

House Study Bill 695 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to property tax classifications, credits,
2 assessment limitations, exemptions, and administration,
3 making appropriations, and including effective date,
4 applicability, and retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

BUSINESS PROPERTY TAX CREDIT AND REPLACEMENT CLAIMS

Section 1. Section 2.48, subsection 3, paragraph f, subparagraph (5), Code 2020, is amended by striking the subparagraph.

Sec. 2. Section 331.512, subsection 5, Code 2020, is amended by striking the subsection.

Sec. 3. Section 331.559, subsection 15, Code 2020, is amended by striking the subsection.

Sec. 4. Section 357H.9, subsection 1, paragraph d, subparagraph (2), Code 2020, is amended to read as follows:

(2) The difference between the actual value of the property as determined by the assessor each year and the ~~percentage of adjustment certified for that year by the director of~~ assessed value of the property following application of the assessment limitations pursuant to section 441.21, subsection 9, ~~multiplied by the actual value of the property as determined by the assessor,~~ shall be subtracted from the actual value of the property as determined pursuant to section 403.19, subsection 1.

Sec. 5. Section 357H.9, subsection 1, paragraph f, subparagraph (1), Code 2020, is amended to read as follows:

(1) "*Base year taxable value*" means the actual value of the property as determined in section 403.19, subsection 1, ~~multiplied by the percentage of adjustment certified for the assessment year specified in~~ section 403.19, subsection 1, ~~by the director of revenue on or before November 1~~ following application of the assessment limitations pursuant to section 441.21, subsection 9.

Sec. 6. Section 403.20, Code 2020, is amended to read as follows:

403.20 Percentage of adjustment considered in value assessment.

In determining the assessed value of property within an urban renewal area which is subject to a division of tax

1 revenues pursuant to [section 403.19](#), the difference between the
2 actual value of the property as determined by the assessor each
3 year and ~~the percentage of adjustment certified for that year~~
4 ~~by the director of revenue on or before November 1 pursuant~~
5 ~~to [section 441.21, subsection 9](#), multiplied by the actual~~
6 value of the property as determined by the assessor following
7 application of the assessment limitations under section 441.21,
8 subsection 9, shall be subtracted from the actual value of the
9 property as determined pursuant to section 403.19, subsection
10 1. If the assessed value of the property as determined
11 pursuant to [section 403.19, subsection 1](#), is reduced to zero,
12 the additional valuation reduction shall be subtracted from the
13 actual value of the property as determined by the assessor.

14 Sec. 7. Section 426C.2, Code 2020, is amended to read as
15 follows:

16 **426C.2 Business property tax credit fund — appropriation.**

17 1. A business property tax credit fund is created in the
18 state treasury under the authority of the department. For the
19 fiscal year beginning July 1, 2014, there is appropriated from
20 the general fund of the state to the department to be credited
21 to the fund, the sum of fifty million dollars to be used for
22 business property tax credits authorized in [this chapter](#). For
23 the fiscal year beginning July 1, 2015, there is appropriated
24 from the general fund of the state to the department to be
25 credited to the fund, the sum of one hundred million dollars
26 to be used for business property tax credits authorized in
27 this chapter. For the fiscal year beginning July 1, 2016, and
28 each fiscal year thereafter beginning before July 1, 2021,
29 there is appropriated from the general fund of the state to the
30 department to be credited to the fund, the sum of one hundred
31 twenty-five million dollars to be used for business property
32 tax credits authorized in [this chapter](#).

33 2. Notwithstanding [section 12C.7, subsection 2](#), interest or
34 earnings on moneys deposited in the fund shall be credited to
35 the fund. Moneys in the fund are not subject to the provisions

1 of [section 8.33](#) and shall not be transferred, used, obligated,
2 appropriated, or otherwise encumbered except as provided in
3 this chapter. However, moneys remaining in the fund at the end
4 of the fiscal year beginning July 1, 2020, shall be transferred
5 by the department for deposit in the general fund of the state.

6 Sec. 8. NEW SECTION. **426C.10 Future repeal.**

7 This chapter is repealed July 1, 2022.

8 Sec. 9. Section 441.21, subsection 5, Code 2020, is amended
9 to read as follows:

10 5. a. For valuations established as of January 1, 1979,
11 property valued by the department of revenue pursuant to
12 chapters 428, [433](#), [437](#), and [438](#) shall be considered as one
13 class of property and shall be assessed as a percentage of
14 its actual value. The percentage shall be determined by the
15 director of revenue in accordance with the provisions of this
16 section. For valuations established as of January 1, 1979, the
17 percentage shall be the quotient of the dividend and divisor
18 as defined in [this section](#). The dividend shall be the total
19 actual valuation established for 1978 by the department of
20 revenue, plus ten percent of the amount so determined. The
21 divisor for property valued by the department of revenue
22 pursuant to [chapters 428](#), [433](#), [437](#), and [438](#) shall be the
23 valuation established for 1978, plus the amount of value added
24 to the total actual value by the revaluation of the property
25 by the department of revenue as of January 1, 1979. For
26 valuations established as of January 1, 1980, property valued
27 by the department of revenue pursuant to [chapters 428](#), [433](#),
28 [437](#), and [438](#) shall be assessed at a percentage of its actual
29 value. The percentage shall be determined by the director of
30 revenue in accordance with the provisions of [this section](#). For
31 valuations established as of January 1, 1980, the percentage
32 shall be the quotient of the dividend and divisor as defined in
33 this section. The dividend shall be the total actual valuation
34 established for 1979 by the department of revenue, plus eight
35 percent of the amount so determined. The divisor for property

1 valued by the department of revenue pursuant to chapters 428,
2 433, 437, and 438 shall be the valuation established for 1979,
3 plus the amount of value added to the total actual value by the
4 revaluation of the property by the department of revenue as of
5 January 1, 1980. For valuations established as of January 1,
6 1981, and each year thereafter, the percentage of actual value
7 at which property valued by the department of revenue pursuant
8 to chapters 428, 433, 437, and 438 shall be assessed shall be
9 calculated in accordance with the methods provided herein,
10 except that any references to ten percent in this subsection
11 shall be eight percent. For valuations established on or after
12 January 1, 2013, property valued by the department of revenue
13 pursuant to chapter 434 shall be assessed at a percentage
14 portion of its actual value ~~equal to the percentage of actual~~
15 ~~value determined in the same manner~~ at which property assessed
16 as commercial property is assessed under paragraph "b" for the
17 same assessment year.

18 b. For valuations established on or after January 1, 2013,
19 commercial property, excluding properties referred to in
20 section 427A.1, subsection 9, shall be assessed at a percentage
21 portion of its actual value, as determined in this paragraph
22 "b".

23 (1) For valuations established for the assessment year
24 beginning January 1, 2013, the percentage of actual value
25 as equalized by the department of revenue as provided in
26 section 441.49 at which commercial property shall be assessed
27 shall be ninety-five percent. For valuations established
28 for the assessment year beginning January 1, 2014, and each
29 assessment year thereafter beginning before January 1, 2020,
30 the percentage of actual value as equalized by the department
31 of revenue as provided in section 441.49 at which commercial
32 property shall be assessed shall be ninety percent.

33 (2) For valuations established for the assessment year
34 beginning January 1, 2020, and each assessment year thereafter,
35 the portion of actual value at which each parcel of commercial

1 property shall be assessed shall be the sum of the following:

2 (a) An amount equal to the product of the assessment
3 limitation percentage applicable to residential property under
4 subsection 4, for that assessment year multiplied by the actual
5 value of the property that exceeds zero dollars but does not
6 exceed one hundred fifty thousand dollars.

7 (b) An amount equal to ninety percent of the actual value of
8 the property for that assessment year that exceeds one hundred
9 fifty thousand dollars.

10 c. For valuations established on or after January 1, 2013,
11 industrial property, excluding properties referred to in
12 section 427A.1, subsection 9, shall be assessed at a percentage
13 portion of its actual value, as determined in this paragraph
14 "c".

15 (1) For valuations established for the assessment year
16 beginning January 1, 2013, the percentage of actual value
17 as equalized by the department of revenue as provided in
18 section 441.49 at which industrial property shall be assessed
19 shall be ninety-five percent. For valuations established
20 for the assessment year beginning January 1, 2014, and each
21 assessment year thereafter beginning before January 1, 2020,
22 the percentage of actual value as equalized by the department
23 of revenue as provided in section 441.49 at which industrial
24 property shall be assessed shall be ninety percent.

25 (2) For valuations established for the assessment year
26 beginning January 1, 2020, and each assessment year thereafter,
27 the portion of actual value at which each parcel of industrial
28 property shall be assessed shall be the sum of the following:

29 (a) An amount equal to the product of the assessment
30 limitation percentage applicable to residential property under
31 subsection 4, for that assessment year multiplied by the actual
32 value of the property that exceeds zero dollars but does not
33 exceed one hundred fifty thousand dollars.

34 (b) An amount equal to ninety percent of the actual value of
35 the property for that assessment year that exceeds one hundred

1 fifty thousand dollars.

2 *d.* For valuations established for the assessment year
3 beginning January 1, 2019, and each assessment year thereafter,
4 the percentages or portions of actual value at which property
5 is assessed, as determined under [this subsection](#), shall not be
6 applied to the value of wind energy conversion property valued
7 under [section 427B.26](#) the construction of which is approved by
8 the Iowa utilities board on or after July 1, 2018.

9 Sec. 10. Section 441.21, subsections 9 and 10, Code 2020,
10 are amended to read as follows:

11 9. Not later than November 1, 1979, and November 1 of
12 each subsequent year, the director shall certify to the
13 county auditor of each county the percentages of actual
14 value at which residential property, agricultural property,
15 commercial property, industrial property, multiresidential
16 property, property valued by the department of revenue pursuant
17 to [chapter 434](#), and property valued by the department of
18 revenue pursuant to [chapters 428, 433, 437, and 438](#) in each
19 assessing jurisdiction in the county shall be assessed for
20 taxation, including, for assessment years beginning on or after
21 January 1, 2020, the percentages used to apply the assessment
22 limitations under subsection 5, paragraphs "b" and "c". The
23 county auditor shall proceed to determine the assessed values
24 of agricultural property, residential property, commercial
25 property, industrial property, multiresidential property,
26 property valued by the department of revenue pursuant to
27 chapter 434, and property valued by the department of revenue
28 pursuant to [chapters 428, 433, 437, and 438](#) by applying such
29 percentages to the current actual value of such property,
30 as reported to the county auditor by the assessor, and the
31 assessed values so determined shall be the taxable values of
32 such properties upon which the levy shall be made.

33 10. The ~~percentage~~ percentages of actual value computed
34 by the department of revenue for agricultural property,
35 residential property, commercial property, industrial property,

1 multiresidential property, property valued by the department
2 of revenue pursuant to [chapter 434](#), and property valued by the
3 department of revenue pursuant to [chapters 428, 433, 437, and](#)
4 [438](#), including, for assessment years beginning on or after
5 January 1, 2020, the percentages used to apply the assessment
6 limitations under subsection 5, paragraphs "b" and "c", and
7 used to determine assessed values of those classes of property
8 ~~does~~ do not constitute a rule as defined in section 17A.2,
9 subsection 11.

10 Sec. 11. Section 441.21A, subsection 1, paragraph a, Code
11 2020, is amended to read as follows:

12 a. For each fiscal year beginning on or after July 1, 2014,
13 there is appropriated from the general fund of the state to
14 the department of revenue an amount necessary for the payment
15 of all commercial and industrial property tax replacement
16 claims under [this section](#) for the fiscal year. However, for
17 a fiscal year beginning on or after July 1, 2017, but before
18 July 1, 2021, the total amount of moneys appropriated from the
19 general fund of the state to the department of revenue for the
20 payment of commercial and industrial property tax replacement
21 claims in that fiscal year shall not exceed the total amount of
22 money necessary to pay all commercial and industrial property
23 tax replacement claims for the fiscal year beginning July 1,
24 2016. Additionally, for each fiscal year beginning on or after
25 July 1, 2021, the total amount of moneys appropriated from the
26 general fund of the state to the department of revenue for the
27 payment of commercial and industrial property tax replacement
28 claims in that fiscal year shall not exceed the sum of the
29 total amount of money necessary to pay all commercial and
30 industrial property tax replacement claims for the fiscal year
31 beginning July 1, 2016, plus one hundred twenty-five million
32 dollars.

33 Sec. 12. RETROACTIVE APPLICABILITY. This division of this
34 Act applies retroactively to assessment years beginning on or
35 after January 1, 2020.

DIVISION II

MULTIRESIDENTIAL PROPERTY

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3 Sec. 13. Section 404.2, subsection 2, paragraph f, Code
4 2020, is amended to read as follows:

5 f. A statement specifying whether the revitalization is
6 applicable to none, some, or all of the property assessed as
7 residential, ~~multiresidential~~, agricultural, commercial, or
8 industrial property within the designated area or a combination
9 thereof and whether the revitalization is for rehabilitation
10 and additions to existing buildings or new construction or
11 both. If revitalization is made applicable only to some
12 property within an assessment classification, the definition of
13 that subset of eligible property must be by uniform criteria
14 which further some planning objective identified in the plan.
15 The city shall state how long it is estimated that the area
16 shall remain a designated revitalization area which time
17 shall be longer than one year from the date of designation
18 and shall state any plan by the city to issue revenue bonds
19 for revitalization projects within the area. For a county,
20 a revitalization area shall include only property which
21 will be used as industrial property, commercial property,
22 ~~multiresidential property~~, or residential property. However, a
23 county shall not provide a tax exemption under [this chapter](#) to
24 commercial property, ~~multiresidential property~~, or residential
25 property which is located within the limits of a city.

26 Sec. 14. Section 404.3, subsection 4, paragraph a, Code
27 2020, is amended by striking the paragraph and inserting in
28 lieu thereof the following:

29 a. All qualified real estate assessed as residential
30 property is eligible to receive a one hundred percent exemption
31 from taxation on the actual value added by the improvements.

32 Sec. 15. Section 441.21, subsection 2, Code 2020, is amended
33 to read as follows:

34 2. In the event market value of the property being assessed
35 cannot be readily established in the foregoing manner, then

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

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

28 Sec. 16. Section 441.21, subsection 8, paragraph b, Code
29 2020, is amended to read as follows:

30 *b.* Notwithstanding paragraph *"a"*, any construction or
31 installation of a solar energy system on property classified
32 as agricultural, residential, commercial, ~~multiresidential~~, or
33 industrial property shall not increase the actual, assessed,
34 and taxable values of the property for five full assessment
35 years.

1 Sec. 17. Section 441.21, subsections 9 and 10, Code 2020,
2 are amended to read as follows:

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

22 10. The percentage of actual value computed by the
23 department of revenue for agricultural property, residential
24 property, commercial property, industrial property,
25 ~~multiresidential property,~~ property valued by the department
26 of revenue pursuant to [chapter 434](#), and property valued by the
27 department of revenue pursuant to [chapters 428, 433, 437, and](#)
28 [438](#) and used to determine assessed values of those classes
29 of property does not constitute a rule as defined in section
30 17A.2, subsection 11.

31 Sec. 18. Section 441.21, subsection 13, paragraphs a, b, and
32 c, Code 2020, are amended to read as follows:

33 a. ~~(1) For the assessment year beginning January 1, 2015,~~
34 ~~mobile home parks, manufactured home communities, land-leased~~
35 ~~communities, assisted living facilities, property primarily~~

~~1 used or intended for human habitation containing three or more
2 separate dwelling units, and that portion of a building that is
3 used or intended for human habitation and a proportionate share
4 of the land upon which the building is situated, regardless of
5 the number of dwelling units located in the building, if the
6 use for human habitation is not the primary use of the building
7 and such building is not otherwise classified as residential
8 property, shall be valued as a separate class of property
9 known as multiresidential property and, excluding properties
10 referred to in [section 427A.1, subsection 9](#), shall be assessed
11 at a percentage of its actual value, as determined in this
12 subsection.~~

13 (2) Beginning with valuations established on or after
14 January 1, 2016, but before January 1, 2021, all of the
15 following shall be valued as a separate class of property
16 known as multiresidential property and, excluding properties
17 referred to in [section 427A.1, subsection 9](#), shall be assessed
18 at a percentage of its actual value, as determined in this
19 subsection:

20 (a) (1) Mobile home parks.

21 (b) (2) Manufactured home communities.

22 (c) (3) Land-leased communities.

23 (d) (4) Assisted living facilities.

24 (e) (5) A parcel primarily used or intended for human
25 habitation containing three or more separate dwelling units.

26 If a portion of such a parcel is used or intended for a purpose
27 that, if the primary use, would be classified as commercial
28 property or industrial property, each such portion, including
29 a proportionate share of the land included in the parcel, if
30 applicable, shall be assigned the appropriate classification
31 pursuant to paragraph "c".

32 (f) (6) For a parcel that is primarily used or intended for
33 use as commercial property or industrial property, that portion
34 of the parcel that is used or intended for human habitation,
35 regardless of the number of dwelling units contained on the

1 parcel, including a proportionate share of the land included
2 in the parcel, if applicable. The portion of such a parcel
3 used or intended for use as commercial property or industrial
4 property, including a proportionate share of the land included
5 in the parcel, if applicable, shall be assigned the appropriate
6 classification pursuant to paragraph "c".

7 *b.* For valuations established for the assessment year
8 beginning January 1, 2015, the percentage of actual value as
9 equalized by the department of revenue as provided in section
10 441.49 at which multiresidential property shall be assessed
11 shall be the greater of eighty-six and twenty-five hundredths
12 percent or the percentage of actual value determined by the
13 department of revenue at which property assessed as residential
14 property is assessed for the same assessment year under
15 subsection 4. For valuations established for the assessment
16 year beginning January 1, 2016, the percentage of actual
17 value as equalized by the department of revenue as provided
18 in [section 441.49](#) at which multiresidential property shall be
19 assessed shall be the greater of eighty-two and five-tenths
20 percent or the percentage of actual value determined by the
21 department of revenue at which property assessed as residential
22 property is assessed for the same assessment year under
23 subsection 4. For valuations established for the assessment
24 year beginning January 1, 2017, the percentage of actual
25 value as equalized by the department of revenue as provided
26 in [section 441.49](#) at which multiresidential property shall be
27 assessed shall be the greater of seventy-eight and seventy-five
28 hundredths percent or the percentage of actual value determined
29 by the department of revenue at which property assessed as
30 residential property is assessed for the same assessment
31 year under [subsection 4](#). For valuations established for the
32 assessment year beginning January 1, 2018, the percentage of
33 actual value as equalized by the department of revenue as
34 provided in [section 441.49](#) at which multiresidential property
35 shall be assessed shall be the greater of seventy-five percent

1 or the percentage of actual value determined by the department
2 of revenue at which property assessed as residential property
3 is assessed for the same assessment year under [subsection 4](#).
4 For valuations established for the assessment year beginning
5 January 1, 2019, the percentage of actual value as equalized
6 by the department of revenue as provided in [section 441.49](#) at
7 which multiresidential property shall be assessed shall be the
8 greater of seventy-one and twenty-five hundredths percent or
9 the percentage of actual value determined by the department
10 of revenue at which property assessed as residential property
11 is assessed for the same assessment year under [subsection 4](#).
12 For valuations established for the assessment year beginning
13 January 1, 2020, the percentage of actual value as equalized
14 by the department of revenue as provided in [section 441.49](#)
15 at which multiresidential property shall be assessed shall
16 be the greater of sixty-seven and five-tenths percent or the
17 percentage of actual value determined by the department of
18 revenue at which property assessed as residential property
19 is assessed for the same assessment year under [subsection 4](#).
20 ~~For valuations established for the assessment year beginning~~
21 ~~January 1, 2021, the percentage of actual value as equalized~~
22 ~~by the department of revenue as provided in [section 441.49](#) at~~
23 ~~which multiresidential property shall be assessed shall be the~~
24 ~~greater of sixty-three and seventy-five hundredths percent or~~
25 ~~the percentage of actual value determined by the department~~
26 ~~of revenue at which property assessed as residential property~~
27 ~~is assessed for the same assessment year under [subsection 4](#).~~
28 ~~For valuations established for the assessment year beginning~~
29 ~~January 1, 2022, and each assessment year thereafter, the~~
30 ~~percentage of actual value as equalized by the department of~~
31 ~~revenue as provided in [section 441.49](#) at which multiresidential~~
32 ~~property shall be assessed shall be equal to the percentage of~~
33 ~~actual value determined by the department of revenue at which~~
34 ~~property assessed as residential property is assessed under~~
35 ~~[subsection 4](#) for the same assessment year.~~

1 ~~c. (1) For the assessment year beginning January 1,~~
2 ~~2015, for parcels that, in part, satisfy the requirements for~~
3 ~~classification as multiresidential property, the assessor~~
4 ~~shall assign to that portion of the parcel the classification~~
5 ~~of multiresidential property and to such other portions of~~
6 ~~the parcel the property classification for which such other~~
7 ~~portions qualify.~~

8 (2) Beginning with valuations established on or after
9 January 1, 2016, but before January 1, 2021, for parcels for
10 which a portion of the parcel satisfies the requirements
11 for classification as multiresidential property pursuant
12 to paragraph "a", subparagraph (2), ~~subparagraph division~~
13 ~~(e) or (f)~~ (5) or (6), the assessor shall assign to that
14 portion of the parcel the classification of multiresidential
15 property and to such other portions of the parcel the property
16 classification for which such other portions qualify.

17 Sec. 19. Section 441.21, Code 2020, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 14. a. Beginning with valuations
20 established on or after January 1, 2021, all of the following
21 shall be classified and valued as residential property:

- 22 (1) Property primarily used or intended for human
23 habitation containing two or fewer dwelling units.
- 24 (2) Mobile home parks.
- 25 (3) Manufactured home communities.
- 26 (4) Land-leased communities.
- 27 (5) Assisted living facilities.
- 28 (6) A parcel primarily used or intended for human habitation
29 containing three or more separate dwelling units. If a
30 portion of such a parcel is used or intended for a purpose
31 that, if the primary use, would be classified as commercial
32 property or industrial property, each such portion, including
33 a proportionate share of the land included in the parcel, if
34 applicable, shall be assigned the appropriate classification
35 pursuant to paragraph "b".

1 (7) For a parcel that is primarily used or intended for use
2 as commercial property or industrial property, that portion
3 of the parcel that is used or intended for human habitation,
4 regardless of the number of dwelling units contained on the
5 parcel, including a proportionate share of the land included
6 in the parcel, if applicable. The portion of such a parcel
7 used or intended for use as commercial property or industrial
8 property, including a proportionate share of the land included
9 in the parcel, if applicable, shall be assigned the appropriate
10 classification pursuant to paragraph "b".

11 b. Beginning with valuations established on or after
12 January 1, 2021, for parcels for which a portion of the parcel
13 satisfies the requirements for classification as residential
14 property pursuant to paragraph "a", subparagraph (6) or (7),
15 the assessor shall assign to that portion of the parcel the
16 classification of residential property and to such other
17 portions of the parcel the property classification for which
18 such other portions qualify.

19 c. Property that is rented or leased to low-income
20 individuals and families as authorized by section 42 of the
21 Internal Revenue Code, and that has not been withdrawn from
22 section 42 assessment procedures under subsection 2 of this
23 section, or a hotel, motel, inn, or other building where rooms
24 or dwelling units are usually rented for less than one month
25 shall not be classified as residential property under this
26 subsection.

27 d. As used in this subsection:

28 (1) "*Assisted living facility*" means property for providing
29 assisted living as defined in section 231C.2. "*Assisted living*
30 *facility*" also includes a health care facility, as defined in
31 section 135C.1, an elder group home, as defined in section
32 231B.1, a child foster care facility under chapter 237, or
33 property used for a hospice program as defined in section
34 135J.1.

35 (2) "*Dwelling unit*" means an apartment, group of rooms,

1 or single room which is occupied as separate living quarters
2 or, if vacant, is intended for occupancy as separate living
3 quarters, in which a tenant can live and sleep separately from
4 any other persons in the building.

5 (3) "*Land-leased community*" means the same as defined in
6 sections 335.30A and 414.28A.

7 (4) "*Manufactured home community*" means the same as a
8 land-leased community.

9 (5) "*Mobile home park*" means the same as defined in section
10 435.1.

11 Sec. 20. Section 558.46, subsection 5, Code 2020, is amended
12 by striking the subsection.

13 Sec. 21. SAVINGS PROVISION. This division of this Act,
14 pursuant to section 4.13, does not affect the operation of,
15 or prohibit the application of, prior provisions of the Code
16 sections amended by this division of this Act, or rules adopted
17 under chapter 17A to administer such prior provisions, for
18 assessment years beginning before January 1, 2021, and for
19 duties, powers, protests, appeals, proceedings, actions, or
20 remedies attributable to an assessment year beginning before
21 January 1, 2021.

22 Sec. 22. EFFECTIVE DATE. This division of this Act takes
23 effect January 1, 2021.

24 Sec. 23. APPLICABILITY. This division of this Act applies
25 to assessment years beginning on or after January 1, 2021.

26 DIVISION III

27 DISASTER REVITALIZATION TAX EXEMPTIONS

28 Sec. 24. Section 404B.2, subsection 2, paragraph b, Code
29 2020, is amended to read as follows:

30 b. The assessed valuation of the real property in the
31 proposed area as of January 1, ~~2007~~ 2019, listing the land and
32 building values separately.

33 Sec. 25. Section 404B.4, subsection 1, Code 2020, is amended
34 to read as follows:

35 1. All real property within a disaster revitalization area

1 is eligible to receive a one hundred percent exemption from
2 taxation on the increase in assessed value of the property,
3 as compared to the property's assessed value on January 1,
4 ~~2007~~ 2019, if the increase in assessed value is attributable
5 to revitalization of the property occurring between ~~May 25,~~
6 ~~2008~~ March 1, 2019, and December 31, ~~2013~~ 2024. The exemption
7 is for a period not to exceed five years, starting with an
8 assessment year beginning on or after January 1, ~~2010~~ 2020.

9 Sec. 26. Section 404B.7, Code 2020, is amended to read as
10 follows:

11 **404B.7 Expiration or repeal of ordinance.**

12 An ordinance enacted under [this chapter](#) shall expire or be
13 repealed no later than December 31, ~~2016~~ 2028.

14 EXPLANATION

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

17 This bill relates to property tax credits, assessment
18 limitations, exemptions, and administration.

19 Code chapter 426C provides a business property tax credit
20 for commercial, industrial, and railway property for property
21 taxes due and payable in fiscal years beginning on or after
22 July 1, 2014. The business property tax credit is funded from
23 an annual standing appropriation of \$125 million.

24 Division I of this bill eliminates the annual appropriation
25 for the business property tax credit under Code section
26 426C.2 for fiscal years beginning on or after July 1, 2021,
27 and provides that moneys remaining in the business property
28 tax credit fund at the end of the fiscal year beginning July
29 1, 2020, shall be transferred by the department of revenue
30 for deposit in the general fund of the state. The bill also
31 establishes a future repeal date for Code chapter 426C of July
32 1, 2022.

33 Current Code section 441.21 imposes an assessment limitation
34 (rollback) on commercial property, industrial property,
35 and property valued by the department of revenue under Code

1 chapter 434 (railway company property) of 90 percent for
2 assessment years beginning on or after January 1, 2014. The
3 bill modifies the amount and methodology for calculating the
4 assessment limitation for parcels within those classifications
5 of property. Instead of a uniform percentage of value, for
6 valuations established for the assessment year beginning
7 January 1, 2020, and each assessment year thereafter, the
8 portion of actual value at which each parcel of commercial
9 property shall be assessed shall be the sum of the following:
10 (1) an amount equal to the product of the assessment limitation
11 percentage applicable to residential property multiplied by
12 the actual value of the property that exceeds \$0 but does not
13 exceed \$150,000; and (2) an amount equal to 90 percent of the
14 actual value of the property for that assessment year that
15 exceeds \$150,000. The bill establishes a similar provision
16 for industrial property and provides that the assessed value
17 of railway company property shall be determined in the same
18 manner as commercial property. The changes to the methodology
19 and amount of assessment limitations for commercial property
20 and industrial property also applies to the calculation of
21 commercial and industrial property tax replacement payments
22 under Code section 441.21A, as amended in the bill.

23 Code section 441.21A calculates and funds the commercial
24 and industrial property tax replacement payments to political
25 subdivisions in the state. Under current law, the amount of
26 the replacement claim for each taxing district is equal to the
27 difference between the assessed valuation of all commercial
28 and industrial property located in the taxing district that is
29 subject to assessment and taxation and the total actual value
30 of all such property located in the taxing district multiplied
31 by the tax rate specified for the taxing district, and then
32 divided by \$1,000.

33 The annual appropriation for the commercial and industrial
34 property tax replacement payments is the amount necessary
35 to fund all replacement claims, but not to exceed the total

1 amount of money necessary to pay all commercial and industrial
2 property tax replacement payments for the fiscal year
3 beginning July 1, 2016. The bill provides that for each fiscal
4 year beginning on or after July 1, 2021, the total annual
5 appropriation is the amount necessary to pay all commercial
6 and industrial property tax replacement claims in that fiscal
7 year, but not to exceed the sum of the total amount of money
8 necessary to pay all commercial and industrial property tax
9 replacement claims for the fiscal year beginning July 1, 2016,
10 plus \$125 million.

11 Division I of the bill applies retroactively to assessment
12 years beginning on or after January 1, 2020.

13 Code section 441.21 provides that for assessment years
14 beginning on or after January 1, 2015, property can be
15 classified as multiresidential property. Multiresidential
16 property largely includes property that prior to the assessment
17 year beginning January 1, 2015, was classified as commercial
18 property and includes mobile home parks, manufactured
19 home communities, land-leased communities, assisted living
20 facilities, and property primarily used or intended for human
21 habitation containing three or more separate dwelling units.
22 The percentage of actual value at which multiresidential
23 property is subject to tax has been reduced each assessment
24 year beginning with the 2015 assessment year. The percentage
25 of actual value is reduced by law until the percentage is equal
26 to or below the percentage that is applicable to residential
27 property, at which time the two classifications are subject to
28 the same percentage.

29 Division II of the bill eliminates the classification of
30 multiresidential property for assessment years beginning on or
31 after January 1, 2021. The bill also provides that the types
32 of property previously classified as multiresidential will,
33 for assessment years beginning on or after January 1, 2021, be
34 classified as residential property.

35 Division II makes corresponding changes to various

1 other provisions of law to reflect the elimination of the
2 multiresidential property classification.

3 Division II of the bill takes effect January 1, 2021, and
4 applies to assessment years beginning on or after that date.

5 Division II of the bill does not affect the operation
6 of, or prohibit the application of, prior provisions of the
7 Code sections amended by division II of the bill, or rules
8 adopted to administer such prior provisions, for assessment
9 years beginning before January 1, 2021, and for duties,
10 powers, protests, appeals, proceedings, actions, or remedies
11 attributable to an assessment year beginning before January 1,
12 2021.

13 Code chapter 404B authorizes cities and counties to
14 designate a disaster revitalization area if the area is within
15 a county or portion of a county declared a disaster area.
16 All real property within a disaster revitalization area is
17 eligible to receive a 100 percent exemption from taxation on
18 the increase in assessed value of the property, as compared
19 to the property's assessed value on January 1, 2007, if the
20 increase is attributable to revitalization of the property
21 occurring between May 25, 2008, and December 31, 2013. The
22 exemption is available for a period not to exceed five years,
23 starting with the assessment year beginning on January 1,
24 2010. Under Code chapter 404B, a city or county may adopt a
25 different tax exemption percentage, so long as the exemption
26 percentage applies to every disaster revitalization area
27 within that jurisdiction. Ordinances establishing a disaster
28 revitalization area and tax exemption expire or must repealed
29 no later than December 31, 2016.

30 Division III of the bill amends the periods of time for
31 establishing disaster revitalization areas and qualifying
32 for a property tax exemption. Under the bill, a disaster
33 revitalization area may be established to provide property tax
34 exemptions on the increase in assessed value of the property,
35 as compared to the property's assessed value on January 1,

1 2019, if the increase is attributable to revitalization of
2 the property occurring between March 1, 2019, and December
3 31, 2024. Ordinances establishing a disaster revitalization
4 area and tax exemption expire or must be repealed no later than
5 December 31, 2028.