

**House File 207 - Introduced**

HOUSE FILE 207

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 64)

**A BILL FOR**

1 An Act relating to the assessment and taxation of certain  
2 sanitary sewage and storm water drainage property and  
3 including effective date and retroactive applicability  
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, Code 2023, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 42. *Sanitary sewage or storm water drainage*  
4 *property.* Property owned or operated by a public utility, as  
5 defined in section 476.1, subsection 3, that is directly and  
6 primarily used for the purposes specified under section 476.1,  
7 subsection 3, paragraph `d`.

8 Sec. 2. CHAPTER 476 UTILITY TARIFFS. Each public utility,  
9 as defined in section 476.1, subsection 3, that owns or  
10 operates property exempted from tax under this Act for the  
11 assessment year beginning January 1, 2023, shall file revised  
12 tariffs under chapter 476 on or before October 1, 2023,  
13 to reflect the exemption provided under this Act and, if  
14 applicable, provide a credit to ratepayers for the change in  
15 charged rates during the applicable time period.

16 Sec. 3. IMPLEMENTATION. Section 25B.7 shall not apply to  
17 this Act.

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

20 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies  
21 retroactively to assessment years beginning on or after January  
22 1, 2023.

23 EXPLANATION

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

26 This bill amends Code section 427.1 to establish a property  
27 tax exemption for property owned or operated by a public  
28 utility that is directly and primarily used for furnishing  
29 sanitary sewage or storm water drainage disposal by piped  
30 collection system to the public for compensation. Under the  
31 bill, "public utility" means the same as defined in Code  
32 section 476.1. Under Code section 421.17, the director of  
33 revenue has the authority to issue rules as are necessary to  
34 provide for the uniform application of the exemptions provided  
35 in Code section 427.1 in all assessor jurisdictions in the

1 state.

2 The bill requires public utilities that own or operate the  
3 property exempted under the bill to file revised tariffs under  
4 Code chapter 476 on or before October 1, 2023, to reflect the  
5 exemption in the bill and, if applicable, provide a credit to  
6 ratepayers.

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

15 The bill takes effect upon enactment and applies  
16 retroactively to assessment years beginning on or after January  
17 1, 2023.