

Senate File 2319 - Introduced

SENATE FILE 2319

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3046)

A BILL FOR

1 An Act relating to the property tax assessments of certain
2 rental property for low-income and moderate income
3 residents.

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

1 Section 1. Section 441.21, subsection 2, Code Supplement
2 2011, is amended to read as follows:

3 2. In the event market value of the property being assessed
4 cannot be readily established in the foregoing manner, then
5 the assessor may determine the value of the property using the
6 other uniform and recognized appraisal methods including its
7 productive and earning capacity, if any, industrial conditions,
8 its cost, physical and functional depreciation and obsolescence
9 and replacement cost, and all other factors which would assist
10 in determining the fair and reasonable market value of the
11 property but the actual value shall not be determined by use
12 of only one such factor. The following shall not be taken into
13 consideration: Special value or use value of the property to
14 its present owner, and the goodwill or value of a business
15 which uses the property as distinguished from the value of the
16 property as property. However, in assessing property that
17 is rented or leased to low-income individuals and families
18 pursuant to criteria of the HOME investment partnerships
19 program of the federal National Affordable Housing Act of
20 1990 or as authorized by section 42 of the Internal Revenue
21 Code, as amended, and which ~~section~~ limits the amount that the
22 individual or family pays for the rental or lease of units
23 in the property, the assessor shall use the productive and
24 earning capacity from the actual rents received as a method of
25 appraisal and shall take into account the extent to which that
26 use and limitation reduces the market value of the property.
27 The assessor shall not consider any tax credit equity or other
28 subsidized financing as income provided to the property in
29 determining the assessed value. The property owner shall
30 notify the assessor when property is withdrawn from the federal
31 HOME investment partnership program eligibility or section 42
32 eligibility under the Internal Revenue Code. The property
33 shall not be subject to ~~section 42~~ such assessment procedures
34 for the assessment year for which ~~section 42~~ eligibility is
35 withdrawn. This notification must be provided to the assessor

1 no later than March 1 of the assessment year or the owner
2 will be subject to a penalty of five hundred dollars for that
3 assessment year. The penalty shall be collected at the same
4 time and in the same manner as regular property taxes. Upon
5 adoption of uniform rules by the department of revenue or
6 succeeding authority covering assessments and valuations of
7 such properties, the valuation on such properties shall be
8 determined in accordance with such rules and in accordance with
9 forms and guidelines contained in the real property appraisal
10 manual prepared by the department as updated from time to time
11 for assessment purposes to assure uniformity, but such rules,
12 forms, and guidelines shall not be inconsistent with or change
13 the foregoing means of determining the actual, market, taxable,
14 and assessed values.

15 EXPLANATION

16 Under Code section 441.21(2), property that is rented or
17 leased to low-income individuals and families as authorized by
18 section 42 of the Internal Revenue Code and that is limited
19 in the amount that the individual or family pays for the
20 rental or lease, is assessed for property tax purposes based
21 on productive and earning capacity from the actual rents and
22 such assessment takes into account the extent to which that use
23 and limitation reduces the market value of the property. In
24 addition, the assessor is prohibited from considering any tax
25 credit equity or other subsidized financing as income provided
26 to the property in determining the assessed value.

27 This bill requires property that is rented or leased to
28 low-income individuals and families under criteria of the
29 HOME investment partnership program of the federal National
30 Affordable Housing Act of 1990 to be assessed in the same
31 manner as properties under section 42 of the
32 Internal Revenue Code are assessed.