

**Senate File 2420 - Introduced**

SENATE FILE 2420

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2081)

**A BILL FOR**

1 An Act relating to commercial and industrial property tax  
2 replacement claims.

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

1 Section 1. Section 2.48, subsection 3, paragraph f,  
2 subparagraph (6), Code 2018, is amended by striking the  
3 subparagraph.

4 Sec. 2. Section 257.3, subsection 1, paragraph d, Code 2018,  
5 is amended to read as follows:

6 *d.* The amount paid to each school district for the  
7 commercial and industrial property tax replacement claim under  
8 section 441.21A shall be regarded as property tax. ~~The For~~  
9 fiscal years beginning on or after July 1, 2014, but before  
10 July 1, 2019, the portion of the payment which is foundation  
11 property tax shall be determined by applying the foundation  
12 property tax rate to the amount computed under section 441.21A,  
13 subsection 4, paragraph "a", and such amount shall be prorated  
14 pursuant to [section 441.21A, subsection 2](#), if applicable.  
15 For fiscal years beginning on or after July 1, 2019, but  
16 before July 1, 2025, the portion of the payment which is  
17 foundation property tax shall be determined as the result of  
18 the apportionment required under section 441.21A, subsection 7.

19 Sec. 3. Section 441.21A, subsection 1, paragraph a, Code  
20 2018, is amended to read as follows:

21 *a.* For each fiscal year beginning on or after July 1, 2014,  
22 but before July 1, 2025, there is appropriated from the general  
23 fund of the state to the department of revenue an amount  
24 necessary for the payment of all commercial and industrial  
25 property tax replacement claims under [this section](#) for the  
26 fiscal year. However, for a ~~the~~ fiscal year beginning on or  
27 after July 1, 2017, and for the fiscal year beginning July 1,  
28 2018, the total amount of moneys appropriated from the general  
29 fund of the state to the department of revenue for the payment  
30 of commercial and industrial property tax replacement claims  
31 in ~~that~~ each fiscal year shall not exceed the total amount of  
32 money necessary to pay all commercial and industrial property  
33 tax replacement claims for the fiscal year beginning July 1,  
34 2016.

35 Sec. 4. Section 441.21A, subsections 2 and 3, Code 2018, are

1 amended to read as follows:

2 2. a. ~~Beginning with the~~ For each fiscal year beginning  
3 on or after July 1, 2014, but before July 1, 2019, each county  
4 treasurer shall be paid by the department of revenue an  
5 amount equal to the amount of the commercial and industrial  
6 property tax replacement claims in the county, as calculated in  
7 subsection 4. If an amount appropriated for a the fiscal year  
8 beginning on July 1, 2017, or July 1, 2018, is insufficient to  
9 pay all replacement claims for the fiscal year, the director of  
10 revenue shall prorate the payment of replacement claims to the  
11 county treasurers and shall notify the county auditors of the  
12 pro rata percentage on or before September 30.

13 b. For each fiscal year beginning on or after July 1, 2019,  
14 but before July 1, 2025, each taxing authority shall be paid by  
15 the department of revenue an amount equal to the amount of the  
16 commercial and industrial property tax replacement claim for  
17 the taxing authority, as calculated in subsection 4A.

18 3. a. On or before July 1 of each fiscal year beginning on  
19 or after July 1, 2014, but before July 1, 2019, the assessor  
20 shall report to the county auditor the total actual value of  
21 all commercial property and industrial property in the county  
22 that is subject to assessment and taxation for the assessment  
23 year used to calculate the taxes due and payable in that fiscal  
24 year.

25 b. On or before July 1, 2019, the department of revenue, in  
26 consultation with the department of management, shall calculate  
27 for each taxing authority in this state, the following:

28 (1) The total assessed value as of January 1, 2012, of  
29 all taxable property located in the taxing authority that is  
30 subject to assessment and taxation used to calculate taxes  
31 which are due and payable in the fiscal year beginning July 1,  
32 2013, excluding property subject to the statewide property tax  
33 imposed under section 437A.18 or 437B.14.

34 (2) The total assessed value as of January 1, 2017, of  
35 all taxable property located in the taxing authority that is

1 subject to assessment and taxation used to calculate taxes  
2 which are due and payable in the fiscal year beginning July 1,  
3 2018, excluding property subject to the statewide property tax  
4 imposed under section 437A.18 or 437B.14.

5 Sec. 5. Section 441.21A, subsection 4, unnumbered paragraph  
6 1, Code 2018, is amended to read as follows:

7 On or before a date established by rule of the department  
8 of revenue of each fiscal year beginning on or after July  
9 1, 2014, but before July 1, 2019, the county auditor shall  
10 prepare a statement, based upon the report received pursuant to  
11 subsection 3, paragraph "a", listing for each taxing district  
12 in the county:

13 Sec. 6. Section 441.21A, Code 2018, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 4A. a. As used in this section, unless the  
16 context clearly requires otherwise:

17 (1) "*Qualified taxing authority*" means a taxing authority  
18 for which the amount determined under subsection 3, paragraph  
19 "b", subparagraph (2), is less than one hundred nineteen and  
20 fifty-one hundredths percent of the amount determined under  
21 subsection 3, paragraph "b", subparagraph (1).

22 (2) "*Taxing authority*" means a city, county, community  
23 college, school district, or other governmental entity or  
24 political subdivision in this state authorized to certify a  
25 levy on property located within such authority.

26 b. For fiscal years beginning on or after July 1, 2019,  
27 but before July 1, 2025, the amount of each taxing authority's  
28 property tax replacement payment is as follows:

29 (1) If the taxing authority is a qualified taxing authority:

30 (a) For the fiscal year beginning July 1, 2019, six-sevenths  
31 of the amount received by the taxing authority under this  
32 section for the fiscal year beginning July 1, 2018.

33 (b) For the fiscal year beginning July 1, 2020,  
34 five-sevenths of the amount received by the taxing authority  
35 under this section for the fiscal year beginning July 1, 2018.

1 (c) For the fiscal year beginning July 1, 2021,  
2 four-sevenths of the amount received by the taxing authority  
3 under this section for the fiscal year beginning July 1, 2018.

4 (d) For the fiscal year beginning July 1, 2022,  
5 three-sevenths of the amount received by the taxing authority  
6 under this section for the fiscal year beginning July 1, 2018.

7 (e) For the fiscal year beginning July 1, 2023, two-sevenths  
8 of the amount received by the taxing authority under this  
9 section for the fiscal year beginning July 1, 2018.

10 (f) For the fiscal year beginning July 1, 2024, one-seventh  
11 of the amount received by the taxing authority under this  
12 section for the fiscal year beginning July 1, 2018.

13 (2) If the taxing authority is not a qualified taxing  
14 authority:

15 (a) For the fiscal year beginning July 1, 2019,  
16 three-fourths of the amount received by the taxing authority  
17 under this section for the fiscal year beginning July 1, 2018.

18 (b) For the fiscal year beginning July 1, 2020, one-half of  
19 the amount received by the taxing authority under this section  
20 for the fiscal year beginning July 1, 2018.

21 (c) For the fiscal year beginning July 1, 2021, one-fourth  
22 of the amount received by the taxing authority under this  
23 section for the fiscal year beginning July 1, 2018.

24 (d) For the fiscal year beginning July 1, 2022, and each  
25 succeeding fiscal year beginning before July 1, 2025, zero.

26 (3) The department of revenue shall consult with the  
27 department of management to calculate the amount received by  
28 each taxing authority in this state under this section as the  
29 result of commercial and industrial property tax replacement  
30 claims paid for the fiscal year beginning July 1, 2018.

31 Sec. 7. Section 441.21A, subsection 5, Code 2018, is amended  
32 to read as follows:

33 5. For purposes of computing replacement amounts under  
34 this section for fiscal years beginning on or after July 1,  
35 2014, but before July 1, 2019, that portion of an urban renewal

1 area defined as the sum of the assessed valuations defined in  
2 section 403.19, subsections 1 and 2, shall be considered a  
3 taxing district.

4 Sec. 8. Section 441.21A, subsection 6, paragraph a, Code  
5 2018, is amended to read as follows:

6 a. The For fiscal years beginning on or after July 1, 2014,  
7 but before July 1, 2019, the county auditor shall certify  
8 and forward one copy of the statement to the department of  
9 revenue not later than a date of each year established by the  
10 department of revenue by rule.

11 Sec. 9. Section 441.21A, subsection 6, Code 2018, is amended  
12 by adding the following new paragraph:

13 NEW PARAGRAPH. f. This subsection shall apply to the  
14 apportionment of replacement claim amounts for fiscal years  
15 beginning on or after July 1, 2014, but before July 1, 2019.

16 Sec. 10. Section 441.21A, Code 2018, is amended by adding  
17 the following new subsection:

18 NEW SUBSECTION. 7. a. For fiscal years beginning on  
19 or after July 1, 2019, but before July 1, 2025, each taxing  
20 authority's property tax replacement claim payment calculated  
21 under subsection 4A shall be paid to the taxing authority in  
22 equal installments in September and March of each year.

23 b. The taxing authority's property tax replacement claim  
24 payment shall be apportioned and credited by the governing  
25 body of the taxing authority among the taxing authority's tax  
26 levies in the same proportion that each property tax levy  
27 bears to the total of all property tax levies imposed by the  
28 taxing authority for the fiscal year for which the payment is  
29 received.

30 c. Of the amounts allocated and credited to each property  
31 tax levy that is subject to division under section 403.19,  
32 the total amount paid into the fund for the taxing authority  
33 as taxes by or for the taxing authority into which all other  
34 property taxes are paid and the special fund of the applicable  
35 municipality under section 403.19, subsection 2, shall be

1 an amount of the property tax replacement claim that is  
2 proportionate to the amount of the total sum of the assessed  
3 value of the taxable commercial and industrial property in  
4 the urban renewal area as a share of total assessed value  
5 of all taxable property in the taxing authority and shall be  
6 apportioned as follows:

7 (1) To the fund for the taxing authority as taxes by or for  
8 the taxing authority into which all other property taxes are  
9 paid, an amount proportionate to the amount of actual value of  
10 the commercial and industrial property in the urban renewal  
11 area as determined in section 403.19, subsection 1, that was  
12 subtracted pursuant to section 403.20, as it bears to the  
13 total amount of actual value of the commercial and industrial  
14 property in the urban renewal area that was subtracted pursuant  
15 to section 403.20 for the assessment year for property taxes  
16 due and payable in the fiscal year for which the replacement  
17 claim is computed.

18 (2) (a) To the special fund of the applicable municipality  
19 under section 403.19, subsection 2, the remaining amount, if  
20 any.

21 (b) The amount allocated under subparagraph division (a)  
22 shall not exceed the amount equal to the amount certified to  
23 the county auditor under section 403.19 for the fiscal year in  
24 which the claim is paid, after deduction of the amount of other  
25 revenues committed for payment on that amount for the fiscal  
26 year. The amount not allocated as a result of the operation of  
27 this subparagraph division (b) shall be allocated to and paid  
28 into the fund for the taxing authority as taxes by or for the  
29 taxing authority in the manner provided in subparagraph (1).

30 EXPLANATION

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

33 Current Code section 441.21A establishes and appropriates  
34 amounts from the general fund of the state for commercial  
35 and industrial property tax replacement claims. Such claims

1 are calculated by the department of revenue based on the  
2 difference between the actual value and assessed value of all  
3 commercial and industrial property in each taxing district  
4 in the state. Current law appropriates an amount necessary  
5 for the payment of all commercial and industrial property tax  
6 replacement claims for each fiscal year beginning on or after  
7 July 1, 2014, subject to a maximum total appropriation for  
8 fiscal years beginning on or after July 1, 2017, of the total  
9 amount necessary for the payment of replacement claims in the  
10 fiscal year beginning July 1, 2016. This bill eliminates the  
11 appropriation for fiscal years beginning on or after July 1,  
12 2025, and specifies that the maximum total appropriation for  
13 the fiscal year beginning July 1, 2018, shall not exceed the  
14 total amount necessary for the payment of replacement claims in  
15 the fiscal year beginning July 1, 2016.

16 The bill modifies the methodology for calculating and  
17 apportioning commercial and industrial property tax replacement  
18 claims for fiscal years beginning on or after July 1, 2019,  
19 but before July 1, 2025. The bill requires such claims to be  
20 calculated based on and paid to taxing authorities, as defined  
21 in the bill, instead of taxing districts as is required under  
22 current law. The amount of each taxing authority's replacement  
23 claim is determined based on specified fractions of the amount  
24 received by the taxing authority under Code section 441.21A for  
25 the fiscal year beginning July 1, 2018, and whether the taxing  
26 authority is a qualified taxing authority. The specified  
27 fractions are reduced over the period of fiscal years beginning  
28 July 1, 2019, and ending July 1, 2024, in the case of a  
29 qualified taxing authority, and July 1, 2021, in the case of a  
30 taxing authority that is not a qualified taxing authority. The  
31 appropriation ceases at the end of the fiscal year beginning  
32 July 1, 2024. Under the bill, a qualified taxing authority  
33 is a taxing authority in which the total assessed value as  
34 of January 1, 2017, of specified taxable property located in  
35 the taxing authority is less than 119.51 percent of the total



1 assessed value as of January 1, 2012, of specified taxable  
2 property located in the taxing authority.

3 The bill requires each taxing authority's property tax  
4 replacement claim payment for fiscal years beginning on or  
5 after July 1, 2019, but before July 1, 2025, to be apportioned  
6 and credited by the governing body of the taxing authority  
7 among the taxing authority's tax levies in the same proportion  
8 that each property tax levy bears to the total of all property  
9 tax levies imposed by the taxing authority for the fiscal year  
10 for which the payment is received. The bill also establishes  
11 requirements for the apportionment of amounts allocated to  
12 property tax levies that are subject to a division of taxes  
13 under Code section 403.19 (tax increment financing).

14 Under current law, the legislative tax expenditure committee  
15 established under Code section 2.48 is required to review  
16 the commercial and industrial property tax replacement claim  
17 expenditures. The bill eliminates that required periodic  
18 review.