

Senate File 480 - Introduced

SENATE FILE 480

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 278)

(SUCCESSOR TO SF 25)

A BILL FOR

1 An Act authorizing a city or county to provide a property tax
2 exemption for value added by improvements to residential
3 property that is a public nuisance.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 364.19, Code 2015, is amended to read as
2 follows:

3 **364.19 Contracts to provide services to tax-exempt property.**

4 A city council or county board of supervisors may enter into
5 a contract with a person whose property is totally or partially
6 exempt from taxation under chapter 404, chapter 404B, section
7 427.1, ~~or section 427B.1, or section 427B.10,~~ for the city or
8 county to provide specified services to that person including
9 but not limited to police protection, fire protection,
10 street maintenance, and waste collection. The contract shall
11 terminate as of the date previously exempt property becomes
12 subject to taxation.

13 **Sec. 2. NEW SECTION. 427B.10 Residential nuisance property**
14 **— value added exemption from tax.**

15 1. A city council or a county board of supervisors may
16 provide by ordinance for an exemption from property taxation
17 of the actual value added by improvements made to residential
18 property if the property is a public nuisance prior to the
19 improvements. A city council may provide for an exemption to
20 such property located within the boundaries of the city and the
21 county board of supervisors may provide for an exemption to
22 such property located outside the boundaries of a city.

23 2. All property described in subsection 1 for which an
24 exemption has been approved by ordinance is eligible to receive
25 a one hundred percent exemption from taxation on the actual
26 value added by the improvements. The exemption is for a
27 period of ten years beginning not later than the first year
28 in which all improvements described in the application are
29 first assessed for taxation. A property tax exemption under
30 this section shall not be granted if the property for which
31 the exemption is claimed has received any other property tax
32 exemption authorized by law for the actual value added to the
33 property.

34 3. a. The ordinance providing for the exemption may
35 designate a length of time of less than ten years that the

1 exemption shall be available and may designate an exemption
2 percentage or schedule of percentages that is less than one
3 hundred percent.

4 *b.* The city council or the board of supervisors may, as part
5 of the resolution approving an exemption application, specify
6 an exemption duration or exemption percentage that is different
7 than that designated in the ordinance. However, the different
8 duration or percentage specified in the resolution shall not
9 exceed that which is provided for in the ordinance.

10 4. *a.* An application shall be filed for each new exemption
11 claimed. The first application for an exemption shall be filed
12 by the owner of the property with the governing body of the
13 city or county in which the property is located by February
14 1 of the assessment year for which the exemption is first
15 claimed, but not later than the year in which all improvements
16 included in the application are first assessed for taxation.

17 *b.* The application shall, at a minimum, contain the nature
18 of the improvements, the cost of the improvements, a list of
19 all other federal, state, or local government tax credits,
20 exemptions, grants, forgivable loans, or other forms of
21 financial assistance received by or applied for by the owner
22 for completion of the improvements, and the estimated or actual
23 date of completion of the improvements.

24 *c.* An owner may submit an application for an exemption
25 under this section to the governing body of the city or
26 county to receive prior approval for eligibility for a tax
27 exemption. Such prior approval shall not entitle the owner
28 to exemption from taxation until the improvements have been
29 completed, a physical review of the property has been conducted
30 by the assessor pursuant to subsection 5, and the assessor has
31 determined that the actual value of the property has increased
32 as a result of the improvements.

33 *d.* Approval of an exemption application shall be by
34 resolution of the governing body of the city or county.

35 *e.* If an application for an exemption is not approved, the

1 owner may submit an amended application for the governing body
2 to approve or reject.

3 5. The local assessor shall review each first-year
4 application by making a physical review of the property to
5 determine if the improvements made increased the actual value
6 of the approved property. If the assessor determines that
7 the actual value of that property has increased, the assessor
8 shall proceed to determine the actual value of the property
9 and certify the valuation to the county auditor at the time
10 of transmitting the assessment rolls. If an application for
11 exemption is denied as a result of failure to increase the
12 value of the property, the owner may, notwithstanding the
13 filing deadlines in subsection 4, file a first application in a
14 subsequent year when additional improvements are made. After
15 the tax exemption is granted, the local assessor shall continue
16 to grant the tax exemption, with periodic physical review by
17 the assessor, for the time period specified in subsection 2,
18 or specified in a different schedule if one has been adopted
19 under subsection 3, paragraph "a", or in the resolution of the
20 governing body under which the exemption was granted pursuant
21 to subsection 3, paragraph "b".

22 6. When in the opinion of the city council or the county
23 board of supervisors continuation of the exemption granted by
24 this section ceases to be of benefit to the city or county, the
25 city council or the county board of supervisors may repeal the
26 ordinance, but all existing exemptions shall continue until
27 their expiration.

28 7. For the purposes of this section, unless the context
29 otherwise requires:

30 a. "Actual value added" means the actual value added as of
31 the first year for which the exemption is received.

32 b. "Owner" includes a person who is purchasing property
33 by installment contract or under a duly executed purchase
34 contract.

35 c. "Public nuisance" means a building that is a menace to

1 the public health, welfare, or safety, or that is structurally
2 unsafe, unsanitary, or not provided with adequate safe egress,
3 or that constitutes a fire hazard, or is otherwise dangerous to
4 human life, or that in relation to the existing use constitutes
5 a hazard to the public health, welfare, or safety by reason
6 of inadequate maintenance, dilapidation, obsolescence, or
7 abandonment.

8 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 shall not
9 apply to the property tax exemption established in this Act.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with
12 the explanation's substance by the members of the general assembly.

13 This bill authorizes a city council or a county board of
14 supervisors to provide by ordinance for an exemption from
15 property taxation of the actual value added to residential
16 property by improvements to the property if the property
17 is a public nuisance, as defined in the bill, prior to the
18 improvements.

19 If approved by the governing body of the city or the board of
20 supervisors of a county, the property is eligible to receive
21 a 100 percent exemption from taxation on the actual value
22 added by the improvements. The exemption is for a period of
23 10 years beginning not later than the first year in which all
24 improvements described in the application are first assessed
25 for taxation. The ordinance providing for the exemption from
26 tax may designate a length of time of less than 10 years and may
27 designate an exemption percentage or schedule of percentages
28 that is less than 100 percent. The resolution approving the
29 exemption application may also provide for a different period
30 of exemption and exemption percentage than what is provided in
31 the ordinance, but not exceeding the duration and percentages
32 in the ordinance.

33 The application for an exemption must be filed by the
34 owner of the property with the governing body of the city or
35 county in which the property is located by February 1 of the

1 assessment year for which the exemption is first claimed, but
2 not later than the year in which all improvements included in
3 the application are first assessed for taxation. The bill
4 authorizes an owner to submit an application for an exemption
5 to receive prior approval for eligibility for a tax exemption.
6 Such prior approval does not entitle the owner to exemption
7 from taxation until the improvements have been completed, a
8 physical review of the property has been conducted by the
9 assessor, and the assessor has determined that the actual value
10 of the property has increased as a result of the improvements.

11 The bill requires the application to list all other federal,
12 state, or local government tax credits, exemptions, grants,
13 forgivable loans, or other forms of financial assistance
14 received by or applied for by the owner for completion of the
15 improvements.

16 The bill requires the assessor to review each first-year
17 application by making a physical review of the property, to
18 determine if the improvements made increased the actual value
19 of the approved property. If an application for exemption
20 is denied as a result of failure to increase the value of
21 the property, the owner may file a first application in a
22 subsequent year when additional improvements are made. After
23 the tax exemption is granted, the local assessor shall continue
24 to grant the tax exemption, with periodic physical review by
25 the assessor, for the time period authorized.

26 Code section 25B.7 does not apply to the property tax
27 exemption to the bill. Code section 25B.7 provides that for a
28 property tax credit or exemption enacted on or after January
29 1, 1997, if a state appropriation made to fund the credit
30 or exemption is not sufficient to fully fund the credit or
31 exemption, the political subdivision is required to extend
32 to the taxpayer only that portion of the credit or exemption
33 estimated by the department of revenue to be funded by the
34 state appropriation.