

# Senate File 172

SENATE FILE \_\_\_\_\_  
BY BLACK

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

## A BILL FOR

1 An Act relating to a property tax exemption for certain  
2 recreational property and including effective date and  
3 retroactive applicability date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2168SS 82  
6 sc/es/88

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1 1 Section 1. NEW SECTION. 427.17 RECREATIONAL PROPERTY TAX  
1 2 EXEMPTION.  
1 3 1. a. Recreational property is entitled to the tax  
1 4 exemption provided in this section. The amount of the  
1 5 exemption is equal to seventy-five percent of the actual value  
1 6 of the property.  
1 7 b. For purposes of this section, "recreational property"  
1 8 means a golf course, downhill skiing area, amusement park,  
1 9 outdoor volleyball park, softball park, or water theme park,  
1 10 if such property is operated as a commercial enterprise and  
1 11 otherwise subject to taxation.  
1 12 2. a. An application for this exemption shall be filed  
1 13 with the assessor not later than February 1 of the first year  
1 14 for which the exemption is requested. The application shall  
1 15 describe and locate the property. The assessor shall secure  
1 16 the facts relative to recreational property tax exemptions by  
1 17 taking the sworn statement, or affirmation, of the owner or  
1 18 owners making application. The assessor shall inspect the  
1 19 area for which an application is filed and shall submit the  
1 20 application, along with the assessor's recommendation, to the  
1 21 board of supervisors, or to the city council if the assessor  
1 22 is a city assessor, for approval or denial. The exemption  
1 23 shall be approved if the property meets the definition of  
1 24 recreational property established in subsection 1. An  
1 25 applicant for a property tax exemption under this section may  
1 26 appeal the decision of the board of supervisors or city  
1 27 council to the district court.  
1 28 b. Once the exemption has been approved, the area shall  
1 29 continue to receive the tax exemption during each year in  
1 30 which the area is maintained as recreational property without  
1 31 the owner having to refile. The property may be inspected  
1 32 each year by the assessor to determine if the area is  
1 33 maintained as recreational property. The assessor shall file  
1 34 a report with the county auditor of all the exemptions allowed  
1 35 in the county under the provisions of this section.  
2 1 3. a. If the property use is changed from recreational  
2 2 property use, the assessor shall assess the property for  
2 3 taxation at its actual value as of January 1 of the year of  
2 4 change in use, and in addition the area shall be subject to a  
2 5 recapture tax. The recapture tax shall be computed by  
2 6 multiplying the consolidated levy for each year, up to ten  
2 7 years, that the property received the exemption times the  
2 8 assessed value that would have been taxed but for the  
2 9 exemption. This tax shall be entered against the property on  
2 10 the tax list for the current year and shall constitute a lien  
2 11 against the property in the same manner as a lien for property  
2 12 taxes. The tax when collected shall be apportioned in the  
2 13 manner provided for the apportionment of the property taxes  
2 14 for the applicable tax year.  
2 15 b. If the property is sold or transferred, the seller  
2 16 shall notify the buyer that the property is partially exempt  
2 17 from tax and subject to the recapture tax provisions of this  
2 18 section if the use of the property changes from recreational  
2 19 property. However, if the use of the property changes due to

2 20 condemnation of the property, the recapture tax provisions do  
2 21 not apply.

2 22 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

2 23 1. This Act, being deemed of immediate importance, takes  
2 24 effect upon enactment and applies retroactively to the  
2 25 assessment year beginning January 1, 2007.

2 26 2. Notwithstanding the filing deadline in section 427.17,  
2 27 subsection 2, paragraph "a", applications filed for the  
2 28 assessment year beginning January 1, 2007, shall be filed with  
2 29 the assessor by May 1, 2007.

2 30 Sec. 3. INAPPLICABILITY OF CODE SECTION 25B.7. The  
2 31 exemption enacted in this Act shall not be considered a new  
2 32 property tax exemption for purposes of section 25B.7.

2 33 EXPLANATION

2 34 This bill provides an exemption from property taxation for  
2 35 recreational property. "Recreational property" is defined as  
3 1 a golf course, downhill skiing area, amusement park, outdoor  
3 2 volleyball park, softball park, or water theme park, if such  
3 3 property is operated as a commercial enterprise and otherwise  
3 4 subject to taxation. The amount of the exemption is equal to  
3 5 75 percent of the property's actual value.

3 6 The bill requires that an owner apply to the assessor for  
3 7 the exemption. After inspection of the application and the  
3 8 property, the assessor is to forward the application, with  
3 9 recommendation, to the board of supervisors or the city  
3 10 council, as applicable, for approval or denial. The bill  
3 11 provides that the applicant for a recreational property tax  
3 12 exemption may appeal the decision of the local governing body  
3 13 to the district court.

3 14 The bill provides that if a change in use occurs, the  
3 15 property is subject to a recapture tax for up to 10 years  
3 16 during which the exemption was provided. However, if the  
3 17 change in use occurs as a result of condemnation of the  
3 18 property, the recapture tax provisions do not apply.

3 19 The bill takes effect upon enactment and applies  
3 20 retroactively to assessment years beginning on or after  
3 21 January 1, 2007. For the 2007 assessment year only, new  
3 22 applications for exemption are due May 1, 2007. For all other  
3 23 years, new applications for exemption are due February 1.

3 24 The bill provides that the recreational property tax  
3 25 exemption is not considered a new exemption for purposes of  
3 26 the state's obligation for funding new property tax exemptions  
3 27 enacted on or after January 1, 1997.

3 28 LSB 2168SS 82

3 29 sc:rj/es/88