

Senate File 2344 - Introduced

SENATE FILE 2344

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3205)

A BILL FOR

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

11 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~~ fifteen 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

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

4. For valuations established as of January 1, 1979, the percentage of actual value at which agricultural and residential property shall be assessed shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the dividend as determined for each class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, plus six percent of the amount so determined. However, if the difference between the dividend so determined for either class of property and the dividend for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the 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 less than six percent, the 1979 dividend for the
4 other class of property shall be the dividend as determined for
5 that class of property for valuations established as of January
6 1, 1978, adjusted by the product obtained by multiplying
7 the percentage determined for that year by the amount of
8 any additions or deletions to actual value, excluding those
9 resulting from the revaluation of existing properties, as
10 reported by the assessors on the abstracts of assessment for
11 1978, plus a percentage of the amount so determined which is
12 equal to the percentage by which the dividend as determined
13 for the other class of property for valuations established
14 as of January 1, 1978, adjusted by the product obtained by
15 multiplying the percentage determined for that year by the
16 amount of any additions or deletions to actual value, excluding
17 those resulting from the revaluation of existing properties,
18 as reported by the assessors on the abstracts of assessment
19 for 1978, is increased in arriving at the 1979 dividend for
20 the other class of property. The divisor for each class
21 of property shall be the total actual value of all such
22 property in the state in the preceding year, as reported by
23 the assessors on the abstracts of assessment submitted for
24 1978, plus the amount of value added to said total actual
25 value by the revaluation of existing properties in 1979 as
26 equalized by the director of revenue pursuant to section
27 441.49. The director shall utilize information reported on
28 abstracts of assessment submitted pursuant to section 441.45
29 in determining such percentage. For valuations established
30 as of January 1, 1980, and each assessment year thereafter
31 beginning before January 1, 2013, the percentage of actual
32 value as equalized by the director of revenue as provided
33 in section 441.49 at which agricultural and residential
34 property shall be assessed shall be calculated in accordance
35 with the methods provided herein including the limitation of

1 increases in agricultural and residential assessed values to
2 the percentage increase of the other class of property if the
3 other class increases less than the allowable limit adjusted to
4 include the applicable and current values as equalized by the
5 director of revenue, except that any references to six percent
6 in this subsection shall be four percent. For valuations
7 established as of January 1, 2013, and each assessment year
8 thereafter, the percentage of actual value as equalized by the
9 director of revenue as provided in section 441.49 at which
10 agricultural and residential property shall be assessed shall
11 be calculated in accordance with the methods provided herein
12 including the limitation of increases in agricultural and
13 residential assessed values to the percentage increase of the
14 other class of property if the other class increases less
15 than the allowable limit adjusted to include the applicable
16 and current values as equalized by the director of revenue,
17 except that any references to six percent in this subsection
18 shall be three percent. However, for valuations established
19 for the assessment year beginning January 1, 2013, and each
20 assessment year thereafter, if the percentage of actual value
21 at which residential property shall be assessed, as calculated
22 in accordance with the methods provided herein, exceeds sixty
23 percent or is less than fifty percent the director of revenue
24 shall decrease the percentage to sixty percent or increase
25 the percentage to fifty percent, as applicable. For purposes
26 of determining valuations in assessment years beginning on
27 or after January 1, 2014, the percentage for the prior year
28 as determined under this subsection before any increase or
29 decrease by the director of revenue, if necessary, shall be the
30 percentage used in calculating the dividend for that assessment
31 year.

32 Sec. 4. SAVINGS PROVISION. This division of this Act,
33 pursuant to section 4.13, does not affect the operation of,
34 or prohibit the application of, prior provisions of section
35 441.21, or rules adopted under chapter 17A to administer prior

1 provisions of section 441.21, for assessment years beginning
2 before January 1, 2013, and for duties, powers, protests,
3 appeals, proceedings, actions, or remedies attributable to an
4 assessment year beginning before January 1, 2013.

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

7 DIVISION III

8 TELECOMMUNICATIONS PROPERTY TAX

9 Sec. 6. Section 433.4, Code 2011, is amended to read as
10 follows:

11 **433.4 Assessment.**

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

33 2. a. Except as provided in paragraph "c", for assessment
34 years beginning on or after January 1, 2013, a company's
35 property, excluding the property identified in paragraph "b"

1 as exempt from taxation, shall be subject to assessment and
2 taxation under this chapter by the director of revenue in
3 the same manner as property assessed and taxed as commercial
4 property under chapters 427, 427A, 427B, 428, and 441.

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

7 (1) Central office equipment.

8 (2) Qualified telephone company property. However,
9 qualified telephone company property shall be valued and
10 included in the company's assessment for the assessment years,
11 and to the extent specified, in paragraph "c".

12 c. For assessment years beginning on or after January 1,
13 2013, the director of revenue shall include as part of the
14 actual value determined under paragraph "a" for the applicable
15 assessment year, the following:

16 (1) For the assessment year beginning January 1, 2013, an
17 amount equal to the actual value of the company's qualified
18 telephone company property that exceeds four million dollars.

19 (2) For the assessment year beginning January 1, 2014, an
20 amount equal to the actual value of the company's qualified
21 telephone company property that exceeds eight million dollars.

22 (3) For the assessment year beginning January 1, 2015, an
23 amount equal to the actual value of the company's qualified
24 telephone company property that exceeds twelve million dollars.

25 (4) For the assessment year beginning January 1, 2016, an
26 amount equal to the actual value of the company's qualified
27 telephone company property that exceeds sixteen million
28 dollars.

29 (5) For the assessment year beginning January 1, 2017, and
30 each assessment year thereafter, an amount equal to the actual
31 value of the company's qualified telephone company property
32 that exceeds twenty million dollars.

33 Sec. 7. Section 433.12, Code 2011, is amended by adding the
34 following new subsections:

35 NEW SUBSECTION. 1A. As used in this chapter, "central

1 *office equipment* means motor vehicles, aircraft, tools and
2 other work equipment, furniture, office equipment, general
3 purpose computers, central office switching equipment,
4 nondigital switching equipment, digital electronic switching
5 equipment, operator systems, central office transmission
6 equipment, radio systems, circuit equipment, information
7 origination/termination equipment, station apparatus, customer
8 premises wiring, large private branch exchanges, public
9 telephone terminal equipment, and other terminal equipment,
10 within the meaning of the telecommunications companies account
11 provisions of 47 C.F.R. pt. 32, in effect on the effective date
12 of this division of this Act.

13 NEW SUBSECTION. 3. As used in this chapter, "*qualified*
14 *telephone company property*" means poles, aerial cable,
15 underground cable, buried cable, submarine and deep sea cable,
16 intrabuilding network cable, aerial wire, and conduit systems
17 within the meaning of the telecommunications companies account
18 provisions of 47 C.F.R. pt. 32, in effect on the effective date
19 of this division of this Act.

20 Sec. 8. Section 441.21, subsection 5, Code Supplement 2011,
21 is amended to read as follows:

22 5. For valuations established as of January 1, 1979,
23 commercial property and industrial property, excluding
24 properties referred to in section 427A.1, subsection 8, shall
25 be assessed as a percentage of the actual value of each class
26 of property. The percentage shall be determined for each
27 class of property by the director of revenue for the state 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 for each class of property shall be the
32 total actual valuation for each class of property established
33 for 1978, plus six percent of the amount so determined. The
34 divisor for each class of property shall be the valuation
35 for each class of property established for 1978, as reported

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

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

1 the methods provided herein, except that any references to
2 ten percent in this subsection shall be eight percent. For
3 assessment years beginning on or after January 1, 2013, the
4 percentage of actual value at which property valued by the
5 department of revenue pursuant to chapters 428, 433, 437,
6 and 438 shall be assessed shall be calculated using property
7 valuations for the applicable assessment years that include
8 the total value of property exempt from taxation under section
9 433.4, subsection 2, paragraph "b", notwithstanding section
10 433.4, subsection 2, paragraph "c". Beginning with valuations
11 established as of January 1, 1979, and each year thereafter,
12 property valued by the department of revenue pursuant to
13 chapter 434 shall also be assessed at a percentage of its
14 actual value which percentage shall be equal to the percentage
15 determined by the director of revenue for commercial property,
16 industrial property, or property valued by the department of
17 revenue pursuant to chapters 428, 433, 437, and 438, whichever
18 is lowest.

19 Sec. 9. Section 476.1D, subsection 10, Code Supplement
20 2011, is amended by striking the subsection.

21 Sec. 10. PROPERTY TAXATION OF TELECOMMUNICATIONS COMPANIES
22 — REPORT. The department of revenue, in consultation
23 with the department of management, representatives of the
24 telecommunications industry, and other interested stakeholders,
25 shall study the current system of assessing telecommunications
26 property and levying property tax against telecommunications
27 companies and make recommendations for changes. The
28 department of revenue shall prepare and file a report detailing
29 recommendations for changes to the current system of assessing
30 telecommunications property and levying property tax against
31 telecommunications companies. The report shall be filed by the
32 department of revenue with the chairpersons and ranking members
33 of the ways and means committees of the senate and the house
34 of representatives and with the legislative services agency by
35 January 11, 2013.

1 Sec. 11. SAVINGS PROVISION. This division of this Act,
2 pursuant to section 4.13, does not affect the operation of,
3 or prohibit the application of, prior provisions of chapter
4 433, or rules adopted under chapter 17A to administer prior
5 provisions of chapter 433, for assessment years beginning
6 before January 1, 2013, and for duties, powers, protests,
7 appeals, proceedings, actions, or remedies attributable to an
8 assessment year beginning before January 1, 2013.

9 Sec. 12. IMPLEMENTATION. Section 25B.7 shall not apply to
10 this division of this Act.

11 Sec. 13. EFFECTIVE DATE.

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

14 2. The section of this division of this Act amending section
15 476.1D takes effect July 1, 2016.

16 Sec. 14. APPLICABILITY.

17 1. Except as provided in subsection 2, this division of this
18 Act applies to assessment years beginning on or after January
19 1, 2013.

20 2. The section of this division of this Act amending section
21 476.1D applies to assessment years beginning on or after
22 January 1, 2017.

23 DIVISION IV

24 BUSINESS PROPERTY TAX CREDIT

25 Sec. 15. Section 331.512, Code 2011, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 13A. Carry out duties relating to the
28 business property tax credit as provided in chapter 426C.

29 Sec. 16. Section 331.559, Code 2011, is amended by adding
30 the following new subsection:

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

33 Sec. 17. NEW SECTION. 426C.1 Definitions.

34 For the purposes of this chapter, unless the context
35 otherwise requires:

- 1 1. "*Contiguous parcels*" means any of the following:
- 2 a. Parcels that share a common boundary.
- 3 b. Parcels within the same building or structure regardless
- 4 of whether the parcels share a common boundary.
- 5 c. Permanent improvements to the land that are situated
- 6 on one or more parcels of land that are assessed and taxed
- 7 separately from the permanent improvements if the parcels of
- 8 land upon which the permanent improvements are situated share
- 9 a common boundary.
- 10 2. "*Department*" means the department of revenue.
- 11 3. "*Fund*" means the business property tax credit fund
- 12 created in section 426C.2.
- 13 4. "*Parcel*" means as defined in section 445.1.
- 14 5. "*Property unit*" means contiguous parcels all of which
- 15 are located within the same county, with the same property tax
- 16 classification, are owned by the same person, and are operated
- 17 by that person for a common use and purpose.

18 Sec. 18. NEW SECTION. **426C.2 Business property tax credit**

19 **fund — appropriation.**

20 1. A business property tax credit fund is created in the

21 state treasury under the authority of the department. For the

22 fiscal year beginning July 1, 2013, there is appropriated from

23 the general fund of the state to the department to be credited

24 to the fund, the sum of twenty-five million dollars to be used

25 for business property tax credits authorized in this chapter.

26 For the fiscal year beginning July 1, 2014, and each fiscal

27 year thereafter, there is appropriated from the general fund

28 of the state to the department to be credited to the fund an

29 amount equal to the total amount appropriated by the general

30 assembly to the fund in the previous fiscal year. In addition,

31 the sum of twenty-five million dollars shall be added to the

32 appropriation in each fiscal year beginning on or after July

33 1, 2014, if the revenue estimating conference certifies during

34 its final meeting of the calendar year ending prior to the

35 beginning of the fiscal year that the total amount of general

1 fund revenues collected during the fiscal year ending during
2 such calendar year was at least one hundred three percent of
3 the total amount of general fund revenues collected during the
4 previous fiscal year. However, the total appropriation to the
5 fund shall not exceed one hundred twenty-five million dollars
6 for any one fiscal year.

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

13 Sec. 19. NEW SECTION. **426C.3 Claims for credit.**

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

20 2. a. Claims for the business property tax credit shall be
21 filed not later than March 15 preceding the fiscal year during
22 which the taxes for which the credit is claimed are due and
23 payable.

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

26 3. Upon the filing of a claim and allowance of the credit,
27 the credit shall be allowed on the parcel or property unit for
28 successive years without further filing as long as the parcel
29 or property unit satisfies the requirements for the credit. If
30 the parcel or property unit ceases to qualify for the credit
31 under this chapter, the owner shall provide written notice
32 to the assessor by the date for filing claims specified in
33 subsection 2 following the date on which the parcel or property
34 unit ceases to qualify for the credit.

35 4. When all or a portion of a parcel or property unit that

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

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

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

30 7. The assessor shall maintain a permanent file of current
31 business property tax credits. The assessor shall file a
32 notice of transfer of property for which a credit has been
33 allowed when notice is received from the office of the county
34 recorder, from the person who sold or transferred the property,
35 or from the personal representative of a deceased property

1 owner. The county recorder shall give notice to the assessor
2 of each transfer of title filed in the recorder's office. The
3 notice from the county recorder shall describe the property
4 transferred, the name of the person transferring title to the
5 property, and the name of the person to whom title to the
6 property has been transferred.

7 Sec. 20. NEW SECTION. **426C.4 Eligibility and amount of**
8 **credit.**

9 1. Each parcel classified and taxed as commercial property,
10 industrial property, or railway property under chapter 434 is
11 eligible for a credit under this chapter. A person may claim
12 and receive one credit under this chapter for each eligible
13 parcel unless the parcel is part of a property unit. A person
14 may only claim and receive one credit under this chapter for
15 each property unit. A credit approved for a property unit
16 shall be allocated to the several parcels within the property
17 unit in the proportion that each parcel's total amount of
18 property taxes due and payable bears to the total amount of
19 property taxes due and payable on the property unit. Only
20 property units comprised of property assessed as commercial
21 property, industrial property, or railway property under
22 chapter 434 are eligible for a credit under this chapter.
23 However, property that is rented or leased to low-income
24 individuals and families as authorized by section 42 of the
25 Internal Revenue Code, as amended, and that is subject to
26 assessment procedures relating to section 42 property under
27 section 441.21, subsection 2, for the applicable assessment
28 year, shall not be eligible to receive a credit under this
29 chapter or be part of a property unit that receives a credit
30 under this chapter.

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

1 year, an initial amount of actual value for use in determining
2 the amount of the credit for each such parcel or property
3 unit so as to provide the maximum possible credit according
4 to the credit formula and limitations under subsection 3,
5 and to provide a total dollar amount of credits against the
6 taxes due and payable in the fiscal year equal to ninety-eight
7 percent of the moneys in the fund following the deposit of the
8 appropriation for the fiscal 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 determined by the
13 department under subsection 2, and the actual value of the
14 parcel or property unit as certified by the county auditor
15 under section 426C.3, subsection 6.

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

29 **Sec. 21. NEW SECTION. 426C.5 Payment to counties.**

30 1. Annually the department shall certify to the county
31 auditor of each county the amounts of the business property
32 tax credits allowed in the county. Each county auditor shall
33 then enter the credits against the tax levied on each eligible
34 parcel or property unit in the county, designating on the tax
35 lists the credit as being from the fund. Each taxing district

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

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

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

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

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

35 2. If any claim for credit has been denied by the board

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

11 Sec. 23. NEW SECTION. **426C.7 Audit — denial.**

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

32 2. The taxpayer or board of supervisors may appeal any
33 decision of the director of revenue to the state board of tax
34 review pursuant to section 421.1, subsection 5. The taxpayer,
35 the board of supervisors, or the director of revenue may seek

1 judicial review of the action of the state board of tax review
2 in accordance with chapter 17A.

3 Sec. 24. NEW SECTION. **426C.8 False claim — penalty.**

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

12 Sec. 25. NEW SECTION. **426C.9 Rules.**

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

16 Sec. 26. IMPLEMENTATION. Notwithstanding the deadline
17 for filing claims established in section 426C.3, for a credit
18 against property taxes due and payable during the fiscal year
19 beginning July 1, 2013, the claim for the credit shall be filed
20 not later than January 15, 2013.

21 Sec. 27. APPLICABILITY. This division of this Act applies
22 to property taxes due and payable in fiscal years beginning on
23 or after July 1, 2013.

24 DIVISION V

25 ENTERPRISE PROPERTY TAX CREDIT

26 Sec. 28. Section 331.512, Code 2011, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 13B. Carry out duties relating to the
29 enterprise property tax credit as provided in chapter 426D.

30 Sec. 29. Section 331.559, Code 2011, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 14B. Carry out duties relating to the
33 enterprise property tax credit as provided in chapter 426D.

34 Sec. 30. NEW SECTION. **426D.1 Definitions.**

35 For the purposes of this chapter, unless the context

1 otherwise requires:

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

3 2. "*Fund*" means the enterprise property tax credit fund
4 created in section 426D.2.

5 3. "*Parcel*" means as defined in section 445.1.

6 Sec. 31. NEW SECTION. **426D.2 Enterprise property tax credit**
7 **fund — appropriation.**

8 1. An enterprise property tax credit fund is created in the
9 state treasury under the authority of the department. For the
10 fiscal year beginning July 1, 2013, there is appropriated from
11 the general fund of the state to the department to be credited
12 to the fund, the sum of twenty-five million dollars to be used
13 for enterprise property tax credits authorized in this chapter.
14 For the fiscal year beginning July 1, 2014, and each fiscal
15 year thereafter, there is appropriated from the general fund
16 of the state to the department to be credited to the fund an
17 amount equal to the total amount appropriated by the general
18 assembly to the fund in the previous fiscal year. In addition,
19 the sum of twenty-five million dollars shall be added to the
20 appropriation in each fiscal year beginning on or after July
21 1, 2014, if the revenue estimating conference certifies during
22 its final meeting of the calendar year ending prior to the
23 beginning of the fiscal year that the total amount of general
24 fund revenues collected during the fiscal year ending during
25 such calendar year was at least one hundred three percent of
26 the total amount of general fund revenues collected during the
27 previous fiscal year. However, the total appropriation to the
28 fund shall not exceed one hundred twenty-five million dollars
29 for any one fiscal year.

30 2. Notwithstanding section 12C.7, subsection 2, interest or
31 earnings on moneys deposited in the fund shall be credited to
32 the fund. Moneys in the fund are not subject to the provisions
33 of section 8.33 and shall not be transferred, used, obligated,
34 appropriated, or otherwise encumbered except as provided in
35 this chapter.

1 Sec. 32. NEW SECTION. **426D.3 Claims for credit.**

2 1. Each person who wishes to claim the credit allowed
3 under this chapter shall obtain the appropriate forms from the
4 assessor and file the claim with the assessor. The director
5 of revenue shall prescribe suitable forms and instructions for
6 such claims, and make such forms and instructions available to
7 the assessors.

8 2. *a.* Claims for the enterprise property tax credit shall
9 be filed not later than March 15 preceding the fiscal year
10 during which the taxes for which the credit is claimed are due
11 and payable.

12 *b.* A claim filed after the deadline for filing claims shall
13 be considered as a claim for the following year.

14 3. Upon the filing of a claim and allowance of the credit,
15 the credit shall be allowed on the parcel for successive years
16 without further filing as long as the parcel satisfies the
17 requirements for the credit. If the parcel ceases to qualify
18 for the credit under this chapter, the owner shall provide
19 written notice to the assessor by the date for filing claims
20 specified in subsection 2 following the date on which the
21 parcel ceases to qualify for the credit.

22 4. When all or a portion of a parcel that is allowed a
23 credit under this chapter is sold, transferred, or ownership
24 otherwise changes, the buyer, transferee, or new owner who
25 wishes to receive the credit shall refile the claim for credit.
26 In addition, when a portion of a parcel that is allowed a
27 credit under this chapter is sold, transferred, or ownership
28 otherwise changes, the owner of the portion of the parcel for
29 which ownership did not change shall refile the claim for
30 credit.

31 5. The assessor shall remit the claims for credit to the
32 county auditor with the assessor's recommendation for allowance
33 or disallowance. If the assessor recommends disallowance
34 of a claim, the assessor shall submit the reasons for the
35 recommendation, in writing, to the county auditor. The county

1 auditor shall forward the claims to the board of supervisors.

2 The board shall allow or disallow the claims.

3 6. All claims for credit which have been allowed by the
4 board of supervisors, the assessed value of such parcels
5 applicable to the fiscal year for which the credit is claimed,
6 the consolidated levy rates for one thousand dollars of taxable
7 value for such parcels applicable to the fiscal year for which
8 the credit is claimed, and the taxing districts in which the
9 parcel is located, shall be certified on or before June 30, in
10 each year, by the county auditor to the department.

11 7. The assessor shall maintain a permanent file of current
12 enterprise property tax credits. The assessor shall file a
13 notice of transfer of property for which a credit has been
14 allowed when notice is received from the office of the county
15 recorder, from the person who sold or transferred the property,
16 or from the personal representative of a deceased property
17 owner. The county recorder shall give notice to the assessor
18 of each transfer of title filed in the recorder's office. The
19 notice from the county recorder shall describe the property
20 transferred, the name of the person transferring title to the
21 property, and the name of the person to whom title to the
22 property has been transferred.

23 Sec. 33. NEW SECTION. 426D.4 Eligibility and amount of
24 credit.

25 1. Each parcel classified and taxed as commercial property,
26 industrial property, or railway property under chapter 434 is
27 eligible for a credit under this chapter. A person may claim
28 and receive one credit under this chapter for each eligible
29 parcel. Property that is rented or leased to low-income
30 individuals and families as authorized by section 42 of the
31 Internal Revenue Code, as amended, and that is subject to
32 assessment procedures relating to section 42 property under
33 section 441.21, subsection 2, for the applicable assessment
34 year, shall not be eligible to receive a credit under this
35 chapter.

1 2. *a.* The department shall calculate, for each fiscal
2 year, an enterprise property tax credit percentage for use in
3 determining the amount of the credit for each such parcel under
4 subsection 3.

5 *b.* (1) The department shall calculate for each eligible
6 parcel the product of the assessed value of the parcel
7 multiplied by the consolidated levy rate for one thousand
8 dollars of taxable value as certified under section 426D.3,
9 subsection 6, and then divide that product by one thousand
10 dollars. For each eligible parcel that, in addition to the
11 credit under this chapter, receives a business property tax
12 credit under chapter 426C or is part of a property unit that
13 receives a business property tax credit under chapter 426C,
14 the assessed value used in this subparagraph (1) and used in
15 calculating the amount of the credit under subsection 3 shall
16 be adjusted as follows:

17 (a) For a parcel that is not part of a property unit
18 receiving a business property tax credit under chapter 426C
19 for the same fiscal year, the assessed value shall be reduced
20 by the amount of actual value specified under section 426C.4,
21 subsection 3, paragraph "a", for use in calculating the amount
22 of the parcel's business property tax credit.

23 (b) For a parcel that is part of a property unit receiving
24 a business property tax credit under chapter 426C for the
25 same fiscal year, the assessed value shall be reduced by
26 that portion of the amount of value used in calculating the
27 property unit's business property tax credit under section
28 426C.4, subsection 3, paragraph "b", in the same proportion
29 that the parcel's actual value bears to the actual value of the
30 property unit, as those values are certified in section 426C.3,
31 subsection 6.

32 (2) The department shall then calculate the sum of all such
33 amounts calculated under subparagraph (1) for all eligible
34 parcels.

35 *c.* The enterprise property tax credit percentage shall

1 be equal to ninety-eight percent of the moneys in the fund,
2 following the deposit of the appropriation for the fiscal
3 year, divided by the amount calculated under paragraph "b",
4 subparagraph (2).

5 3. The amount of the credit for each parcel for which a
6 claim for credit under this chapter has been approved shall be
7 equal to the parcel's assessed value as certified by the county
8 auditor under section 426D.3, subsection 6, and adjusted under
9 subsection 2, paragraph "b", subparagraph (1), as applicable,
10 multiplied by the percentage calculated under subsection 2,
11 paragraph "c", divided by one thousand dollars, and then
12 multiplied by the consolidated levy rate for one thousand
13 dollars of taxable value applicable to the parcel for the
14 fiscal year for which the credit is claimed as certified by the
15 county auditor under section 426D.3, subsection 6.

16 Sec. 34. NEW SECTION. **426D.5 Payment to counties.**

17 1. Annually the department shall certify to the county
18 auditor of each county the amounts of the enterprise property
19 tax credits allowed in the county. Each county auditor shall
20 then enter the credits against the tax levied on each eligible
21 parcel in the county, designating on the tax lists the credit
22 as being from the fund. Each taxing district shall receive its
23 share of the enterprise property tax credit allowed on each
24 eligible parcel in such taxing district, in the proportion that
25 the levy made by such taxing district upon the parcel bears to
26 the total levy upon the parcel by all taxing districts imposing
27 a property tax in such taxing district. However, the several
28 taxing districts shall not draw the moneys so credited until
29 after the semiannual allocations have been received by the
30 county treasurer, as provided in this section. Each county
31 treasurer shall show on each tax receipt the amount of credit
32 received from the fund.

33 2. The director of the department of administrative
34 services shall issue warrants on the fund payable to the county
35 treasurers of the several counties of the state under this

1 chapter.

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

6 Sec. 35. NEW SECTION. **426D.6 Appeals.**

7 1. If the board of supervisors disallows a claim for credit
8 under section 426D.3, subsection 5, the board of supervisors
9 shall send written notice, by mail, to the claimant at the
10 claimant's last known address. The notice shall state the
11 reasons for disallowing the claim for the credit. The board
12 of supervisors is not required to send notice that a claim for
13 credit is disallowed if the claimant voluntarily withdraws the
14 claim. Any person whose claim is denied under the provisions
15 of this chapter may appeal from the action of the board of
16 supervisors to the district court of the county in which the
17 parcel is located by giving written notice of such appeal to
18 the county auditor within twenty days from the date of mailing
19 of notice of such action by the board of supervisors.

20 2. If any claim for credit has been denied by the board
21 of supervisors, and such action is subsequently reversed on
22 appeal, the credit shall be allowed on the applicable parcel,
23 and the director of revenue, the county auditor, and the county
24 treasurer shall provide the credit and change their books and
25 records accordingly. In the event the appealing taxpayer has
26 paid one or both of the installments of the tax payable in the
27 year or years in question, remittance shall be made to such
28 taxpayer of the amount of such credit. The amount of such
29 credit awarded on appeal shall be allocated and paid from the
30 balance remaining in the fund.

31 Sec. 36. NEW SECTION. **426D.7 Audit — denial.**

32 1. If on the audit of a credit provided under this chapter,
33 the director of revenue determines the amount of the credit
34 to have been incorrectly calculated or that the credit is not
35 allowable, the director shall recalculate the credit and notify

1 the taxpayer and the county auditor of the recalculation or
2 denial and the reasons for it. The director shall not adjust a
3 credit after three years from October 31 of the year in which
4 the claim for the credit was filed. If the credit has been
5 paid, the director shall give notification to the taxpayer,
6 the county treasurer, and the applicable assessor of the
7 recalculation or denial of the credit and the county treasurer
8 shall proceed to collect the tax owed in the same manner as
9 other property taxes due and payable are collected, if the
10 parcel for which the credit was allowed is still owned by the
11 taxpayer. If the parcel for which the credit was allowed is
12 not owned by the taxpayer, the amount may be recovered from the
13 taxpayer by assessment in the same manner that income taxes are
14 assessed under sections 422.26 and 422.30. The amount of such
15 erroneous credit, when collected, shall be deposited in the
16 fund.

17 2. The taxpayer or board of supervisors may appeal any
18 decision of the director of revenue to the state board of tax
19 review pursuant to section 421.1, subsection 5. The taxpayer,
20 the board of supervisors, or the director of revenue may seek
21 judicial review of the action of the state board of tax review
22 in accordance with chapter 17A.

23 Sec. 37. NEW SECTION. **426D.8 False claim — penalty.**

24 A person who makes a false claim for the purpose of obtaining
25 a credit provided for in this chapter or who knowingly receives
26 the credit without being legally entitled to it is guilty of a
27 fraudulent practice. The claim for a credit of such a person
28 shall be disallowed and if the credit has been paid the amount
29 shall be recovered in the manner provided in section 426D.7.
30 In such cases, the director of revenue shall send a notice of
31 disallowance of the credit.

32 Sec. 38. NEW SECTION. **426D.9 Rules.**

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

1 least seventy-five percent of the space used for residential
2 purposes, multiresidential property, or residential property
3 which is located within the limits of a city.

4 Sec. 42. Section 404.3, subsection 4, Code 2011, is amended
5 to read as follows:

6 4. All qualified real estate assessed as residential
7 property, assessed as multiresidential property, or assessed
8 as commercial property, if the commercial property consists
9 of three or more separate living quarters with at least
10 seventy-five percent of the space used for residential
11 purposes, is eligible to receive a one hundred percent
12 exemption from taxation on the actual value added by the
13 improvements. The exemption is for a period of ten years.

14 Sec. 43. Section 441.21, Code Supplement 2011, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 4A. a. (1) Beginning with valuations
17 established on or after January 1, 2013, all of the following,
18 if not otherwise classified as residential property, shall
19 be, subject to the declaration filing requirements of
20 paragraph "b", valued as a separate class of property known as
21 multiresidential property and, excluding properties referred
22 to in section 427A.1, subsection 8, shall be assessed at
23 a percentage of its actual value, as determined in this
24 subsection:

25 (a) Parcels upon which property used for human habitation
26 and owned by a person other than the owner of the parcel is
27 placed, subject to a lease or other agreement with a duration
28 exceeding one month or more.

29 (b) Assisted living facilities.

30 (c) That portion of a building that is used for human
31 habitation and a proportionate share of the land upon which the
32 building is situated, if the land is part of the same parcel as
33 the building, even if the use for human habitation is not the
34 primary use of the building, and regardless of the number of
35 dwelling units located in the building.

1 (2) For valuations established for the assessment year
2 beginning January 1, 2013, the percentage of actual value as
3 equalized by the director of revenue as provided in section
4 441.49 at which multiresidential property shall be assessed
5 shall be ninety-four percent. For valuations established for
6 the assessment year beginning January 1, 2014, the percentage
7 of actual value as equalized by the director of revenue
8 as provided in section 441.49 at which multiresidential
9 property shall be assessed shall be eighty-eight percent.
10 For valuations established for the assessment year beginning
11 January 1, 2015, the percentage of actual value as equalized by
12 the director of revenue as provided in section 441.49 at which
13 multiresidential property shall be assessed shall be eighty-two
14 percent. For valuations established for the assessment year
15 beginning January 1, 2016, the percentage of actual value as
16 equalized by the director of revenue as provided in section
17 441.49 at which multiresidential property shall be assessed
18 shall be seventy-six percent. For valuations established for
19 the assessment year beginning January 1, 2017, the percentage
20 of actual value as equalized by the director of revenue as
21 provided in section 441.49 at which multiresidential property
22 shall be assessed shall be seventy percent. For valuations
23 established for the assessment year beginning January 1, 2018,
24 the percentage of actual value as equalized by the director of
25 revenue as provided in section 441.49 at which multiresidential
26 property shall be assessed shall be sixty-four percent. For
27 valuations established for the assessment year beginning
28 January 1, 2019, and each assessment year thereafter, the
29 percentage of actual value as equalized by the director of
30 revenue as provided in section 441.49 at which multiresidential
31 property shall be assessed shall be equal to the percentage of
32 actual value at which property assessed as residential property
33 is assessed under subsection 4 for the same assessment year.
34 *b.* For assessment years beginning on or after January
35 1, 2013, but before January 1, 2019, the owner of property

1 described in paragraph "a", subparagraph (1), and not excluded
2 under paragraph "c", may file a declaration with the assessor
3 on or before January 15 of the assessment year, requesting
4 that such property be classified as multiresidential property.
5 If the property described in the declaration meets the
6 requirements of paragraph "a", subparagraph (1), and is not
7 excluded under paragraph "c", the assessor shall approve
8 the request in the declaration and classify such property
9 as multiresidential property. If an assessor rejects a
10 declaration request, the property owner may protest such
11 decision to the local board of review under section 441.37,
12 subsection 1, paragraph "a", subparagraph (3). Once approved,
13 a declaration request is irrevocable by the property owner and
14 such property shall be classified as multiresidential property
15 for subsequent assessment years so long as the property meets
16 the requirements of this subsection. For assessment years
17 beginning on or after January 1, 2013, but before January 1,
18 2019, property described in paragraph "a", subparagraph (1),
19 and not excluded under paragraph "c", shall not be classified
20 and valued as multiresidential property unless a declaration
21 filed by the owner has been approved by the assessor. For
22 assessment years beginning on or after January 1, 2019,
23 property described in paragraph "a", subparagraph (1), and not
24 excluded under paragraph "c", shall be classified and valued by
25 the assessor as multiresidential property regardless of whether
26 a declaration was previously filed for the property under this
27 paragraph.

28 c. In no case, however, shall a hotel, motel, inn, or other
29 building where rooms or dwelling units are usually rented for
30 less than one month be classified as multiresidential property
31 under this subsection. In addition, property that is rented
32 or leased to low-income individuals and families as authorized
33 by section 42 of the Internal Revenue Code, as amended, and
34 that is subject to assessment procedures relating to section 42
35 property under section 441.21, subsection 2, for the applicable

1 assessment year, shall not be classified as multiresidential
2 property.

3 *d.* As used in this subsection:

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

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

11 Sec. 44. Section 441.21, subsection 8, paragraph b, Code
12 Supplement 2011, is amended to read as follows:

13 *b.* Notwithstanding paragraph "*a*", any construction or
14 installation of a solar energy system on property classified
15 as agricultural, residential, commercial, multiresidential, or
16 industrial property shall not increase the actual, assessed,
17 and taxable values of the property for five full assessment
18 years.

19 Sec. 45. Section 441.21, subsections 9 and 10, Code
20 Supplement 2011, are amended to read as follows:

21 9. Not later than November 1, 1979, and November 1 of each
22 subsequent year, the director shall certify to the county
23 auditor of each county the percentages of actual value at
24 which residential property, agricultural property, commercial
25 property, industrial property, multiresidential property,
26 and property valued by the department of revenue pursuant
27 to chapters 428, 433, 434, 437, and 438 in each assessing
28 jurisdiction in the county shall be assessed for taxation. The
29 county auditor shall proceed to determine the assessed values
30 of agricultural property, residential property, commercial
31 property, industrial property, multiresidential property,
32 and property valued by the department of revenue pursuant
33 to chapters 428, 433, 434, 437, and 438 by applying such
34 percentages to the current actual value of such property,
35 as reported to the county auditor by the assessor, and the

1 assessed values so determined shall be the taxable values of
2 such properties upon which the levy shall be made.

3 10. The percentage of actual value computed by the
4 director for agricultural property, residential property,
5 commercial property, industrial property, multiresidential
6 property, and property valued by the department of revenue
7 pursuant to chapters 428, 433, 434, 437, and 438 and used to
8 determine assessed values of those classes of property does not
9 constitute a rule as defined in section 17A.2, subsection 11.

10 Sec. 46. Section 558.46, subsection 5, Code 2011, is amended
11 to read as follows:

12 5. For the purposes of this section, "*residential property*"
13 includes commercial property and multiresidential property as
14 defined in section 441.21, consisting of three or more separate
15 living quarters with at least seventy-five percent of the space
16 used for residential purposes.

17 Sec. 47. APPLICABILITY. This division of this Act applies
18 to assessment years beginning on or after January 1, 2013.

19 EXPLANATION

20 This bill relates to state and local taxation by providing
21 for an increase in the amount of the earned income tax credit,
22 establishing and modifying property assessment limitations,
23 modifying the assessment and taxation of telecommunications
24 company property, establishing property tax credits for certain
25 commercial, industrial, and railway property, and establishing
26 a multiresidential property classification.

27 Division I of the bill increases the amount of the state
28 earned income tax credit. Currently, the credit is equal to
29 7 percent of the amount of a taxpayer's federal earned income
30 tax credit. The bill increases the amount of the credit to 15
31 percent.

32 Division I of the bill applies retroactively to January 1,
33 2012, for tax years beginning on or after that date.

34 Division II of the bill changes the property tax assessment
35 limitation percentage for residential property and agricultural

1 property from 4 percent to 3 percent for assessment years
2 beginning on or after January 1, 2013. The bill provides,
3 however, that for valuations established for the assessment
4 year beginning January 1, 2013, and each assessment year
5 thereafter, if the percentage of actual value at which
6 residential property shall be assessed, as calculated in
7 accordance with the assessment limitation provisions, exceeds
8 60 percent or is less than 50 percent, the director of revenue
9 shall decrease the percentage to 60 percent or increase the
10 percentage to 50 percent, as applicable.

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

14 Division II of the bill applies to assessment years
15 beginning on or after January 1, 2013.

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

18 The assessment provisions of current Code section
19 433.4 provide that in ascertaining the actual value of
20 telecommunications company property the director of revenue
21 shall include all property of every kind and character
22 whatsoever, real, personal, or mixed, used by the company in
23 the transaction of telegraph and telephone business.

24 Division III of the bill strikes the provisions that
25 included all kinds and character of property in the
26 determination of actual value of a company's property.
27 Instead, the bill provides that for assessment years beginning
28 on or after January 1, 2013, a company's property, excluding
29 central office equipment and qualified telephone company
30 property, both as defined in the bill, shall be subject to
31 assessment and taxation under Code chapter 433 by the director
32 of revenue in the same manner as property assessed and taxed
33 as commercial property. The bill provides, however, that for
34 assessment years beginning on or after January 1, 2013, the
35 director of revenue shall include as part of the actual value

1 so determined for that assessment year a specified amount of
2 actual value of the company's qualified telephone company
3 property.

4 Division III of the bill also modifies the provision
5 relating to the calculation of the assessment limitation
6 for property valued by the department of revenue pursuant
7 to Code chapters 428, 433, 437, and 438 by specifying that
8 for assessment years beginning on or after January 1, 2013,
9 such assessment limitation shall be calculated using property
10 valuations for the applicable assessment years that include the
11 total value of specified telecommunications company property
12 exempted from taxation under new Code section 433.4(2)(b).

13 Division III of the bill strikes a provision in Code section
14 476.1D that allowed certain specified long-distance telephone
15 company property to be assessed for taxation as commercial
16 property by the local assessor.

17 Division III establishes a study to be facilitated by
18 the department of revenue, in consultation with applicable
19 stakeholders, regarding property tax on telecommunications
20 companies. The department of revenue will study the current
21 system of assessing property and levying property tax
22 for telecommunications companies. A report detailing any
23 recommended changes will be filed with the chairperson and
24 ranking members of the ways and means committees of the senate
25 and the house of representatives and with the legislative
26 services agency by January 11, 2013.

27 Division III of the bill provides that the provisions in
28 Code section 25B.7, relating to the obligation of the state
29 to reimburse local jurisdictions for property tax credits and
30 exemptions, do not apply to the exemption in division III of
31 the bill.

32 Except for the section of division III of the bill amending
33 Code section 476.1D, division III of the bill takes effect
34 July 1, 2012, and applies to assessment years beginning on or
35 after January 1, 2013. The section of division III of the bill

1 amending Code section 476.1D takes effect July 1, 2016, and
2 applies to assessment years beginning on or after January 1,
3 2017.

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

7 Division IV of the bill creates a business property tax
8 credit under new Code chapter 426C for property taxes due and
9 payable in fiscal years beginning on or after July 1, 2013.

10 Division IV of the bill establishes a business property tax
11 credit fund. For the fiscal year beginning July 1, 2013, the
12 bill appropriates from the general fund of the state to the
13 department of revenue for deposit in the fund, \$25 million.
14 For the fiscal year beginning July 1, 2014, and each fiscal
15 year thereafter, the bill appropriates from the general fund
16 of the state to the department of revenue for deposit in the
17 fund an amount equal to the total amount appropriated by the
18 general assembly to the fund in the previous fiscal year. In
19 addition, for fiscal years beginning on or after July 1, 2014,
20 the bill appropriates an additional \$25 million to the fund
21 if the revenue estimating conference certifies that the total
22 amount of general fund revenues has grown by at least 3 percent
23 as compared to the previous fiscal year. The bill provides,
24 however, that the total appropriation to the fund shall not
25 exceed \$125 million in any one fiscal year. Under the bill,
26 interest or earnings on moneys deposited in the fund are
27 credited to the fund, moneys in the fund are not subject to the
28 provisions of Code section 8.33, and moneys in the fund shall
29 not be transferred, used, obligated, appropriated, or otherwise
30 encumbered except as provided in new Code chapter 426C.

31 Division IV of the bill provides that each person who
32 wishes to claim a business property tax credit shall obtain
33 the appropriate forms from the assessor and file the claim
34 with the assessor. The director of revenue is required to
35 prescribe suitable forms and instructions for such claims, and

1 make such forms and instructions available to the assessors.
2 The assessor is required to remit the claims for credit to the
3 county auditor with the assessor's recommendation for allowance
4 or disallowance. If the assessor recommends disallowance
5 of a claim, the assessor shall submit the reasons for the
6 recommendation, in writing, to the county auditor. The county
7 auditor then forwards the claims to the board of supervisors.
8 The board is required to allow or disallow the claims. If
9 the board of supervisors disallows a claim for a credit, the
10 board of supervisors is required to send written notice, by
11 mail, to the claimant and the notice must state the reasons for
12 disallowing the claim for the credit. Any person whose claim
13 for credit is denied may appeal from the action of the board of
14 supervisors to the district court of the county in which the
15 parcel or property unit is located.

16 Claims for the business property tax credit must be filed
17 not later than March 15 preceding the fiscal year during which
18 the property taxes for which the credit is claimed are due
19 and payable. However, the deadline for filing claims against
20 property taxes due and payable in the fiscal year beginning
21 July 1, 2013, is January 15, 2013.

22 Upon the filing of a claim and allowance of a business
23 property tax credit, the credit is allowed on the parcel or
24 property unit for successive years without further filing as
25 long as the parcel or property unit satisfies the requirements
26 for the credit. The owner is required to provide written
27 notice to the assessor when the parcel or property unit ceases
28 to qualify for the credit. The bill requires the assessor to
29 maintain a permanent file of current credits and also specifies
30 certain requirements for parcel or property unit owners,
31 assessors, and county recorders when all or a portion of such
32 parcels or property units are sold, transferred, or ownership
33 otherwise changes.

34 Under division IV of the bill, each parcel classified and
35 taxed as commercial property, industrial property, or railway

1 property under Code chapter 434, is eligible for a business
2 property tax credit. A person may claim and receive one
3 credit for each eligible parcel unless the parcel is part of
4 a property unit. The bill defines "property unit" to mean
5 contiguous parcels located within the same county, with the
6 same property tax classification, owned by the same person, and
7 operated by that person for a common use and purpose. A person
8 may only claim and receive one tax credit for each property
9 unit. A credit approved for a property unit is allocated to
10 the several parcels within the property unit in the proportion
11 that each parcel's property tax liability bears to the total
12 property tax liability for the property unit. Only those
13 property units comprised of commercial property, industrial
14 property, or railway property under Code chapter 434 are
15 eligible for a credit.

16 Division IV provides that property that is rented or leased
17 to low-income individuals and families as authorized by section
18 42 of the Internal Revenue Code, and that is subject to section
19 42 assessment procedures for the applicable assessment year is
20 not eligible for a business property tax credit under new Code
21 chapter 426C.

22 Division IV of the bill provides that all claims for credit
23 which have been allowed, the actual value of the applicable
24 parcels and property units that are subject to assessment and
25 taxation, the consolidated levy rates or average consolidated
26 levy rates for such parcels and property units applicable to
27 the fiscal year for which the credit is claimed, and the taxing
28 districts in which each parcel or property unit is located,
29 shall be certified on or before June 30, in each year, by the
30 county auditor to the department of revenue.

31 Division IV of the bill provides that using the actual value
32 of and the consolidated levy rate or average consolidated levy
33 rate for each parcel or property unit, as certified by the
34 county auditor, the department is required to calculate, for
35 each fiscal year, an initial amount of actual value for use in

1 determining the amount of the credit for each approved parcel
2 or property unit so as to provide the maximum possible credit
3 according to the credit formula and limitations in the bill,
4 and to provide a total dollar amount of credits in the fiscal
5 year equal to 98 percent of the moneys in the business property
6 tax credit fund following the deposit of the appropriation for
7 the fiscal year.

8 The credit for each parcel or property unit for which a
9 claim for a business property tax credit has been approved is
10 calculated using the lesser of the initial amount of actual
11 value determined by the department for the fiscal year and the
12 actual value of the parcel or property unit as certified to
13 the department of revenue. The amount of the credit for each
14 parcel or property unit is then calculated by multiplying the
15 lesser amount of actual value, so determined, by the difference
16 between the assessment limitation percentage applicable to
17 the parcel or property unit under Code section 441.21(5)
18 (commercial, industrial, and railway property tax rollback) and
19 the assessment limitation percentage applicable to residential
20 property under Code section 441.21(4) (residential property
21 tax rollback), divided by \$1,000, and then multiplied by the
22 consolidated levy rate or average consolidated levy rate for
23 \$1,000 of taxable value applicable to the parcel or property
24 unit for the fiscal year for which the credit is claimed.

25 Division IV of the bill specifies the procedures for the
26 payment of the amount of the business property tax credits to
27 the county treasurers and the resulting apportionment to the
28 applicable taxing districts. The division also specifies the
29 requirements and procedures for an appeal of a denial of a
30 claim for credit, specifies the requirements and procedures
31 for an audit of a business property tax credit allowed, and
32 specifies requirements relating to the collection of property
33 taxes due as the result of an incorrectly calculated or
34 improperly approved credit.

35 Division IV of the bill provides that a person who makes a

1 false claim for the purpose of obtaining a business property
2 tax credit or who knowingly receives the credit without being
3 legally entitled to it is guilty of a fraudulent practice and
4 is subject to a criminal penalty.

5 Division IV of the bill requires the director of revenue
6 to prescribe forms, instructions, and rules pursuant to Code
7 chapter 17A, as necessary, to carry out the purposes of new
8 Code chapter 426C.

9 Division IV of the bill applies to property taxes due and
10 payable in fiscal years beginning on or after July 1, 2013.

11 Division V of the bill creates an enterprise property tax
12 credit under new Code chapter 426D for property taxes due and
13 payable in fiscal years beginning on or after July 1, 2013.

14 Division V of the bill establishes an enterprise property
15 tax credit fund. For the fiscal year beginning July 1, 2013,
16 the bill appropriates from the general fund of the state to the
17 department of revenue for deposit in the fund, \$25 million.
18 For the fiscal year beginning July 1, 2014, and each fiscal
19 year thereafter, the bill appropriates from the general fund of
20 the state to the department of revenue for deposit in the fund
21 an amount equal to the total amount appropriated by the general
22 assembly to the fund in the previous fiscal year. In addition,
23 for fiscal years beginning on or after July 1, 2014, the bill
24 appropriates an additional \$25 million to the fund if the
25 revenue estimating conference certifies that the total amount
26 of general fund revenues has grown by at least 3 percent as
27 compared to the previous fiscal year. The division provides,
28 however, that the total appropriation to the fund shall
29 not exceed \$125 million in any one fiscal year. Under the
30 division, interest or earnings on moneys deposited in the fund
31 are credited to the fund, moneys in the fund are not subject
32 to the provisions of Code section 8.33, and moneys in the fund
33 shall not be transferred, used, obligated, appropriated, or
34 otherwise encumbered except as provided in new Code chapter
35 426D.

1 Division V of the bill provides that each person who wishes
2 to claim an enterprise property tax credit shall obtain the
3 appropriate forms from the assessor and file the claim with the
4 assessor. The director of revenue is required to prescribe
5 suitable forms and instructions for such claims, and make
6 such forms and instructions available to the assessors. The
7 assessor is required to remit the claims for credit to the
8 county auditor with the assessor's recommendation for allowance
9 or disallowance. If the assessor recommends disallowance
10 of a claim, the assessor shall submit the reasons for the
11 recommendation, in writing, to the county auditor. The county
12 auditor then forwards the claims to the board of supervisors.
13 The board is required to allow or disallow the claims. If
14 the board of supervisors disallows a claim for a credit, the
15 board of supervisors is required to send written notice, by
16 mail, to the claimant and the notice must state the reasons for
17 disallowing the claim for the credit. Any person whose claim
18 for credit is denied may appeal from the action of the board of
19 supervisors to the district court of the county in which the
20 parcel is located.

21 Claims for the enterprise property tax credit must be filed
22 not later than March 15 preceding the fiscal year during which
23 the property taxes for which the credit is claimed are due
24 and payable. However, the deadline for filing claims against
25 property taxes due and payable in the fiscal year beginning
26 July 1, 2013, is January 15, 2013.

27 Upon the filing of a claim and allowance of an enterprise
28 property tax credit, the credit is allowed on the parcel for
29 successive years without further filing as long as the parcel
30 satisfies the requirements for the credit. The owner is
31 required to provide written notice to the assessor when the
32 parcel ceases to qualify for the credit. The division requires
33 the assessor to maintain a permanent file of current credits
34 and also specifies certain requirements for parcel owners,
35 assessors, and county recorders when all or a portion of such

1 parcels are sold, transferred, or ownership otherwise changes.

2 Under division V of the bill, each parcel classified and
3 taxed as commercial property, industrial property, or railway
4 property under Code chapter 434 is eligible for an enterprise
5 property tax credit. A person may claim and receive one credit
6 for each eligible parcel.

7 Division V provides that property that is rented or leased
8 to low-income individuals or families under section 42 of
9 the Internal Revenue Code, and that is subject to section 42
10 assessment procedures for the applicable assessment year is not
11 eligible for an enterprise property tax credit under new Code
12 chapter 426D.

13 Division V of the bill provides that all claims for credit
14 which have been allowed, the assessed value of the applicable
15 parcels, the consolidated levy rates for such parcels
16 applicable to the fiscal year for which the credit is claimed,
17 and the taxing districts in which each parcel is located, shall
18 be certified on or before June 30, in each year, by the county
19 auditor to the department of revenue.

20 Division V of the bill requires the department of revenue
21 to calculate, for each fiscal year, an enterprise property tax
22 credit percentage for use in determining the amount of the
23 credit for each eligible parcel. The department first must
24 calculate for each eligible parcel the product of the assessed
25 value of the parcel multiplied by the consolidated levy rate
26 per \$1,000 of taxable value as certified under Code section
27 426D.3, and then divide that product by \$1,000. The department
28 then must calculate the sum of all such amounts calculated
29 for all eligible parcels. The enterprise property tax credit
30 percentage shall be equal to 98 percent of the moneys in the
31 enterprise property tax credit fund, following the deposit of
32 the appropriation for the fiscal year, divided by the sum of
33 the amounts determined for each eligible parcel.

34 Division V of the bill provides that the amount of the
35 credit for each eligible parcel shall be equal to the parcel's

1 assessed value as certified by the county auditor multiplied
2 by the enterprise property tax credit percentage, divided by
3 \$1,000, and then multiplied by the consolidated levy rate
4 per \$1,000 of taxable value applicable to the parcel. The
5 bill provides for the adjustment of the assessed value of
6 parcels used in calculating the enterprise property tax credit
7 percentage and the amount of enterprise property tax credit for
8 those parcels also receiving a business property tax credit for
9 the same fiscal year.

10 Division V of the bill specifies the procedures for the
11 payment of the amount of the enterprise property tax credits
12 to the county treasurers and the resulting apportionment to
13 the applicable taxing districts. The bill also specifies the
14 requirements and procedures for an appeal of a denial of a
15 claim for credit, specifies the requirements and procedures
16 for an audit of an enterprise property tax credit allowed,
17 and specifies requirements relating to the collection of
18 property taxes due as the result of an incorrectly calculated
19 or improperly approved credit.

20 Division V of the bill provides that a person who makes a
21 false claim for the purpose of obtaining an enterprise property
22 tax credit or who knowingly receives the credit without being
23 legally entitled to it is guilty of a fraudulent practice and
24 is subject to a criminal penalty.

25 Division V of the bill requires the director of revenue
26 to prescribe forms, instructions, and rules pursuant to Code
27 chapter 17A, as necessary, to carry out the purposes of new
28 Code chapter 426D.

29 Division V of the bill applies to property taxes due and
30 payable in fiscal years beginning on or after July 1, 2013.

31 Division VI of the bill provides that beginning with
32 valuations established for property tax purposes on or
33 after January 1, 2013, all of the following if not otherwise
34 classified as residential property, shall, subject to the
35 declaration filing requirements of the bill, be valued as a

1 separate class of property known as multiresidential property:
2 (1) Parcels upon which property used for human habitation
3 and owned by a person other than the owner of the parcel is
4 placed, subject to a lease or other agreement with a duration
5 exceeding one month or more; (2) Assisted living facilities;
6 and (3) That portion of a building that is used for human
7 habitation and a proportionate share of the land upon which
8 the building or structure is situated, if the land is part of
9 the same parcel as the building, even if the use for human
10 habitation is not the primary use of the building or structure,
11 and regardless of the number of dwelling units located in the
12 building. For valuations established for the assessment year
13 beginning January 1, 2013, the percentage of actual value at
14 which multiresidential property shall be assessed shall be 94
15 percent. For valuations established for the assessment year
16 beginning January 1, 2014, the percentage of actual value at
17 which multiresidential property shall be assessed shall be 88
18 percent. For valuations established for the assessment year
19 beginning January 1, 2015, the percentage of actual value at
20 which multiresidential property shall be assessed shall be 82
21 percent. For valuations established for the assessment year
22 beginning January 1, 2016, the percentage of actual value at
23 which multiresidential property shall be assessed shall be 76
24 percent. For valuations established for the assessment year
25 beginning January 1, 2017, the percentage of actual value at
26 which multiresidential property shall be assessed shall be 70
27 percent. For valuations established for the assessment year
28 beginning January 1, 2018, the percentage of actual value at
29 which multiresidential property shall be assessed shall be 64
30 percent. For valuations established for the assessment year
31 beginning January 1, 2019, and each assessment year thereafter,
32 the percentage of actual value at which multiresidential
33 property shall be assessed shall be equal to the percentage
34 of actual value at which property assessed as residential
35 property is assessed for the same assessment year. The bill

1 provides, however, that a hotel, motel, inn, or other building
2 where rooms or dwelling units are usually rented for less
3 than one month shall not be classified as multiresidential
4 property. The bill also provides that property that is rented
5 or leased to low-income individuals and families as authorized
6 by section 42 of the Internal Revenue Code, as amended, and
7 that is subject to section 42 assessment procedures under Code
8 section 441.21(2), shall not be classified as multiresidential
9 property.

10 For assessment years beginning on or after January 1, 2013,
11 but before January 1, 2019, the owner of property meeting the
12 requirements for the multiresidential property classification
13 may file a declaration with the assessor on or before January
14 15 of the assessment year, requesting that such property be
15 classified as multiresidential property. If the property meets
16 the requirements for multiresidential property, the assessor
17 shall approve the request in the declaration and classify
18 such property as multiresidential property. If an assessor
19 rejects a declaration request, the property owner may protest
20 such decision to the local board of review. Once approved, a
21 declaration request is irrevocable by the property owner and
22 such property shall be classified as multiresidential property
23 for subsequent future assessment years so long as the property
24 meets the requirements for multiresidential property. For
25 assessment years beginning on or after January 1, 2013, but
26 before January 1, 2019, property that meets the requirements
27 for multiresidential property shall not be classified and
28 valued as multiresidential property unless a declaration filed
29 by the owner has been approved by the assessor. For assessment
30 years beginning on or after January 1, 2019, property meeting
31 the requirements of multiresidential property shall be
32 classified and valued by the assessor as multiresidential
33 property regardless of whether a declaration was previously
34 filed for the property.

35 Division VI of the bill makes changes to Iowa Code chapters

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1 404, 441, and 558 to correspond to the establishment of the
2 multiresidential property classification for property tax
3 purposes.

4 Division VI of the bill applies to assessment years
5 beginning on or after January 1, 2013.