

House File 2561 - Introduced

HOUSE FILE 2561

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 704)

A BILL FOR

1 An Act relating to the assessment and taxation of wind
2 energy conversion property and including effective date,
3 applicability, and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427B.26, subsection 1, paragraph b, Code
2 2022, is amended to read as follows:

3 b. If in the opinion of the city council or the county
4 board of supervisors continuation of the special valuation
5 provided under [this section](#) ceases to be of benefit to the
6 city or county, the city council or the county board of
7 supervisors may repeal the ordinance authorized by this
8 subsection. Property specially valued under [this section](#) prior
9 to repeal of the ordinance shall continue to be valued under
10 this section until the end of the nineteenth assessment year
11 following the assessment year in which the property was first
12 assessed. Following repeal of the ordinance and conclusion of
13 the applicable nineteen-year period, the wind energy conversion
14 property shall be subject to assessment and taxation under
15 chapter 437A, section 441.21, subsection 8, paragraphs "b", "c",
16 and "d", or sections 428.24 through 428.26, 428.28, and 428.29,
17 as applicable.

18 Sec. 2. Section 427B.26, subsection 2, unnumbered paragraph
19 1, Code 2022, is amended to read as follows:

20 In lieu of the valuation and assessment provisions in
21 chapter 437A, section 441.21, subsection 8, paragraphs "b", "c",
22 and "d", and sections 428.24 through 428.26, 428.28, and 428.29,
23 as applicable, wind energy conversion property which is first
24 assessed for property taxation on or after January 1, 1994,
25 and on or after the effective date of the ordinance enacted
26 pursuant to [subsection 1](#), shall be valued by the local assessor
27 for property tax purposes as follows:

28 Sec. 3. Section 427B.26, subsections 3 and 4, Code 2022, are
29 amended to read as follows:

30 3. a. The taxpayer shall file with the local assessor by
31 February 1 of the assessment year in which the wind energy
32 conversion property is first assessed for property tax
33 purposes, a declaration of intent to have the property assessed
34 at the value determined under [this section](#) in lieu of the
35 valuation and assessment provisions in chapter 437A, section

1 441.21, subsection 8, paragraphs "b", "c", and "d", and sections
2 428.24 through 428.26, 428.28, and 428.29, as applicable.

3 b. Maintaining, refurbishing, or repowering wind energy
4 conversion property shall not cause the wind energy conversion
5 property to receive a new assessment schedule under subsection
6 2.

7 4. For purposes of this section:

8 a. "Collector substation" means an electrical substation
9 designed to collect energy from multiple electricity-generating
10 sources.

11 ~~a.~~ b. "Net acquisition cost" means the acquired cost of the
12 property including all foundations and installation cost less
13 any excess cost adjustment. However, except in the case of a
14 clerical error, an adjustment shall not be made after the third
15 year the wind energy conversion property is assessed.

16 c. "Repowering" means the removal and replacement of
17 components of wind energy conversion property.

18 ~~b.~~ d. "Wind energy conversion property" means the entire
19 wind plant including, but not limited to, a wind charger,
20 windmill, wind turbine, tower and electrical equipment, pad
21 mount transformers, power lines, and collector substation.

22 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
23 importance, takes effect upon enactment.

24 Sec. 5. RETROACTIVE APPLICABILITY. Except for section
25 427B.26, subsection 3, paragraph "b", as enacted in this Act,
26 this Act applies retroactively to assessment years beginning on
27 or after January 1, 2022.

28 Sec. 6. APPLICABILITY. Section 427B.26, subsection 3,
29 paragraph "b", as enacted in this Act, applies to assessment
30 schedules commenced under section 427B.26, subsection 2, on or
31 after the effective date of this Act.

32 EXPLANATION

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

35 Code section 427B.26 governs the special valuation of

1 wind energy conversion property for such property covered by
2 an ordinance adopted by a city council or county board of
3 supervisors.

4 This bill specifies that the special valuation provisions
5 authorized by local ordinance, in addition to other provisions
6 identified in Code section 427B.26, are in lieu of the
7 assessment and taxation provisions of Code chapter 437A
8 (electricity replacement tax).

9 If such ordinance is repealed, property specially valued
10 under Code section 427B.26 shall continue to be valued under
11 that Code section until the end of the 19th assessment year
12 following the assessment year in which the property was first
13 assessed. The bill specifies the other provisions of law that
14 govern the assessment and taxation of such property after
15 conclusion of the applicable 19-year period.

16 The bill also provides that maintaining, refurbishing, or
17 repowering wind energy conversion property shall not cause
18 the wind energy conversion property to receive a new special
19 valuation schedule under Code section 427B.26. The bill
20 defines "repowering" and modifies the definition of "wind
21 energy conversion property" to specify that substations that
22 are "collector substations", as defined in the bill, are wind
23 energy conversion property. The bill also specifies that, for
24 purposes of determining net acquisition cost, except for a
25 clerical error, an adjustment shall not be made after the third
26 year the wind energy conversion property is assessed.

27 The bill takes effect upon enactment and, except for
28 Code section 427B.26(3)(b), as enacted in the bill, applies
29 retroactively to assessment years beginning on or after January
30 1, 2022. Code section 427B.26(3)(b), as enacted in the bill,
31 applies to assessment schedules commenced on or after the
32 effective date of the bill.