

House Study Bill 676 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to taxation and local government budgets
2 by providing for an increase in the amount of the earned
3 income tax credit, establishing and modifying property
4 assessment limitations, providing for certain property tax
5 replacement payments, modifying the assessment and taxation
6 of telecommunications company property, establishing budget
7 limitations for counties and cities, modifying certain
8 reporting requirements, establishing a property tax credit
9 for certain commercial, industrial, and railway property,
10 establishing a multiresidential property classification,
11 providing penalties, making appropriations, and including
12 effective date, retroactive applicability, and other
13 applicability provisions.

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

EARNED INCOME TAX CREDIT

Section 1. Section 422.12B, subsection 1, Code 2011, is amended to read as follows:

1. The taxes imposed under this division less the credits allowed under section 422.12 shall be reduced by an earned income credit equal to ~~seven~~ ten percent of the federal earned income credit provided in section 32 of the Internal Revenue Code. Any credit in excess of the tax liability is refundable.

Sec. 2. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2012, for tax years beginning on or after that date.

DIVISION II

PROPERTY TAX ASSESSMENT LIMITATIONS — PROPERTY TAX REPLACEMENT

Sec. 3. Section 257.3, subsection 1, Code 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* The amount paid to each school district for the commercial and industrial property tax replacement claim under section 441.21A shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under section 441.21A, subsection 4, paragraph "a", and such amount shall be prorated pursuant to section 441.21A, subsection 2, if applicable.

Sec. 4. Section 331.512, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 13A. Carry out duties relating to the calculation and payment of commercial and industrial property tax replacement claims under section 441.21A.

Sec. 5. Section 331.559, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 25A. Carry out duties relating to the calculation and payment of commercial and industrial property tax replacement claims under section 441.21A.

Sec. 6. Section 441.21, subsection 4, Code Supplement 2011,

1 is amended to read as follows:

2 4. For valuations established as of January 1, 1979,
3 the percentage of actual value at which agricultural and
4 residential property shall be assessed shall be the quotient
5 of the dividend and divisor as defined in this section. The
6 dividend for each class of property shall be the dividend
7 as determined for each class of property for valuations
8 established as of January 1, 1978, adjusted by the product
9 obtained by multiplying the percentage determined for that
10 year by the amount of any additions or deletions to actual
11 value, excluding those resulting from the revaluation of
12 existing properties, as reported by the assessors on the
13 abstracts of assessment for 1978, plus six percent of the
14 amount so determined. However, if the difference between the
15 dividend so determined for either class of property and the
16 dividend for that class of property for valuations established
17 as of January 1, 1978, adjusted by the product obtained by
18 multiplying the percentage determined for that year by the
19 amount of any additions or deletions to actual value, excluding
20 those resulting from the revaluation of existing properties,
21 as reported by the assessors on the abstracts of assessment
22 for 1978, is less than six percent, the 1979 dividend for the
23 other class of property shall be the dividend as determined for
24 that class of property for valuations established as of January
25 1, 1978, adjusted by the product obtained by multiplying
26 the percentage determined for that year by the amount of
27 any additions or deletions to actual value, excluding those
28 resulting from the revaluation of existing properties, as
29 reported by the assessors on the abstracts of assessment for
30 1978, plus a percentage of the amount so determined which is
31 equal to the percentage by which the dividend as determined
32 for the other class of property for valuations established
33 as of January 1, 1978, adjusted by the product obtained by
34 multiplying the percentage determined for that year by the
35 amount of any additions or deletions to actual value, excluding

1 those resulting from the revaluation of existing properties,
2 as reported by the assessors on the abstracts of assessment
3 for 1978, is increased in arriving at the 1979 dividend for
4 the other class of property. The divisor for each class of
5 property shall be the total actual value of all such property
6 in the state in the preceding year, as reported by the
7 assessors on the abstracts of assessment submitted for 1978,
8 plus the amount of value added to said total actual value by
9 the revaluation of existing properties in 1979 as equalized
10 by the director of revenue pursuant to section 441.49. The
11 director shall utilize information reported on abstracts of
12 assessment submitted pursuant to section 441.45 in determining
13 such percentage. For valuations established as of January 1,
14 1980, and each assessment year thereafter beginning before
15 January 1, 2013, the percentage of actual value as equalized
16 by the director of revenue as provided in section 441.49 at
17 which agricultural and residential property shall be assessed
18 shall be calculated in accordance with the methods provided
19 herein including the limitation of increases in agricultural
20 and residential assessed values to the percentage increase of
21 the other class of property if the other class increases less
22 than the allowable limit adjusted to include the applicable
23 and current values as equalized by the director of revenue,
24 except that any references to six percent in this subsection
25 shall be four percent. For valuations established as of
26 January 1, 2013, and each assessment year thereafter, the
27 percentage of actual value as equalized by the director of
28 revenue as provided in section 441.49 at which agricultural
29 and residential property shall be assessed shall be calculated
30 in accordance with the methods provided herein including
31 the limitation of increases in agricultural and residential
32 assessed values to the percentage increase of the other
33 class of property if the other class increases less than the
34 allowable limit adjusted to include the applicable and current
35 values as equalized by the director of revenue, except that any

1 references to six percent in this subsection shall be three
2 percent.

3 Sec. 7. Section 441.21, subsection 5, Code Supplement 2011,
4 is amended to read as follows:

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

1 plus the amount of value added to the total actual value by
2 the revaluation of the property by the department of revenue
3 as of January 1, 1979. ~~For valuations established as of~~
4 ~~January 1, 1980, commercial property and industrial property,~~
5 ~~excluding properties referred to in section 427A.1, subsection~~
6 ~~8, shall be assessed at a percentage of the actual value of~~
7 ~~each class of property. The percentage shall be determined~~
8 ~~for each class of property by the director of revenue for the~~
9 ~~state in accordance with the provisions of this section. For~~
10 ~~valuations established as of January 1, 1980, the percentage~~
11 ~~shall be the quotient of the dividend and divisor as defined in~~
12 ~~this section. The dividend for each class of property shall~~
13 ~~be the dividend as determined for each class of property for~~
14 ~~valuations established as of January 1, 1979, adjusted by the~~
15 ~~product obtained by multiplying the percentage determined~~
16 ~~for that year by the amount of any additions or deletions to~~
17 ~~actual value, excluding those resulting from the revaluation~~
18 ~~of existing properties, as reported by the assessors on the~~
19 ~~abstracts of assessment for 1979, plus four percent of the~~
20 ~~amount so determined. The divisor for each class of property~~
21 ~~shall be the total actual value of all such property in 1979,~~
22 ~~as equalized by the director of revenue pursuant to section~~
23 ~~441.49, plus the amount of value added to the total actual~~
24 ~~value by the revaluation of existing properties in 1980. The~~
25 ~~director shall utilize information reported on the abstracts of~~
26 ~~assessment submitted pursuant to section 441.45 in determining~~
27 ~~such percentage. For valuations established as of January 1,~~
28 ~~1980, property valued by the department of revenue pursuant~~
29 ~~to chapters 428, 433, 437, and 438 shall be assessed at a~~
30 ~~percentage of its actual value. The percentage shall be~~
31 ~~determined by the director of revenue in accordance with the~~
32 ~~provisions of this section. For valuations established as of~~
33 ~~January 1, 1980, the percentage shall be the quotient of the~~
34 ~~dividend and divisor as defined in this section. The dividend~~
35 ~~shall be the total actual valuation established for 1979 by~~

1 the department of revenue, plus eight percent of the amount so
2 determined. The divisor for property valued by the department
3 of revenue pursuant to chapters 428, 433, 437, and 438 shall be
4 the valuation established for 1979, plus the amount of value
5 added to the total actual value by the revaluation of the
6 property by the department of revenue as of January 1, 1980.
7 ~~For valuations established as of January 1, 1981, and each~~
8 ~~year thereafter, the percentage of actual value as equalized~~
9 ~~by the director of revenue as provided in section 441.49 at~~
10 ~~which commercial property and industrial property, excluding~~
11 ~~properties referred to in section 427A.1, subsection 8, shall~~
12 ~~be assessed shall be calculated in accordance with the methods~~
13 ~~provided herein, except that any references to six percent~~
14 ~~in this subsection shall be four percent.~~ For valuations
15 established as of January 1, 1981, and each year thereafter,
16 the percentage of actual value at which property valued by
17 the department of revenue pursuant to chapters 428, 433, 437,
18 and 438 shall be assessed shall be calculated in accordance
19 with the methods provided herein, except that any references
20 to ten percent in this subsection shall be eight percent.
21 Beginning with valuations established as of January 1, 1979,
22 and each assessment year thereafter beginning before January
23 1, 2013, property valued by the department of revenue pursuant
24 to chapter 434 shall also be assessed at a percentage of its
25 actual value which percentage shall be equal to the percentage
26 determined by the director of revenue for commercial property,
27 industrial property, or property valued by the department of
28 revenue pursuant to chapters 428, 433, 437, and 438, whichever
29 is lowest. For valuations established on or after January 1,
30 2013, property valued by the department of revenue pursuant to
31 chapter 434 shall be assessed at a percentage of its actual
32 value equal to the percentage of actual value at which property
33 assessed as commercial property is assessed for the same
34 assessment year under paragraph "b".

35 b. For valuations established on or after January 1, 2013,

1 commercial property, excluding properties referred to in
2 section 427A.1, subsection 8, shall be assessed as a percentage
3 of its actual value, as determined in this paragraph "b".
4 For valuations established for the assessment year beginning
5 January 1, 2013, the percentage of actual value as equalized by
6 the director of revenue as provided in section 441.49 at which
7 commercial property shall be assessed shall be ninety-eight
8 percent. For valuations established for the assessment year
9 beginning January 1, 2014, the percentage of actual value as
10 equalized by the director of revenue as provided in section
11 441.49 at which commercial property shall be assessed shall
12 be ninety-six percent. For valuations established for the
13 assessment year beginning January 1, 2015, the percentage
14 of actual value as equalized by the director of revenue as
15 provided in section 441.49 at which commercial property shall
16 be assessed shall be ninety-four percent. For valuations
17 established for the assessment year beginning January 1, 2016,
18 the percentage of actual value as equalized by the director
19 of revenue as provided in section 441.49 at which commercial
20 property shall be assessed shall be ninety-two percent. For
21 valuations established for the assessment year beginning
22 January 1, 2017, and each assessment year thereafter, the
23 percentage of actual value as equalized by the director of
24 revenue as provided in section 441.49 at which commercial
25 property shall be assessed shall be ninety percent.

26 c. For valuations established on or after January 1,
27 2013, industrial property, excluding properties referred to in
28 section 427A.1, subsection 8, shall be assessed as a percentage
29 of its actual value, as determined in this paragraph "c".
30 For valuations established for the assessment year beginning
31 January 1, 2013, the percentage of actual value as equalized by
32 the director of revenue as provided in section 441.49 at which
33 industrial property shall be assessed shall be ninety-eight
34 percent. For valuations established for the assessment year
35 beginning January 1, 2014, the percentage of actual value as

1 equalized by the director of revenue as provided in section
2 441.49 at which industrial property shall be assessed shall
3 be ninety-six percent. For valuations established for the
4 assessment year beginning January 1, 2015, the percentage
5 of actual value as equalized by the director of revenue as
6 provided in section 441.49 at which industrial property shall
7 be assessed shall be ninety-four percent. For valuations
8 established for the assessment year beginning January 1, 2016,
9 the percentage of actual value as equalized by the director
10 of revenue as provided in section 441.49 at which industrial
11 property shall be assessed shall be ninety-two percent. For
12 valuations established for the assessment year beginning
13 January 1, 2017, and each assessment year thereafter, the
14 percentage of actual value as equalized by the director of
15 revenue as provided in section 441.49 at which industrial
16 property shall be assessed shall be ninety percent.

17 **Sec. 8. NEW SECTION. 441.21A Commercial and industrial**
18 **property tax replacement fund — replacement claims.**

19 1. *a.* The commercial and industrial property tax
20 replacement fund is created in the state treasury under
21 the control of the department of revenue for the payment of
22 commercial and industrial property tax replacement claims in
23 fiscal years beginning on or after July 1, 2014.

24 *b.* For the fiscal year beginning July 1, 2014, there
25 is appropriated from the general fund of the state to the
26 department of revenue to be credited to the fund an amount
27 necessary to pay all commercial and industrial property
28 tax replacement claims for the fiscal year, not to exceed
29 twenty-eight million dollars. For the fiscal year beginning
30 July 1, 2015, there is appropriated from the general fund of
31 the state to the department of revenue to be credited to the
32 fund an amount necessary to pay all commercial and industrial
33 property tax replacement claims for the fiscal year, not
34 to exceed fifty-six million dollars. For the fiscal year
35 beginning July 1, 2016, there is appropriated from the general

1 fund of the state to the department of revenue to be credited
2 to the fund an amount necessary to pay all commercial and
3 industrial property tax replacement claims for the fiscal year,
4 not to exceed eighty-four million dollars. For the fiscal
5 year beginning July 1, 2017, there is appropriated from the
6 general fund of the state to the department of revenue to be
7 credited to the fund an amount necessary to pay all commercial
8 and industrial property tax replacement claims for the fiscal
9 year, not to exceed one hundred twelve million dollars. For
10 the fiscal year beginning July 1, 2018, and each fiscal year
11 thereafter, there is appropriated from the general fund of
12 the state to the department of revenue to be credited to the
13 fund an amount necessary to pay all commercial and industrial
14 property tax replacement claims for the fiscal year, not to
15 exceed one hundred forty million dollars.

16 2. Beginning with the fiscal year beginning July 1, 2014,
17 each county treasurer shall be paid from the commercial and
18 industrial property tax replacement fund an amount equal to
19 the amount of the commercial and industrial property tax
20 replacement claims in the county, as calculated in subsection
21 4. If an amount appropriated for a fiscal year is insufficient
22 to pay all replacement claims, the director of revenue
23 shall prorate the disbursements from the fund to the county
24 treasurers and shall notify the county auditors of the pro rata
25 percentage on or before September 30. Any unspent balance in
26 the fund as of June 30 of each year shall revert to the general
27 fund of the state as provided by section 8.33.

28 3. a. On or before July 1 of each fiscal year beginning on
29 or after July 1, 2014, the assessor shall determine the total
30 assessed value of all commercial property, industrial property,
31 and property assessed by the department of revenue pursuant to
32 chapter 434 assessed for taxes due and payable in that fiscal
33 year and the total assessed value of such property assessed
34 as of January 1, 2012, and shall report the valuations to the
35 county auditor.

1 *b.* For purposes of calculating replacement claims under this
2 division of this Act, the total assessed value of commercial
3 property, industrial property, and property assessed by the
4 department of revenue pursuant to chapter 434 as of January 1,
5 2012, shall not include property classified as multiresidential
6 property under section 441.21, subsection 13, if enacted by
7 division VI of this Act, which was classified as commercial
8 property, industrial property, or property assessed by the
9 department of revenue pursuant to chapter 434 for assessment
10 years beginning before January 1, 2013.

11 4. On or before September 1 of each fiscal year beginning
12 on or after July 1, 2014, the county auditor shall prepare
13 a statement, based upon the report received pursuant to
14 subsection 3, listing for each taxing district in the county:

15 *a.* The difference between the assessed valuation of all
16 commercial property, industrial property, and property assessed
17 by the department of revenue pursuant to chapter 434 for the
18 assessment year used to calculate taxes which are due and
19 payable in the applicable fiscal year and the assessed value
20 of all commercial property, industrial property, and property
21 assessed by the department of revenue pursuant to chapter 434
22 assessed as of January 1, 2012. If the assessed value of all
23 commercial property, industrial property, and property assessed
24 by the department of revenue pursuant to chapter 434 assessed
25 as of January 1, 2012, is less than the assessed valuation of
26 all commercial property, industrial property, and property
27 assessed by the department of revenue pursuant to chapter 434
28 for the assessment year used to calculate taxes which are due
29 and payable in the applicable fiscal year, there is no tax
30 replacement for that taxing district for the fiscal year.

31 *b.* The tax levy rate for each taxing district for that
32 fiscal year.

33 *c.* The commercial and industrial property tax replacement
34 claim for each taxing district. For fiscal years beginning on
35 or after July 1, 2014, the replacement claim is equal to the

1 amount determined pursuant to paragraph "a", multiplied by the
2 tax rate specified in paragraph "b".

3 5. For purposes of computing replacement amounts under
4 this section, that portion of an urban renewal area defined as
5 the sum of the assessed valuations defined in section 403.19,
6 subsections 1 and 2, shall be considered a taxing district.

7 6. a. The county auditor shall certify and forward one copy
8 of the statement to the department of revenue not later than
9 September 1 of each year.

10 b. The replacement claims shall be paid to each county
11 treasurer in equal installments in September and March of each
12 year. The county treasurer shall apportion the replacement
13 claim payments among the eligible taxing districts in the
14 county.

15 c. If the taxing district is an urban renewal area, the
16 amount of the replacement claim shall be apportioned as
17 provided in subsection 7.

18 7. a. If the total assessed value of property located in an
19 urban renewal area taxing district for the assessment year for
20 property taxes due and payable in the applicable fiscal year is
21 equal to or more than that portion of such valuation defined
22 in section 403.19, subsection 1, the total replacement claim
23 amount computed pursuant to subsection 4 shall be credited to
24 that portion of the assessed value defined in section 403.19,
25 subsection 2.

26 b. If the total assessed value of the property located in an
27 urban renewal area taxing district for the assessment year for
28 property taxes due and payable in the applicable fiscal year
29 is less than that portion of such valuation defined in section
30 403.19, subsection 1, the replacement amount shall be credited
31 to those portions of the assessed value defined in section
32 403.19, subsections 1 and 2, as follows:

33 (1) To that portion defined in section 403.19, subsection
34 1, an amount equal to the amount that would be produced by
35 multiplying the applicable consolidated levy rate times the

1 difference between the assessed value of the taxable property
2 defined in section 403.19, subsection 1, and the total assessed
3 value of the property located in the urban renewal area taxing
4 district in the assessment year for property taxes due and
5 payable in the fiscal year for which the replacement claim is
6 computed.

7 (2) To that portion defined in section 403.19, subsection 2,
8 the remaining amount, if any.

9 c. Notwithstanding the allocation provisions of paragraphs
10 "a" and "b", the amount of the tax replacement amount that shall
11 be allocated to that portion of the assessed value defined
12 in section 403.19, subsection 2, shall not exceed the amount
13 equal to the amount certified to the county auditor under
14 section 403.19 for the fiscal year in which the claim is paid,
15 after deduction of the amount of other revenues committed for
16 payment on that amount for the fiscal year. The amount not
17 allocated to that portion of the assessed value defined in
18 section 403.19, subsection 2, as a result of the operation of
19 this paragraph, shall be allocated to that portion of assessed
20 value defined in section 403.19, subsection 1.

21 d. The amount of the replacement claim amount credited to
22 the portion of the assessed value defined in section 403.19,
23 subsection 1, shall be allocated to and when received be paid
24 into the fund for the respective taxing district as taxes by
25 or for the taxing district into which all other property taxes
26 are paid. The amount of the replacement claim amount credited
27 to the portion of the assessed value defined in section 403.19,
28 subsection 2, shall be allocated to and when collected be paid
29 into the special fund of the municipality under section 403.19,
30 subsection 2.

31 Sec. 9. SAVINGS PROVISION. This division of this Act,
32 pursuant to section 4.13, does not affect the operation of,
33 or prohibit the application of, prior provisions of section
34 441.21, or rules adopted under chapter 17A to administer prior
35 provisions of section 441.21, for assessment years beginning

1 before January 1, 2013, and for duties, powers, protests,
2 appeals, proceedings, actions, or remedies attributable to an
3 assessment year beginning before January 1, 2013.

4 Sec. 10. APPLICABILITY. This division of this Act applies
5 to assessment years beginning on or after January 1, 2013.

6 DIVISION III

7 TELECOMMUNICATIONS PROPERTY TAX

8 Sec. 11. Section 427A.1, subsection 1, paragraph h, Code
9 2011, is amended to read as follows:

10 *h.* Property assessed by the department of revenue pursuant
11 to sections 428.24 to 428.29, or chapters ~~433, 434, 437, 437A,~~
12 and 438.

13 Sec. 12. Section 433.4, Code 2011, is amended to read as
14 follows:

15 **433.4 Assessment.**

16 1. The director of revenue shall on or before October 31
17 each year, proceed to find the actual value of the property
18 of these companies in this state used by the companies in the
19 transaction of telegraph and telephone business, taking into
20 consideration the information obtained from the statements
21 required, and any further information the director can obtain,
22 using the same as a means for determining the actual ~~cash~~ value
23 of the property of these companies within this state. ~~The~~
24 ~~director shall also take into consideration the valuation of~~
25 ~~all property of these companies, including franchises and the~~
26 ~~use of the property in connection with lines outside the state,~~
27 ~~and making these deductions as may be necessary on account of~~
28 ~~extra value of property outside the state as compared with~~
29 ~~the value of property in the state, in order that the actual~~
30 ~~cash value of the property of the company within this state~~
31 ~~may be ascertained. The assessment shall include all property~~
32 ~~of every kind and character whatsoever, real, personal, or~~
33 ~~mixed, used by the companies in the transaction of telegraph~~
34 ~~and telephone business; and the~~ The property so included in
35 the assessment shall not be taxed in any other manner than as

1 provided in this chapter.

2 2. a. Except as provided in paragraph "c", for assessment
3 years beginning on or after January 1, 2013, a company's
4 property, excluding the property identified in paragraph "b"
5 as exempt from taxation, shall be subject to assessment and
6 taxation under this chapter by the director of revenue in
7 the same manner as property assessed and taxed as commercial
8 property under chapters 427, 427A, 427B, 428, and 441.

9 b. All of the following is exempt from taxation and shall
10 not be assessed for taxation under this chapter:

11 (1) Central office equipment.

12 (2) Transmission equipment.

13 (3) Qualified telephone company property. However,
14 qualified telephone company property shall be valued and
15 included in the company's assessment for the assessment years,
16 and to the extent specified, in paragraph "c".

17 (4) Intangible property.

18 c. For assessment years beginning on or after January 1,
19 2013, but before January 1, 2018, the director of revenue shall
20 include as part of the actual value determined under paragraph
21 "a" for the applicable assessment year, the following:

22 (1) For the assessment year beginning January 1, 2013, an
23 amount equal to the actual value of the company's qualified
24 telephone company property that exceeds five million dollars.

25 (2) For the assessment year beginning January 1, 2014, an
26 amount equal to the actual value of the company's qualified
27 telephone company property that exceeds twenty-five million
28 dollars.

29 (3) For the assessment year beginning January 1, 2015, an
30 amount equal to the actual value of the company's qualified
31 telephone company property that exceeds fifty million dollars.

32 (4) For the assessment year beginning January 1, 2016, an
33 amount equal to the actual value of the company's qualified
34 telephone company property that exceeds one hundred million
35 dollars.

1 (5) For the assessment year beginning January 1, 2017, an
2 amount equal to the actual value of the company's qualified
3 telephone company property that exceeds one hundred fifty
4 million dollars.

5 Sec. 13. Section 433.12, Code 2011, is amended by adding the
6 following new subsections:

7 NEW SUBSECTION. 1A. As used in this chapter, "*central*
8 *office equipment*" means equipment owned or leased by a company
9 and used in initiating, amplifying, switching, or monitoring
10 telecommunications services, including such ancillary equipment
11 necessary for the support, regulation, control, repair, or
12 testing of such equipment.

13 NEW SUBSECTION. 2A. As used in this chapter, "*intangible*
14 *property*" includes but is not limited to goodwill associated
15 with a company.

16 NEW SUBSECTION. 3. As used in this chapter, "*qualified*
17 *telephone company property*" means telephone wire, telephone
18 cable, fiber optic cable, conduit systems, poles, or other
19 equipment owned or leased by a company and used by the company
20 to transmit sound or data.

21 NEW SUBSECTION. 4. As used in this chapter, "*transmission*
22 *equipment*" means equipment owned or leased by a company and
23 used in the process of sending information from one location to
24 another location, including such ancillary equipment necessary
25 for the support, regulation, control, repair, or testing of
26 such equipment.

27 Sec. 14. Section 476.1D, subsection 10, Code Supplement
28 2011, is amended by striking the subsection.

29 Sec. 15. SAVINGS PROVISION. This division of this Act,
30 pursuant to section 4.13, does not affect the operation of,
31 or prohibit the application of, prior provisions of chapter
32 433, or rules adopted under chapter 17A to administer prior
33 provisions of chapter 433, for assessment years beginning
34 before January 1, 2013, and for duties, powers, protests,
35 appeals, proceedings, actions, or remedies attributable to an

1 assessment year beginning before January 1, 2013.

2 Sec. 16. EFFECTIVE DATE.

3 1. Except as provided in subsection 2, this division of this
4 Act takes effect July 1, 2012.

5 2. The section of this division of this Act amending section
6 476.1D takes effect July 1, 2017.

7 Sec. 17. APPLICABILITY.

8 1. Except as provided in subsection 2, this division of this
9 Act applies to assessment years beginning on or after January
10 1, 2013.

11 2. The section of this division of this Act amending section
12 476.1D applies to assessment years beginning on or after
13 January 1, 2018.

14 DIVISION IV

15 COUNTY AND CITY BUDGET LIMITATION

16 Sec. 18. Section 23A.2, subsection 10, paragraph h, Code
17 2011, is amended to read as follows:

18 *h.* The performance of an activity listed in section 331.424,
19 Code 2011, as a service for which a ~~supplemental levy~~ county
20 ~~may be certified~~ include in its budget.

21 Sec. 19. Section 28M.5, subsection 2, Code 2011, is amended
22 to read as follows:

23 2. If a regional transit district budget allocates
24 revenue responsibilities to the board of supervisors of a
25 participating county, the amount of the regional transit
26 district levy that is the responsibility of the participating
27 county shall be deducted from the maximum ~~rates~~ amount of taxes
28 authorized to be levied by the county pursuant to section
29 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs "b"
30 and "c", as applicable, unless the county meets its revenue
31 responsibilities as allocated in the budget from other
32 available revenue sources. However, for a regional transit
33 district that includes a county with a population of less than
34 three hundred thousand, the amount of the regional transit
35 district levy that is the responsibility of such participating

1 county shall be deducted from the maximum ~~rate~~ amount of taxes
2 authorized to be levied by the county pursuant to section
3 331.423, subsection ± 3, paragraph "b".

4 Sec. 20. Section 123.38, subsection 2, Code 2011, is amended
5 to read as follows:

6 2. Any licensee or permittee, or the licensee's or
7 permittee's executor or administrator, or any person duly
8 appointed by the court to take charge of and administer the
9 property or assets of the licensee or permittee for the benefit
10 of the licensee's or permittee's creditors, may voluntarily
11 surrender a license or permit to the division. When a license
12 or permit is surrendered the division shall notify the local
13 authority, and the division or the local authority shall
14 refund to the person surrendering the license or permit, a
15 proportionate amount of the fee received by the division or
16 the local authority for the license or permit as follows: if
17 a license or permit is surrendered during the first three
18 months of the period for which it was issued, the refund shall
19 be three-fourths of the amount of the fee; if surrendered
20 more than three months but not more than six months after
21 issuance, the refund shall be one-half of the amount of the
22 fee; if surrendered more than six months but not more than
23 nine months after issuance, the refund shall be one-fourth of
24 the amount of the fee. No refund shall be made, however, for
25 any special liquor permit, nor for a liquor control license,
26 wine permit, or beer permit surrendered more than nine months
27 after issuance. For purposes of this subsection, any portion
28 of license or permit fees used for the purposes authorized in
29 section 331.424, subsection 1, paragraph "a", subparagraphs
30 (1) and (2), Code 2011, and in section 331.424A, shall not be
31 deemed received either by the division or by a local authority.
32 No refund shall be made to any licensee or permittee, upon the
33 surrender of the license or permit, if there is at the time
34 of surrender, a complaint filed with the division or local
35 authority, charging the licensee or permittee with a violation

1 of this chapter. If upon a hearing on a complaint the license
2 or permit is not revoked or suspended, then the licensee or
3 permittee is eligible, upon surrender of the license or permit,
4 to receive a refund as provided in this section; but if the
5 license or permit is revoked or suspended upon hearing the
6 licensee or permittee is not eligible for the refund of any
7 portion of the license or permit fee.

8 Sec. 21. Section 218.99, Code 2011, is amended to read as
9 follows:

10 **218.99 Counties to be notified of patients' personal**
11 **accounts.**

12 The administrator in control of a state institution shall
13 direct the business manager of each institution under the
14 administrator's jurisdiction ~~which is mentioned in section~~
15 ~~331.424, subsection 1, paragraph "a", subparagraphs (1)~~
16 ~~and (2), and~~ for which services are paid under section
17 331.424A, to quarterly inform the county of legal settlement's
18 entity designated to perform the county's central point of
19 coordination process of any patient or resident who has an
20 amount in excess of two hundred dollars on account in the
21 patients' personal deposit fund and the amount on deposit. The
22 administrators shall direct the business manager to further
23 notify the entity designated to perform the county's central
24 point of coordination process at least fifteen days before the
25 release of funds in excess of two hundred dollars or upon the
26 death of the patient or resident. If the patient or resident
27 has no county of legal settlement, notice shall be made to the
28 director of human services and the administrator in control of
29 the institution involved.

30 Sec. 22. Section 331.263, subsection 2, Code 2011, is
31 amended to read as follows:

32 2. The governing body of the community commonwealth
33 shall have the authority to levy county taxes and shall
34 have the authority to levy city taxes to the extent the
35 city tax levy authority is transferred by the charter to

1 the community commonwealth. A city participating in the
2 community commonwealth shall transfer a portion of the
3 city's tax levy authorized under section 384.1 or 384.12,
4 whichever is applicable, to the governing body of the community
5 commonwealth. The maximum ~~rates~~ amount of taxes authorized to
6 be levied under ~~sections~~ section 384.1 and the maximum amount
7 of taxes authorized to be levied under section 384.12 by a city
8 participating in the community commonwealth shall be reduced
9 by an amount equal to the rates of the same or similar taxes
10 levied in the city by the governing body of the community
11 commonwealth.

12 Sec. 23. Section 331.301, subsection 12, Code Supplement
13 2011, is amended to read as follows:

14 12. The board of supervisors may credit funds to a reserve
15 for the purposes authorized by subsection 11 of this section;
16 ~~section 331.424, subsection 1, paragraph "a", subparagraph~~
17 ~~(6);~~ and section 331.441, subsection 2, paragraph "b". Moneys
18 credited to the reserve, and interest earned on such moneys,
19 shall remain in the reserve until expended for purposes
20 authorized by subsection 11 of this section; ~~section 331.424,~~
21 ~~subsection 1, paragraph "a", subparagraph (6);~~ or section
22 331.441, subsection 2, paragraph "b".

23 Sec. 24. Section 331.421, subsections 1 and 10, Code 2011,
24 are amended by striking the subsections.

25 Sec. 25. Section 331.421, Code 2011, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 7A. "Item" means a budgeted expenditure,
28 appropriation, or cash reserve from a fund for a service area,
29 program, program element, or purpose.

30 Sec. 26. Section 331.423, Code 2011, is amended by striking
31 the section and inserting in lieu thereof the following:

32 **331.423 Property tax dollars — maximums.**

33 1. Annually, the board shall determine separate property
34 tax levy limits to pay for general county services and rural
35 county services in accordance with this section. The property

1 tax levies separately certified for general county services and
2 rural county services under section 331.434 shall not raise
3 property tax dollars that exceed the amount determined under
4 this section.

5 2. For purposes of this section and section 331.423B, unless
6 the context otherwise requires:

7 a. "*Annual growth factor*" means an index, expressed as
8 a percentage, determined by the department of management by
9 January 1 of the calendar year in which the budget year begins.
10 In determining the annual growth factor, the department shall
11 calculate the average of the preceding twelve-month percentage
12 change, which shall be computed on a monthly basis, in the
13 midwest consumer price index, ending with the percentage change
14 for the month of November. The department shall then add that
15 average percentage change to one hundred percent. In no case,
16 however, shall the annual growth factor exceed one hundred four
17 percent.

18 b. "*Boundary adjustment*" means annexation, severance,
19 incorporation, or discontinuance as those terms are defined in
20 section 368.1.

21 c. "*Budget year*" is the fiscal year beginning during the
22 calendar year in which a budget is certified.

23 d. "*Current fiscal year*" is the fiscal year ending during
24 the calendar year in which a budget is certified.

25 e. "*Net new valuation taxes*" means the amount of property
26 tax dollars equal to the current fiscal year's levy rate in
27 the county for general county services or for rural county
28 services, as applicable, multiplied by the increase from the
29 current fiscal year to the budget year in taxable valuation due
30 to the following:

31 (1) Net new construction, excluding all incremental
32 valuation that is released in any one year from either a
33 division of revenue under section 260E.4 or 357H.9, or an
34 urban renewal area for which taxes were being divided under
35 section 403.19 if the property for the valuation being released

1 remains subject to the division of revenue under section 260E.4
2 or 357H.9, or remains part of the urban renewal area that is
3 subject to a division of revenue under section 403.19.

4 (2) Additions or improvements to existing structures.

5 (3) Remodeling of existing structures for which a building
6 permit is required.

7 (4) Net boundary adjustment.

8 (5) A municipality no longer dividing tax revenues in an
9 urban renewal area as provided in section 403.19, a community
10 college no longer dividing revenues as provided in section
11 260E.4, or a rural improvement zone no longer dividing revenues
12 as provided in section 357H.9.

13 (6) That portion of taxable property located in an urban
14 revitalization area on which an exemption was allowed and such
15 exemption has expired.

16 3. *a.* For the fiscal year beginning July 1, 2013, and
17 subsequent fiscal years, the maximum amount of property tax
18 dollars which may be certified for levy by a county for general
19 county services and rural county services shall be the maximum
20 property tax dollars calculated under paragraphs "b" and "c",
21 respectively.

22 *b.* The maximum property tax dollars that may be levied for
23 general county services is an amount equal to the sum of the
24 following:

25 (1) The annual growth factor times the current fiscal year's
26 maximum property tax dollars for general county services.

27 (2) The amount of net new valuation taxes in the county.

28 *c.* The maximum property tax dollars that may be levied for
29 rural county services is an amount equal to the sum of the
30 following:

31 (1) The annual growth factor times the current fiscal year's
32 maximum property tax dollars for rural county services.

33 (2) The amount of net new valuation taxes in the
34 unincorporated area of the county.

35 4. *a.* For purposes of calculating maximum property tax

1 dollars for general county services for the fiscal year
2 beginning July 1, 2013, only, the term "*current fiscal year's*
3 *maximum property tax dollars*" shall mean the total amount of
4 property tax dollars certified by the county for general county
5 services for the fiscal year beginning July 1, 2012.

6 *b.* For purposes of calculating maximum property tax dollars
7 for rural county services for the fiscal year beginning July
8 1, 2013, only, the term "*current fiscal year's maximum property*
9 *tax dollars*" shall mean the total amount of property tax dollars
10 certified by the county for rural county services for the
11 fiscal year beginning July 1, 2012.

12 5. Property taxes certified for mental health, mental
13 retardation, and developmental disabilities services, the
14 emergency services fund in section 331.424C, the debt service
15 fund in section 331.430, any capital projects fund established
16 by the county for deposit of bond, loan, or note proceeds, and
17 any temporary increase approved pursuant to section 331.424,
18 are not included in the maximum amount of property tax dollars
19 that may be certified for a budget year under subsection 3.

20 6. The department of management, in consultation with the
21 county finance committee, shall adopt rules to administer this
22 section. The department shall prescribe forms to be used by
23 counties when making calculations required by this section.

24 Sec. 27. NEW SECTION. 331.423B **Ending fund balance.**

25 1. *a.* Budgeted ending fund balances for a budget year
26 in excess of twenty-five percent of budgeted expenditures in
27 either the general fund or rural services fund for that budget
28 year shall be explicitly reserved or designated for a specific
29 purpose.

30 *b.* A county is encouraged, but not required, to reduce
31 ending fund balances for the budget year to an amount equal to
32 approximately twenty-five percent of budgeted expenditures and
33 transfers from the general fund and rural services fund for
34 that budget year unless a decision is certified by the state
35 appeal board ordering a reduction in the ending fund balance

1 of any of those funds.

2 *c.* In a protest to the county budget under section 331.436,
3 the county shall have the burden of proving that the budgeted
4 balances in excess of twenty-five percent are reasonably likely
5 to be appropriated for the explicitly reserved or designated
6 specific purpose. The excess budgeted balance for the specific
7 purpose shall be considered an increase in an item in the
8 budget for purposes of section 24.28.

9 2. *a.* For a county that has, as of June 30, 2012, reduced
10 its actual ending fund balance to less than twenty-five
11 percent of actual expenditures, additional property taxes may
12 be computed and levied as provided in this subsection. The
13 additional property tax levy amount is an amount not to exceed
14 twenty-five percent of actual expenditures from the general
15 fund and rural services fund for the fiscal year beginning July
16 1, 2011, minus the combined ending fund balances for those
17 funds for that year.

18 *b.* The amount of the additional property taxes shall be
19 apportioned between the general fund and the rural services
20 fund. However, the amount apportioned for general county
21 services and for rural county services shall not exceed for
22 each fund twenty-five percent of actual expenditures for the
23 fiscal year beginning July 1, 2011.

24 *c.* All or a portion of additional property tax dollars
25 may be levied for the purpose of increasing cash reserves
26 for general county services and rural county services in the
27 budget year. The additional property tax dollars authorized
28 under this subsection but not levied may be carried forward as
29 unused ending fund balance taxing authority until and for the
30 fiscal year beginning July 1, 2018. The amount carried forward
31 shall not exceed twenty-five percent of the maximum amount of
32 property tax dollars available in the current fiscal year.
33 Additionally, property taxes that are levied as unused ending
34 fund balance taxing authority under this subsection may be the
35 subject of a protest under section 331.436, and the amount

1 will be considered an increase in an item in the budget for
2 purposes of section 24.28. The amount of additional property
3 taxes levied under this subsection shall not be included in the
4 computation of the maximum amount of property tax dollars which
5 may be certified and levied under section 331.423.

6 Sec. 28. Section 331.424, Code 2011, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **331.424 Authority to levy beyond maximum property tax**
9 **dollars.**

10 1. The board may certify additions to the maximum amount
11 of property tax dollars to be levied for a period of time not
12 to exceed two years if the proposition has been submitted at a
13 special election and received a favorable majority of the votes
14 cast on the proposition.

15 2. The special election is subject to the following:

16 a. The board must give at least thirty-two days' notice to
17 the county commissioner of elections that the special election
18 is to be held. In no case, however, shall a notice be given to
19 the county commissioner of elections after December 31 for an
20 election on a proposition to exceed the statutory limits during
21 the fiscal year beginning in the next calendar year.

22 b. The special election shall be conducted by the county
23 commissioner of elections in accordance with law.

24 c. The proposition to be submitted shall be substantially
25 in the following form:

26 Vote "yes" or "no" on the following: Shall the county of
27 _____ levy for an additional \$ _____ each year for ___ years
28 beginning July 1, _____, in excess of the statutory limits
29 otherwise applicable for the (general county services or rural
30 services) fund?

31 d. The canvass shall be held beginning at 1:00 p.m. on
32 the second day which is not a holiday following the special
33 election.

34 e. Notice of the special election shall be published at
35 least once in a newspaper as specified in section 331.305 prior

1 to the date of the special election. The notice shall appear
2 as early as practicable after the board has voted to submit
3 a proposition to the voters to levy additional property tax
4 dollars.

5 3. Registered voters in the county may vote on the
6 proposition to increase property taxes for the general fund
7 in excess of the statutory limit. Registered voters residing
8 outside the corporate limits of a city within the county may
9 vote on the proposition to increase property taxes for the
10 rural services fund in excess of the statutory limit.

11 4. The amount of additional property tax dollars certified
12 under this section shall not be included in the computation
13 of the maximum amount of property tax dollars which may be
14 certified and levied under section 331.423.

15 Sec. 29. Section 331.424A, subsection 4, Code Supplement
16 2011, is amended to read as follows:

17 4. For the fiscal year beginning July 1, 1996, and for each
18 subsequent fiscal year, the county shall certify a levy for
19 payment of services. For each fiscal year, county revenues
20 from taxes imposed by the county credited to the services fund
21 shall not exceed an amount equal to the amount of base year
22 expenditures for services as defined in section 331.438, less
23 the amount of property tax relief to be received pursuant to
24 section 426B.2, in the fiscal year for which the budget is
25 certified. The county auditor and the board of supervisors
26 shall reduce the amount of the levy certified for the services
27 fund by the amount of property tax relief to be received. A
28 levy certified under this section is not subject to ~~the appeal~~
29 ~~provisions of section 331.426 or to any other provision in law~~
30 authorizing a county to exceed, increase, or appeal a property
31 tax levy limit.

32 Sec. 30. Section 331.427, subsection 3, paragraph 1, Code
33 2011, is amended to read as follows:

34 1. Services listed in section 331.424, subsection 1, Code
35 2011, and section 331.554.

1 Sec. 31. Section 331.428, subsection 2, paragraph d, Code
2 2011, is amended to read as follows:

3 d. Services listed under section 331.424, subsection 2, Code
4 2011.

5 Sec. 32. Section 331.434, subsection 1, Code 2011, is
6 amended to read as follows:

7 1. The budget shall show the amount required for each class
8 of proposed expenditures, a comparison of the amounts proposed
9 to be expended with the amounts expended for like purposes for
10 the two preceding years, the revenues from sources other than
11 property taxation, and the amount to be raised by property
12 taxation, in the detail and form prescribed by the director
13 of the department of management. For each county that has
14 established an urban renewal area, the budget shall include
15 estimated and actual tax increment financing revenues and all
16 estimated and actual expenditures of the revenues, proceeds
17 from debt and all estimated and actual expenditures of the
18 debt proceeds, and identification of any entity receiving a
19 direct payment of taxes funded by tax increment financing
20 revenues and shall include the total amount of loans, advances,
21 indebtedness, or bonds outstanding at the close of the most
22 recently ended fiscal year, which qualify for payment from the
23 special fund created in section 403.19, including interest
24 negotiated on such loans, advances, indebtedness, or bonds.
25 For purposes of this subsection, "*indebtedness*" includes
26 written agreements whereby the county agrees to suspend, abate,
27 exempt, rebate, refund, or reimburse property taxes, provide
28 a grant for property taxes paid, or make a direct payment
29 of taxes, with moneys in the special fund. The amount of
30 loans, advances, indebtedness, or bonds shall be listed in
31 the aggregate for each county reporting. ~~The county finance~~
32 ~~committee, in consultation with the department of management~~
33 ~~and the legislative services agency, shall determine reporting~~
34 ~~criteria and shall prepare a form for reports filed with the~~
35 ~~department pursuant to this section. The department shall make~~

1 ~~the information available by electronic means.~~

2 Sec. 33. Section 373.10, Code 2011, is amended to read as
3 follows:

4 **373.10 Taxing authority.**

5 The metropolitan council shall have the authority to
6 levy city taxes to the extent the city tax levy authority
7 is transferred by the charter to the metropolitan council.
8 A member city shall transfer a portion of the city's tax
9 levy authorized under section 384.1 or 384.12, whichever is
10 applicable, to the metropolitan council. The maximum rates
11 amount of taxes authorized to be levied under sections section
12 384.1 and the taxes authorized to be levied under section
13 384.12 by a member city shall be reduced by an amount equal to
14 the rates of the same or similar taxes levied in the city by the
15 metropolitan council.

16 Sec. 34. Section 384.1, Code 2011, is amended by striking
17 the section and inserting in lieu thereof the following:

18 **384.1 Property tax dollars — maximums.**

19 1. A city shall certify taxes to be levied by the city
20 on all taxable property within the city limits, for all city
21 government purposes. Annually, the city council may certify
22 basic levies for city government purposes, subject to the
23 limitation on property tax dollars provided in this section.

24 2. For purposes of this section and section 384.1B, unless
25 the context otherwise requires:

26 *a. "Annual growth factor"* means an index, expressed as
27 a percentage, determined by the department of management by
28 January 1 of the calendar year in which the budget year begins.
29 In determining the annual growth factor, the department shall
30 calculate the average of the preceding twelve-month percentage
31 change, which shall be computed on a monthly basis, in the
32 midwest consumer price index, ending with the percentage change
33 for the month of November. The department shall then add that
34 average percentage change to one hundred percent. In no case,
35 however, shall the annual growth factor exceed one hundred four

1 percent.

2 *b. "Boundary adjustment"* means annexation, severance,
3 incorporation, or discontinuance as those terms are defined in
4 section 368.1.

5 *c. "Budget year"* is the fiscal year beginning during the
6 calendar year in which a budget is certified.

7 *d. "Current fiscal year"* is the fiscal year ending during
8 the calendar year in which a budget is certified.

9 *e. "Net new valuation taxes"* means the amount of property
10 tax dollars equal to the current fiscal year's levy rate in the
11 city for the general fund multiplied by the increase from the
12 current fiscal year to the budget year in taxable valuation due
13 to the following:

14 (1) Net new construction, excluding all incremental
15 valuation that is released in any one year from either a
16 division of revenue under section 260E.4 or an urban renewal
17 area for which taxes were being divided under section 403.19 if
18 the property for the valuation being released remains subject
19 to the division of revenue under section 260E.4 or remains part
20 of the urban renewal area that is subject to a division of
21 revenue under section 403.19.

22 (2) Additions or improvements to existing structures.

23 (3) Remodeling of existing structures for which a building
24 permit is required.

25 (4) Net boundary adjustment.

26 (5) A municipality no longer dividing tax revenues in an
27 urban renewal area as provided in section 403.19 or a community
28 college no longer dividing revenues as provided in section
29 260E.4.

30 (6) That portion of taxable property located in an urban
31 revitalization area on which an exemption was allowed and such
32 exemption has expired.

33 3. *a.* For the fiscal year beginning July 1, 2013, and
34 subsequent fiscal years, the maximum amount of property
35 tax dollars which may be certified for levy by a city for

1 the general fund shall be the maximum property tax dollars
2 calculated under paragraph "b".

3 **b.** The maximum property tax dollars that may be levied for
4 deposit in the general fund is an amount equal to the sum of the
5 following:

6 (1) The annual growth factor times the current fiscal year's
7 maximum property tax dollars for the general fund.

8 (2) The amount of net new valuation taxes in the city.

9 4. For purposes of calculating maximum property tax dollars
10 for the city general fund for the fiscal year beginning July
11 1, 2013, only, the term "*current fiscal year's maximum property*
12 *tax dollars*" shall mean the total amount of property tax dollars
13 certified by the city for the city's general fund for the
14 fiscal year beginning July 1, 2012.

15 5. Property taxes certified for deposit in the debt service
16 fund in section 384.4, trust and agency funds in section
17 384.6, capital improvements reserve fund in section 384.7,
18 the emergency fund in section 384.8, any capital projects
19 fund established by the city for deposit of bond, loan, or
20 note proceeds, any temporary increase approved pursuant to
21 section 384.12A, property taxes collected from a voted levy in
22 section 384.12, and property taxes levied under section 384.12,
23 subsection 18, are not counted against the maximum amount of
24 property tax dollars that may be certified for a fiscal year
25 under subsection 3.

26 6. Notwithstanding the maximum amount of taxes a city
27 may certify for levy, the tax levied by a city on tracts of
28 land and improvements on the tracts of land used and assessed
29 for agricultural or horticultural purposes shall not exceed
30 three dollars and three-eighths cents per thousand dollars
31 of assessed value in any year. Improvements located on such
32 tracts of land and not used for agricultural or horticultural
33 purposes and all residential dwellings are subject to the same
34 rate of tax levied by the city on all other taxable property
35 within the city.

1 7. The department of management, in consultation with the
2 city finance committee, shall adopt rules to administer this
3 section. The department shall prescribe forms to be used by
4 cities when making calculations required by this section.

5 **Sec. 35. NEW SECTION. 384.1B Ending fund balance.**

6 1. *a.* Budgeted ending fund balances for a budget year in
7 excess of twenty-five percent of budgeted expenditures from the
8 general fund for that budget year shall be explicitly reserved
9 or designated for a specific purpose.

10 *b.* A city is encouraged, but not required, to reduce
11 ending fund balances for the budget year to an amount equal to
12 approximately twenty-five percent of budgeted expenditures and
13 transfers from the general fund for that budget year unless
14 a decision is certified by the state appeal board ordering a
15 reduction in the ending fund balance of the fund.

16 *c.* In a protest to the city budget under section 384.19,
17 the city shall have the burden of proving that the budgeted
18 balances in excess of twenty-five percent are reasonably likely
19 to be appropriated for the explicitly reserved or designated
20 specific purpose. The excess budgeted balance for the specific
21 purpose shall be considered an increase in an item in the
22 budget for purposes of section 24.28.

23 2. *a.* For a city that has, as of June 30, 2012, reduced its
24 ending fund balance to less than twenty-five percent of actual
25 expenditures, additional property taxes may be computed and
26 levied as provided in this subsection. The additional property
27 tax levy amount is an amount not to exceed the difference
28 between twenty-five percent of actual expenditures for city
29 government purposes for the fiscal year beginning July 1, 2011,
30 minus the ending fund balance for that year.

31 *b.* All or a portion of additional property tax dollars
32 may be levied for the purpose of increasing cash reserves for
33 city government purposes in the budget year. The additional
34 property tax dollars authorized under this subsection but not
35 levied may be carried forward as unused ending fund balance

1 taxing authority until and for the fiscal year beginning
2 July 1, 2018. The amount carried forward shall not exceed
3 twenty-five percent of the maximum amount of property tax
4 dollars available in the current fiscal year. Additionally,
5 property taxes that are levied as unused ending fund balance
6 taxing authority under this subsection may be the subject of a
7 protest under section 384.19, and the amount will be considered
8 an increase in an item in the budget for purposes of section
9 24.28. The amount of additional property tax dollars levied
10 under this subsection shall not be included in the computation
11 of the maximum amount of property tax dollars which may be
12 certified and levied under section 384.1.

13 Sec. 36. Section 384.12, subsection 20, Code 2011, is
14 amended by striking the subsection.

15 Sec. 37. NEW SECTION. **384.12A Authority to levy beyond**
16 **maximum property tax dollars.**

17 1. The city council may certify additions to the maximum
18 amount of property tax dollars to be levied for a period of
19 time not to exceed two years if the proposition has been
20 submitted at a special election and received a favorable
21 majority of the votes cast on the proposition.

22 2. The special election is subject to the following:

23 a. The city council must give at least thirty-two days'
24 notice to the county commissioner of elections that the special
25 election is to be held. In no case, however, shall a notice be
26 given to the county commissioner of elections after December 31
27 for an election on a proposition to exceed the statutory limits
28 during the fiscal year beginning in the next calendar year.

29 b. The special election shall be conducted by the county
30 commissioner of elections in accordance with law.

31 c. The proposition to be submitted shall be substantially
32 in the following form:

33 Vote "yes" or "no" on the following: Shall the city of
34 _____ levy for an additional \$ _____ each year for ___ years
35 beginning next July 1, _____, in excess of the statutory limits

1 otherwise applicable for the city general fund?

2 *d.* The canvass shall be held beginning at 1:00 p.m. on
3 the second day which is not a holiday following the special
4 election.

5 *e.* Notice of the special election shall be published at
6 least once in a newspaper as specified in section 362.3 prior
7 to the date of the special election. The notice shall appear
8 as early as practicable after the city council has voted to
9 submit a proposition to the voters to levy additional property
10 tax dollars.

11 3. The amount of additional property tax dollars certified
12 under this section shall not be included in the computation
13 of the maximum amount of property tax dollars which may be
14 certified and levied under section 384.1.

15 Sec. 38. Section 384.16, subsection 1, paragraph b, Code
16 2011, is amended to read as follows:

17 *b.* A budget must show comparisons between the estimated
18 expenditures in each program in the following year, the latest
19 estimated expenditures in each program in the current year,
20 and the actual expenditures in each program from the annual
21 report as provided in section 384.22, or as corrected by a
22 subsequent audit report. Wherever practicable, as provided in
23 rules of the committee, a budget must show comparisons between
24 the levels of service provided by each program as estimated for
25 the following year, and actual levels of service provided by
26 each program during the two preceding years. For each city
27 that has established an urban renewal area, the budget shall
28 include estimated and actual tax increment financing revenues
29 and all estimated and actual expenditures of the revenues,
30 proceeds from debt and all estimated and actual expenditures of
31 the debt proceeds, and identification of any entity receiving
32 a direct payment of taxes funded by tax increment financing
33 revenues and shall include the total amount of loans, advances,
34 indebtedness, or bonds outstanding at the close of the most
35 recently ended fiscal year, which qualify for payment from the

1 special fund created in section 403.19, including interest
2 negotiated on such loans, advances, indebtedness, or bonds.
3 The amount of loans, advances, indebtedness, or bonds shall
4 be listed in the aggregate for each city reporting. ~~The city~~
5 ~~finance committee, in consultation with the department of~~
6 ~~management and the legislative services agency, shall determine~~
7 ~~reporting criteria and shall prepare a form for reports filed~~
8 ~~with the department pursuant to this section. The department~~
9 ~~shall make the information available by electronic means.~~

10 Sec. 39. Section 384.19, Code 2011, is amended by adding the
11 following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. For purposes of a tax protest
13 filed under this section, "item" means a budgeted expenditure,
14 appropriation, or cash reserve from a fund for a service area,
15 program, program element, or purpose.

16 Sec. 40. Section 386.8, Code 2011, is amended to read as
17 follows:

18 **386.8 Operation tax.**

19 A city may establish a self-supported improvement district
20 operation fund, and may certify taxes not to exceed the
21 rate limitation as established in the ordinance creating the
22 district, or any amendment thereto, each year to be levied
23 for the fund against all of the property in the district,
24 for the purpose of paying the administrative expenses of
25 the district, which may include but are not limited to
26 administrative personnel salaries, a separate administrative
27 office, planning costs including consultation fees, engineering
28 fees, architectural fees, and legal fees and all other expenses
29 reasonably associated with the administration of the district
30 and the fulfilling of the purposes of the district. The taxes
31 levied for this fund may also be used for the purpose of paying
32 maintenance expenses of improvements or self-liquidating
33 improvements for a specified length of time with one or more
34 options to renew if such is clearly stated in the petition
35 which requests the council to authorize construction of the

1 improvement or self-liquidating improvement, whether or not
2 such petition is combined with the petition requesting creation
3 of a district. Parcels of property which are assessed as
4 residential property for property tax purposes are exempt from
5 the tax levied under this section except residential properties
6 within a duly designated historic district. A tax levied under
7 this section is not subject to the ~~levy~~ limitation in section
8 384.1.

9 Sec. 41. Section 386.9, Code 2011, is amended to read as
10 follows:

11 **386.9 Capital improvement tax.**

12 A city may establish a capital improvement fund for a
13 district and may certify taxes, not to exceed the rate
14 established by the ordinance creating the district, or any
15 subsequent amendment thereto, each year to be levied for
16 the fund against all of the property in the district, for
17 the purpose of accumulating moneys for the financing or
18 payment of a part or all of the costs of any improvement or
19 self-liquidating improvement. However, parcels of property
20 which are assessed as residential property for property tax
21 purposes are exempt from the tax levied under this section
22 except residential properties within a duly designated historic
23 district. A tax levied under this section is not subject to
24 the ~~levy~~ limitations in section 384.1 or 384.7.

25 Sec. 42. REPEAL. Sections 331.425 and 331.426, Code 2011,
26 are repealed.

27 Sec. 43. APPLICABILITY. This division of this Act applies
28 to fiscal years beginning on or after July 1, 2013.

29 DIVISION V

30 BUSINESS PROPERTY TAX CREDIT

31 Sec. 44. Section 331.512, Code 2011, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 13B. Carry out duties relating to the
34 business property tax credit as provided in chapter 426C.

35 Sec. 45. Section 331.559, Code 2011, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 14A. Carry out duties relating to the
3 business property tax credit as provided in chapter 426C.

4 Sec. 46. NEW SECTION. **426C.1 Definitions.**

5 For the purposes of this chapter, unless the context
6 otherwise requires:

7 1. "*Contiguous parcels*" means any of the following:

8 a. Parcels that share a common boundary.

9 b. Parcels within the same building or structure regardless
10 of whether the parcels share a common boundary.

11 c. Permanent improvements to the land that are situated
12 on one or more parcels of land that are assessed and taxed
13 separately from the permanent improvements if the parcels of
14 land upon which the permanent improvements are situated share
15 a common boundary.

16 2. "*Department*" means the department of revenue.

17 3. "*Fund*" means the business property tax credit fund
18 created in section 426C.2.

19 4. "*Parcel*" means as defined in section 445.1.

20 5. "*Property unit*" means contiguous parcels all of which
21 are located within the same county, with the same property tax
22 classification, each of which contains permanent improvements,
23 are owned by the same person, and are operated by that person
24 for a common use and purpose.

25 Sec. 47. NEW SECTION. **426C.2 Business property tax credit**
26 **fund — appropriation.**

27 1. A business property tax credit fund is created in the
28 state treasury under the authority of the department. For
29 the fiscal year beginning July 1, 2014, there is appropriated
30 from the general fund of the state to the department to be
31 credited to the fund, the sum of twenty-four million dollars
32 to be used for business property tax credits authorized in
33 this chapter. For the fiscal year beginning July 1, 2015,
34 there is appropriated from the general fund of the state to the
35 department to be credited to the fund, the sum of forty-eight

1 million dollars. For the fiscal year beginning July 1, 2016,
2 there is appropriated from the general fund of the state to the
3 department to be credited to the fund, the sum of seventy-two
4 million dollars. For the fiscal year beginning July 1, 2017,
5 there is appropriated from the general fund of the state to the
6 department to be credited to the fund, the sum of ninety-six
7 million dollars. For the fiscal year beginning July 1, 2018,
8 and each fiscal year thereafter, there is appropriated from the
9 general fund of the state to the department to be credited to
10 the fund, the sum of one hundred twenty million dollars.

11 2. Notwithstanding section 12C.7, subsection 2, interest or
12 earnings on moneys deposited in the fund shall be credited to
13 the fund. Moneys in the fund are not subject to the provisions
14 of section 8.33 and shall not be transferred, used, obligated,
15 appropriated, or otherwise encumbered except as provided in
16 this chapter.

17 Sec. 48. NEW SECTION. 426C.3 Claims for credit.

18 1. Each person who wishes to claim the credit allowed
19 under this chapter shall obtain the appropriate forms from the
20 assessor and file the claim with the assessor. The director
21 of revenue shall prescribe suitable forms and instructions for
22 such claims, and make such forms and instructions available to
23 the assessors.

24 2. a. Claims for the business property tax credit shall be
25 filed not later than March 15 preceding the fiscal year during
26 which the taxes for which the credit is claimed are due and
27 payable.

28 b. A claim filed after the deadline for filing claims shall
29 be considered as a claim for the following year.

30 3. Upon the filing of a claim and allowance of the credit,
31 the credit shall be allowed on the parcel or property unit for
32 successive years without further filing as long as the parcel
33 or property unit satisfies the requirements for the credit. If
34 the parcel or property unit owner ceases to qualify for the
35 credit under this chapter, the owner shall provide written

1 notice to the assessor by the date for filing claims specified
2 in subsection 2 following the date on which the parcel or
3 property unit ceases to qualify for the credit.

4 4. When all or a portion of a parcel or property unit that
5 is allowed a credit under this chapter is sold, transferred,
6 or ownership otherwise changes, the buyer, transferee, or
7 new owner who wishes to receive the credit shall refile the
8 claim for credit. In addition, when a portion of a parcel or
9 property unit that is allowed a credit under this chapter is
10 sold, transferred, or ownership otherwise changes, the owner of
11 the portion of the parcel or property unit for which ownership
12 did not change shall refile the claim for credit.

13 5. The assessor shall remit the claims for credit to the
14 county auditor with the assessor's recommendation for allowance
15 or disallowance. If the assessor recommends disallowance
16 of a claim, the assessor shall submit the reasons for the
17 recommendation, in writing, to the county auditor. The county
18 auditor shall forward the claims to the board of supervisors.
19 The board shall allow or disallow the claims.

20 6. For each claim and allowance of a credit for a property
21 unit, the county auditor shall calculate the average of all
22 consolidated levy rates applicable to the several parcels
23 within the property unit. All claims for credit which have
24 been allowed by the board of supervisors, the actual value of
25 the permanent improvements to such parcels and property units
26 applicable to the fiscal year for which the credit is claimed
27 that are subject to assessment and taxation prior to imposition
28 of any applicable assessment limitation, the consolidated levy
29 rates for such parcels and the average consolidated levy rates
30 for such property units applicable to the fiscal year for which
31 the credit is claimed, and the taxing districts in which the
32 parcel or property unit is located, shall be certified on or
33 before June 30, in each year, by the county auditor to the
34 department.

35 7. The assessor shall maintain a permanent file of current

1 business property tax credits. The assessor shall file a
2 notice of transfer of property for which a credit has been
3 allowed when notice is received from the office of the county
4 recorder, from the person who sold or transferred the property,
5 or from the personal representative of a deceased property
6 owner. The county recorder shall give notice to the assessor
7 of each transfer of title filed in the recorder's office. The
8 notice from the county recorder shall describe the property
9 transferred, the name of the person transferring title to the
10 property, and the name of the person to whom title to the
11 property has been transferred.

12 Sec. 49. NEW SECTION. **426C.4 Eligibility and amount of**
13 **credit.**

14 1. Each parcel classified and taxed as commercial property,
15 industrial property, or railway property under chapter 434,
16 and improved with permanent construction, is eligible for a
17 credit under this chapter. A person may claim and receive one
18 credit under this chapter for each eligible parcel unless the
19 parcel is part of a property unit. A person may only claim and
20 receive one credit under this chapter for each property unit.
21 A credit approved for a property unit shall be allocated to the
22 several parcels within the property unit in the proportion that
23 each parcel's total amount of property taxes due and payable
24 attributable to the permanent improvements bears to the total
25 amount of property taxes due and payable attributable to the
26 permanent improvements for the property unit. Only property
27 units comprised of commercial property, comprised of industrial
28 property, or comprised of railway property under chapter 434
29 are eligible for a credit under this chapter.

30 2. Using the actual value of the permanent improvements
31 and the consolidated levy rate for each parcel or the average
32 consolidated levy rate for each property unit, as certified
33 by the county auditor to the department under section 426C.3,
34 subsection 6, the department shall calculate, for each
35 fiscal year, an initial amount of actual value of permanent

1 improvements for use in determining the amount of the credit
2 for each such parcel or property unit so as to provide the
3 maximum possible credit according to the credit formula and
4 limitations under subsection 3, and to provide a total dollar
5 amount of credits against the taxes due and payable in the
6 fiscal year equal to ninety-eight percent of the moneys in the
7 fund following the deposit of the appropriation for the fiscal
8 year.

9 3. *a.* The amount of the credit for each parcel or property
10 unit for which a claim for credit under this chapter has been
11 approved shall be calculated under paragraph "b" using the
12 lesser of the initial amount of actual value of the permanent
13 improvements determined by the department under subsection
14 2, and the actual value of the permanent improvements to the
15 parcel or property unit as certified by the county auditor
16 under section 426C.3, subsection 6.

17 *b.* The amount of the credit for each parcel or property
18 unit for which a claim for credit under this chapter has
19 been approved shall be equal to the amount of actual value
20 determined under paragraph "a" multiplied by the difference,
21 stated as a percentage, between the assessment limitation
22 applicable to the parcel or property unit under section 441.21,
23 subsection 5, and the assessment limitation applicable to
24 residential property under section 441.21, subsection 4,
25 divided by one thousand dollars, and then multiplied by the
26 consolidated levy rate or average consolidated levy rate for
27 one thousand dollars of taxable value applicable to the parcel
28 or property unit for the fiscal year for which the credit
29 is claimed as certified by the county auditor under section
30 426C.3, subsection 6.

31 Sec. 50. NEW SECTION. 426C.5 Payment to counties.

32 1. Annually the department shall certify to the county
33 auditor of each county the amounts of the business property
34 tax credits allowed in the county. Each county auditor shall
35 then enter the credits against the tax levied on each eligible

1 parcel or property unit in the county, designating on the tax
2 lists the credit as being from the fund. Each taxing district
3 shall receive its share of the business property tax credit
4 allowed on each eligible parcel or property unit in such taxing
5 district, in the proportion that the levy made by such taxing
6 district upon the parcel or property unit bears to the total
7 levy upon the parcel or property unit by all taxing districts
8 imposing a property tax in such taxing district. However, the
9 several taxing districts shall not draw the moneys so credited
10 until after the semiannual allocations have been received by
11 the county treasurer, as provided in this section. Each county
12 treasurer shall show on each tax receipt the amount of credit
13 received from the fund.

14 2. The director of the department of administrative
15 services shall issue warrants on the fund payable to the county
16 treasurers of the several counties of the state under this
17 chapter.

18 3. The amount due each county shall be paid in two payments
19 on November 15 and March 15 of each fiscal year, drawn upon
20 warrants payable to the respective county treasurers. The two
21 payments shall be as nearly equal as possible.

22 Sec. 51. NEW SECTION. **426C.6 Appeals.**

23 1. If the board of supervisors disallows a claim for credit
24 under section 426C.3, subsection 5, the board of supervisors
25 shall send written notice, by mail, to the claimant at the
26 claimant's last known address. The notice shall state the
27 reasons for disallowing the claim for the credit. The board
28 of supervisors is not required to send notice that a claim for
29 credit is disallowed if the claimant voluntarily withdraws the
30 claim. Any person whose claim is denied under the provisions
31 of this chapter may appeal from the action of the board of
32 supervisors to the district court of the county in which the
33 parcel or property unit is located by giving written notice
34 of such appeal to the county auditor within twenty days from
35 the date of mailing of notice of such action by the board of

1 supervisors.

2 2. If any claim for credit has been denied by the board
3 of supervisors, and such action is subsequently reversed on
4 appeal, the credit shall be allowed on the applicable parcel
5 or property unit, and the director of revenue, the county
6 auditor, and the county treasurer shall provide the credit and
7 change their books and records accordingly. In the event the
8 appealing taxpayer has paid one or both of the installments of
9 the tax payable in the year or years in question, remittance
10 shall be made to such taxpayer of the amount of such credit.
11 The amount of such credit awarded on appeal shall be allocated
12 and paid from the balance remaining in the fund.

13 Sec. 52. NEW SECTION. 426C.7 Audit — denial.

14 1. If on the audit of a credit provided under this chapter,
15 the director of revenue determines the amount of the credit
16 to have been incorrectly calculated or that the credit is
17 not allowable, the director shall recalculate the credit and
18 notify the taxpayer and the county auditor of the recalculation
19 or denial and the reasons for it. The director shall not
20 adjust a credit after three years from October 31 of the year
21 in which the claim for the credit was filed. If the credit
22 has been paid, the director shall give notification to the
23 taxpayer, the county treasurer, and the applicable assessor
24 of the recalculation or denial of the credit and the county
25 treasurer shall proceed to collect the tax owed in the same
26 manner as other property taxes due and payable are collected,
27 if the parcel or property unit for which the credit was allowed
28 is still owned by the taxpayer. If the parcel or property unit
29 for which the credit was allowed is not owned by the taxpayer,
30 the amount may be recovered from the taxpayer by assessment in
31 the same manner that income taxes are assessed under sections
32 422.26 and 422.30. The amount of such erroneous credit, when
33 collected, shall be deposited in the fund.

34 2. The taxpayer or board of supervisors may appeal any
35 decision of the director of revenue to the state board of tax

1 review pursuant to section 421.1, subsection 5. The taxpayer,
2 the board of supervisors, or the director of revenue may seek
3 judicial review of the action of the state board of tax review
4 in accordance with chapter 17A.

5 Sec. 53. NEW SECTION. **426C.8 False claim — penalty.**

6 A person who makes a false claim for the purpose of obtaining
7 a credit provided for in this chapter or who knowingly receives
8 the credit without being legally entitled to it is guilty of a
9 fraudulent practice. The claim for a credit of such a person
10 shall be disallowed and if the credit has been paid the amount
11 shall be recovered in the manner provided in section 426C.7.
12 In such cases, the director of revenue shall send a notice of
13 disallowance of the credit.

14 Sec. 54. NEW SECTION. **426C.9 Rules.**

15 The director of revenue shall prescribe forms, instructions,
16 and rules pursuant to chapter 17A, as necessary, to carry out
17 the purposes of this chapter.

18 Sec. 55. **APPLICABILITY.** This division of this Act applies
19 to property taxes due and payable in fiscal years beginning on
20 or after July 1, 2014.

21 **DIVISION VI**

22 **MULTIRESIDENTIAL PROPERTY CLASSIFICATION**

23 Sec. 56. Section 404.2, subsection 2, paragraph f, Code
24 2011, is amended to read as follows:

25 *f.* A statement specifying whether the revitalization is
26 applicable to none, some, or all of the property assessed as
27 residential, multiresidential, agricultural, commercial, or
28 industrial property within the designated area or a combination
29 thereof and whether the revitalization is for rehabilitation
30 and additions to existing buildings or new construction or
31 both. If revitalization is made applicable only to some
32 property within an assessment classification, the definition of
33 that subset of eligible property must be by uniform criteria
34 which further some planning objective identified in the plan.
35 The city shall state how long it is estimated that the area

1 shall remain a designated revitalization area which time
2 shall be longer than one year from the date of designation
3 and shall state any plan by the city to issue revenue bonds
4 for revitalization projects within the area. For a county, a
5 revitalization area shall include only property which will be
6 used as industrial property, commercial property, ~~commercial~~
7 ~~property consisting of three or more separate living quarters~~
8 ~~with at least seventy-five percent of the space used for~~
9 ~~residential purposes,~~ multiresidential property, or residential
10 property. However, a county shall not provide a tax exemption
11 under this chapter to commercial property, ~~commercial property~~
12 ~~consisting of three or more separate living quarters with at~~
13 ~~least seventy-five percent of the space used for residential~~
14 ~~purposes,~~ multiresidential property, or residential property
15 which is located within the limits of a city.

16 Sec. 57. Section 404.3, subsection 4, Code 2011, is amended
17 to read as follows:

18 4. All qualified real estate assessed as residential
19 property ~~or assessed as commercial property, if the commercial~~
20 ~~property consists of three or more separate living quarters~~
21 ~~with at least seventy-five percent of the space used for~~
22 ~~residential purposes,~~ or assessed as multiresidential property
23 is eligible to receive a one hundred percent exemption from
24 taxation on the actual value added by the improvements. The
25 exemption is for a period of ten years.

26 Sec. 58. Section 441.21, subsection 8, paragraph b, Code
27 Supplement 2011, is amended to read as follows:

28 *b.* Notwithstanding paragraph "a", any construction or
29 installation of a solar energy system on property classified
30 as agricultural, residential, commercial, multiresidential, or
31 industrial property shall not increase the actual, assessed,
32 and taxable values of the property for five full assessment
33 years.

34 Sec. 59. Section 441.21, subsections 9 and 10, Code
35 Supplement 2011, are amended to read as follows:

1 9. Not later than November 1, 1979, and November 1 of each
2 subsequent year, the director shall certify to the county
3 auditor of each county the percentages of actual value at
4 which residential property, agricultural property, commercial
5 property, industrial property, multiresidential property,
6 and property valued by the department of revenue pursuant
7 to chapters 428, 433, 434, 437, and 438 in each assessing
8 jurisdiction in the county shall be assessed for taxation. The
9 county auditor shall proceed to determine the assessed values
10 of agricultural property, residential property, commercial
11 property, industrial property, multiresidential property,
12 and property valued by the department of revenue pursuant
13 to chapters 428, 433, 434, 437, and 438 by applying such
14 percentages to the current actual value of such property,
15 as reported to the county auditor by the assessor, and the
16 assessed values so determined shall be the taxable values of
17 such properties upon which the levy shall be made.

18 10. The percentage of actual value computed by the
19 director for agricultural property, residential property,
20 commercial property, industrial property, multiresidential
21 property, and property valued by the department of revenue
22 pursuant to chapters 428, 433, 434, 437, and 438 and used to
23 determine assessed values of those classes of property does not
24 constitute a rule as defined in section 17A.2, subsection 11.

25 Sec. 60. Section 441.21, Code Supplement 2011, is amended by
26 adding the following new subsection:

27 NEW SUBSECTION. 13. a. Beginning with valuations
28 established on or after January 1, 2013, mobile home parks,
29 manufactured home communities, land-leased communities,
30 assisted living facilities, and that portion of a building
31 that is used for human habitation and a proportionate share
32 of the land upon which the building or structure is situated,
33 even if the use for human habitation is not the primary use
34 of the building, and regardless of the number of dwelling
35 units located in the building, and not otherwise classified

1 as residential property, shall be valued as a separate class
2 of property known as multiresidential property and, excluding
3 properties referred to in section 427A.1, subsection 8, shall
4 be assessed at a percentage of its actual value, as determined
5 in this subsection. For valuations established for the
6 assessment year beginning January 1, 2013, the percentage
7 of actual value as equalized by the director of revenue as
8 provided in section 441.49 at which multiresidential property
9 shall be assessed shall be ninety percent. For valuations
10 established for the assessment year beginning January 1, 2014,
11 the percentage of actual value as equalized by the director of
12 revenue as provided in section 441.49 at which multiresidential
13 property shall be assessed shall be eighty percent. For
14 valuations established for the assessment year beginning
15 January 1, 2015, the percentage of actual value as equalized by
16 the director of revenue as provided in section 441.49 at which
17 multiresidential property shall be assessed shall be seventy
18 percent. For valuations established for the assessment year
19 beginning January 1, 2016, the percentage of actual value as
20 equalized by the director of revenue as provided in section
21 441.49 at which multiresidential property shall be assessed
22 shall be sixty percent. For valuations established for the
23 assessment year beginning January 1, 2017, and each assessment
24 year thereafter, the percentage of actual value as equalized by
25 the director of revenue as provided in section 441.49 at which
26 multiresidential property shall be assessed shall be equal to
27 the percentage of actual value at which property assessed as
28 residential property is assessed under subsection 4 for the
29 same assessment year.

30 *b.* Accordingly, the assessor may assign more than one
31 classification to a parcel of property that, in part, satisfies
32 the requirements of this subsection. In no case, however,
33 shall a hotel, motel, inn, or other building where rooms or
34 dwelling units are usually rented for less than one month be
35 classified as multiresidential property under this subsection.

1 c. As used in this subsection:

2 (1) "*Assisted living facility*" means property for providing
3 assisted living as defined in section 231C.2.

4 (2) "*Dwelling unit*" means an apartment, group of rooms,
5 or single room which is occupied as separate living quarters
6 or, if vacant, is intended for occupancy as separate living
7 quarters, in which a tenant can live and sleep separately from
8 any other persons in the building.

9 (3) "*Land-leased community*" means the same as defined in
10 sections 335.30A and 414.28A.

11 (4) "*Manufactured home community*" means the same as a
12 land-leased community.

13 (5) "*Mobile home park*" means the same as defined in section
14 435.1.

15 Sec. 61. Section 558.46, subsection 5, Code 2011, is amended
16 to read as follows:

17 5. For the purposes of this section, "*residential property*"
18 includes ~~commercial~~ multiresidential property as defined in
19 section 441.21, subsection 13, consisting of three or more
20 separate living quarters with at least seventy-five percent of
21 the space used for residential purposes.

22 EXPLANATION

23 This bill relates to taxation and local government budgets
24 by providing for an increase in the amount of the earned
25 income tax credit, establishing and modifying property
26 assessment limitations, providing for certain property tax
27 replacement payments, modifying the assessment and taxation
28 of telecommunications company property, establishing budget
29 limitations for counties and cities, modifying certain
30 reporting requirements, establishing a property tax credit
31 for certain commercial, industrial, and railway property, and
32 classifying certain property as multiresidential property.

33 Division I of the bill increases the amount of the state
34 earned income tax credit. Currently, the credit is equal to
35 7 percent of the amount of a taxpayer's federal earned income

1 tax credit. The bill increases the amount of the credit to 10
2 percent.

3 Division I of the bill applies retroactively to January 1,
4 2012, for tax years beginning on or after that date.

5 Division II of the bill changes the property tax assessment
6 limitation percentage for residential property and agricultural
7 property from 4 percent to 3 percent for assessment years
8 beginning on or after January 1, 2013.

9 Division II of the bill strikes the methodology in Code
10 section 441.21(5) currently used to determine the percentage
11 of actual value at which commercial property and industrial
12 property are assessed for property tax purposes. The bill
13 provides that for valuations established for the assessment
14 year beginning January 1, 2013, the percentage of actual value
15 at which commercial and industrial property are assessed is
16 98 percent. For the assessment year beginning January 1,
17 2014, the percentage of actual value at which commercial and
18 industrial property are assessed is 96 percent. For the
19 assessment year beginning January 1, 2015, the percentage of
20 actual value at which commercial and industrial property are
21 assessed is 94 percent. For the assessment year beginning
22 January 1, 2016, the percentage of actual value at which
23 commercial and industrial property are assessed is 92 percent.
24 For assessment years beginning on or after January 1, 2017, the
25 percentage of actual value at which commercial and industrial
26 property are assessed is 90 percent.

27 Division II provides that for valuations established on
28 or after January 1, 2013, property valued by the department
29 of revenue pursuant to Code chapter 434 (railway property)
30 is assessed at a percentage of its actual value equal to the
31 percentage of actual value at which commercial property is
32 assessed for the same assessment year.

33 Division II creates a commercial and industrial property tax
34 replacement fund in new Code section 441.21A under the control
35 of the department of revenue. For the fiscal year beginning

1 July 1, 2014, there is appropriated from the general fund of
2 the state to the department of revenue to be credited to the
3 fund an amount necessary to pay all commercial and industrial
4 property tax replacement claims for the fiscal year, not to
5 exceed \$28 million. For the fiscal year beginning July 1,
6 2015, there is appropriated from the general fund of the state
7 to the department of revenue to be credited to the fund an
8 amount necessary to pay all commercial and industrial property
9 tax replacement claims for the fiscal year, not to exceed \$56
10 million. For the fiscal year beginning July 1, 2016, there
11 is appropriated from the general fund of the state to the
12 department of revenue to be credited to the fund an amount
13 necessary to pay all commercial and industrial property tax
14 replacement claims for the fiscal year, not to exceed \$84
15 million. For the fiscal year beginning July 1, 2017, there
16 is appropriated from the general fund of the state to the
17 department of revenue to be credited to the fund an amount
18 necessary to pay all commercial and industrial property tax
19 replacement claims for the fiscal year, not to exceed \$112
20 million. For the fiscal year beginning July 1, 2018, and each
21 fiscal year thereafter, there is appropriated from the general
22 fund of the state to the department of revenue to be credited
23 to the fund an amount necessary to pay all commercial and
24 industrial property tax replacement claims for the fiscal year,
25 not to exceed \$140 million.

26 Division II provides that beginning with the fiscal year
27 starting July 1, 2014, moneys appropriated to the commercial
28 and industrial property tax replacement fund are for the
29 payment of commercial and industrial property tax replacement
30 claims. The bill provides that if an amount appropriated for
31 a fiscal year is insufficient to pay all replacement claims,
32 the director of revenue shall prorate the disbursements from
33 the fund to the county treasurers and shall notify the county
34 auditors of the pro rata percentage on or before September 30.
35 Any unspent balance as of June 30 of each year shall revert to

1 the general fund of the state as provided in Code section 8.33.
2 Division II requires the assessor to determine, on or
3 before July 1 of each fiscal year beginning on or after July
4 1, 2014, the total assessed value of all commercial property,
5 industrial property, and property assessed by the department
6 of revenue under Code chapter 434 (railway) for taxes due
7 and payable in that fiscal year and the total assessed value
8 of all such property assessed as of January 1, 2012, and to
9 report those valuations to the county auditor. On or before
10 September 1, the county auditor prepares a statement, based
11 upon the report listing for each taxing district in the county
12 the assessed values of such property located in the taxing
13 district for specified assessment years, the tax levy rate for
14 each taxing district, and the property tax replacement claim
15 for each taxing district. The replacement claim is equal to
16 the difference between the assessed valuation of all such
17 property located in the taxing district and assessed for the
18 applicable assessment year and the total assessed value of all
19 such property located in the taxing district and assessed as
20 of January 1, 2012, multiplied by the tax rate specified for
21 the taxing district. If the January 1, 2012, assessment amount
22 is less, there is no replacement claim for the taxing district
23 for that year.

24 Replacement claims are paid to each county treasurer in
25 equal installments in September and March of each year. The
26 county treasurer apportions the replacement claim payments
27 among the eligible taxing districts in the county.

28 Division II of the bill defines a tax increment financing
29 district in an urban renewal area as a taxing district for
30 purposes of allocation of replacement moneys and provides for
31 the method of allocation in those districts.

32 Division II, pursuant to Code section 4.13, does not affect
33 the application of prior provisions of Code section 441.21 to
34 assessment years beginning before January 1, 2013.

35 Division II of the bill applies to assessment years

1 beginning on or after January 1, 2013.

2 Division III of the bill relates to the manner in which the
3 property of telecommunications companies is assessed and taxed.

4 The assessment provisions of current Code section
5 433.4 provide that in ascertaining the actual value of
6 telecommunications company property the director of revenue
7 shall include all property of every kind and character
8 whatsoever, real, personal, or mixed, used by the company in
9 the transaction of telegraph and telephone business.

10 Division III of the bill strikes the provisions that
11 included all kinds and character of property in the
12 determination of actual value of a company's property.
13 Instead, the bill provides that for assessment years beginning
14 on or after January 1, 2013, a company's property, excluding
15 central office equipment, transmission equipment, qualified
16 telephone company property, and intangible property, all
17 as defined in the bill, shall be subject to assessment and
18 taxation under Code chapter 433 by the director of revenue in
19 the same manner as property assessed and taxed as commercial
20 property. The bill provides, however, that for assessment
21 years beginning on or after January 1, 2013, but before January
22 1, 2018, the director of revenue shall include as part of the
23 actual value so determined for that assessment year a specified
24 amount of actual value of the company's qualified telephone
25 company property. The bill defines "qualified telephone
26 company property" as telephone wire, telephone cable, fiber
27 optic cable, conduit systems, poles, or other equipment owned
28 or leased by a company and used by the company to transmit
29 sound or data.

30 Division III of the bill strikes a provision in Code section
31 476.1D that allowed certain specified long-distance telephone
32 company property to be assessed for taxation as commercial
33 property by the local assessor.

34 Except for the section of division III of the bill amending
35 Code section 476.1D, division III of the bill takes effect

1 July 1, 2012, and applies to assessment years beginning on or
2 after January 1, 2013. The section of division III of the bill
3 amending Code section 476.1D takes effect July 1, 2017, and
4 applies to assessment years beginning on or after January 1,
5 2018.

6 Division III, pursuant to Code section 4.13, does not
7 affect the application of Code chapter 433 to assessment years
8 beginning before January 1, 2013.

9 Division IV of the bill removes the property tax levy rate
10 limitations on the general and rural funds for counties and on
11 the general fund for cities and substitutes a limitation on the
12 maximum amount of property tax dollars that may be certified
13 for expenditure by a county or city for fiscal years beginning
14 on or after July 1, 2013. For the fiscal year beginning July
15 1, 2013, and subsequent fiscal years, the maximum amount of
16 property tax dollars which may be certified for levy shall be
17 an amount equal to the sum of the current fiscal year's total
18 property tax dollars certified by the county multiplied by the
19 annual growth factor, as defined in the bill, and the amount of
20 net new valuation taxes, as defined in the bill.

21 Division IV also allows counties and cities to certify
22 additions to the maximum amount of property tax dollars to be
23 levied for a period of time not to exceed two years if the
24 proposition has been approved at a special election. The bill
25 specifies the notice and election requirements for such a
26 proposition. The bill specifies that such amounts approved at
27 special election are not to be included in the computation of
28 the maximum amount of property tax dollars for future budget
29 years.

30 Division IV of the bill specifies certain requirements
31 for ending fund balances for counties and cities. The bill
32 provides that budgeted ending fund balances in certain
33 specified funds for a budget year in excess of 25 percent
34 of budgeted expenditures shall be explicitly reserved or
35 designated for a specific purpose.

1 Under the bill, counties and cities are encouraged, but not
2 required, to reduce ending fund balances for the budget year
3 to an amount equal to approximately 25 percent of budgeted
4 expenditures and certain transfers for that budget year
5 unless a decision is certified by the state appeal board
6 ordering a reduction in the ending fund balance of any of those
7 funds. The county or city, as applicable, has the burden of
8 proving that the budgeted balances in excess of 25 percent
9 are reasonably likely to be appropriated for the explicitly
10 reserved or designated specific purpose.

11 Division IV of the bill also allows for additional property
12 taxes to be levied in certain fiscal years for those counties
13 or cities that have, as of June 30, 2012, reduced their
14 actual ending fund balance to less than 25 percent of actual
15 expenditures. Such additional property tax dollars authorized
16 but not levied may be carried forward as unused ending
17 fund balance taxing authority until and for the fiscal year
18 beginning July 1, 2018. However, the amount carried forward
19 shall not exceed 25 percent of the maximum amount of property
20 tax dollars available in the current fiscal year. The amount
21 of such additional property taxes levied shall not, however, be
22 included in the computation of the maximum amount of property
23 tax dollars which may be certified and levied in future budget
24 years.

25 Division IV also makes conforming amendments to other
26 provisions of the Code.

27 Division IV strikes language relating to the duties of the
28 county finance committee and the city finance committee to
29 determine criteria for reporting of certain indebtedness and
30 strikes language requiring the department of management to make
31 such information available by electronic means.

32 Division IV applies to fiscal years beginning on or after
33 July 1, 2013.

34 Division V of the bill creates a business property tax credit
35 under new Code chapter 426C for property taxes due and payable

1 in fiscal years beginning on or after July 1, 2014.

2 Division V of the bill establishes a business property
3 tax credit fund. For the fiscal year beginning July 1,
4 2014, the bill appropriates from the general fund of the
5 state to the department of revenue for deposit in the fund,
6 \$24 million. For the fiscal year beginning July 1, 2015,
7 the bill appropriates from the general fund of the state
8 to the department of revenue for deposit in the fund, \$48
9 million. For the fiscal year beginning July 1, 2016, the
10 bill appropriates from the general fund of the state to
11 the department of revenue to be credited to the fund, \$72
12 million. For the fiscal year beginning July 1, 2017, the
13 bill appropriates from the general fund of the state to the
14 department of revenue to be credited to the fund, \$96 million.
15 For the fiscal year beginning July 1, 2018, and each fiscal
16 year thereafter, the bill appropriates from the general fund
17 of the state to the department of revenue to be credited to the
18 fund, \$120 million. Under the bill, interest or earnings on
19 moneys deposited in the fund are credited to the fund, moneys
20 in the fund are not subject to the provisions of Code section
21 8.33, and moneys in the fund shall not be transferred, used,
22 obligated, appropriated, or otherwise encumbered except as
23 provided in new Code chapter 426C.

24 Division V of the bill provides that each person who wishes
25 to claim a business property tax credit shall obtain the
26 appropriate forms from the assessor and file the claim with the
27 assessor. The director of revenue is required to prescribe
28 suitable forms and instructions for such claims, and make
29 such forms and instructions available to the assessors. The
30 assessor is required to remit the claims for credit to the
31 county auditor with the assessor's recommendation for allowance
32 or disallowance. If the assessor recommends disallowance
33 of a claim, the assessor shall submit the reasons for the
34 recommendation, in writing, to the county auditor. The county
35 auditor then forwards the claims to the board of supervisors.

1 The board is required to allow or disallow the claims. If
2 the board of supervisors disallows a claim for a credit, the
3 board of supervisors is required to send written notice, by
4 mail, to the claimant and the notice must state the reasons for
5 disallowing the claim for the credit. Any person whose claim
6 for credit is denied may appeal from the action of the board of
7 supervisors to the district court of the county in which the
8 parcel or property unit is located.

9 Claims for the business property tax credit must be filed
10 not later than March 15 preceding the fiscal year during which
11 the property taxes for which the credit is claimed are due and
12 payable.

13 Upon the filing of a claim and allowance of a business
14 property tax credit, the credit is allowed on the parcel or
15 property unit for successive years without further filing as
16 long as the parcel or property unit satisfies the requirements
17 for the credit. The owner is required to provide written
18 notice to the assessor when the parcel or property unit ceases
19 to qualify for the credit. The bill requires the assessor to
20 maintain a permanent file of current credits and also specifies
21 certain requirements for parcel or property unit owners,
22 assessors, and county recorders when all or a portion of such
23 parcels or property units are sold, transferred, or ownership
24 otherwise changes.

25 Under division V of the bill, each parcel classified and
26 taxed as commercial property, industrial property, or railway
27 property under Code chapter 434, and improved with permanent
28 construction, is eligible for a business property tax credit.
29 A person may claim and receive one credit for each eligible
30 parcel unless the parcel is part of a property unit. The
31 bill defines "property unit" to mean contiguous parcels
32 located within the same county, with the same property tax
33 classification, each containing permanent improvements, owned
34 by the same person, and operated by that person for a common
35 use and purpose. A person may only claim and receive one

1 tax credit for each property unit. A credit approved for a
2 property unit is allocated to the several parcels within the
3 property unit in the proportion that each parcel's property tax
4 liability on permanent improvements bears to the total property
5 tax liability on permanent improvements for the property unit.
6 Only those property units comprised of commercial property,
7 comprised of industrial property, or comprised of railway
8 property under Code chapter 434 are eligible for a credit.

9 Division V of the bill provides that all claims for credit
10 which have been allowed, the actual value of the permanent
11 improvements to the applicable parcels and property units that
12 are subject to assessment and taxation, the consolidated levy
13 rates or average consolidated levy rates for such parcels and
14 property units applicable to the fiscal year for which the
15 credit is claimed, and the taxing districts in which each
16 parcel or property unit is located, shall be certified on or
17 before June 30, in each year, by the county auditor to the
18 department of revenue.

19 Division V of the bill provides that using the actual value
20 of the permanent improvements and the consolidated levy rate
21 or average consolidated levy rate for each parcel or property
22 unit, as certified by the county auditor, the department
23 is required to calculate, for each fiscal year, an initial
24 amount of actual value of permanent improvements for use
25 in determining the amount of the credit for each approved
26 parcel or property unit so as to provide the maximum possible
27 credit according to the credit formula and limitations in the
28 bill, and to provide a total dollar amount of credits in the
29 fiscal year equal to 98 percent of the moneys in the business
30 property tax credit fund following the deposit of the total
31 appropriation for the fiscal year.

32 The credit for each parcel or property unit for which a
33 claim for a business property tax credit has been approved
34 is calculated using the lesser of the initial amount of
35 actual value of the permanent improvements determined by

1 the department for the fiscal year and the actual value of
2 permanent improvements to the parcel or property unit as
3 certified to the department of revenue. The amount of the
4 credit for each parcel or property unit is then calculated by
5 multiplying the lesser amount of actual value, so determined,
6 by the difference, stated as a percentage, between the
7 assessment limitation applicable to the parcel or property
8 unit under Code section 441.21(5) (commercial, industrial, and
9 railway property tax rollback) and the assessment limitation
10 applicable to residential property under Code section 441.21(4)
11 (residential property tax rollback), divided by \$1,000, and
12 then multiplied by the consolidated levy rate or average
13 consolidated levy rate for \$1,000 of taxable value applicable
14 to the parcel or property unit for the fiscal year for which
15 the credit is claimed.

16 Division V of the bill specifies the procedures for the
17 payment of the amount of the business property tax credits
18 to the county treasurers and the resulting apportionment to
19 the applicable taxing districts. The bill also specifies the
20 requirements and procedures for an appeal of a denial of a
21 claim for credit, specifies the requirements and procedures
22 for an audit of a business property tax credit allowed, and
23 specifies requirements relating to the collection of property
24 taxes due as the result of an incorrectly calculated or
25 improperly approved credit.

26 Division V of the bill provides that a person who makes a
27 false claim for the purpose of obtaining a business property
28 tax credit or who knowingly receives the credit without being
29 legally entitled to it is guilty of a fraudulent practice and
30 is subject to a criminal penalty.

31 Division V of the bill requires the director of revenue
32 to prescribe forms, instructions, and rules pursuant to Code
33 chapter 17A, as necessary, to carry out the purposes of new
34 Code chapter 426C.

35 Division V of the bill applies to property taxes due and

1 payable in fiscal years beginning on or after July 1, 2014.
2 Division VI of the bill provides that beginning with
3 valuations established for property tax purposes on or
4 after January 1, 2013, mobile home parks, manufactured
5 home communities, land-leased communities, assisted living
6 facilities, and that portion of a building that is used for
7 human habitation and a proportionate share of the land upon
8 which the building or structure is situated, even if the use
9 for human habitation is not the primary use of the building
10 or structure, and regardless of the number of dwelling units
11 located in the building, and not otherwise classified as
12 residential property, shall be valued as a separate class of
13 property known as multiresidential property. For valuations
14 established for the assessment year beginning January 1, 2013,
15 the percentage of actual value at which multiresidential
16 property shall be assessed shall be 90 percent. For valuations
17 established for the assessment year beginning January 1, 2014,
18 the percentage of actual value at which multiresidential
19 property shall be assessed shall be 80 percent. For valuations
20 established for the assessment year beginning January 1, 2015,
21 the percentage of actual value at which multiresidential
22 property shall be assessed shall be 70 percent. For valuations
23 established for the assessment year beginning January 1, 2016,
24 the percentage of actual value at which multiresidential
25 property shall be assessed shall be 60 percent. For valuations
26 established for the assessment year beginning January 1, 2017,
27 and each assessment year thereafter, the percentage of actual
28 value at which multiresidential property shall be assessed
29 shall be equal to the percentage of actual value at which
30 property assessed as residential property is assessed for the
31 same assessment year. An assessor may assign more than one
32 classification to a parcel of property. The bill provides,
33 however, that a hotel, motel, inn, or other building where
34 rooms or dwelling units are usually rented for less than one
35 month shall not be classified as multiresidential property.

H.F. _____

1 Division VI of the bill makes changes to Iowa Code chapters
2 404, 441, and 558 to correspond to the establishment of the
3 multiresidential property classification for property tax
4 purposes.