

House Study Bill 223 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

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

1 Section 1. Section 433.4, Code 2013, is amended to read as
2 follows:

3 **433.4 Assessment.**

4 1. The director of revenue shall on or before October
5 31 each year, proceed to find the actual value of the real
6 property of these companies in this state used by the companies
7 in the transaction of telegraph and telephone business, taking
8 into consideration the information obtained from the statements
9 required, and any further information the director can obtain,
10 using the same as a means for determining the actual ~~cash~~ value
11 of the property of these companies within this state. The
12 director shall also take into consideration the valuation of
13 all property of these companies, including franchises and the
14 use of the property in connection with lines outside the state,
15 and making these deductions as may be necessary on account of
16 extra value of property outside the state as compared with the
17 value of property in the state, in order that the actual ~~cash~~
18 value of the real property of the company within this state
19 may be ascertained. ~~The assessment shall include all property~~
20 ~~of every kind and character whatsoever, real, personal, or~~
21 ~~mixed, used by the companies in the transaction of telegraph~~
22 ~~and telephone business; and the~~ The property so included in
23 the assessment shall not be taxed in any other manner than as
24 provided in this chapter.

25 2. For assessment years beginning on or after January
26 1, 2014, except as specifically provided in this chapter, a
27 company's real property shall be subject to assessment and
28 taxation under this chapter by the director of revenue in
29 the same manner as property assessed and taxed as commercial
30 property under chapters 427, 427A, 427B, 428, and 441.

31 Sec. 2. Section 441.21, subsection 5, Code 2013, is amended
32 to read as follows:

33 5. For valuations established as of January 1, 1979,
34 commercial property and industrial property, excluding
35 properties referred to in section 427A.1, subsection 8, shall

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

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

1 and each year thereafter, the percentage of actual value as
2 equalized by the director of revenue as provided in section
3 441.49 at which commercial property and industrial property,
4 excluding properties referred to in section 427A.1, subsection
5 8, shall be assessed shall be calculated in accordance with
6 the methods provided herein, except that any references to
7 six percent in this subsection shall be four percent. For
8 valuations established as of January 1, 1981, and each year
9 thereafter, the percentage of actual value at which property
10 valued by the department of revenue pursuant to chapters 428,
11 ~~433~~, 437, and 438 shall be assessed shall be calculated in
12 accordance with the methods provided herein, except that any
13 references to ten percent in this subsection shall be eight
14 percent. For valuations established on or after January 1,
15 2014, property valued by the department of revenue pursuant to
16 chapter 433 shall be assessed at a percentage of its actual
17 value. For valuations established for the assessment year
18 beginning January 1, 2014, the percentage of actual value at
19 which property valued by the department of revenue pursuant
20 to chapter 433 shall be assessed shall be eighty percent.
21 For valuations established for the assessment year beginning
22 January 1, 2015, and each year thereafter, the percentage of
23 actual value at which property valued by the department of
24 revenue pursuant to chapter 433 shall be assessed shall be
25 sixty percent. Beginning with valuations established as of
26 January 1, 1979, and each year thereafter, property valued by
27 the department of revenue pursuant to chapter 434 shall also be
28 assessed at a percentage of its actual value which percentage
29 shall be equal to the percentage determined by the director
30 of revenue for commercial property, industrial property, or
31 property valued by the department of revenue pursuant to
32 chapters 428, ~~433~~, 437, and 438, whichever is lowest.

33 Sec. 3. Section 441.21, subsections 9 and 10, Code 2013, are
34 amended to read as follows:

35 9. Not later than November 1, 1979, and November 1 of

1 each subsequent year, the director shall certify to the
2 county auditor of each county the percentages of actual
3 value at which residential property, agricultural property,
4 commercial property, industrial property, property valued by
5 the department of revenue under chapter 433, and property
6 valued by the department of revenue pursuant to chapters 428,
7 ~~433~~, 434, 437, and 438 in each assessing jurisdiction in the
8 county shall be assessed for taxation. The county auditor
9 shall proceed to determine the assessed values of agricultural
10 property, residential property, commercial property, industrial
11 property, property valued by the department of revenue under
12 chapter 433, and property valued by the department of revenue
13 pursuant to chapters 428, ~~433~~, 434, 437, and 438 by applying
14 such percentages to the current actual value of such property,
15 as reported to the county auditor by the assessor, and the
16 assessed values so determined shall be the taxable values of
17 such properties upon which the levy shall be made.

18 10. The percentage of actual value computed by the director
19 for agricultural property, residential property, commercial
20 property, industrial property, property valued by the
21 department of revenue under chapter 433, and property valued by
22 the department of revenue pursuant to chapters 428, ~~433~~, 434,
23 437, and 438 and used to determine assessed values of those
24 classes of property does not constitute a rule as defined in
25 section 17A.2, subsection 11.

26 Sec. 4. Section 476.1D, subsection 10, Code 2013, is amended
27 by striking the subsection.

28 Sec. 5. APPLICABILITY. This Act applies to assessment years
29 beginning on or after January 1, 2014.

30 EXPLANATION

31 This bill relates to the manner in which the property of
32 telecommunications companies is assessed and taxed.

33 Current Code section 433.4 requires the director of
34 revenue to value for property tax purposes all property of
35 the telephone and telegraph companies used in the transaction

1 of telegraph and telephone business in this state, including
2 real, personal, or mixed property. The bill provides that
3 for assessment years beginning on or after January 1, 2014,
4 only the real property of telegraph and telephone companies is
5 subject to valuation and taxation and that such property shall
6 be subject to assessment and taxation under Code chapter 433 by
7 the director of revenue in the same manner as property assessed
8 and taxed as commercial property.

9 The bill strikes a provision in Code section 476.1D that
10 allowed certain specified long-distance telephone company
11 property to be assessed for taxation as commercial property by
12 the local assessor.

13 The bill also provides that for valuations established on
14 or after January 1, 2014, property valued by the department of
15 revenue pursuant to Code chapter 433 shall be assessed at a
16 percentage of its actual value. For valuations established for
17 the assessment year beginning January 1, 2014, the percentage
18 of actual value at which property valued by the department of
19 revenue pursuant to Code chapter 433 shall be assessed shall be
20 80 percent. For valuations established for the assessment year
21 beginning January 1, 2015, and subsequent assessment years,
22 the percentage of actual value at which property valued by the
23 department of revenue pursuant to Code chapter 433 shall be
24 assessed shall be 60 percent.

25 The bill applies to assessment years beginning on or after
26 January 1, 2014.