

Senate Study Bill 3205 - Introduced

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

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 427A.1, subsection 1, paragraph h, Code
10 2011, is amended to read as follows:

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

14 Sec. 7. Section 433.4, Code 2011, is amended to read as
15 follows:

16 **433.4 Assessment.**

17 1. The director of revenue shall on or before October 31
18 each year, proceed to find the actual value of the property
19 of these companies in this state used by the companies in the
20 transaction of telegraph and telephone business, taking into
21 consideration the information obtained from the statements
22 required, and any further information the director can obtain,
23 using the same as a means for determining the actual ~~cash~~ value
24 of the property of these companies within this state. ~~The~~
25 ~~director shall also take into consideration the valuation of~~
26 ~~all property of these companies, including franchises and the~~
27 ~~use of the property in connection with lines outside the state,~~
28 ~~and making these deductions as may be necessary on account of~~
29 ~~extra value of property outside the state as compared with~~
30 ~~the value of property in the state, in order that the actual~~
31 ~~cash value of the property of the company within this state~~
32 ~~may be ascertained. The assessment shall include all property~~
33 ~~of every kind and character whatsoever, real, personal, or~~
34 ~~mixed, used by the companies in the transaction of telegraph~~
35 ~~and telephone business; and the~~ The property so included in

1 the assessment shall not be taxed in any other manner than as
2 provided in this chapter.

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

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

12 (1) Central office equipment.

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

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

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

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

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

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

34 (5) For the assessment year beginning January 1, 2017, and
35 each assessment year thereafter, an amount equal to the actual

1 value of the company's qualified telephone company property
2 that exceeds twenty million dollars.

3 Sec. 8. Section 433.12, Code 2011, is amended by adding the
4 following new subsections:

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

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

25 Sec. 9. Section 441.21, subsection 5, Code Supplement 2011,
26 is amended to read as follows:

27 5. For valuations established as of January 1, 1979,
28 commercial property and industrial property, excluding
29 properties referred to in section 427A.1, subsection 8, shall
30 be assessed as a percentage of the actual value of each class
31 of property. The percentage shall be determined for each
32 class of property by the director of revenue for the state in
33 accordance with the provisions of this section. For valuations
34 established as of January 1, 1979, the percentage shall be
35 the quotient of the dividend and divisor as defined in this

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

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

1 in this subsection shall be four percent. For valuations
2 established as of January 1, 1981, and each year thereafter,
3 the percentage of actual value at which property valued by the
4 department of revenue pursuant to chapters 428, 433, 437, and
5 438 shall be assessed shall be calculated in accordance with
6 the methods provided herein, except that any references to
7 ten percent in this subsection shall be eight percent. For
8 assessment years beginning on or after January 1, 2013, the
9 percentage of actual value at which property valued by the
10 department of revenue pursuant to chapters 428, 433, 437,
11 and 438 shall be assessed shall be calculated using property
12 valuations for the applicable assessment years that include
13 the total value of property exempt from taxation under section
14 433.4, subsection 2, paragraph "b", notwithstanding section
15 433.4, subsection 2, paragraph "c". Beginning with valuations
16 established as of January 1, 1979, and each year thereafter,
17 property valued by the department of revenue pursuant to
18 chapter 434 shall also be assessed at a percentage of its
19 actual value which percentage shall be equal to the percentage
20 determined by the director of revenue for commercial property,
21 industrial property, or property valued by the department of
22 revenue pursuant to chapters 428, 433, 437, and 438, whichever
23 is lowest.

24 Sec. 10. Section 476.1D, subsection 10, Code Supplement
25 2011, is amended by striking the subsection.

26 Sec. 11. PROPERTY TAXATION OF TELECOMMUNICATIONS COMPANIES
27 — REPORT. The department of revenue, in consultation
28 with the department of management, representatives of the
29 telecommunications industry, and other interested stakeholders,
30 shall study the current system of assessing telecommunications
31 property and levying property tax against telecommunications
32 companies and make recommendations for changes. The
33 department of revenue shall prepare and file a report detailing
34 recommendations for changes to the current system of assessing
35 telecommunications property and levying property tax against

1 telecommunications companies. The report shall be filed by the
2 department of revenue with the chairpersons and ranking members
3 of the ways and means committees of the senate and the house
4 of representatives and with the legislative services agency by
5 January 11, 2013.

6 Sec. 12. SAVINGS PROVISION. This division of this Act,
7 pursuant to section 4.13, does not affect the operation of,
8 or prohibit the application of, prior provisions of chapter
9 433, or rules adopted under chapter 17A to administer prior
10 provisions of chapter 433, for assessment years beginning
11 before January 1, 2013, and for duties, powers, protests,
12 appeals, proceedings, actions, or remedies attributable to an
13 assessment year beginning before January 1, 2013.

14 Sec. 13. EFFECTIVE DATE.

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

17 2. The section of this division of this Act amending section
18 476.1D takes effect July 1, 2016.

19 Sec. 14. APPLICABILITY.

20 1. Except as provided in subsection 2, this division of this
21 Act applies to assessment years beginning on or after January
22 1, 2013.

23 2. The section of this division of this Act amending section
24 476.1D applies to assessment years beginning on or after
25 January 1, 2017.

26 DIVISION IV

27 BUSINESS PROPERTY TAX CREDIT

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

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

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

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

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

2 For the purposes of this chapter, unless the context
3 otherwise requires:

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

5 a. Parcels that share a common boundary.

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

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

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

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

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

17 5. "*Property unit*" means contiguous parcels all of which
18 are located within the same county, with the same property tax
19 classification, are owned by the same person, and are operated
20 by that person for a common use and purpose.

21 Sec. 18. NEW SECTION. **426C.2 Business property tax credit**
22 **fund — appropriation.**

23 1. A business property tax credit fund is created in the
24 state treasury under the authority of the department. For the
25 fiscal year beginning July 1, 2013, there is appropriated from
26 the general fund of the state to the department to be credited
27 to the fund, the sum of twenty-five million dollars to be used
28 for business property tax credits authorized in this chapter.
29 For the fiscal year beginning July 1, 2014, and each fiscal
30 year thereafter, there is appropriated from the general fund
31 of the state to the department to be credited to the fund an
32 amount equal to the total amount appropriated by the general
33 assembly to the fund in the previous fiscal year. In addition,
34 the sum of twenty-five million dollars shall be added to the
35 appropriation in each fiscal year beginning on or after July

1 1, 2014, if the revenue estimating conference certifies during
2 its final meeting of the calendar year ending prior to the
3 beginning of the fiscal year that the total amount of general
4 fund revenues collected during the fiscal year ending during
5 such calendar year was at least one hundred three percent of
6 the total amount of general fund revenues collected during the
7 previous fiscal year. However, the total appropriation to the
8 fund shall not exceed one hundred twenty-five million dollars
9 for any one fiscal year.

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

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

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

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

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

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

1 subsection 2 following the date on which the parcel or property
2 unit ceases to qualify for the credit.

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

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

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

33 7. The assessor shall maintain a permanent file of current
34 business property tax credits. The assessor shall file a
35 notice of transfer of property for which a credit has been

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

10 Sec. 20. NEW SECTION. **426C.4 Eligibility and amount of**
11 **credit.**

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

34 2. Using the actual value of each parcel or property unit
35 and the consolidated levy rate for each parcel or the average

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

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

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

32 Sec. 21. NEW SECTION. 426C.5 Payment to counties.

33 1. Annually the department shall certify to the county
34 auditor of each county the amounts of the business property
35 tax credits allowed in the county. Each county auditor shall

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

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

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

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

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

1 the date of mailing of notice of such action by the board of
2 supervisors.

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

14 Sec. 23. NEW SECTION. 426C.7 Audit — denial.

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

35 2. The taxpayer or board of supervisors may appeal any

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

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

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

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

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

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

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

27 DIVISION V

28 ENTERPRISE PROPERTY TAX CREDIT

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

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

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

35 NEW SUBSECTION. 14B. Carry out duties relating to the

1 enterprise property tax credit as provided in chapter 426D.

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

3 For the purposes of this chapter, unless the context
4 otherwise requires:

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

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

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

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

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

33 2. Notwithstanding section 12C.7, subsection 2, interest or
34 earnings on moneys deposited in the fund shall be credited to
35 the fund. Moneys in the fund are not subject to the provisions

1 of section 8.33 and shall not be transferred, used, obligated,
2 appropriated, or otherwise encumbered except as provided in
3 this chapter.

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

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

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

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

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

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

34 5. The assessor shall remit the claims for credit to the
35 county auditor with the assessor's recommendation for allowance

1 or disallowance. If the assessor recommends disallowance
2 of a claim, the assessor shall submit the reasons for the
3 recommendation, in writing, to the county auditor. The county
4 auditor shall forward the claims to the board of supervisors.
5 The board shall allow or disallow the claims.

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

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

26 Sec. 33. NEW SECTION. 426D.4 Eligibility and amount of
27 credit.

28 1. Each parcel classified and taxed as commercial property,
29 industrial property, or railway property under chapter 434 is
30 eligible for a credit under this chapter. A person may claim
31 and receive one credit under this chapter for each eligible
32 parcel. Property that is rented or leased to low-income
33 individuals and families as authorized by section 42 of the
34 Internal Revenue Code, as amended, and that is subject to
35 assessment procedures relating to section 42 property under

1 section 441.21, subsection 2, for the applicable assessment
2 year, shall not be eligible to receive a credit under this
3 chapter.

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

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

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

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

35 (2) The department shall then calculate the sum of all such

1 amounts calculated under subparagraph (1) for all eligible
2 parcels.

3 c. The enterprise property tax credit percentage shall
4 be equal to ninety-eight percent of the moneys in the fund,
5 following the deposit of the appropriation for the fiscal
6 year, divided by the amount calculated under paragraph "b",
7 subparagraph (2).

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

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

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

1 2. The director of the department of administrative
2 services shall issue warrants on the fund payable to the county
3 treasurers of the several counties of the state under this
4 chapter.

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

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

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

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

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

35 1. If on the audit of a credit provided under this chapter,

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

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

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

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

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

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

4 Sec. 39. IMPLEMENTATION. Notwithstanding the deadline
5 for filing claims established in section 426D.3, for a credit
6 against property taxes due and payable during the fiscal year
7 beginning July 1, 2013, the claim for the credit shall be filed
8 not later than January 15, 2013.

9 Sec. 40. APPLICABILITY. This division of this Act applies
10 to property taxes due and payable in fiscal years beginning on
11 or after July 1, 2013.

12 DIVISION VI

13 MULTIRESIDENTIAL PROPERTY CLASSIFICATION

14 Sec. 41. Section 404.2, subsection 2, paragraph f, Code
15 2011, is amended to read as follows:

16 *f.* A statement specifying whether the revitalization is
17 applicable to none, some, or all of the property assessed as
18 residential, multiresidential, agricultural, commercial, or
19 industrial property within the designated area or a combination
20 thereof and whether the revitalization is for rehabilitation
21 and additions to existing buildings or new construction or
22 both. If revitalization is made applicable only to some
23 property within an assessment classification, the definition of
24 that subset of eligible property must be by uniform criteria
25 which further some planning objective identified in the plan.
26 The city shall state how long it is estimated that the area
27 shall remain a designated revitalization area which time
28 shall be longer than one year from the date of designation
29 and shall state any plan by the city to issue revenue bonds
30 for revitalization projects within the area. For a county, a
31 revitalization area shall include only property which will be
32 used as industrial property, commercial property, commercial
33 property consisting of three or more separate living quarters
34 with at least seventy-five percent of the space used for
35 residential purposes, multiresidential property, or residential

1 property. However, a county shall not provide a tax exemption
2 under this chapter to commercial property, commercial property
3 consisting of three or more separate living quarters with at
4 least seventy-five percent of the space used for residential
5 purposes, multiresidential property, or residential property
6 which is located within the limits of a city.

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

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

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

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

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

32 (b) Assisted living facilities.

33 (c) That portion of a building that is used for human
34 habitation and a proportionate share of the land upon which the
35 building is situated, if the land is part of the same parcel as

1 the building, even if the use for human habitation is not the
2 primary use of the building, and regardless of the number of
3 dwelling units located in the building.

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

1 is assessed under subsection 4 for the same assessment year.

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

31 *c.* In no case, however, shall a hotel, motel, inn, or other
32 building where rooms or dwelling units are usually rented for
33 less than one month be classified as multiresidential property
34 under this subsection. In addition, property that is rented
35 or leased to low-income individuals and families as authorized

1 by section 42 of the Internal Revenue Code, as amended, and
2 that is subject to assessment procedures relating to section 42
3 property under section 441.21, subsection 2, for the applicable
4 assessment year, shall not be classified as multiresidential
5 property.

6 *d.* As used in this subsection:

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

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

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

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

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

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

1 to chapters 428, 433, 434, 437, and 438 by applying such
2 percentages to the current actual value of such property,
3 as reported to the county auditor by the assessor, and the
4 assessed values so determined shall be the taxable values of
5 such properties upon which the levy shall be made.

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

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

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

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

22 EXPLANATION

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

30 Division I of the bill increases the amount of the state
31 earned income tax credit. Currently, the credit is equal to
32 7 percent of the amount of a taxpayer's federal earned income
33 tax credit. The bill increases the amount of the credit to 15
34 percent.

35 Division I of the bill applies retroactively to January 1,

1 2012, for tax years beginning on or after that date.

2 Division II of the bill changes the property tax assessment
3 limitation percentage for residential property and agricultural
4 property from 4 percent to 3 percent for assessment years
5 beginning on or after January 1, 2013. The bill provides,
6 however, that for valuations established for the assessment
7 year beginning January 1, 2013, and each assessment year
8 thereafter, if the percentage of actual value at which
9 residential property shall be assessed, as calculated in
10 accordance with the assessment limitation provisions, exceeds
11 60 percent or is less than 50 percent, the director of revenue
12 shall decrease the percentage to 60 percent or increase the
13 percentage to 50 percent, as applicable.

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

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

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

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

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

1 as commercial property. The bill provides, however, that for
2 assessment years beginning on or after January 1, 2013, the
3 director of revenue shall include as part of the actual value
4 so determined for that assessment year a specified amount of
5 actual value of the company's qualified telephone company
6 property.

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

16 Division III of the bill strikes a provision in Code section
17 476.1D that allowed certain specified long-distance telephone
18 company property to be assessed for taxation as commercial
19 property by the local assessor.

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

30 Except for the section of division III of the bill amending
31 Code section 476.1D, division III of the bill takes effect
32 July 1, 2012, and applies to assessment years beginning on or
33 after January 1, 2013. The section of division III of the bill
34 amending Code section 476.1D takes effect July 1, 2016, and
35 applies to assessment years beginning on or after January 1,

1 2017.

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

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

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

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

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

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

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

32 Under division IV of the bill, each parcel classified and
33 taxed as commercial property, industrial property, or railway
34 property under Code chapter 434, is eligible for a business
35 property tax credit. A person may claim and receive one

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

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

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

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

1 according to the credit formula and limitations in the bill,
2 and to provide a total dollar amount of credits in the fiscal
3 year equal to 98 percent of the moneys in the business property
4 tax credit fund following the deposit of the appropriation for
5 the fiscal year.

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

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

33 Division IV of the bill provides that a person who makes a
34 false claim for the purpose of obtaining a business property
35 tax credit or who knowingly receives the credit without being

1 legally entitled to it is guilty of a fraudulent practice and
2 is subject to a criminal penalty.

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

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

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

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

34 Division V of the bill provides that each person who wishes
35 to claim an enterprise property tax credit shall obtain the

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

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

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

35 Under division V of the bill, each parcel classified and

1 taxed as commercial property, industrial property, or railway
2 property under Code chapter 434 is eligible for an enterprise
3 property tax credit. A person may claim and receive one credit
4 for each eligible parcel.

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

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

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

32 Division V of the bill provides that the amount of the
33 credit for each eligible parcel shall be equal to the parcel's
34 assessed value as certified by the county auditor multiplied
35 by the enterprise property tax credit percentage, divided by

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

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

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

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

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

29 Division VI of the bill provides that beginning with
30 valuations established for property tax purposes on or
31 after January 1, 2013, all of the following if not otherwise
32 classified as residential property, shall, subject to the
33 declaration filing requirements of the bill, be valued as a
34 separate class of property known as multiresidential property:
35 (1) Parcels upon which property used for human habitation

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

1 than one month shall not be classified as multiresidential
2 property. The bill also provides that property that is rented
3 or leased to low-income individuals and families as authorized
4 by section 42 of the Internal Revenue Code, as amended, and
5 that is subject to section 42 assessment procedures under Code
6 section 441.21(2), shall not be classified as multiresidential
7 property.

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

33 Division VI of the bill makes changes to Iowa Code chapters
34 404, 441, and 558 to correspond to the establishment of the
35 multiresidential property classification for property tax

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1 purposes.

2 Division VI of the bill applies to assessment years

3 beginning on or after January 1, 2013.