

Senate Study Bill 1055 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON FEENSTRA)

A BILL FOR

1 An Act relating to the property tax exemption for the value
2 added by certain geothermal heating or cooling systems and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 38, paragraphs a and b,
2 Code 2017, are amended to read as follows:

3 a. The value added by any new or refitted construction or
4 installation of a geothermal heating or cooling system on or
5 after July 1, 2012, on property classified as residential,
6 or the value added by any new or refitted construction or
7 installation of a geothermal heating or cooling system on or
8 after July 1, 2017, on property classified as multiresidential,
9 commercial, industrial, or agricultural. ~~The exemption~~
10 ~~shall be allowed for ten consecutive years.~~ The exemption
11 shall apply to any value added by the addition of mechanical,
12 electrical, plumbing, ductwork, or other equipment, labor,
13 and expenses included in or required for the construction
14 or installation of the geothermal system, as well as the
15 proportionate value of any well field associated with the
16 system and attributable to the owner.

17 b. A person claiming an exemption under **this subsection**
18 shall obtain the appropriate forms from the assessor. The
19 forms shall be prescribed by the director of revenue. The
20 claim shall be filed no later than February 1 of the first
21 assessment year the exemption is requested and shall contain
22 information pertaining to all costs and other information
23 associated with construction and installation of the system.
24 Once the exemption is allowed, the exemption shall continue to
25 be allowed for ~~ten consecutive~~ successive years without further
26 filing as long as the property continues to be classified as
27 residential, multiresidential, commercial, industrial, or
28 agricultural property.

29 Sec. 2. IMPLEMENTATION. Section 25B.7 does not apply to the
30 property tax exemption enacted in this Act.

31 Sec. 3. APPLICABILITY. This Act applies to assessment years
32 beginning on or after January 1, 2018.

33 EXPLANATION

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

1 Current Code section 427.1(38) provides a property
2 tax exemption on the value added by any new or refitted
3 construction or installation of a geothermal heating or cooling
4 system on or after July 1, 2012, on property classified as
5 residential. Under current law, that exemption is allowed for
6 10 consecutive years.

7 This bill authorizes the exemption for the refitted
8 construction or installation of a geothermal heating or cooling
9 system on or after July 1, 2017, on property classified as
10 multiresidential, commercial, industrial, or agricultural
11 property.

12 The bill also removes the 10-year limitation on the duration
13 of the exemption.

14 The bill makes inapplicable Code section 25B.7. Code
15 section 25B.7 provides that for a property tax credit or
16 exemption enacted on or after January 1, 1997, if a state
17 appropriation made to fund the credit or exemption is not
18 sufficient to fully fund the credit or exemption, the political
19 subdivision shall be required to extend to the taxpayer only
20 that portion of the credit or exemption estimated by the
21 department of revenue to be funded by the state appropriation.

22 The bill applies to assessment years beginning on or after
23 January 1, 2018.