

**Senate File 2388 - Introduced**

SENATE FILE 2388

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3152)

**A BILL FOR**

1 An Act relating to the assessment and taxation of telephone and  
2 telegraph company property for certain assessment years and  
3 including effective date and applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 29C.24, subsection 3, paragraph a,  
2 subparagraph (6), Code 2018, is amended to read as follows:

3 (6) The assessment of property taxes by the department  
4 of revenue under sections 428.24 through 428.26, 428.28, and  
5 428.29, or chapters ~~433~~, 434, 435, and 437 through 438, or by  
6 a local assessor under another provision of law, on property  
7 brought into the state to aid in the performance of disaster  
8 or emergency-related work during a disaster response period if  
9 such property does not remain in the state after the conclusion  
10 of the disaster response period.

11 Sec. 2. Section 331.401, subsection 1, paragraph k, Code  
12 2018, is amended to read as follows:

13 k. Levy taxes as certified to it by tax-certifying bodies  
14 in the county, in accordance with the statutes authorizing the  
15 levies and in accordance with chapter 24 and sections 444.1 to  
16 444.8, and levy taxes as required in chapters ~~433~~, 434, 437,  
17 and 438.

18 Sec. 3. Section 331.427, subsection 1, unnumbered paragraph  
19 1, Code 2018, is amended to read as follows:

20 Except as otherwise provided by state law, county revenues  
21 from taxes and other sources for general county services shall  
22 be credited to the general fund of the county, including  
23 revenues received under sections 9I.11, 101A.3, 101A.7, 123.36,  
24 123.143, 142D.9, 176A.8, 321.105, 321.152, 321G.7, 321I.8,  
25 section 331.554, subsection 6, sections 341A.20, 364.3, 368.21,  
26 423A.7, 428A.8, ~~433-15~~, 434.19, 445.57, 453A.35, 458A.21,  
27 483A.12, 533.329, 556B.1, 583.6, 602.8108, 904.908, and 906.17,  
28 and the following:

29 Sec. 4. Section 331.512, subsection 7, Code 2018, is amended  
30 by striking the subsection.

31 Sec. 5. Section 331.559, subsection 17, Code 2018, is  
32 amended by striking the subsection.

33 Sec. 6. Section 427.1, subsection 2, Code 2018, is amended  
34 to read as follows:

35 2. *Municipal and military property.* The property of a

1 county, township, city, school corporation, levee district,  
2 drainage district, district organized under [chapter 357E](#), or  
3 the Iowa national guard, when devoted to public use and not  
4 held for pecuniary profit, except property of a municipally  
5 owned electric utility held under joint ownership and property  
6 of an electric power facility financed under [chapter 28F](#) or  
7 [476A](#) that shall be subject to taxation under [chapter 437A](#)  
8 and facilities of a municipal utility that are used for the  
9 provision of local exchange services pursuant to [chapter 476](#),  
10 but only to the extent such facilities are used to provide such  
11 services, ~~which shall be subject to taxation under [chapter 433](#),~~  
12 ~~except that [section 433.11](#) shall not apply.~~ The exemption for  
13 property owned by a city or county also applies to property  
14 which is operated by a city or county as a library, art  
15 gallery or museum, conservatory, botanical garden or display,  
16 observatory or science museum, or as a location for holding  
17 athletic contests, sports or entertainment events, expositions,  
18 meetings or conventions, or leased from the city or county for  
19 any such purposes, or leased from the city or county by the  
20 Iowa national guard or by a federal agency for the benefit of  
21 the Iowa national guard when devoted for public use and not  
22 for pecuniary profit. Food and beverages may be served at the  
23 events or locations without affecting the exemptions, provided  
24 the city has approved the serving of food and beverages on the  
25 property if the property is owned by the city or the county  
26 has approved the serving of food and beverages on the property  
27 if the property is owned by the county. The exemption for  
28 property owned by a city or county also applies to property  
29 which is located at an airport and leased to a fixed base  
30 operator providing aeronautical services to the public.

31 Sec. 7. Section 427.1, subsection 40, paragraph a, Code  
32 2018, is amended to read as follows:

33 a. The owner of broadband infrastructure shall be entitled  
34 to an exemption from taxation to the extent provided in this  
35 subsection for assessment years beginning before January

1 1, 2019. For the purposes of this subsection, “*broadband*  
2 *infrastructure*” and “*targeted service area*” mean the same as  
3 defined in section 8B.1.

4 Sec. 8. Section 427.1, subsection 40, Code 2018, is amended  
5 by adding the following new paragraph:

6 NEW PARAGRAPH. *i*. This subsection is repealed July 1, 2021.

7 Sec. 9. Section 427A.1, subsection 1, paragraphs c and d,  
8 Code 2018, are amended to read as follows:

9 *c*. Buildings, structures or improvements, any of which are  
10 constructed on or in the land, attached to the land, or placed  
11 upon a foundation whether or not attached to the foundation.  
12 However, property taxed under chapter 435, and property that is  
13 a concrete batch plant as that term is defined in subsection  
14 4, and property that is transmission property as defined in  
15 subsection 6A shall not be assessed and taxed as real property.

16 *d*. Buildings, structures, equipment, machinery or  
17 improvements, any of which are attached to the buildings,  
18 structures, or improvements defined in paragraph “*c*” of this  
19 subsection. However, property that is transmission property  
20 as defined in subsection 6A shall not be assessed and taxed as  
21 real property.

22 Sec. 10. Section 427A.1, subsection 1, paragraph h, Code  
23 2018, is amended to read as follows:

24 *h*. Property assessed by the department of revenue pursuant  
25 to sections 428.24 to 428.29, or chapters 433, 434, 437, 437A,  
26 437B, and 438.

27 Sec. 11. Section 427A.1, Code 2018, is amended by adding the  
28 following new subsection:

29 NEW SUBSECTION. 6A. For purposes of this section,  
30 “*transmission property*” means cable and wire facilities,  
31 poles, aerial cable, underground cable, buried cable,  
32 intrabuilding network cable, or aerial wire within the meaning  
33 of and for purposes of the uniform system of accounts for  
34 telecommunication companies in 47 C.F.R. pt. 32, in effect on  
35 the effective date of this Act. “*Transmission property*” also

1 includes lines, electronic equipment, headend electronics,  
2 towers, poles, aerial cable, cable drops, lasers, fiber optics,  
3 underground cable, and any electronics attached thereto used to  
4 provide telecommunications service, cable television signals,  
5 or internet service to subscribers.

6 Sec. 12. Section 427B.17, subsection 8, paragraph a, Code  
7 2018, is amended to read as follows:

8 a. **This section** shall not apply to property assessed by the  
9 department of revenue pursuant to sections **428.24 to 428.29**, or  
10 chapters ~~433~~, **434**, **437**, **437A**, **437B**, and **438**, and such property  
11 shall not receive the benefits of **this section**.

12 Sec. 13. Section 429.1, Code 2018, is amended to read as  
13 follows:

14 **429.1 Notice of assessment.**

15 The department of revenue shall, at the time of making  
16 the assessment of property as provided in **chapters 428**, ~~433~~,  
17 **434**, **437**, and **438**, inform the person assessed, by mail, of  
18 the valuation put upon the taxpayer's property. The notice  
19 shall contain a notice of the taxpayer's right of appeal to the  
20 director of revenue as provided in **section 429.2**.

21 Sec. 14. NEW SECTION. **433.16 Applicability — future**  
22 **repeal.**

23 1. This chapter applies to the assessment and taxation of  
24 telephone and telegraph company property for assessment years  
25 beginning before January 1, 2019.

26 2. This chapter is repealed on July 1, 2021.

27 Sec. 15. Section 437.15, Code 2018, is amended to read as  
28 follows:

29 **437.15 Reassessment — procedure and requirements.**

30 Sections ~~433.14~~ and **433.15**, Code 2018, and sections ~~439.1~~,  
31 and **439.2** shall apply to the property of transmission lines  
32 which are referred to in **section 437.2**.

33 Sec. 16. Section 441.19, subsection 1, paragraph a, Code  
34 2018, is amended to read as follows:

35 a. Supplemental and optional to the procedure for the

1 assessment of property by the assessor as provided in this  
2 chapter, the assessor may require from all persons required  
3 to list their property for taxation as provided by sections  
4 428.1 and 428.2, a supplemental return to be prescribed by  
5 the director of revenue upon which the person shall list  
6 the person's property. The supplemental return shall be in  
7 substantially the same form as now prescribed by law for  
8 the assessment rolls used in the listing of property by the  
9 assessors. However, for assessment years beginning on or after  
10 January 1, 2018, and unless otherwise required for property  
11 valued by the department of revenue pursuant to chapters 428,  
12 ~~433~~, 437, and 438, a supplemental return shall not request,  
13 and a person shall not be otherwise required to provide to the  
14 assessor for property assessment purposes, sales or receipts  
15 data, expense data, balance sheets, bank account information,  
16 or other data related to the financial condition of a business  
17 operating in whole or in part on the property if the property  
18 is both classified as commercial or industrial property and  
19 owned and used by the owner of the business. Every person  
20 required to list property for taxation shall make a complete  
21 listing of the property upon supplemental forms and return the  
22 listing to the assessor as promptly as possible. The return  
23 shall be verified over the signature of the person making the  
24 return and section 441.25 applies to any person making such  
25 a return. The assessor shall make supplemental return forms  
26 available as soon as practicable after the first day of January  
27 of each year. The assessor shall make supplemental return  
28 forms available to the taxpayer by mail, or at a designated  
29 place within the taxing district.

30 Sec. 17. Section 441.21, subsection 2, Code 2018, is amended  
31 to read as follows:

32 2. In the event market value of the property being assessed  
33 cannot be readily established in the foregoing manner, then  
34 the assessor may determine the value of the property using the  
35 other uniform and recognized appraisal methods including its

1 productive and earning capacity, if any, industrial conditions,  
2 its cost, physical and functional depreciation and obsolescence  
3 and replacement cost, and all other factors which would assist  
4 in determining the fair and reasonable market value of the  
5 property but the actual value shall not be determined by use  
6 of only one such factor. The following shall not be taken into  
7 consideration: Special value or use value of the property to  
8 its present owner, and the goodwill or value of a business  
9 which uses the property as distinguished from the value of  
10 the property as property. In addition, for assessment years  
11 beginning on or after January 1, 2018, and unless otherwise  
12 required for property valued by the department of revenue  
13 pursuant to [chapters 428, 433, 437, and 438](#), the assessor  
14 shall not take into consideration and shall not request from  
15 any person sales or receipts data, expense data, balance  
16 sheets, bank account information, or other data related to  
17 the financial condition of a business operating in whole or  
18 in part on the property if the property is both classified as  
19 commercial or industrial property and owned and used by the  
20 owner of the business. However, in assessing property that  
21 is rented or leased to low-income individuals and families  
22 as authorized by section 42 of the Internal Revenue Code,  
23 as amended, and which section limits the amount that the  
24 individual or family pays for the rental or lease of units  
25 in the property, the assessor shall, unless the owner elects  
26 to withdraw the property from the assessment procedures for  
27 section 42 property, use the productive and earning capacity  
28 from the actual rents received as a method of appraisal and  
29 shall take into account the extent to which that use and  
30 limitation reduces the market value of the property. The  
31 assessor shall not consider any tax credit equity or other  
32 subsidized financing as income provided to the property in  
33 determining the assessed value. The property owner shall  
34 notify the assessor when property is withdrawn from section 42  
35 eligibility under the Internal Revenue Code or if the owner

1 elects to withdraw the property from the assessment procedures  
2 for section 42 property under [this subsection](#). The property  
3 shall not be subject to section 42 assessment procedures  
4 for the assessment year for which section 42 eligibility is  
5 withdrawn or an election is made. This notification must  
6 be provided to the assessor no later than March 1 of the  
7 assessment year or the owner will be subject to a penalty of  
8 five hundred dollars for that assessment year. The penalty  
9 shall be collected at the same time and in the same manner  
10 as regular property taxes. An election to withdraw from the  
11 assessment procedures for section 42 property is irrevocable.  
12 Property that is withdrawn from the assessment procedures  
13 for section 42 property shall be classified and assessed as  
14 multiresidential property unless the property otherwise fails  
15 to meet the requirements of [section 441.21, subsection 13](#).  
16 Upon adoption of uniform rules by the department of revenue  
17 or succeeding authority covering assessments and valuations  
18 of such properties, the valuation on such properties shall be  
19 determined in accordance with such rules and in accordance with  
20 forms and guidelines contained in the real property appraisal  
21 manual prepared by the department as updated from time to time  
22 for assessment purposes to assure uniformity, but such rules,  
23 forms, and guidelines shall not be inconsistent with or change  
24 the foregoing means of determining the actual, market, taxable,  
25 and assessed values.

26 Sec. 18. Section 441.21, subsection 5, paragraph a, Code  
27 2018, is amended to read as follows:

28 a. For valuations established as of January 1, 1979,  
29 property valued by the department of revenue pursuant to  
30 chapters 428, ~~433~~, 437, and 438 shall be considered as one  
31 class of property and shall be assessed as a percentage of  
32 its actual value. The percentage shall be determined by the  
33 director of revenue in accordance with the provisions of this  
34 section. For valuations established as of January 1, 1979, the  
35 percentage shall be the quotient of the dividend and divisor



1 as defined in [this section](#). The dividend shall be the total  
 2 actual valuation established for 1978 by the department of  
 3 revenue, plus ten percent of the amount so determined. The  
 4 divisor for property valued by the department of revenue  
 5 pursuant to [chapters 428, ~~433~~, 437, and 438](#) shall be the  
 6 valuation established for 1978, plus the amount of value added  
 7 to the total actual value by the revaluation of the property  
 8 by the department of revenue as of January 1, 1979. For  
 9 valuations established as of January 1, 1980, property valued  
 10 by the department of revenue pursuant to [chapters 428, ~~433~~,](#)  
 11 [437, and 438](#) shall be assessed at a percentage of its actual  
 12 value. The percentage shall be determined by the director of  
 13 revenue in accordance with the provisions of [this section](#). For  
 14 valuations established as of January 1, 1980, the percentage  
 15 shall be the quotient of the dividend and divisor as defined in  
 16 this section. The dividend shall be the total actual valuation  
 17 established for 1979 by the department of revenue, plus eight  
 18 percent of the amount so determined. The divisor for property  
 19 valued by the department of revenue pursuant to [chapters 428,](#)  
 20 [433, 437, and 438](#) shall be the valuation established for 1979,  
 21 plus the amount of value added to the total actual value by the  
 22 revaluation of the property by the department of revenue as of  
 23 January 1, 1980. For valuations established as of January 1,  
 24 1981, and each year thereafter, the percentage of actual value  
 25 at which property valued by the department of revenue pursuant  
 26 to [chapters 428, ~~433~~, 437, and 438](#) shall be assessed shall be  
 27 calculated in accordance with the methods provided herein,  
 28 except that any references to ten percent in [this subsection](#)  
 29 shall be eight percent. For valuations established on or after  
 30 January 1, 2013, property valued by the department of revenue  
 31 pursuant to [chapter 434](#) shall be assessed at a percentage of  
 32 its actual value equal to the percentage of actual value at  
 33 which property assessed as commercial property is assessed  
 34 under paragraph "b" for the same assessment year.

35 Sec. 19. Section 441.21, subsections 9 and 10, Code 2018,

1 are amended to read as follows:

2 9. Not later than November 1, 1979, and November 1 of each  
3 subsequent year, the director shall certify to the county  
4 auditor of each county the percentages of actual value at  
5 which residential property, agricultural property, commercial  
6 property, industrial property, multiresidential property,  
7 property valued by the department of revenue pursuant to  
8 chapter 434, and property valued by the department of revenue  
9 pursuant to chapters 428, ~~433~~, 437, and 438 in each assessing  
10 jurisdiction in the county shall be assessed for taxation. The  
11 county auditor shall proceed to determine the assessed values  
12 of agricultural property, residential property, commercial  
13 property, industrial property, multiresidential property,  
14 property valued by the department of revenue pursuant to  
15 chapter 434, and property valued by the department of revenue  
16 pursuant to chapters 428, ~~433~~, 437, and 438 by applying such  
17 percentages to the current actual value of such property,  
18 as reported to the county auditor by the assessor, and the  
19 assessed values so determined shall be the taxable values of  
20 such properties upon which the levy shall be made.

21 10. The percentage of actual value computed by the  
22 department of revenue for agricultural property, residential  
23 property, commercial property, industrial property,  
24 multiresidential property, property valued by the department  
25 of revenue pursuant to chapter 434, and property valued by the  
26 department of revenue pursuant to chapters 428, ~~433~~, 437, and  
27 438 and used to determine assessed values of those classes  
28 of property does not constitute a rule as defined in section  
29 17A.2, subsection 11.

30 Sec. 20. Section 441.73, subsection 1, Code 2018, is amended  
31 to read as follows:

32 1. A litigation expense fund is created in the state  
33 treasury. The litigation expense fund shall be used for the  
34 payment of litigation expenses incurred by the state to defend  
35 property valuations established by the director of revenue

1 pursuant to section 428.24 and chapters ~~433~~, 434, 437, 437A,  
2 437B, and 438, and for the payment of litigation expenses  
3 incurred by the state to defend the imposition of replacement  
4 taxes and statewide property taxes under chapters 437A and  
5 437B.

6 Sec. 21. Section 476.1D, subsection 10, Code 2018, is  
7 amended by striking the subsection.

8 Sec. 22. FUTURE ASSESSMENT YEARS. Telephone and telegraph  
9 company property subject to assessment under chapter 433 for  
10 assessment years beginning before January 1, 2019, shall be,  
11 for assessment years beginning on or after January 1, 2019,  
12 assessed by local assessors under chapters 427, 427A, 427B,  
13 428, and 441, and any other applicable provision of law in the  
14 same manner and on the same basis as other commercial property  
15 located in the assessing jurisdiction where situated.

16 Sec. 23. SAVINGS PROVISION. This Act, pursuant to section  
17 4.13, does not affect the operation of, or prohibit the  
18 application of, prior provisions of chapter 433, or rules  
19 adopted under chapter 17A to administer prior provisions of  
20 chapter 433, for assessment years beginning before January 1,  
21 2019, and for duties, powers, protests, appeals, proceedings,  
22 actions, or remedies attributable to an assessment year  
23 beginning before January 1, 2019.

24 Sec. 24. IMPLEMENTATION. Section 25B.7 shall not apply to  
25 this Act.

26 Sec. 25. EFFECTIVE DATE. The following take effect July 1,  
27 2021:

- 28 1. The section of this Act amending section 29C.24.
- 29 2. The section of this Act amending section 331.401.
- 30 3. The section of this Act amending section 331.427.
- 31 4. The section of this Act amending section 331.512.
- 32 5. The section of this Act amending section 331.559.
- 33 6. The section of this Act amending section 427.1,  
34 subsection 2.
- 35 7. The section of this Act amending section 427A.1,

1 subsection 1, paragraph "h".

2 8. The section of this Act amending section 427B.17.

3 9. The section of this Act amending section 429.1.

4 10. The section of this Act amending section 437.15.

5 11. The section of this Act amending section 441.19.

6 12. The section of this Act amending section 441.21,  
7 subsection 2.

8 13. The section of this Act amending section 441.21,  
9 subsection 5.

10 14. The section of this Act amending section 441.21,  
11 subsections 9 and 10.

12 15. The section of this Act amending section 441.73.

13 Sec. 26. APPLICABILITY. The following apply to assessment  
14 years beginning on or after January 1, 2019:

15 1. The section of this Act amending section 427A.1,  
16 subsection 1, paragraphs "c" and "d".

17 2. The section of this Act enacting section 427A.1,  
18 subsection 6A.

19 3. The section of this Act amending section 476.1D.

20 EXPLANATION

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

23 Current Code chapter 433 requires the department of revenue  
24 to centrally assess the property of telegraph and telephone  
25 companies that is used by the companies in the transaction of  
26 telegraph and telephone business. The assessment conducted by  
27 the department of revenue using information provided by the  
28 companies is required to include all property of every kind  
29 and character whatsoever, real, personal, or mixed, used by  
30 the companies in the transaction of telegraph and telephone  
31 business. In valuing such property, the department of revenue  
32 is required to take into consideration the valuation of all  
33 property of the companies, including franchises and the use of  
34 the property in connection with lines outside the state, and  
35 making these deductions as may be necessary on account of extra

1 value of property outside the state as compared with the value  
2 of property in the state, in order that the actual value of the  
3 property of the company within this state may be ascertained.

4 Code chapter 433 also provides for certain amounts of  
5 property value to be exempt from taxation and establishes a  
6 process by which the valuation of the company is allocated to  
7 each county of the state into which the line of the company  
8 extends.

9 This bill makes the current central assessment process under  
10 Code chapter 433 applicable to property tax assessment years  
11 beginning before January 1, 2019, and provides that telephone  
12 and telegraph company property subject to assessment under Code  
13 chapter 433 for assessment years beginning before January 1,  
14 2019, shall be, for assessment years beginning on or after  
15 January 1, 2019, assessed by local assessors in the same manner  
16 and on the same basis as other commercial property located in  
17 the assessing jurisdiction.

18 Code section 427A.1 requires certain property to be assessed  
19 and taxed as real property, including the following: (1)  
20 buildings, structures or improvements, any of which are  
21 constructed on or in the land, attached to the land, or placed  
22 upon a foundation whether or not attached to the foundation,  
23 and (2) buildings, structures, equipment, machinery or  
24 improvements, any of which are attached to the buildings,  
25 structures, or improvements. The bill excludes transmission  
26 property from being assessed and taxed as real property.  
27 The bill defines "transmission property" as cable and wire  
28 facilities, poles, aerial cable, underground cable, buried  
29 cable, intrabuilding network cable, or aerial wire within the  
30 meaning of and for purposes of the uniform system of accounts  
31 for telecommunications companies in 47 C.F.R. pt. 32, in effect  
32 on the effective date of the bill. "Transmission property"  
33 also includes lines, electronic equipment, headend electronics,  
34 towers, poles, aerial cable, cable drops, lasers, fiber optics,  
35 underground cable, and any electronics attached thereto used to

1 provide telecommunications service, cable television signals,  
2 or internet service to subscribers.

3 By operation of law, the removal of telecommunications  
4 company property from assessment by the department of  
5 revenue under Code chapter 433 and subsequent repeal of Code  
6 chapter 433 removes the sale price from the sale of certain  
7 telecommunications company machinery, equipment, and computers  
8 from the provision of Code section 423.3, subsection 47,  
9 paragraph "c", subparagraph (3), that subjects such sales to  
10 the state sales and use tax.

11 The bill makes corresponding changes to various provisions  
12 of the Code relating to the central assessment of property  
13 under Code chapter 433, sunsets a property tax exemption for  
14 certain broadband infrastructure under Code section 427.1(40),  
15 and strikes a provision in Code section 476.1D that allows  
16 certain specified long-distance telephone company property to  
17 be assessed for taxation as commercial property by the local  
18 assessor.

19 The bill, pursuant to Code section 4.13, does not affect the  
20 operation of, or prohibit the application of, prior provisions  
21 of Code chapter 433, or rules adopted under Code chapter 17A to  
22 administer prior provisions of Code chapter 433, for assessment  
23 years beginning before January 1, 2019, and for duties,  
24 powers, protests, appeals, proceedings, actions, or remedies  
25 attributable to an assessment year beginning before January 1,  
26 2019.

27 The bill provides that the provisions in Code section 25B.7,  
28 relating to the obligation of the state to reimburse local  
29 jurisdictions for property tax credits and exemptions, do not  
30 apply to the bill.

31 The bill repeals Code chapter 433 on July 1, 2021, and makes  
32 several corresponding amendment changes effective on July 1,  
33 2021.

34 The sections of the bill amending Code section 427A.1,  
35 subsection 1, paragraphs "c" and "d", enacting Code section

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1 427A.1, subsection 6A, and amending Code section 476.1D apply  
2 to assessment years beginning on or after January 1, 2019.