House File 636 - Introduced

HOUSE FILE 636
BY COMMITTEE ON ECONOMIC GROWTH/REBUILD IOWA

(SUCCESSOR TO HF 413)

A BILL FOR

An Act relating to urban revitalization areas by authorizing a property tax exemption for certain vacant commercial property, and including effective date provisions.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 404.3, subsections 5 and 6, Code 2011, are amended to read as follows:

5. A city or county may adopt a different tax exemption schedule than those allowed in subsection 1, 2, 3, or 4. The different schedule adopted shall not allow a greater exemption, but may allow a smaller exemption, in a particular year, than allowed in the schedule specified in the corresponding subsection of this section. A different schedule adopted by a city or county shall apply to every revitalization area within the city or county, unless the qualified property is eligible for an exemption pursuant to section 404.3A, ~~or~~ 404.3B, or 404.3C, and except in areas of the city or county which have been designated as both urban renewal and urban revitalization areas. In an area designated for both urban renewal and urban revitalization, a city or county may adopt a different schedule than has been adopted for revitalization areas which have not been designated as urban renewal areas.

6. The owners of qualified real estate eligible for the exemption provided in this section or section 404.3A, ~~or~~ 404.3B, or 404.3C shall elect to take the applicable exemption or shall elect to take the applicable exemption provided in the different schedule authorized by subsection 5 and adopted in the city or county plan if a different schedule has been adopted. Once the election has been made and the exemption granted, the owner is not permitted to change the method of exemption.

Sec. 2. NEW SECTION. **404.3C Vacant commercial property exemption.**

1. Notwithstanding the schedules provided for in sections 404.3 and 404.3B, a city or county may provide that all qualified real estate assessed as commercial property that is vacant on the date the exemption is adopted, has been vacant for at least the six months prior to the date the exemption is adopted, and meets one or more of the following conditions is eligible to receive an exemption from taxation based on a

schedule established by the applicable city or county under subsection 2 or 3:

a. The real estate regularly attracts unauthorized residential use, unlicensed transient business, unauthorized disposal of trash, or unauthorized parking.

b. The assessed value of the real estate has declined during the period of time when the real estate has been vacant.

c. The real estate is determined to contain one or more nuisances under chapter 657 or to be a public nuisance as defined in section 657A.1, subsection 7.

2. *a.* All qualified real estate described in subsection 1 is eligible to receive an exemption from taxation on the actual value added by the improvements. The exemption is for a period of fifteen years. The amount of the partial exemption shall be established by the applicable city or county and is equal to a percent of the actual value added by the improvements, determined as follows:

(1) For the first year, not more than eighty percent.

(2) For the second year, not more than seventy-five percent.

(3) For the third year, not more than seventy percent.

(4) For the fourth year, not more than sixty-five percent.

(5) For the fifth year, not more than sixty percent.

(6) For the sixth year, not more than fifty-five percent.

(7) For the seventh year, not more than fifty percent.

(8) For the eighth year, not more than forty-five percent.

(9) For the ninth year, not more than forty percent.

(10) For the tenth year, not more than thirty-five percent.

(11) For the eleventh year, not more than thirty percent.

(12) For the twelfth year, not more than twenty-five percent.

(13) For the thirteenth year, not more than twenty percent.

(14) For the fourteenth year, not more than twenty percent.

(15) For the fifteenth year, not more than twenty percent.

b. All qualified real estate described in subsection 1 is, in lieu of the exemption schedule established under paragraph *"a"*, eligible to receive an exemption from taxation established by the applicable city or county not to exceed one hundred percent on the actual value added by the improvements. The exemption is for a period of five years.

3. All qualified real estate described in subsection 1 is, in lieu of the exemption schedules under subsection 2, eligible to receive an exemption from taxation on the actual value added by the improvements if such improvements meet or exceed the gold rating standard, or other comparable nationally recognized environmental building rating standard identified by ordinance of the city or county, and if such improvements are designed, constructed, and certified to exceed standard 90.1-2007, published by the American society of heating, refrigerating, and air conditioning engineers, by thirty percent. For the purposes of this subsection, *"gold rating standard"* means the United States green building council leadership in energy and environmental design green building rating standard, referred to as the gold standard. Compliance with the requirements of this subsection relating to standard 90.1-2007, published by the American society of heating, refrigerating, and air conditioning engineers, shall be certified by a qualified, licensed engineer. The exemption is for a period of ten years. The amount of the exemption shall be established by the applicable city or county and is equal to a percent of the actual value added by the improvements, determined as follows:

a. For the first year, not more than one hundred percent.

b. For the second year, not more than one hundred percent.

c. For the third year, not more than one hundred percent.

d. For the fourth year, not more than one hundred percent.

e. For the fifth year, not more than one hundred percent.

f. For the sixth year, not more than eighty percent.

g. For the seventh year, not more than sixty percent.

h. For the eighth year, not more than forty percent.

i. For the ninth year, not more than twenty percent.

j. For the tenth year, not more than ten percent.

Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

This bill relates to revitalization areas by authorizing a property tax exemption for certain vacant commercial property.

The bill creates new Code section 404.3C that establishes a property tax exemption for qualified real estate of a revitalization area under Code chapter 404 that is assessed as commercial property, remained vacant for a period of six consecutive months, and which meets one or more specified conditions. Those conditions include that the real estate regularly attracts unauthorized residential use, unlicensed transient business, unauthorized disposal of trash, or unauthorized parking; that the assessed value of the real estate has declined during the period of time when the real estate has been vacant; and that the real estate is determined to contain one or more specified nuisances.

The bill establishes a 15-year exemption schedule that provides exemptions for each year ranging from not more than 80 percent to not more than 20 percent. The bill also establishes a five-year exemption schedule, in lieu of the 15-year schedule, that provides a 100 percent exemption for each of the five years. For qualified real estate that includes improvements meeting the LEED gold rating standard, as defined in the bill, the bill provides an alternative 10-year exemption schedule that begins with a 100 percent exemption for the first five years and then is reduced each year during the last five years of the exemption.

The bill takes effect upon enactment.