

**House File 509 - Introduced**

HOUSE FILE 509  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 103)

**A BILL FOR**

1 An Act relating to the assessment of certain subdivided real  
2 property and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 405.1, Code 2017, is amended to read as  
2 follows:

3 **405.1 Housing development — tax status — limitation.**

4 ~~1. a. The board of supervisors of a county may adopt~~  
5 ~~an ordinance providing that property~~ Property ~~acquired and~~  
6 ~~subdivided for development of housing on or after January~~  
7 ~~1, 2011,~~ shall continue to be assessed for taxation in the  
8 manner that it was prior to the acquisition for housing. Each  
9 lot shall continue to be taxed in the manner it was prior  
10 to its acquisition for housing until the lot is sold for  
11 construction or occupancy of housing ~~or five years from the~~  
12 ~~date of subdivision, whichever is shorter.~~ Upon the sale ~~or~~  
13 ~~the expiration of the five-year period,~~ the property shall be  
14 assessed for taxation as residential, multiresidential, or  
15 commercial multifamily property, whichever is applicable.

16 ~~b. Ordinances adopted under this section, to the extent~~  
17 ~~such ordinances affect the assessment of property subdivided~~  
18 ~~for development of housing on or after January 1, 2004, but~~  
19 ~~before January 1, 2011, shall remain in effect or otherwise~~  
20 ~~be made effective and such ordinances adopted under section~~  
21 ~~405.1, subsection 1, Code 2011, shall be extended to apply~~  
22 ~~the ordinances to the period of time ending ten years from~~  
23 ~~the date of subdivision, and ordinances adopted under section~~  
24 ~~405.1, subsection 2, Code 2011, shall be extended to apply the~~  
25 ~~ordinances to the period of time ending eight years from the~~  
26 ~~date of subdivision.~~

27 ~~2. On or after July 27, 2011, the board of supervisors~~  
28 ~~of a county may amend an ordinance adopted or otherwise made~~  
29 ~~effective under subsection 1 to extend the period of time~~  
30 ~~established under subsection 1 to apply the ordinance to a~~  
31 ~~period of time not to exceed five years beyond the end of the~~  
32 ~~period of time established under subsection 1. An extension~~  
33 ~~of an ordinance under this subsection may apply to all or~~  
34 ~~a portion of the property that was subject to the original~~  
35 ~~ordinance.~~

1     ~~3. A city council may adopt an ordinance affecting~~  
2 ~~that portion of the applicable property located within the~~  
3 ~~incorporated area of the city, effectuating an extension of~~  
4 ~~a county ordinance otherwise eligible to be extended under~~  
5 ~~subsection 2 and not previously extended by the board of~~  
6 ~~supervisors. An ordinance by a city council providing for~~  
7 ~~an extension under this subsection shall be subject to the~~  
8 ~~limitations of subsection 2.~~

9     Sec. 2. Section 441.72, Code 2017, is amended to read as  
10 follows:

11     **441.72 Assessment of platted lots.**

12     ~~1. Except as provided in subsection 2, when~~ When a  
13 subdivision plat is recorded pursuant to chapter 354, the  
14 individual lots within the subdivision plat shall not be  
15 assessed in excess of the total assessment of the land as  
16 acreage or unimproved property ~~for five years after the~~  
17 ~~recording of the plat or until the lot is actually improved~~  
18 ~~with permanent construction, whichever occurs first.~~ When an  
19 individual lot has been improved with permanent construction,  
20 the lot shall be assessed for taxation purposes as provided in  
21 chapter 428 and this chapter.

22     ~~2. For subdivision plats recorded pursuant to chapter~~  
23 ~~354 on or after January 1, 2004, but before January 1, 2011,~~  
24 ~~the individual lots within the subdivision plat shall not~~  
25 ~~be assessed in excess of the total assessment of the land~~  
26 ~~as acreage or unimproved property for eight years after the~~  
27 ~~recording of the plat or until the lot is actually improved~~  
28 ~~with permanent construction, whichever occurs first.~~ When an  
29 individual lot has been improved with permanent construction,  
30 the lot shall be assessed for taxation purposes as provided in  
31 chapter 428 and this chapter.

32     ~~3.~~ 2. This section does not apply to special assessment  
33 levies.

34     Sec. 3. IMPLEMENTATION.

35     1. This Act shall not be construed to require the refund

1 or modification of property taxes that are attributable to  
2 assessment years beginning before January 1, 2018, or the  
3 adjustment of property assessments for assessment years  
4 beginning before January 1, 2018.

5 2. Ordinances adopted under section 405.1 in effect on the  
6 effective date of this Act shall be invalid for purposes of  
7 assessment years beginning on or after January 1, 2018.

8 Sec. 4. APPLICABILITY. This Act applies to assessment years  
9 beginning on or after January 1, 2018.

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EXPLANATION

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

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This bill relates to the assessment of certain subdivided  
real property.

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Current Code section 405.1 authorizes a county board of  
supervisors to adopt an ordinance providing that property  
acquired and subdivided for development of housing shall  
continue to be assessed for taxation in the manner that it was  
prior to the acquisition for housing until the lot is sold for  
construction or occupancy of housing or five years from the  
date of subdivision, whichever is shorter. Code section 405.1  
also authorizes time extensions of certain ordinances that  
affect the assessment of property subdivided for development  
of housing and authorizes the time extensions of certain  
ordinances by counties and by cities in the portion of the  
applicable area located in the incorporated area of the city.

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The bill strikes the authorization for cities and counties  
to adopt, amend, or extend such ordinances and provides that  
property acquired and subdivided for development of housing  
shall continue to be assessed for taxation and taxed in the  
manner it was prior to its acquisition for housing until the  
lot is sold for construction or occupancy of housing. Under  
the bill, upon the sale, the property must be assessed for  
taxation as residential, multiresidential, or commercial  
multifamily property, whichever is applicable.

1 Code section 441.72 provides that a platted lot for which  
2 a subdivision plat was recorded is assessed for property tax  
3 purposes as acreage or unimproved property for five years or  
4 until the lot is actually improved with permanent construction,  
5 whichever occurs first. However, for subdivision plats  
6 recorded on or after January 1, 2004, but before January 1,  
7 2011, the time limit is eight years.

8 The bill strikes the portions of Code section 441.72  
9 relating to the five-year limitation and the eight-year  
10 limitation and provides that when a subdivision plat is  
11 recorded, the individual lots within the subdivision plat shall  
12 not be assessed in excess of the total assessment of the land  
13 as acreage or unimproved property until the lot is actually  
14 improved with permanent construction.

15 The bill shall not be construed to require the refund  
16 or modification of property taxes that are attributable to  
17 assessment years beginning before January 1, 2018, or the  
18 adjustment of property assessments for assessment years  
19 beginning before January 1, 2018. The bill also provides that  
20 local ordinances adopted under existing Code section 405.1  
21 in effect on the effective date of the bill are invalid for  
22 purposes of assessment years beginning on or after January 1,  
23 2018.

24 The bill applies to assessment years beginning on or after  
25 January 1, 2018.