

Senate File 2195 - Introduced

SENATE FILE _____
BY DANIELSON

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

A BILL FOR

1 An Act relating to the property tax exemption for speculative
2 shell buildings and including effective and retroactive
3 applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5858SS 82
6 sc/nh/8

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1 1 Section 1. Section 427.1, subsection 27, unnumbered
1 2 paragraph 1, Code Supplement 2007, is amended to read as
1 3 follows:
1 4 New construction of shell buildings by community
1 5 development organizations, not=for=profit cooperative
1 6 associations under chapter 499, or for-profit entities for
1 7 speculative purposes or the portion of the value added to
1 8 buildings being reconstructed or renovated by community
1 9 development organizations, not=for=profit cooperative
1 10 associations under chapter 499, or for-profit entities in
1 11 order to become speculative shell buildings. The exemption or
1 12 partial exemption shall be allowed only pursuant to ordinance
1 13 of a city council or board of supervisors, which ordinance
1 14 shall specify if the exemption will be available for community
1 15 development organizations, not=for=profit cooperative
1 16 associations under chapter 499, or for-profit entities ~~and,~~
1 17 The exemption shall be effective for the assessment year in
1 18 which the building is first assessed for property taxation or
1 19 the assessment year in which the reconstruction or renovation
1 20 first adds value and or, if the new construction is
1 21 reconstruction or renovation of an existing building or
1 22 structure which constitutes complete replacement or refitting
1 23 of an existing building or structure and the city council or
1 24 county board of supervisors gives prior approval of the
1 25 exemption, the assessment year in which the reconstruction or
1 26 renovation commences. The exemption shall remain in effect
1 27 for all subsequent years until the property is leased or sold
1 28 or for a specific time period stated in the ordinance or until
1 29 the exemption is terminated by ordinance of the city council
1 30 or board of supervisors which approved the exemption.
1 31 Eligibility for an exemption as a speculative shell building
1 32 shall be determined as of January 1 of the assessment year.
1 33 However, an exemption shall not be granted a speculative shell
1 34 building of a not=for=profit cooperative association under
1 35 chapter 499 or a for-profit entity if the building is used by
2 1 the cooperative association or for-profit entity, or a
2 2 subsidiary or majority owners thereof for other than as a
2 3 speculative shell building. If the shell building or any
2 4 portion of the shell building is leased or sold, the portion
2 5 of the shell building which is leased or sold shall not be
2 6 entitled to an exemption under this subsection for subsequent
2 7 years. An application shall be filed pursuant to section
2 8 427B.4 for each project for which an exemption is claimed.
2 9 Upon the sale of the shell building, the shell building shall
2 10 be considered new construction for purposes of section 427B.1
2 11 if used for purposes set forth in section 427B.1.
2 12 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
2 13 being deemed of immediate importance, takes effect upon
2 14 enactment and applies retroactively to January 1, 2007, for
2 15 assessment years beginning on or after that date.
2 16 EXPLANATION
2 17 Current law provides a property tax exemption for
2 18 construction, reconstruction, or renovation of a building as a
2 19 speculative shell building. The exemption is available in

2 20 those cities and counties that have adopted an ordinance
2 21 allowing the exemption. Current law also provides that the
2 22 exemption begins in the assessment year that the speculative
2 23 building is first assessed for taxation or the assessment year
2 24 in which the reconstruction or renovation first adds value.
2 25 This bill provides that the exemption may begin in the
2 26 assessment year in which the reconstruction or renovation
2 27 commences if it involves complete replacement or refitting of
2 28 an existing building or structure and the city council or
2 29 county board of supervisors gives prior approval of the
2 30 exemption.
2 31 The bill takes effect upon enactment and applies
2 32 retroactively to January 1, 2007, for assessment years
2 33 beginning on or after that date.
2 34 LSB 5858SS 82
2 35 sc/nh/8