

Senate Study Bill 1356

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

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

A BILL FOR

1 An Act relating to the percentage of actual value at which
2 residential property and certain commercial property are
3 assessed for purposes of property taxation and providing an
4 annual appropriation for a specified number of years to
5 replace commercial property tax revenues lost to counties and
6 cities.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
8 TLSB 2910SC 82
9 sc/es/88

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1 1 Section 1. NEW SECTION. 426C.1 COMMERCIAL PROPERTY TAX
1 2 REPLACEMENT FUND CREATED.
1 3 A commercial property tax replacement fund is created under
1 4 the control of the department of revenue. For the fiscal
1 5 period beginning July 1, 2009, and ending June 30, 2014, there
1 6 is appropriated annually from the general fund of the state to
1 7 the department of revenue to be credited to the commercial
1 8 property tax replacement fund the sum of eighteen million
1 9 dollars. Any balance in the fund on June 30 shall revert to
1 10 the general fund of the state.
1 11 Sec. 2. NEW SECTION. 426C.2 REPLACEMENT.
1 12 For the fiscal year beginning July 1, 2009, through the
1 13 fiscal year ending June 30, 2014, each county treasurer shall
1 14 be paid from the commercial property tax replacement fund an
1 15 amount equal to the amount of the commercial property tax
1 16 replacement claim calculated in section 426C.3.
1 17 If the amount appropriated to the commercial property tax
1 18 replacement fund for a fiscal year is insufficient to pay all
1 19 claims, the director shall prorate the disbursements to the
1 20 county treasurers and shall notify the county auditors of the
1 21 pro rata percentage on or before September 30.
1 22 Sec. 3. NEW SECTION. 426C.3 COMPUTATION OF REPLACEMENT
1 23 CLAIM.
1 24 1. On or before July 1, 2009, the county auditor shall
1 25 prepare a statement listing for the county and each city in
1 26 the county:
1 27 a. The difference between the assessed value of the
1 28 property defined in section 441.21, subsection 5, paragraph
1 29 "c", as assessed on January 1, 2007, and the assessed value of
1 30 such property as assessed pursuant to section 441.21,
1 31 subsection 5, paragraph "b", for the assessment year beginning
1 32 January 1, 2008.
1 33 b. The tax levy rate for the county and each city
1 34 certified for the fiscal year beginning July 1, 2008.
1 35 c. The commercial property tax replacement claim for the
2 1 county and each city, which is equal to the amount determined
2 2 pursuant to paragraph "a" multiplied by the tax levy rate
2 3 specified in paragraph "b".
2 4 2. The county auditor shall certify and forward one copy
2 5 of the statement to the department of revenue not later than
2 6 July 1, 2009. The amount certified by the auditor for the
2 7 fiscal year beginning July 1, 2009, shall be the amount of the
2 8 replacement claim for each fiscal year of the fiscal period
2 9 beginning July 1, 2008, and ending June 30, 2014.
2 10 Sec. 4. NEW SECTION. 426C.4 REIMBURSEMENT.
2 11 Each county treasurer shall be reimbursed an amount equal
2 12 to the commercial property tax replacement claim for that
2 13 county determined pursuant to section 426C.3, subsection 1,
2 14 paragraph "c". The reimbursement shall be made in two equal

2 15 installments on or before September 30 and March 31 of each
2 16 year. The county treasurer shall apportion the disbursement
2 17 to the county and to each city in the county, as applicable,
2 18 in the manner provided in section 445.57.

2 19 Sec. 5. Section 441.21, subsection 4, Code 2007, is
2 20 amended by adding the following new unnumbered paragraph:
2 21 NEW UNNUMBERED PARAGRAPH. For valuations established as of
2 22 January 1, 2008, and each year thereafter, the percentage of
2 23 actual value, as equalized by the director of revenue as
2 24 provided in section 441.49, at which residential property
2 25 shall be assessed shall not be less than forty-five and
2 26 fifty-six hundredths percent. If the percentage of actual
2 27 value of residential property as calculated in accordance with
2 28 this subsection is less than forty-five and fifty-six
2 29 hundredths percent, the director of revenue shall increase the
2 30 percentage to forty-five and fifty-six hundredths percent.
2 31 For purposes of determining valuations in the assessment year
2 32 beginning January 1, 2009, and for each subsequent assessment
2 33 year, the percentage for the prior year as determined under
2 34 this subsection before adjustment under this paragraph, if
2 35 necessary, shall be the percentage used in making the
3 1 calculation of the dividend for that assessment year.

3 2 Sec. 6. Section 441.21, subsection 5, Code 2007, is
3 3 amended to read as follows:

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

4 26 of assessment submitted pursuant to section 441.45 in
4 27 determining such percentage. For valuations established as of
4 28 January 1, 1980, property valued by the department of revenue
4 29 pursuant to chapters 428, 433, 437, and 438 shall be assessed
4 30 at a percentage of its actual value. The percentage shall be
4 31 determined by the director of revenue in accordance with the
4 32 provisions of this section. For valuations established as of
4 33 January 1, 1980, the percentage shall be the quotient of the
4 34 dividend and divisor as defined in this section. The dividend
4 35 shall be the total actual valuation established for 1979 by
5 1 the department of revenue, plus eight percent of the amount so
5 2 determined. The divisor for property valued by the department
5 3 of revenue pursuant to chapters 428, 433, 437, and 438 shall
5 4 be the valuation established for 1979, plus the amount of
5 5 value added to the total actual value by the revaluation of
5 6 the property by the department of revenue as of January 1,
5 7 1980. For valuations established as of January 1, 1981, and
5 8 each year thereafter, the percentage of actual value as
5 9 equalized by the director of revenue as provided in section
5 10 441.49 at which commercial property and industrial property,
5 11 excluding properties referred to in section 427A.1, subsection
5 12 7, shall be assessed shall be calculated in accordance with
5 13 the methods provided herein, except that any references to six
5 14 percent in this subsection shall be four percent. For
5 15 valuations established as of January 1, 1981, and each year
5 16 thereafter, the percentage of actual value at which property
5 17 valued by the department of revenue pursuant to chapters 428,
5 18 433, 437, and 438 shall be assessed shall be calculated in
5 19 accordance with the methods provided herein, except that any
5 20 references to ten percent in this subsection shall be eight
5 21 percent. Beginning with valuations established as of January
5 22 1, 1979, and each year thereafter, property valued by the
5 23 department of revenue pursuant to chapter 434 shall also be
5 24 assessed at a percentage of its actual value which percentage
5 25 shall be equal to the percentage determined by the director of
5 26 revenue for commercial property, industrial property, or
5 27 property valued by the department of revenue pursuant to
5 28 chapters 428, 433, 437, and 438, whichever is lowest.

5 29 b. Notwithstanding paragraph "a", commercial property that
5 30 is an apartment building, a mobile home park, a manufactured
5 31 home community, or a land=leased community shall be assessed
5 32 at a percentage of its actual value, as equalized by the
5 33 director of revenue as provided in section 441.49, as follows:

5 34 (1) For valuations established for the assessment year
5 35 beginning January 1, 2008, ninety percent of actual value.

6 1 (2) For valuations established for the assessment year
6 2 beginning January 1, 2009, eighty percent of actual value.

6 3 (3) For valuations established for the assessment year
6 4 beginning January 1, 2010, seventy percent of actual value.

6 5 (4) For valuations established for the assessment year
6 6 beginning January 1, 2011, sixty percent of actual value.

6 7 (5) For valuations established for the assessment year
6 8 beginning January 1, 2012, and each year thereafter,
6 9 forty=five and fifty=six hundredths percent of actual value.

6 10 c. As used in paragraph "b":

6 11 (1) "Apartment building" means the land and building used
6 12 primarily for human habitation and containing three or more
6 13 separate living quarters, as well as structures and
6 14 improvements used primarily as a part of or in conjunction
6 15 with such land and building. "Apartment building" does not
6 16 include a hotel, motel, inn, or other building where rooms are
6 17 usually rented for less than one month, a nursing home, or a
6 18 rest home.

6 19 (2) "Land=leased community" means the same as defined in
6 20 sections 335.30A and 414.28A.

6 21 (3) "Manufactured home community" means the same as a
6 22 land=leased community.

6 23 (4) "Mobile home park" means the same as defined in
6 24 section 435.1.

6 25 EXPLANATION

6 26 This bill sets a percentage of actual value at which
6 27 residential property and commercial property that is an
6 28 apartment building, a mobile home park, a manufactured home
6 29 community, or a land=leased community are to be assessed for
6 30 property tax purposes.

6 31 The bill provides that the percentage of actual value at
6 32 which residential property may be assessed shall not be
6 33 reduced below 45.56 percent beginning with assessments made
6 34 January 1, 2008, for taxes payable in FY 2009=2010.

6 35 The bill also provides that for the 2008 assessment year,
7 1 the percentage of actual value at which commercial property

7 2 that is an apartment building, a mobile home park, a
7 3 manufactured home community, or a land=leased community shall
7 4 be assessed is 90 percent of actual value. For the 2009
7 5 assessment year, the percentage is 80 percent of actual value.
7 6 For the 2010 assessment year, the percentage is 70 percent of
7 7 actual value. For the 2011 assessment year, the percentage is
7 8 60 percent of actual value. For the 2012 assessment year, and
7 9 subsequent assessment years, the percentage is 45.56 percent
7 10 of actual value.

7 11 The bill creates the commercial property tax replacement
7 12 fund and appropriates \$18 million annually to the fund for the
7 13 fiscal period beginning July 1, 2009, and ending June 30,
7 14 2014. A county, on behalf of the county and each city in the
7 15 county, may, for those fiscal years, claim reimbursement for
7 16 revenues lost due to the phaseout of the assessment down to 46
7 17 percent on commercial property that is an apartment building,
7 18 a mobile home park, a manufactured community, or a land=leased
7 19 community.

7 20 LSB 2910SC 82

7 21 sc:rj/es/88