

Senate Study Bill 1200 - 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 retroactive 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 427B.17, subsection 5, unnumbered paragraph
8 1, Code 2011, is amended to read as follows:

9 This section shall not apply to property assessed by the
10 department of revenue pursuant to sections 428.24 to 428.29, ~~or~~
11 ~~chapters 433,~~ chapter 433 if such property was first assessed
12 for taxation in this state before January 1, 1996, or chapters
13 434, 437, 437A, and 438, and such property shall not receive
14 the benefits of this section.

15 Sec. 3. Section 433.4, Code 2011, is amended to read as
16 follows:

17 **433.4 Assessment.**

18 1. The director of revenue shall on or before October 31
19 each year, proceed to find the actual value of the property
20 of these companies in this state, taking into consideration
21 the information obtained from the statements required, and any
22 further information the director can obtain, ~~using the same as~~
23 ~~a means for determining the actual cash value of the property~~
24 ~~of these companies within this state.~~

25 2. The For property of a company that was first assessed
26 for taxation in this state before January 1, 1996, the director
27 shall also take into consideration the information described
28 in subsection 1 and the valuation of all property of these
29 companies, including franchises and the use of the property
30 in connection with lines outside the state, and making these
31 deductions as may be necessary on account of extra value
32 of property outside the state as compared with the value
33 of property in the state, in order that the actual cash
34 value of the property of the company within this state may
35 be ascertained. The assessment shall include all property

1 of every kind and character whatsoever, real, personal, or
2 mixed, used by the companies in the transaction of telegraph
3 and telephone business; and the property so included in the
4 assessment shall not be taxed in any other manner than as
5 provided in this chapter.

6 3. For property of a company that was first assessed
7 for taxation in this state on or after January 1, 1996, the
8 director shall determine the value of the property of these
9 companies within this state in the same manner as all other
10 property assessed as commercial property by the local assessor
11 under chapters 427, 427A, 427B, 428, and 441.

12 4. Property valued under this section that is not otherwise
13 exempt shall be valued at an amount no greater than the cost
14 of such property, reduced by accounting depreciation and
15 by any appropriate adjustments for functional and economic
16 obsolescence, and in determining said values the director shall
17 not use any minimum amount or percentage of original cost as
18 the base or minimum value for any item or class of property,
19 regardless of whether the property is still in service.

20 Sec. 4. Section 476.1D, subsection 10, unnumbered paragraph
21 2, Code 2011, is amended by striking the unnumbered paragraph.

22 Sec. 5. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
23 APPLICABILITY. This Act, being deemed of immediate importance,
24 takes effect upon enactment and applies retroactively to
25 January 1, 2011, for assessment years beginning on or after
26 that date.

27 EXPLANATION

28 This bill relates to the manner in which telecommunications
29 company property is taxed.

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

1 Under the bill, property of a telecommunications company
2 that was first assessed for taxation before January 1, 1996,
3 continues to be taxed in the manner provided under current Code
4 section 433.4. However, the bill modifies the Code section to
5 provide that the value of a company's property that was first
6 assessed for taxation on or after January 1, 1996, shall be
7 determined in the same manner as all other property assessed as
8 commercial property by the local assessor.

9 The bill also provides that telecommunications company
10 property, regardless of the date it was first assessed, that
11 is not otherwise exempt shall be valued at an amount no
12 greater than the cost of the property reduced by accounting
13 depreciation with appropriate adjustments for functional and
14 economic obsolescence, and that in determining the value the
15 director shall not use any minimum amount or percentage of
16 original cost as the base or minimum value for any item or
17 class of property, regardless of whether the property is still
18 in service.

19 The bill provides that telecommunications company property
20 that was first assessed for taxation on or after January 1,
21 1996, and classified as machinery used in manufacturing,
22 and computers and related equipment, currently not subject
23 to special valuation provisions conferring property tax
24 exempt status, shall be made subject to those provisions and
25 considered either exempt from property taxation or valued at 0
26 percent of their net acquisition cost.

27 The bill takes effect upon enactment and applies
28 retroactively to assessment years beginning on or after January
29 1, 2011.