

Senate Study Bill 1051 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

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

1 Section 1. Section 427A.1, subsection 1, paragraph h, Code
2 2011, is amended to read as follows:

3 *h.* Property assessed by the department of revenue pursuant
4 to sections 428.24 to 428.29, ~~or chapters 433,~~ chapter 433 if
5 such property was first assessed for taxation in this state
6 before January 1, 1996, or chapters 434, 437, 437A, and 438.

7 Sec. 2. Section 433.4, Code 2011, is amended to read as
8 follows:

9 **433.4 Assessment.**

10 1. The director of revenue shall on or before October 31
11 each year, proceed to find the actual value of the property
12 of these companies in this state, taking into consideration
13 the information obtained from the statements required, and any
14 further information the director can obtain, ~~using the same as~~
15 ~~a means for determining the actual cash value of the property~~
16 ~~of these companies within this state.~~

17 2. The For company property that was first assessed for
18 taxation in this state before January 1, 1996, the director
19 shall also take into consideration the information described
20 in subsection 1 and the valuation of all property of these
21 companies, including franchises and the use of the property
22 in connection with lines outside the state, and making these
23 deductions as may be necessary on account of extra value
24 of property outside the state as compared with the value
25 of property in the state, in order that the actual cash
26 value of the property of the company within this state may
27 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 property so included in the
31 assessment shall not be taxed in any other manner than as
32 provided in this chapter.

33 3. For company property that was first assessed for taxation
34 in this state on or after January 1, 1996, the director shall
35 determine the value of the property within this state as

1 follows:

2 a. For the assessment year beginning January 1, 2014, the
3 value of such property shall equal the sum of the following:

4 (1) Eighty percent of the property's value as determined in
5 the manner provided under subsection 2.

6 (2) Twenty percent of the property's value as determined in
7 the manner provided under paragraph "e".

8 b. For the assessment year beginning January 1, 2015, the
9 value of such property shall equal the sum of the following:

10 (1) Sixty percent of the property's value as determined in
11 the manner provided under subsection 2.

12 (2) Forty percent of the property's value as determined in
13 the manner provided under paragraph "e".

14 c. For the assessment year beginning January 1, 2016, the
15 value of such property shall equal the sum of the following:

16 (1) Forty percent of the property's value as determined in
17 the manner provided under subsection 2.

18 (2) Sixty percent of the property's value as determined in
19 the manner provided under paragraph "e".

20 d. For the assessment year beginning January 1, 2017, the
21 value of such property shall equal the sum of the following:

22 (1) Twenty percent of the property's value as determined in
23 the manner provided under subsection 2.

24 (2) Eighty percent of the property's value as determined in
25 the manner provided under paragraph "e".

26 e. For the assessment year beginning January 1, 2018,
27 and each assessment year thereafter, such property shall be

28 assessed in the same manner as all other property assessed
29 as commercial property by the local assessor under chapters

30 427, 427A, 427B, 428, and 441; provided that such property
31 that is not exempt under subsection 4 or other provision of

32 law shall be valued at an amount no greater than the cost
33 of such property, reduced by accounting depreciation and

34 by any appropriate adjustments for functional and economic
35 obsolescence, and in determining said values the director shall

1 not use any minimum amount or percentage of original cost as
2 the base or minimum value for any item or class of property,
3 regardless of whether the property is still in service.

4 4. Company property that was first assessed for taxation
5 in this state on or after January 1, 1996, shall not be
6 assessed and taxed as real property to the extent it consists
7 of cable, wire, conduit, vaults, switches, or other equipment
8 or fixtures used primarily to provide or facilitate the
9 electronic transmission, conveyance, or routing of voice,
10 data, audio, video, or any other information or signal to a
11 point, or between or among points, regardless of the content
12 or technology utilized and regardless of whether the property
13 would otherwise be considered attached to the real property.

14 Sec. 3. Section 476.1D, subsection 10, unnumbered paragraph
15 2, Code 2011, is amended by striking the unnumbered paragraph.

16 Sec. 4. EFFECTIVE UPON ENACTMENT AND APPLICABILITY.

17 1. Except as provided in subsection 2, this Act takes effect
18 July 1, 2013, and applies to assessment years beginning on or
19 after January 1, 2014.

20 2. The section of this Act amending section 476.1D takes
21 effect July 1, 2017, and applies to assessment years beginning
22 on or after January 1, 2018.

23 EXPLANATION

24 This bill relates to the manner in which telecommunications
25 company property is taxed.

26 The assessment provisions of Code section 433.4
27 currently provide that in ascertaining the actual value of
28 telecommunications company property the director of revenue
29 shall include all property of every kind and character
30 whatsoever, real, personal, or mixed, used by the company in
31 the transaction of telegraph and telephone business.

32 Under the bill, telecommunications company property that was
33 first assessed for taxation before January 1, 1996, continues
34 to be assessed in the manner provided under current Code
35 section 433.4. However, the bill modifies the Code section

1 to provide that the value of a company's property that was
2 first assessed for taxation on or after January 1, 1996, shall,
3 subject to specific restrictions and provisions in the bill, be
4 determined in the same manner as all other property assessed as
5 commercial property by the local assessor.

6 For the assessment year beginning January 1, 2014, and for
7 each assessment year through the assessment year beginning
8 January 1, 2017, the bill provides for the transition from
9 the current assessment methodology in Code section 433.4
10 to the new assessment methodology created in the bill for
11 telecommunications company property that was first assessed for
12 taxation on or after January 1, 1996. The bill then provides
13 that for the assessment year beginning January 1, 2018, and for
14 each assessment year thereafter, all of the telecommunication
15 company's property that was first assessed for taxation on or
16 after January 1, 1996, is assessed using the new assessment
17 methodology created in the bill.

18 Except for the section of the bill amending Code section
19 476.1D, the bill takes effect July 1, 2013, and applies to
20 assessment years beginning on or after January 1, 2014. The
21 section of the bill amending Code section 476.1D takes effect
22 July 1, 2017, and applies to assessment years beginning on or
23 after January 1, 2018.