

**Senate Study Bill 1252 - Introduced**

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

**A BILL FOR**

1 An Act relating to the assessment and taxation of pipeline  
2 companies and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 438.2, Code 2019, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. "*Personal equipment property*", as  
4 used in this chapter, means all of the following if used in  
5 the operation of the pipeline company and not "*attached*" as  
6 defined in section 427A.1, subsection 2, to the real estate or  
7 pipelines of the pipeline company:

- 8 a. Office furniture, equipment, and computers.
- 9 b. Transportation equipment.
- 10 c. Tools, shop, garage, and stores equipment.
- 11 d. Laboratory equipment.
- 12 e. Power-operated equipment.
- 13 f. Communications equipment.

14 Sec. 2. Section 438.3, subsection 9, Code 2019, is amended  
15 to read as follows:

16 9. Any and all other property owned by ~~said~~ the pipeline  
17 company within the state which property must be classified  
18 and scheduled in such a manner as the director of revenue may  
19 by rule require. For assessment years beginning on or after  
20 January 1, 2020, the information provided under this subsection  
21 shall also identify that portion of the property owned by the  
22 pipeline company that is personal equipment property.

23 Sec. 3. Section 438.13, Code 2019, is amended to read as  
24 follows:

25 **438.13 Basis of valuation and assessment.**

26 1. ~~The said~~ Each company's property shall be valued at  
27 its actual value, and the assessments shall be made upon the  
28 taxable value of the entire pipeline property within the state,  
29 except as otherwise provided, and the actual and taxable  
30 value so ascertained shall be assessed as provided by section  
31 441.21; and shall include the rights-of-way, easements, the  
32 pipelines, stations, grounds, shops, buildings, pumps, and  
33 all other property, real and personal exclusively used in the  
34 operation of such pipeline, subject to the exemption provided  
35 in subsection 2. In assessing ~~said~~ the pipeline company ~~and~~

1 ~~its equipment~~ company's taxable property, the department of  
2 revenue shall take into consideration the gross earnings and  
3 the net earnings for the entire property, and per mile, for  
4 the year ending December 31 preceding, and any and all other  
5 matters necessary to enable the department to make a just and  
6 equitable assessment of ~~said~~ the pipeline property.

7 2. For assessment years beginning on or after January 1,  
8 2020, pipeline company property that is personal equipment  
9 property shall not be assessed and taxed under this chapter.

10 Sec. 4. IMPLEMENTATION. Section 25B.7 shall not apply to  
11 this Act.

12 Sec. 5. SAVINGS PROVISION. This Act, pursuant to section  
13 4.13, does not affect the operation of, or prohibit the  
14 application of, prior provisions of chapter 438, or rules  
15 adopted under chapter 17A to administer prior provisions of  
16 chapter 438, for assessment years beginning before January 1,  
17 2020, and for duties, powers, protests, appeals, proceedings,  
18 actions, or remedies attributable to an assessment year  
19 beginning before January 1, 2020.

20 Sec. 6. APPLICABILITY. This Act applies to assessment years  
21 beginning on or after January 1, 2020.

22 EXPLANATION

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

25 This bill relates to the assessment and taxation of pipeline  
26 companies. Under Code chapter 438, pipeline companies are  
27 assessed by the department of revenue for property tax purposes  
28 on all property, real and personal, owned by the pipeline  
29 company and used in the operation of the pipeline. The  
30 valuation determined by the department of revenue is then  
31 reported and apportioned to the local taxing districts and the  
32 value is taxed in the same manner as other property within the  
33 applicable taxing districts.

34 The bill provides that for assessment years beginning on  
35 or after January 1, 2020, pipeline company property that is

1 personal equipment property shall not be assessed and taxed  
2 under Code chapter 438. Accordingly, the bill requires  
3 the annual property statement prepared and filed by each  
4 pipeline company with the department of revenue to identify  
5 the company's personal equipment property. The bill defines  
6 "personal equipment property" to include the following if used  
7 in the operation of the pipeline company and not attached to  
8 the real estate or pipelines of the pipeline company: (1)  
9 office furniture, equipment, and computers; (2) transportation  
10 equipment; (3) tools, shop, garage, and stores equipment; (4)  
11 laboratory equipment; (5) power-operated equipment; and (6)  
12 communications equipment.

13 The bill applies to assessment years beginning on or after  
14 January 1, 2020.