25 year by the director to the county treasurer who shall credit~~  
~~61 26 the money received against the amount of the property taxes~~  
~~61 27 due and payable on the homestead of the claimant and the~~  
~~61 28 amount of the reimbursement for rent constituting property~~  
~~61 29 taxes paid shall be paid to the claimant from the state~~  
~~61 30 general fund on or before December 31 of each year.~~

61 31 Sec. 113. Section 425.20, unnumbered paragraph 1, Code  
61 32 2007, is amended by striking the unnumbered paragraph.

61 33 Sec. 114. Section 425.20, unnumbered paragraphs 2 and 3,  
61 34 Code 2007, are amended to read as follows:

61 35 A claim for ~~credit for property taxes due exemption~~ shall  
62 1 not be ~~paid or~~ allowed unless the claim is filed with the  
62 2 county treasurer between January 1 and June 1, both dates  
62 3 inclusive, immediately preceding the fiscal year during which  
62 4 the property taxes are due. However, in case of sickness,  
62 5 absence, or other disability of the claimant, or if in the  
62 6 judgment of the county treasurer good cause exists, the county  
62 7 treasurer may extend the time for filing a claim for credit  
62 8 exemption through September 30 of the same calendar year. ~~The~~  
~~62 9 county treasurer shall certify to the director of revenue on~~  
~~62 10 or before May 1 of each year the total amount of dollars due~~  
~~62 11 for claims allowed.~~

62 12 In case of sickness, absence, or other disability of the  
62 13 claimant or if, in the judgment of the director of revenue,  
62 14 good cause exists and the claimant requests an extension, the  
62 15 director may extend the time for filing a claim for  
62 16 ~~reimbursement or credit exemption~~. However, any further time  
62 17 granted shall not extend beyond December 31 of the year  
62 18 following the year in which the claim was required to be  
62 19 filed. Claims filed as a result of this paragraph shall be  
62 20 filed with the director who shall provide for the

62 21 reimbursement of the claim to the claimant.  
62 22 Sec. 115. Section 425.22, Code 2007, is amended to read as  
62 23 follows:

62 24 425.22 ONE CLAIMANT PER HOUSEHOLD.

62 25 Only one claimant per household per ~~year shall be entitled~~  
~~62 26 to reimbursement under this division and only one claimant per~~  
~~62 27 household per fiscal year shall be entitled to a credit an~~  
62 28 exemption under this division.

62 29 Sec. 116. Section 425.23, Code 2007, is amended by  
62 30 striking the section and inserting in lieu thereof the  
62 31 following:

62 32 425.23 ANNUAL ADJUSTMENT TO INCOME.

62 33 1. For the base year beginning in the 2009 calendar year  
62 34 and for each subsequent base year, the dollar amounts set  
62 35 forth in section 425.17, subsection 2, shall be multiplied by  
63 1 the cumulative adjustment factor for that base year.

63 2 "Cumulative adjustment factor" means the product of the annual  
63 3 adjustment factor for the 2008 base year and all annual  
63 4 adjustment factors for subsequent base years. The cumulative  
63 5 adjustment factor applies to the base year beginning in the  
63 6 calendar year for which the latest annual adjustment factor  
63 7 has been determined.

63 8 2. The annual adjustment factor for the 2008 base year is  
63 9 one hundred percent. For each subsequent base year, the  
63 10 annual adjustment factor equals the annual inflation factor  
63 11 for the calendar year, in which the base year begins, as  
63 12 computed in section 422.4 for purposes of the individual  
63 13 income tax.

63 14 Sec. 117. Section 425.26, subsections 2 and 3, Code 2007,  
63 15 are amended by striking the subsections.

63 16 Sec. 118. Section 425.27, Code 2007, is amended to read as  
63 17 follows:

63 18 425.27 AUDIT == RECALCULATION OR DENIAL.

63 19 If on the audit of a claim for ~~credit or reimbursement~~  
63 20 exemption under this division, the director determines ~~the~~  
~~63 21 amount of the claim to have been incorrectly calculated or~~  
63 22 that the claim is not allowable, the director shall  
63 23 ~~recalculate the claim and~~ notify the claimant of the  
63 24 ~~recalculation or denial and the reasons for it.~~ The director  
63 25 shall not adjust a claim after three years from October 31 of  
63 26 the year in which the claim was filed. ~~If the claim for~~  
~~63 27 reimbursement has been paid, the amount may be recovered by~~  
~~63 28 assessment in the same manner that income taxes are assessed~~  
~~63 29 under sections 422.26 and 422.30.~~ If the claim for credit  
63 30 exemption has been ~~paid~~ allowed, the director shall give  
63 31 notification to the claimant and the county treasurer of the  
63 32 ~~recalculation or denial of the claim and the county treasurer~~  
63 33 shall proceed to collect the tax owed in the same manner as  
63 34 other property taxes due and payable are collected, if the  
63 35 property on which the credit exemption was granted is still  
64 1 owned by the claimant, ~~and repay the amount to the director~~  
~~64 2 upon collection.~~ If the property on which the credit  
64 3 exemption was granted is not owned by the claimant, the amount  
64 4 may be recovered from the claimant by assessment in the same  
64 5 manner that income taxes are assessed under sections 422.26  
64 6 and 422.30. The recalculation of ~~the claim~~ property taxes due  
64 7 shall be final unless appealed as provided in section 425.31.  
64 8 Section 422.70 is applicable with respect to this division.

64 9 Sec. 119. Section 425.28, unnumbered paragraph 2, Code  
64 10 2007, is amended to read as follows:

64 11 The department of revenue may release information  
64 12 pertaining to a person's eligibility ~~or claim for or receipt~~  
~~64 13 of rent reimbursement~~ to an employee of the department of  
64 14 inspections and appeals in the employee's official conduct of  
64 15 an audit or investigation.

64 16 Sec. 120. Section 425.29, Code 2007, is amended to read as  
64 17 follows:

64 18 425.29 FALSE CLAIM == PENALTY.

64 19 A person who makes a false affidavit for the purpose of  
64 20 obtaining ~~credit or reimbursement~~ an exemption provided for in  
64 21 this division or who knowingly receives the ~~credit or~~  
~~64 22 reimbursement exemption~~ without being legally entitled to it  
64 23 or makes claim for the ~~credit or reimbursement~~ exemption in  
64 24 more than one county in the state without being legally  
64 25 entitled to it is guilty of a fraudulent practice. The claim  
64 26 for ~~credit or reimbursement~~ exemption shall be disallowed in  
64 27 full and if the claim reduction in value has been ~~paid made,~~  
64 28 the amount of the exemption credited as taxes shall be  
64 29 recovered in the manner provided in section 425.27. The  
64 30 director of revenue shall send a notice of disallowance of the  
64 31 claim.

64 32 Sec. 121. Section 425.32, Code 2007, is amended to read as  
64 33 follows:

64 34 425.32 DISALLOWANCE OF CERTAIN CLAIMS.

64 35 A claim for ~~credit exemption~~ shall be disallowed if the  
65 1 department finds that the claimant or a person of the  
65 2 claimant's household received title to the homestead  
65 3 primarily for the purpose of receiving benefits under this  
65 4 division.

65 5 Sec. 122. Section 426A.6, Code 2007, is amended to read as  
65 6 follows:

65 7 426A.6 SETTING ASIDE ALLOWANCE.

65 8 If the director of revenue determines that a claim for  
65 9 military service tax exemption has been allowed by a board of  
65 10 supervisors which is not justifiable under the law and not  
65 11 substantiated by proper facts, the director may, at any time  
65 12 within thirty-six months from July 1 of the year in which the  
65 13 claim is allowed, set aside the allowance. Notice of the  
65 14 disallowance shall be given to the county auditor of the  
65 15 county in which the claim has been improperly granted and a  
65 16 written notice of the disallowance shall also be addressed to  
65 17 the claimant at the claimant's last known address. The  
65 18 claimant or the board of supervisors may appeal to the state  
65 19 board of tax review pursuant to section 421.1, subsection 5.  
65 20 The claimant or the board of supervisors may seek judicial  
65 21 review of the action of the state board of tax review in  
65 22 accordance with chapter 17A. If a claim is disallowed by the  
65 23 director of revenue and not appealed to the state board of tax  
65 24 review or appealed to the state board of tax review and  
65 25 thereafter upheld upon final resolution, including judicial  
65 26 review, ~~the credits allowed and paid from the general fund of~~  
~~65 27 the state the taxes that would have been due on the disallowed~~  
~~65 28 claim, if not otherwise paid, shall become a lien upon the~~  
65 29 property on which the ~~credit exemption~~ was originally granted,  
65 30 if still in the hands of the claimant and not in the hands of  
65 31 a bona fide purchaser, and the amount so erroneously of such  
~~65 32 taxes not paid shall be collected by the county treasurer in~~  
65 33 the same manner as other taxes, ~~and the collections shall be~~  
~~65 34 returned to the department of revenue and credited to the~~  
~~65 35 general fund of the state.~~ The director of revenue county  
66 1 ~~attorney~~ may institute legal proceedings against a military  
66 2 service tax exemption claimant for the collection of ~~payments~~  
~~66 3 made taxes due~~ on disallowed exemptions.

66 4 Sec. 123. Section 426A.8, Code 2007, is amended by  
66 5 striking the section and inserting in lieu thereof the  
66 6 following:

66 7 426A.8 APPEALS.

66 8 If any claim for exemption made has been denied by the  
66 9 board of supervisors, and the action is subsequently reversed  
66 10 on appeal, the exemption shall be allowed on the assessed  
66 11 valuation, and the county auditor and the county treasurer  
66 12 shall change their books and records accordingly.

66 13 If the appealing taxpayer has paid one or both of the  
66 14 installments of the tax payable in the year or years in  
66 15 question on such military service tax exemption valuation, a  
66 16 credit for such taxes shall be applied to the property if  
66 17 still in the hands of the claimant.

66 18 Sec. 124. Section 426A.9, Code 2007, is amended to read as  
66 19 follows:

66 20 426A.9 ERRONEOUS ~~CREDITS~~ EXEMPTIONS.

66 21 If any claim is allowed, and subsequently reversed on  
66 22 appeal, any ~~credit exemption~~ shall be void, and the amount of  
66 23 the ~~credit taxes that would have been due on the exemption~~  
66 24 shall be charged against the property in question, and the  
66 25 ~~director of revenue, the county auditor and the county~~  
66 26 treasurer shall correct their books and records. The amount  
66 27 of ~~taxes due on the erroneous credit exemption~~, when  
66 28 collected, shall be ~~returned distributed~~ by the county  
66 29 treasurer to the ~~general fund of the state other jurisdictions~~  
~~66 30 in the same proportion as the other taxes.~~

66 31 Sec. 125. Section 426A.11, subsection 2, Code 2007, is  
66 32 amended to read as follows:

66 33 2. The property, not to exceed ~~one two thousand eight~~  
~~66 34 hundred fifty-two~~ dollars in taxable value of an honorably  
66 35 separated, retired, furloughed to a reserve, placed on  
67 1 inactive status, or discharged veteran, as defined in section  
67 2 35.1.

67 3 Sec. 126. Section 427.1, subsection 19, unnumbered  
67 4 paragraph 3, Code Supplement 2007, is amended to read as  
67 5 follows:

67 6 This exemption shall be limited to the market value, as  
67 7 defined in section 441.21, of the pollution-control or

67 8 recycling property. If the pollution-control or recycling  
67 9 property is assessed with other property as a unit, this  
67 10 exemption shall be limited to the net market value added by  
67 11 the pollution-control or recycling property, determined as of  
67 12 the assessment date. However, for pollution-control  
67 13 exemptions on file as of July 1, 2009, or first applied for on  
67 14 or after July 1, 2009, the exemption is limited to one hundred  
67 15 thousand dollars of market value.

67 16 Sec. 127. Section 427.9, Code 2007, is amended to read as  
67 17 follows:

67 18 427.9 SUSPENSION OF TAXES, ASSESSMENTS, AND RATES OR  
67 19 CHARGES, INCLUDING INTEREST, FEES, AND COSTS.

67 20 If a person is a recipient of federal supplementary  
67 21 security income or state supplementary assistance, as defined  
67 22 in section 249.1, or is a resident of a health care facility,  
67 23 as defined by section 135C.1, which is receiving payment from  
67 24 the department of human services for the person's care, the  
67 25 person shall be deemed to be unable to contribute to the  
67 26 public revenue. The director of human services shall notify a  
67 27 person receiving such assistance of the tax suspension  
67 28 provision and shall provide the person with evidence to  
67 29 present to the appropriate county board of supervisors which  
67 30 shows the person's eligibility for tax suspension on parcels  
67 31 owned, possessed, or upon which the person is paying taxes as  
67 32 a purchaser under contract. The board of supervisors so  
67 33 notified, without the filing of a petition and statement as  
67 34 specified in section 427.8, shall order the county treasurer  
67 35 to suspend the collection of all the taxes, special  
68 1 assessments, and rates or charges, including interest, fees,  
68 2 and costs, assessed against the parcels and remaining unpaid  
68 3 by the person or contractually payable by the person, for such  
68 4 time as the person remains the owner or contractually  
68 5 prospective owner of the parcels, and during the period the  
68 6 person receives assistance as described in this section. The  
68 7 county board of supervisors shall annually send to the  
68 8 department of human services the names and social security  
68 9 numbers of persons receiving a tax suspension pursuant to this  
68 10 section. The department shall verify the continued  
68 11 eligibility for tax suspension of each name on the list and  
68 12 shall return the list to the board of supervisors. The  
68 13 director of human services shall advise the person that the  
68 14 person may apply for an additional property tax credit  
68 15 pursuant to sections 425.16 ~~to 425.39~~ through 425.37 which  
68 16 shall be credited against the amount of the taxes suspended.

68 17 Sec. 128. Section 427C.12, unnumbered paragraph 2, Code  
68 18 2007, is amended to read as follows:

68 19 The board of supervisors shall designate the county  
68 20 conservation board or the assessor who shall inspect the area  
68 21 for which an application is filed for a fruit-tree or forest  
68 22 reservation tax exemption before the application is accepted.  
68 23 Use of aerial photographs may be substituted for on-site  
68 24 inspection when appropriate. The application can only be  
68 25 accepted if it meets the criteria established by the natural  
68 26 resource commission to be a fruit-tree or forest reservation.  
68 27 Once the application has been accepted, the area shall  
68 28 continue to receive the tax exemption during each year in  
68 29 which the area is maintained as a fruit-tree or forest  
68 30 reservation without the owner having to refile. If accepted  
68 31 by the county, the application for a fruit-tree or forest  
68 32 reservation tax exemption shall be stamped approved and the  
68 33 assessor shall forward a copy of the application to the  
68 34 recorder for recording. Acres in a forest reservation shall  
68 35 be exempt from school district levies only.

69 1 PARAGRAPH DIVIDED. If the property is sold or transferred,  
69 2 the seller shall notify the buyer that all, or part of, the  
69 3 property is in fruit-tree or forest reservation and subject to  
69 4 the recapture tax provisions of this section. The tax  
69 5 exemption shall continue to be granted for the remainder of  
69 6 the eight-year period for fruit-tree reservation and for the  
69 7 following years for forest reservation or until the property  
69 8 no longer qualifies as a fruit-tree or forest reservation.

69 9 The owner of the fruit-tree or forest reservation shall  
69 10 annually certify to the county conservation board or the  
69 11 assessor that the area is being maintained with proper fruit-  
69 12 tree or forest management, including necessary pruning and  
69 13 planting of trees. The area may be inspected each year by the  
69 14 county conservation board or the assessor to determine if the  
69 15 area is maintained as a fruit-tree or forest reservation. If  
69 16 the area is not maintained or is used for economic gain other  
69 17 than as a fruit-tree reservation during any year of the  
69 18 eight-year exemption period and any year of the following five

69 19 years or as a forest reservation during any year for which the  
69 20 exemption is granted and any of the five years following those  
69 21 exemption years, the assessor shall assess the property for  
69 22 taxation at its fair market value as of January 1 of that year  
69 23 and in addition the area shall be subject to a recapture tax.  
69 24 However, the area shall not be subject to the recapture tax if  
69 25 the owner, including one possessing under a contract of sale,  
69 26 and the owner's direct antecedents or descendants have owned  
69 27 the area for more than ten years. ~~The In the case of a~~  
69 28 ~~fruit-tree reservation, the tax shall be computed by~~  
69 29 multiplying the consolidated levy for each of those years, if  
69 30 any, of the five preceding years for which the area received  
69 31 the exemption for fruit-tree ~~or forest~~ reservation times the  
69 32 assessed value of the area that would have been taxed but for  
69 33 the tax exemption. ~~This In the case of a forest reservation,~~  
69 34 ~~the tax shall be computed by multiplying the school district~~  
69 35 ~~levy for each of those years, if any, of the five preceding~~  
70 1 ~~years for which the area received the exemption for forest~~  
70 2 ~~reservation times the assessed value of the area that would~~  
70 3 ~~have been taxed but for the tax exemption. The tax shall be~~  
70 4 entered against the property on the tax list for the current  
70 5 year and shall constitute a lien against the property in the  
70 6 same manner as a lien for property taxes. The tax when  
70 7 collected shall be apportioned in the manner provided for the  
70 8 apportionment of the property taxes for the applicable tax  
70 9 year.

70 10 Sec. 129. Section 441.22, Code 2007, is amended to read as  
70 11 follows:

70 12 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

70 13 Forest and fruit-tree reservations fulfilling the  
70 14 conditions of sections 427C.1 to 427C.13 shall be exempt from  
70 15 taxation, except as otherwise provided in section 427C.12. In  
70 16 all other cases where trees are planted upon any tract of  
70 17 land, without regard to area, for forest, fruit, shade, or  
70 18 ornamental purposes, or for windbreaks, the assessor shall not  
70 19 increase the valuation of the property because of such  
70 20 improvements.

70 21 Sec. 130. Section 499A.14, Code 2007, is amended to read  
70 22 as follows:

70 23 499A.14 TAXATION.

70 24 The real estate shall be taxed in the name of the  
70 25 cooperative, and each member of the cooperative shall pay that  
70 26 member's proportionate share of the tax in accordance with the  
70 27 proration formula set forth in the bylaws, and each member  
70 28 occupying an apartment as a residence, if eligible, shall  
70 29 receive that member's proportionate homestead tax ~~credit~~  
70 30 exemption and each veteran of the military services of the  
70 31 United States identified as such under the laws of the state  
70 32 of Iowa or the United States shall receive as ~~a credit an~~  
70 33 exemption that member's veterans tax benefit as prescribed by  
70 34 the laws of the state of Iowa.

70 35 Sec. 131. Chapters 425A and 426, Code 2007, are repealed.

71 1 Sec. 132. Sections 425.4, 425.21, 425.24, 425.25, 425.33  
71 2 through 425.36, 425.39, 425.40, 426A.1A through 426A.5, and  
71 3 435.33, Code 2007, are repealed.

71 4 Sec. 133. EXEMPTIONS NOT CONSIDERED NEWLY ENACTED. The  
71 5 homestead property tax exemption, extraordinary homestead  
71 6 property tax exemption, and the military property tax  
71 7 exemption are not considered newly enacted after January 1,  
71 8 1997, for purposes of section 25B.7.

71 9 Sec. 134. CODE EDITOR DIRECTIVE. The Code editor is  
71 10 directed to change the term "credit" to "exemption" anywhere  
71 11 it occurs in the Code in reference to the homestead credit.  
71 12 The Code editor is further directed to change the terms  
71 13 "credit" and "credit or reimbursement" to "exemption" anywhere  
71 14 those terms occur in the Code in reference to the  
71 15 extraordinary property tax credit or reimbursement.

71 16 Sec. 135. EFFECTIVE AND APPLICABILITY DATES.

71 17 1. Unless otherwise stated, this division of this Act  
71 18 takes effect January 1, 2009, and, except as provided in  
71 19 subsections 2 and 3, applies to assessment years beginning on  
71 20 or after that date.

71 21 2. The sections of this Act repealing chapters 425A and  
71 22 426, and amending sections in chapters 425 and 426A, apply to  
71 23 taxes due and payable in fiscal years beginning on or after  
71 24 July 1, 2009.

71 25 3. The section of this Act amending section 427.1,  
71 26 subsection 19, applies to exemptions on file or first applied  
71 27 for on or after July 1, 2009.

71 28 DIVISION IV  
71 29 IMPLEMENTATION COMMITTEE

71 30 Sec. 136. On or before July 1, 2008, the department of  
71 31 revenue, in conjunction with the department of management,  
71 32 shall initiate and coordinate the establishment of an  
71 33 implementation committee. Both the department of revenue and  
71 34 the department of management shall provide staffing assistance  
71 35 to the committee.

72 1 The committee shall include members appointed by the  
72 2 director of revenue representing the department of revenue,  
72 3 the department of management, the department of education,  
72 4 counties, cities, school districts, local assessors, and local  
72 5 auditors.

72 6 The committee shall study the effects of implementation of  
72 7 divisions I, II, and III of this Act. The committee shall  
72 8 prepare a fiscal analysis detailing the effects of  
72 9 implementation on different classes of property and on  
72 10 different property taxpayers and the effect on city and county  
72 11 revenues, school district revenues, and other local government  
72 12 revenues. The fiscal analysis shall include a comparison of  
72 13 property taxes levied by cities and counties under the current  
72 14 system and property taxes that could be levied under the  
72 15 provisions of this Act. The comparison shall include  
72 16 projections beyond the current fiscal year.

72 17 The committee shall recommend adjustments to the property  
72 18 tax levy portion of the school foundation formula that will  
72 19 take into account the increased property tax valuation base  
72 20 created by this Act and the increased state percentage of  
72 21 school foundation funding provided in this Act.

72 22 The committee shall consider, and make recommendations on,  
72 23 the conversion of all property tax certifying entities to a  
72 24 percentage limit basis as is provided in this Act for cities  
72 25 and counties, and partially for school districts. The  
72 26 committee shall recommend percentage rates for cities,  
72 27 counties, school districts, and other local governments that  
72 28 are as nearly as possible revenue neutral.

72 29 The committee shall report to the general assembly by  
72 30 January 15, 2009, and by January 15, 2010.

72 31 Sec. 137. EFFECTIVE DATE. This division of this Act,  
72 32 being deemed of immediate importance, takes effect upon  
72 33 enactment.

#### 72 34 EXPLANATION

72 35 This bill makes various changes to the law relating to  
73 1 property taxes, assessment of property, city and county  
73 2 budgets funded primarily by property taxes, and school  
73 3 district budgets funded primarily by state and local taxes.

73 4 Division I of the bill makes changes relating to local  
73 5 budgets and property taxes. The division provides that if a  
73 6 new state mandate is imposed on or after July 1, 2009, which  
73 7 requires the performance of a new activity or service or the  
73 8 expansion of a service beyond what was required before July 1,  
73 9 2009, the state mandate must be fully funded. If the state  
73 10 mandate is not fully funded, the affected political  
73 11 subdivisions are not required to comply or implement the state  
73 12 mandate. Also, no fines or penalties may be imposed on a  
73 13 political subdivision for failure to comply or carry out an  
73 14 unfunded state mandate.

73 15 The division strikes Code section 25B.2, subsection 3, and  
73 16 rewrites it as a new section outside the intent section of  
73 17 Code chapter 25B. The rewritten section removes a qualifying  
73 18 phrase relating to specification of costs which provides that  
73 19 a political subdivision may still be required to carry out an  
73 20 unfunded state mandate. The rewritten section also strikes  
73 21 the exception for federal mandates and for mandates relating  
73 22 to public retirement systems. The rewritten section does not  
73 23 include area education agencies and community colleges in the  
73 24 definition of "political subdivision".

73 25 The division increases the regular program foundation base  
73 26 per pupil from 87.5 percent to 95 percent, beginning with the  
73 27 budget year commencing July 1, 2010, to offset the increase in  
73 28 school property taxes due to the changed method of assessment.  
73 29 The division reduces the \$5.40 foundation levy to \$4.32.

73 30 The division provides that, beginning with the fiscal year  
73 31 beginning July 1, 2010, a school district cannot levy property  
73 32 taxes, other than foundation and additional property taxes, in  
73 33 excess of .25 percent of the taxable value of residential and  
73 34 agricultural property and .75 percent of commercial property  
73 35 and .5 percent of industrial property. The division contains  
74 1 transition provisions for tax levies for fiscal year 2010=  
74 2 2011, fiscal year 2011=2012, and fiscal year 2012=2013. The  
74 3 division also provides that for the fiscal year beginning July  
74 4 1, 2013, and subsequent fiscal years, such school district  
74 5 property taxes by class cannot increase by more than the

74 6 consumer price index for the preceding 12 months.  
74 7 The division provides that, beginning with the fiscal year  
74 8 beginning July 1, 2010, a county cannot levy property taxes in  
74 9 excess of the following percentages:  
74 10 For residential property in the unincorporated area, 1  
74 11 percent of the taxable value.  
74 12 For income residential property in the unincorporated area,  
74 13 one-half of 1 percent.  
74 14 For agricultural property in the unincorporated area,  
74 15 three-fourths of 1 percent.  
74 16 For commercial property in the unincorporated area, 2  
74 17 percent.  
74 18 For industrial property in the unincorporated area, 3  
74 19 percent.  
74 20 For residential property in the incorporated area, one=  
74 21 fourth of 1 percent.  
74 22 For agricultural property in the incorporated area, one=  
74 23 fourth of 1 percent.  
74 24 For commercial property in the incorporated area, 1  
74 25 percent. The 1 percent is lowered for successive years until  
74 26 it reaches three-fourths of 1 percent.  
74 27 For industrial property in the incorporated area, 1  
74 28 percent.  
74 29 For income residential property in the incorporated area,  
74 30 one-half of 1 percent.  
74 31 The division contains transition provisions for tax levies  
74 32 for fiscal year 2010=2011, fiscal year 2011=2012, and fiscal  
74 33 year 2012=2013.  
74 34 The division requires that if a county's ending fund  
74 35 balance for a budget year exceeds 25 percent of budgeted  
75 1 expenditures, the excess over 25 percent must be explicitly  
75 2 reserved or designated for a specific purpose. The division  
75 3 applies to ending fund balances in the general and general  
75 4 supplemental funds and the rural services and rural services  
75 5 supplemental funds. The division defines "budget year",  
75 6 "current fiscal year", and "item".  
75 7 The division provides that if the amount of the ending fund  
75 8 balance is protested to the state appeal board, the county has  
75 9 the burden of proving that the amount over 25 percent is  
75 10 reasonably likely to be appropriated for the reserved or  
75 11 designated purpose. The limitation on ending fund balances  
75 12 applies to fiscal years beginning on or after July 1, 2013.  
75 13 The division also provides that, beginning with the fiscal  
75 14 year beginning July 1, 2010, a city cannot levy property taxes  
75 15 in excess of 1 percent of the taxable value of residential  
75 16 property, one and one-half percent for income residential  
75 17 property, three-fourths of 1 percent for agricultural  
75 18 property, and 2 percent for commercial property and industrial  
75 19 property. The 2 percent for commercial property is lowered  
75 20 for successive years until it reaches 1 and one-half percent.  
75 21 The division contains transition provisions for tax levies  
75 22 for fiscal year 2010=2011, fiscal year 2011=2012, and fiscal  
75 23 year 2012=2013.  
75 24 The division allows a city or a county to impose, by  
75 25 ordinance, a service charge against property located in the  
75 26 city or county, as applicable. If a city or county imposes a  
75 27 service charge, that city or county's maximum percentage levy  
75 28 shall be lowered to reflect the amount of service charges  
75 29 estimated to be collected for the fiscal year.  
75 30 The division increases from 50 percent to 75 percent the  
75 31 portion of base year expenditures paid by the state for mental  
75 32 health, mental retardation, and developmental disabilities.  
75 33 The division removes the square footage tax on mobile homes  
75 34 and manufactured homes and replaces it with the ad valorem tax  
75 35 imposed on other residences. The bill provides that real  
76 1 estate of a mobile home park or land=leased community shall be  
76 2 assessed and taxed as improved residential property.  
76 3 The division also provides that, beginning with the fiscal  
76 4 year beginning July 1, 2013, and subsequent fiscal years, city  
76 5 or county property taxes by class cannot increase by more than  
76 6 the consumer price index for the preceding 12 months unless  
76 7 the increase is approved at election.  
76 8 The division lowers the amount of interest that can be  
76 9 charged against delinquent property taxes. The interest rate  
76 10 is changed from 1 and one-half percent to 1 percent before tax  
76 11 sale. The interest rate after the delinquent taxes are sold  
76 12 at tax sale is changed from 2 percent to 1 and one-half  
76 13 percent.  
76 14 The sections of the division relating to delinquent  
76 15 property tax interest rates take effect July 1, 2008, and  
76 16 apply to property taxes which become delinquent on or after

76 17 July 1, 2008, and to parcels sold for delinquent taxes on or  
76 18 after July 1, 2008. The remainder of the division takes  
76 19 effect July 1, 2009, and applies to fiscal years beginning on  
76 20 or after July 1, 2010.

76 21 Division II of the bill, relating to assessment of  
76 22 property, provides that the sale price of property sold in the  
76 23 calendar year prior to the assessment year shall be presumed  
76 24 to be the market value of the property for that assessment  
76 25 year if the buyer and the seller were not immediate family  
76 26 members. The bill also provides that property sold at public  
76 27 auction is not presumed to be an abnormal transaction or one  
76 28 that distorts market value.

76 29 The division allows counties to share in the employment of  
76 30 a county assessor.

76 31 The division also provides that if the assessor is unable  
76 32 to establish fair market value of newly constructed  
76 33 residential property because of a lack of comparable sales,  
76 34 the assessor shall use the replacement cost method to value  
76 35 the property.

77 1 The division removes the property tax assessment  
77 2 limitations on residential, commercial, and industrial  
77 3 property and requires that all such property be valued at a  
77 4 five-year average of its fair market value with some  
77 5 exceptions. The division provides a reduction from actual  
77 6 value of 50 percent up to a maximum of \$20,000 for improved  
77 7 residential property and for improved income residential  
77 8 property.

77 9 The division also provides a reduction from actual value of  
77 10 50 percent up to a maximum of \$25,000 for improved commercial  
77 11 and improved industrial property. The division includes as  
77 12 commercial property agricultural land held for development,  
77 13 commercial, or investment purposes. Commercial property also  
77 14 includes a tract of land containing an animal feeding  
77 15 operation structure that is not being actively farmed by an  
77 16 owner. The division further provides that the owner of  
77 17 commercial property with a fair market value of less than  
77 18 \$500,000 may elect to have the actual value of the property  
77 19 determined on the basis of net earning capacity. This does  
77 20 not apply to commercial property that is agricultural land or  
77 21 that contains an animal feeding operation structure, as  
77 22 described above.

77 23 The division makes conforming amendments to sections  
77 24 pertaining to valuation of property in an urban renewal area  
77 25 and valuation of property owned by telegraph and telephone  
77 26 companies, express companies, and electric cooperatives.

77 27 The division provides that agricultural property that is  
77 28 owned by an owner who is actively engaged in farming the  
77 29 agricultural land shall be assessed based on the current  
77 30 productivity formula, and the current assessment limitation of  
77 31 4 percent is retained. This includes agricultural land  
77 32 containing an animal feeding operation structure if it is  
77 33 owned by an owner who is actively engaged in farming the land.  
77 34 The division defines "owner" and "actively engaged in  
77 35 farming".

78 1 The division provides that agricultural land that is not  
78 2 included in the class of commercial property and is not owned  
78 3 by an owner actively engaged in farming shall be valued at a  
78 4 five-year average of its fair market value. Each farm unit  
78 5 assessed in this manner shall receive a reduction from actual  
78 6 value of 50 percent up to a maximum of \$65,000.

78 7 The division provides that attorney fees incurred by a  
78 8 property owner or aggrieved taxpayer in an appeal of an  
78 9 assessment to district court may be awarded by the court and  
78 10 assessed against the board of review or any taxing body  
78 11 involved in the appeal unless the court determines that the  
78 12 protest of assessment was frivolous and, in that case, the  
78 13 court may assess the costs of defending the protest against  
78 14 the owner or taxpayer.

78 15 The division requires the local assessor and local board of  
78 16 review to keep confidential any documents, reports, audits,  
78 17 and other information supplied by a taxpayer or property owner  
78 18 relating to the amount or source of income, profits, losses,  
78 19 or expenditures of the taxpayer or property owner.

78 20 The division increases from three years to six years the  
78 21 time period that subdivided property shall be assessed as  
78 22 acreage or unimproved property.

78 23 The division takes effect January 1, 2009, and applies to  
78 24 assessment years beginning on or after January 1, 2009.

78 25 Division III of the bill, relating to property tax credits  
78 26 and exemptions, strikes the state reimbursement for the  
78 27 homestead property tax credit and military property tax credit

78 28 and changes the credits to exemptions from assessed value.  
78 29 The homestead exemption amount is increased from \$4,850 to  
78 30 \$5,000. The military exemption amount is increased from  
78 31 \$1,852 to \$2,000. The amount of exemption for veterans of  
78 32 World War I is retained at \$2,778.

78 33 The division amends provisions relating to the elderly,  
78 34 disabled, and low-income property tax credit by making it an  
78 35 exemption from assessed value and by eliminating the sliding  
79 1 scale for income and exemption amount and replacing it with a  
79 2 flat exemption amount of \$2,500. Elderly persons, disabled  
79 3 persons, and low-income persons all of whom have household  
79 4 income of less than \$16,500 are eligible for the credit.

79 5 The division directs the Code editor to change "credit" and  
79 6 "credit or reimbursement" to "exemption" wherever it occurs in  
79 7 the Code in relation to the military tax credit and the  
79 8 homestead tax credit. The division also provides that all  
79 9 three exemptions are not considered to be newly enacted for  
79 10 purposes of state mandate funding requirements.

79 11 The division limits the pollution-control property tax  
79 12 exemption to \$100,000 of value.

79 13 The division provides that any land in a forest reservation  
79 14 is exempt from school district levies only. The division  
79 15 requires the owner of land in a forest or fruit-tree  
79 16 reservation to annually certify that proper management  
79 17 techniques, such as pruning and planting, are being followed.

79 18 The division repeals the family farm property tax credit  
79 19 and the agricultural land property tax credit. The division  
79 20 makes conforming amendments pertaining to these repeals.

79 21 The sections of the division amending the homestead tax  
79 22 credit, the elderly, disabled, and low-income tax credit, and  
79 23 the military tax exemption and credit, and repealing the  
79 24 family farm tax credit and the agricultural land tax credit  
79 25 apply to taxes due and payable in fiscal years beginning on or  
79 26 after July 1, 2009. The section of the division limiting the  
79 27 value of pollution control that is exempt applies to  
79 28 exemptions on file as of July 1, 2009, or first applied for on  
79 29 or after July 1, 2009. The remainder of the division applies  
79 30 to assessment years beginning on or after January 1, 2009.

79 31 Division IV of the bill establishes an implementation  
79 32 committee to study the effects of implementation of the bill.  
79 33 The committee is to report to the general assembly by January  
79 34 15, 2009, and by January 15, 2010. The division takes effect  
79 35 upon enactment.

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