

Senate File 149 - Introduced

SENATE FILE 149
BY R. TAYLOR

A BILL FOR

1 An Act authorizing a city or county to provide a property tax
2 exemption for value added by improvements to residential
3 property that is a public nuisance.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 364.19, Code 2019, is amended to read as
2 follows:

3 **364.19 Contracts to provide services to tax-exempt property.**

4 A city council or county board of supervisors may enter into
5 a contract with a person whose property is totally or partially
6 exempt from taxation under **chapter 404, chapter 404B**, section
7 **427.1, or section 427B.1, or section 427B.10**, for the city or
8 county to provide specified services to that person including
9 but not limited to police protection, fire protection,
10 street maintenance, and waste collection. The contract shall
11 terminate as of the date previously exempt property becomes
12 subject to taxation.

13 Sec. 2. **NEW SECTION. 427B.10 Residential nuisance property**
14 — **value added exemption from tax.**

15 1. A city council or a county board of supervisors may
16 provide by ordinance for an exemption from property taxation
17 of the actual value added by improvements made to residential
18 property if the property is a public nuisance prior to the
19 improvements. A city council may provide for an exemption to
20 such property located within the boundaries of the city and the
21 county board of supervisors may provide for an exemption to
22 such property located outside the boundaries of a city.

23 2. All property described in subsection 1 for which an
24 exemption has been approved by ordinance is eligible to receive
25 a one hundred percent exemption from taxation on the actual
26 value added by the improvements. The exemption is for a
27 period of ten years beginning not later than the first year
28 in which all improvements described in the application are
29 first assessed for taxation. A property tax exemption under
30 this section shall not be granted if the property for which
31 the exemption is claimed has received any other property tax
32 exemption authorized by law for the actual value added to the
33 property.

34 3. a. The ordinance providing for the exemption may
35 designate a length of time of less than ten years that the

1 exemption shall be available and may designate an exemption
2 percentage or schedule of percentages that is less than one
3 hundred percent.

4 b. The city council or the board of supervisors may, as part
5 of the resolution approving an exemption application, specify
6 an exemption duration or exemption percentage that is different
7 than that designated in the ordinance. However, the different
8 duration or percentage specified in the resolution shall not
9 exceed that which is provided for in the ordinance.

10 4. a. An application shall be filed for each new exemption
11 claimed. The first application for an exemption shall be filed
12 by the owner of the property with the governing body of the
13 city or county in which the property is located by February
14 1 of the assessment year for which the exemption is first
15 claimed, but not later than February 1 of the assessment year
16 in which all improvements included in the application are first
17 assessed for taxation.

18 b. The application shall, at a minimum, contain the nature
19 of the improvements, the cost of the improvements, a list of
20 all other federal, state, or local government tax credits,
21 exemptions, grants, forgivable loans, or other forms of
22 financial assistance received by or applied for by the owner
23 for completion of the improvements, and the estimated or actual
24 date of completion of the improvements.

25 c. An owner may submit an application for an exemption
26 under this section to the governing body of the city or
27 county to receive prior approval for eligibility for a tax
28 exemption. Such prior approval shall not entitle the owner
29 to exemption from taxation until the improvements have been
30 completed, a physical review of the property has been conducted
31 by the assessor pursuant to subsection 5, and the assessor has
32 determined that the actual value of the property has increased
33 as a result of the improvements.

34 d. Approval of an exemption application shall be by
35 resolution of the governing body of the city or county.

1 e. If an application for an exemption is not approved, the
2 owner may submit an amended application for the governing body
3 to approve or reject.

4 5. The local assessor shall review each first-year
5 application by making a physical review of the property to
6 determine if the improvements made increased the actual value
7 of the approved property. If the assessor determines that
8 the actual value of that property has increased, the assessor
9 shall proceed to determine the actual value of the property
10 and certify the valuation to the county auditor at the time
11 of transmitting the assessment rolls. If an application for
12 exemption is denied as a result of failure to increase the
13 value of the property, the owner may, notwithstanding the
14 filing deadlines in subsection 4, file a first application in a
15 subsequent year when additional improvements are made. After
16 the tax exemption is granted, the local assessor shall continue
17 to grant the tax exemption, with periodic physical review by
18 the assessor, for the time period specified in subsection 2,
19 or specified in a different schedule if one has been adopted
20 under subsection 3, paragraph "a", or in the resolution of the
21 governing body under which the exemption was granted pursuant
22 to subsection 3, paragraph "b".

23 6. When in the opinion of the city council or the county
24 board of supervisors continuation of the exemption granted by
25 this section ceases to be of benefit to the city or county, the
26 city council or the county board of supervisors may repeal the
27 ordinance, but all existing exemptions shall continue until
28 their expiration.

29 7. For the purposes of this section, unless the context
30 otherwise requires:

31 a. "*Actual value added*" means the actual value added as of
32 the first year for which the exemption is received.

33 b. "*Owner*" includes a person who is purchasing property
34 by installment contract or under a duly executed purchase
35 contract.

1 c. "Public nuisance" means a building that is a menace to
2 the public health, welfare, or safety, or that is structurally
3 unsafe, unsanitary, or not provided with adequate safe egress,
4 or that constitutes a fire hazard, or is otherwise dangerous to
5 human life, or that in relation to the existing use constitutes
6 a hazard to the public health, welfare, or safety by reason
7 of inadequate maintenance, dilapidation, obsolescence, or
8 abandonment.

9 Sec. 3. IMPLEMENTATION OF ACT. Section 25B.7 shall not
10 apply to the property tax exemption established in this Act.

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 authorizes a city council or a county board of
15 supervisors to provide by ordinance for an exemption from
16 property taxation of the actual value added to residential
17 property by improvements to the property if the property
18 is a public nuisance, as defined in the bill, prior to the
19 improvements.

If approved by the governing body of the city or the board of supervisors of a county, the property is eligible to receive a 100 percent exemption from taxation on the actual value added by the improvements. The exemption is for a period of 10 years beginning not later than the first year in which all improvements described in the application are first assessed for taxation. The ordinance providing for the exemption from tax may designate a length of time of less than 10 years and may designate an exemption percentage or schedule of percentages that is less than 100 percent. The resolution approving the exemption application may also provide for a different period of exemption and exemption percentage than what is provided in the ordinance, but not exceeding the duration and percentages in the ordinance.

34 The application for an exemption must be filed by the
35 owner of the property with the governing body of the city or

1 county in which the property is located by February 1 of the
2 assessment year for which the exemption is first claimed, but
3 not later than February 1 of the assessment year in which all
4 improvements included in the application are first assessed
5 for taxation. The bill authorizes an owner to submit an
6 application for an exemption to receive prior approval for
7 eligibility for a tax exemption. Such prior approval does
8 not entitle the owner to exemption from taxation until the
9 improvements have been completed, a physical review of the
10 property has been conducted by the assessor, and the assessor
11 has determined that the actual value of the property has
12 increased as a result of the improvements.

13 The bill requires the application to list all other federal,
14 state, or local government tax credits, exemptions, grants,
15 forgivable loans, or other forms of financial assistance
16 received by or applied for by the owner for completion of the
17 improvements.

18 The bill requires the assessor to review each first-year
19 application by making a physical review of the property, to
20 determine if the improvements made increased the actual value
21 of the approved property. If an application for exemption
22 is denied as a result of failure to increase the value of
23 the property, the owner may file a first application in a
24 subsequent year when additional improvements are made. After
25 the tax exemption is granted, the local assessor shall continue
26 to grant the tax exemption, with periodic physical review by
27 the assessor, for the time period authorized.

28 Code section 25B.7 does not apply to the property tax
29 exemption to the bill. Code section 25B.7 provides that for a
30 property tax credit or exemption enacted on or after January
31 1, 1997, if a state appropriation made to fund the credit
32 or exemption is not sufficient to fully fund the credit or
33 exemption, the political subdivision is required to extend
34 to the taxpayer only that portion of the credit or exemption
35 estimated by the department of revenue to be funded by the

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l state appropriation.

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