

# House File 703

HOUSE FILE \_\_\_\_\_  
BY QUIRK

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

## A BILL FOR

1 An Act relating to assessment of telecommunications company  
2 property for purposes of property taxation, and providing  
3 effective and retroactive applicability dates.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2161HH 82  
6 rn/je/5

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1 1 Section 1. Section 427A.1, Code 2007, is amended by adding  
1 2 the following new subsection:  
1 3 NEW SUBSECTION. 6A. Notwithstanding the other provisions  
1 4 of this section, property described in this section shall not  
1 5 be assessed and taxed as real property to the extent it  
1 6 consists of cable, wire, conduit, vaults, switches, or other  
1 7 equipment or fixtures used primarily to provide or facilitate  
1 8 the electronic transmission, conveyance, or routing of voice,  
1 9 data, audio, video, or any other information or signal to a  
1 10 point, or between or among points, regardless of the content  
1 11 or technology utilized and regardless of whether the property  
1 12 would otherwise be considered "attached" to the real property.

1 13 Sec. 2. Section 427B.17, subsection 5, unnumbered  
1 14 paragraph 1, Code 2007, is amended to read as follows:

1 15 This section shall not apply to property assessed by the  
1 16 department of revenue pursuant to sections 428.24 to 428.29,  
1 17 or chapters ~~433~~, 434, 437, 437A, and 438, and such property  
1 18 shall not receive the benefits of this section.

1 19 Sec. 3. Section 433.4, Code 2007, is amended to read as  
1 20 follows:

1 21 433.4 ASSESSMENT.

1 22 The director of revenue shall on the second Monday in July  
1 23 of each year, proceed to find the actual value of the property  
1 24 of these companies in this state, taking into consideration  
1 25 the information obtained from the statements required, and any  
1 26 further information the director can obtain, using and shall

~~1 27 determine the same as a means for determining the actual cash~~  
~~1 28 value of the property of these companies within this state in~~  
~~1 29 the same manner as all other property assessed as commercial~~

~~1 30 property by the local assessor under chapters 427, 427A, 427B,~~  
~~1 31 428, and 441; provided that such property that is not~~

~~1 32 otherwise exempt shall be valued at an amount no greater than~~  
~~1 33 the cost of such property, reduced by accounting depreciation~~

~~1 34 and by any appropriate adjustments for functional and economic~~  
~~1 35 obsolescence, and in determining said values the director~~

~~2 1 shall not use any minimum amount or percentage of original~~  
~~2 2 cost as the base or minimum value for any item or class of~~

~~2 3 property, regardless of whether the property is still in~~  
~~2 4 service. The director shall also take into consideration the~~

~~2 5 valuation of all property of these companies, including~~  
~~2 6 franchises and the use of the property in connection with~~

~~2 7 lines outside the state, and making these deductions as may be~~  
~~2 8 necessary on account of extra value of property outside the~~

~~2 9 state as compared with the value of property in the state, in~~  
~~2 10 order that the actual cash value of the property of the~~

~~2 11 company within this state may be ascertained. The assessment~~  
~~2 12 shall include all property of every kind and character~~

~~2 13 whatsoever, real, personal, or mixed, used by the companies in~~  
~~2 14 the transaction of telegraph and telephone business; and the~~

~~2 15 property so included in the assessment shall not be taxed in~~  
~~2 16 any other manner than as provided in this chapter.~~

2 17 Sec. 4. Section 476.1D, subsection 10, unnumbered

2 18 paragraph 2, Code 2007, is amended by striking the unnumbered

2 19 paragraph.

2 20 Sec. 5. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
2 21 This Act, being deemed of immediate importance, takes effect  
2 22 upon enactment and applies retroactively to assessment years  
2 23 beginning on or after January 1, 2007.

2 24 EXPLANATION

2 25 This bill relates to the manner in which telecommunications  
2 26 company property is taxed.

2 27 The assessment provisions of Code section 433.4 currently  
2 28 provide that in ascertaining the actual value of  
2 29 telecommunications company property the director of revenue  
2 30 shall include all property of every kind and character  
2 31 whatsoever, real, personal, or mixed, used by the company in  
2 32 the transaction of telegraph and telephone business. The bill  
2 33 modifies the Code section to provide that the value shall be  
2 34 determined in the same manner as all other property assessed  
2 35 as commercial property by the local assessor. The bill  
3 1 provides, however, that telecommunications company property  
3 2 that is not otherwise exempt shall be valued at an amount no  
3 3 greater than the cost of the property reduced by accounting  
3 4 depreciation with appropriate adjustments for functional and  
3 5 economic obsolescence, and that in determining the value the  
3 6 director shall not use any minimum amount or percentage of  
3 7 original cost as the base or minimum value for any item or  
3 8 class of property, regardless of whether the property is still  
3 9 in service.

3 10 The bill also provides that telecommunications company  
3 11 property shall not be taxed as real property to the extent it  
3 12 consists of cable, wire, conduit, vaults, switches, or other  
3 13 equipment or fixtures used primarily to provide or facilitate  
3 14 the electronic transmission, conveyance, or routing of voice,  
3 15 data, audio, video, or any other information or signal to a  
3 16 point, or between or among points, regardless of the content  
3 17 or technology utilized and regardless of whether the property  
3 18 would otherwise be considered "attached" to the real property.

3 19 The bill additionally provides that telecommunications  
3 20 company property classified as machinery used in  
3 21 manufacturing, and computers and related equipment, currently  
3 22 not subject to special valuation provisions conferring  
3 23 property tax exempt status, shall be made subject to those  
3 24 provisions and considered either exempt from property taxation  
3 25 or valued at 0 percent of their net acquisition cost.

3 26 The bill makes conforming changes to additional Code  
3 27 sections consistent with the bill's provisions.

3 28 The bill takes effect upon enactment and applies  
3 29 retroactively to assessment years beginning on or after  
3 30 January 1, 2007.

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