## House Study Bill 531 - Introduced

HOUS	SE FILE	
ВУ	(PROPOSED COMMITTEE OF	N
	WAYS AND MEANS BILL B	Y
	CHAIRPERSON SANDS)	

## A BILL FOR

- 1 An Act relating to assessment and taxation of
- telecommunications company property and including effective
- 3 date and applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- 1 Section 1. Section 433.4, Code 2011, is amended to read as 2 follows:
- 3 433.4 Assessment.
- 4 l. The director of revenue shall on or before October 31
- 5 each year, proceed to find the actual value of the property
- 6 of these companies in this state used by the companies in the
- 7 transaction of telegraph and telephone business, taking into
- 8 consideration the information obtained from the statements
- 9 required, and any further information the director can obtain,
- 10 using the same as a means for determining the actual cash value
- ll of the property of these companies within this state. The
- 12 director shall also take into consideration the valuation of
- 13 all property of these companies, including franchises and the
- 14 use of the property in connection with lines outside the state,
- 15 and making these deductions as may be necessary on account of
- 16 extra value of property outside the state as compared with
- 17 the value of property in the state, in order that the actual
- 18 cash value of the property of the company within this state
- 19 may be ascertained. The assessment shall include all property
- 20 of every kind and character whatsoever, real, personal, or
- 21 mixed, used by the companies in the transaction of telegraph
- 22 and telephone business; and the The property so included in
- 23 the assessment shall not be taxed in any other manner than as
- 24 provided in this chapter.
- 25 2. a. Except as provided in paragraph "c'', for assessment
- 26 years beginning on or after January 1, 2013, a company's
- 27 property, excluding the property identified in paragraph "b"
- 28 as exempt from taxation, shall be subject to assessment and
- 29 taxation under this chapter by the director of revenue in
- 30 the same manner as property assessed and taxed as commercial
- 31 property under chapters 427, 427A, 427B, 428, and 441.
- 32 b. A company's property that is any of the following is
- 33 exempt from taxation and shall not be assessed for taxation:
- 34 (1) Central office equipment.
- 35 (2) Transmission equipment.

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- 1 (3) Qualified telephone company property. However,
- 2 qualified telephone company property shall be valued and
- 3 included in the company's assessment for the assessment years,
- 4 and to the extent specified, in paragraph c.
- 5 c. For assessment years beginning on or after January 1,
- 6 2013, but before January 1, 2017, the director of revenue shall
- 7 add to the actual value determined under paragraph  $\tilde{a}''$  for the
- 8 applicable assessment year, the following:
- 9 (1) For the assessment year beginning January 1, 2013, an
- 10 amount equal to the actual value of the company's qualified
- 11 telephone company property that exceeds five million dollars.
- 12 (2) For the assessment year beginning January 1, 2014, an
- 13 amount equal to the actual value of the company's qualified
- 14 telephone company property that exceeds fifty million dollars.
- 15 (3) For the assessment year beginning January 1, 2015, an
- 16 amount equal to the actual value of the company's qualified
- 17 telephone company property that exceeds one hundred million
- 18 dollars.
- 19 (4) For the assessment year beginning January 1, 2016, an
- 20 amount equal to the actual value of the company's qualified
- 21 telephone company property that exceeds one hundred fifty
- 22 million dollars.
- Sec. 2. Section 433.12, Code 2011, is amended by adding the
- 24 following new subsections:
- 25 NEW SUBSECTION. 1A. As used in this chapter, "central
- 26 office equipment" means equipment owned or leased by a company
- 27 and used in initiating, amplifying, switching, or monitoring
- 28 telecommunications services, including such ancillary equipment
- 29 necessary for the support, regulation, control, repair, or
- 30 testing of such equipment.
- 31 NEW SUBSECTION. 3. As used in this chapter, "qualified
- 32 telephone company property" means telephone wire, telephone
- 33 cable, fiber optic cable, conduit systems, poles, or other
- 34 equipment owned or leased by a company and used by the company
- 35 to transmit sound or data.

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- 1 NEW SUBSECTION. 4. As used in this chapter, "transmission
- 2 equipment "means equipment owned or leased by a company and
- 3 used in the process of sending information from one location to
- 4 another location, including such ancillary equipment necessary
- 5 for the support, regulation, control, repair, or testing of
- 6 such equipment.
- 7 Sec. 3. Section 476.1D, subsection 10, Code Supplement
- 8 2011, is amended by striking the subsection.
- 9 Sec. 4. EFFECTIVE DATE.
- 10 l. Except as provided in subsection 2, this Act takes effect
- 11 July 1, 2012.
- 12 2. The section of this Act amending section 476.1D takes
- 13 effect July 1, 2016.
- 14 Sec. 5. APPLICABILITY.
- 15 l. Except as provided in subsection 2, this Act applies to
- 16 assessment years beginning on or after January 1, 2013.
- 17 2. The section of this Act amending section 476.1D applies
- 18 to assessment years beginning on or after January 1, 2017.
- 19 EXPLANATION
- 20 This bill relates to the manner in which the property of
- 21 telecommunications companies is assessed and taxed.
- 22 The assessment provisions of current Code section
- 23 433.4 provide that in ascertaining the actual value of
- 24 telecommunications company property the director of revenue
- 25 shall include all property of every kind and character
- 26 whatsoever, real, personal, or mixed, used by the company in
- 27 the transaction of telegraph and telephone business.
- 28 The bill strikes the provisions that included all kinds and
- 29 character of property in the determination of actual value
- 30 of a company's property. Instead, the bill provides that
- 31 for assessment years beginning on or after January 1, 2013,
- 32 a company's property, excluding central office equipment,
- 33 transmission equipment, and qualified telephone company
- 34 property, all as defined in the bill, shall be subject to
- 35 assessment and taxation under Code chapter 433 by the director

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- 1 of revenue in the same manner as property assessed and taxed
- 2 as commercial property. The bill provides, however, that for
- 3 assessment years beginning on or after January 1, 2013, but
- 4 before January 1, 2017, the director of revenue shall add to
- 5 the actual value so determined for that assessment year a
- 6 specified amount of actual value of the company's qualified
- 7 telephone company property. The bill defines "qualified
- 8 telephone company property" as telephone wire, telephone
- 9 cable, fiber optic cable, conduit systems, poles, or other
- 10 equipment owned or leased by a company and used by the company
- 11 to transmit sound or data.
- 12 The bill strikes a provision in Code section 476.1D that
- 13 allowed certain specified long-distance telephone company
- 14 property to be assessed for taxation as commercial property by
- 15 the local assessor.
- 16 Except for the section of the bill amending Code section
- 17 476.1D, the bill takes effect July 1, 2012, and applies to
- 18 assessment years beginning on or after January 1, 2013. The
- 19 section of the bill amending Code section 476.1D takes effect
- 20 July 1, 2016, and applies to assessment years beginning on or
- 21 after January 1, 2017.