

House Study Bill 120 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

A BILL FOR

1 An Act relating to the calculation of assessment limitations
2 for residential property and including effective date and
3 retroactive applicability provisions.

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

1 Section 1. Section 441.21, subsection 4, Code 2023, is
2 amended to read as follows:

3 4. For valuations established as of January 1, 1979,
4 the percentage of actual value at which agricultural and
5 residential property shall be assessed shall be the quotient of
6 the dividend and divisor as defined in [this section](#).

7 a. (1) The dividend for each class of property shall be
8 the dividend as determined for each class of property for
9 valuations established as of January 1, 1978, adjusted by the
10 product obtained by multiplying the percentage determined
11 for that year by the amount of any additions or deletions to
12 actual value, excluding those resulting from the revaluation
13 of existing properties, as reported by the assessors on the
14 abstracts of assessment for 1978, plus six percent of the
15 amount so determined.

16 (2) However, if the difference between the dividend so
17 determined for either class of property and the dividend for
18 that class of property for valuations established as of January
19 1, 1978, adjusted by the product obtained by multiplying
20 the percentage determined for that year by the amount of
21 any additions or deletions to actual value, excluding those
22 resulting from the revaluation of existing properties, as
23 reported by the assessors on the abstracts of assessment for
24 1978, is less than six percent, the 1979 dividend for the other
25 class of property shall be the dividend as determined for that
26 class of property for valuations established as of January
27 1, 1978, adjusted by the product obtained by multiplying
28 the percentage determined for that year by the amount of
29 any additions or deletions to actual value, excluding those
30 resulting from the revaluation of existing properties, as
31 reported by the assessors on the abstracts of assessment for
32 1978, plus a percentage of the amount so determined which is
33 equal to the percentage by which the dividend as determined
34 for the other class of property for valuations established
35 as of January 1, 1978, adjusted by the product obtained by

1 multiplying the percentage determined for that year by the
2 amount of any additions or deletions to actual value, excluding
3 those resulting from the revaluation of existing properties, as
4 reported by the assessors on the abstracts of assessment for
5 1978, is increased in arriving at the 1979 dividend for the
6 other class of property.

7 (3) For valuations established for assessment years
8 beginning on or after January 1, 2022, the calculation of the
9 dividend for residential property under this subsection shall
10 exclude the value of all property described in subsection 14,
11 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
12 and the property described in subsection 14, paragraph "a",
13 subparagraph (7), that contains three or more separate dwelling
14 units.

15 b. (1) The divisor for each class of property shall be
16 the total actual value of all such property in the state
17 in the preceding year, as reported by the assessors on the
18 abstracts of assessment submitted for 1978, plus the amount of
19 value added to said total actual value by the revaluation of
20 existing properties in 1979 as equalized by the director of
21 revenue pursuant to [section 441.49](#). The director shall utilize
22 information reported on abstracts of assessment submitted
23 pursuant to [section 441.45](#) in determining such percentage.

24 (2) For valuations established for assessment years
25 beginning on or after January 1, 2022, the calculation of the
26 divisor for residential property under this subsection shall
27 exclude the value of all property described in subsection 14,
28 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
29 and the property described in subsection 14, paragraph "a",
30 subparagraph (7), that contains three or more separate dwelling
31 units.

32 c. (1) For valuations established as of January 1, 1980,
33 and each assessment year thereafter beginning before January
34 1, 2013, the percentage of actual value as equalized by the
35 director of revenue as provided in [section 441.49](#) at which

1 agricultural and residential property shall be assessed shall
2 be calculated in accordance with the methods provided in
3 this subsection, including the limitation of increases in
4 agricultural and residential assessed values to the percentage
5 increase of the other class of property if the other class
6 increases less than the allowable limit adjusted to include
7 the applicable and current values as equalized by the director
8 of revenue, except that any references to six percent in this
9 subsection shall be four percent.

10 (2) For valuations established as of January 1, 2013, and
11 each assessment year thereafter, the percentage of actual
12 value as equalized by the department of revenue as provided in
13 section 441.49 at which agricultural and residential property
14 shall be assessed shall be calculated in accordance with the
15 methods provided in [this subsection](#), including the limitation
16 of increases in agricultural and residential assessed values to
17 the percentage increase of the other class of property if the
18 other class increases less than the allowable limit adjusted
19 to include the applicable and current values as equalized by
20 the department of revenue, except that any references to six
21 percent in [this subsection](#) shall be three percent.

22 Sec. 2. IMPLEMENTATION.

23 1. Notwithstanding the requirements of section 441.21,
24 subsection 9, and any other provision of law to the contrary,
25 the director of the department of revenue shall, within two
26 business days following the effective date of this Act, issue
27 an amended order certifying to the county auditor of each
28 county the percentages of actual value at which residential
29 property, commercial property, industrial property, and
30 property valued by the department of revenue pursuant to
31 chapter 434 shall be assessed for taxation under section
32 441.21, subsection 9, for the assessment year beginning January
33 1, 2022. The amended order shall supersede all previous
34 orders certifying percentages for assessment limitations for
35 residential property, commercial property, industrial property,

1 and property valued by the department of revenue pursuant to
2 chapter 434 for the assessment year beginning January 1, 2022.

3 2. Notwithstanding the requirements of section 441.21,
4 subsection 9, and any other provision of law to the contrary,
5 upon receipt of the amended order under subsection 1, each
6 county auditor shall proceed to determine the assessed values
7 of residential property, commercial property, industrial
8 property, and property valued by the department of revenue
9 pursuant to chapter 434 for the assessment year beginning
10 January 1, 2022, by applying the percentages from the amended
11 order to the actual value of such property reported to the
12 county auditor by the assessor. The assessed values so
13 determined shall be the taxable values of such properties upon
14 which the applicable levy shall be made.

15 3. Notwithstanding any provision of law to the contrary,
16 each county auditor, within ten days after issuance of the
17 order under subsection 1, shall report the valuation by class
18 of property for each taxing district in the county for the
19 assessment year beginning January 1, 2022, to the department of
20 management on forms provided by the department of management.
21 The valuations reported shall be the valuations used for
22 determining the levy rates necessary to fund the budgets of the
23 taxing districts for the fiscal year beginning July 1, 2023.

24 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
25 importance, takes effect upon enactment.

26 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
27 retroactively to assessment years beginning on or after January
28 1, 2022.

29

EXPLANATION

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

32 Code section 441.21(4) establishes the calculation used
33 to determine the assessment limitation for residential
34 property and agricultural property. As the result of 2021
35 legislation, certain property that was previously classified

1 as multiresidential property is classified as residential
2 property for assessment years beginning on or after January 1,
3 2022, and the valuations of such property are included within
4 the aggregate valuations used to calculate the assessment
5 limitation under Code section 441.21(4). This bill excludes
6 the values of the following from the calculation of the
7 assessment limitation for assessment years beginning on
8 or after January 1, 2022: mobile home parks; manufactured
9 home communities; land-leased communities; assisted living
10 facilities; parcels primarily used or intended for human
11 habitation containing three or more separate dwelling units;
12 and that portion of a parcel primarily used or intended for use
13 as commercial property or industrial property that is used or
14 intended for human habitation containing three or more separate
15 dwelling units.

16 The bill includes implementation provisions requiring the
17 director of the department of revenue, within two business
18 days following the effective date of the bill, to issue an
19 amended order certifying to the county auditor of each county
20 the percentages of actual value at which residential property,
21 commercial property, industrial property, and property valued
22 by the department of revenue pursuant to Code chapter 434 shall
23 be assessed for taxation. The bill also requires each county
24 auditor to determine revised assessed values based on the
25 amended order and report the revised values to the department
26 of management within 10 days after issuance of the order.

27 The bill takes effect upon enactment and applies
28 retroactively to assessment years beginning on or after January
29 1, 2022.