

Senate File 375 - Introduced

SENATE FILE 375
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1116)

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~~ sold for
19 construction or occupancy of housing. When an individual lot
20 has been improved with permanent sold for construction or
21 occupancy of housing, the lot shall be assessed for taxation
22 purposes as provided in chapter 428 and this chapter.

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

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

35 Sec. 3. IMPLEMENTATION.

1 1. This Act shall not be construed to require the refund
2 or modification of property taxes that are attributable to
3 assessment years beginning before January 1, 2018, or the
4 adjustment of property assessments for assessment years
5 beginning before January 1, 2018.

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

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

11 EXPLANATION

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

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

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

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

1 multifamily property, whichever is applicable.

2 Code section 441.72 provides that a platted lot for which
3 a subdivision plat was recorded is assessed for property tax
4 purposes as acreage or unimproved property for five years or
5 until the lot is actually improved with permanent construction,
6 whichever occurs first. However, for subdivision plats
7 recorded on or after January 1, 2004, but before January 1,
8 2011, the time limit is eight years.

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

16 The bill shall not be construed to require the refund
17 or modification of property taxes that are attributable to
18 assessment years beginning before January 1, 2018, or the
19 adjustment of property assessments for assessment years
20 beginning before January 1, 2018. The bill also provides that
21 local ordinances adopted under existing Code section 405.1
22 in effect on the effective date of the bill are invalid for
23 purposes of assessment years beginning on or after January 1,
24 2018.

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