

House Study Bill 224 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to property taxation for commercial child
2 care centers and facilities 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 441.21, subsection 5, paragraph b,
2 subparagraph (2), unnumbered paragraph 1, Code 2023, is amended
3 to read as follows:

4 ~~For~~ Except for property subject to subparagraph (3), for
5 valuations established for the assessment year beginning
6 January 1, 2022, and each assessment year thereafter, the
7 portion of actual value at which each property unit of
8 commercial property shall be assessed shall be the sum of the
9 following:

10 Sec. 2. Section 441.21, subsection 5, paragraph b, Code
11 2023, is amended by adding the following new subparagraph:

12 NEW SUBPARAGRAPH. (3) (a) For valuations established
13 for the assessment year beginning January 1, 2023, and each
14 assessment year thereafter, the portion of actual value at
15 which each portion of a property unit of commercial property
16 that is primarily used as a child care center or child care
17 facility, as defined in section 237A.1, and for which an
18 application has been allowed under this subparagraph, shall be
19 assessed at an amount equal to the product of the assessment
20 limitation percentage applicable to residential property under
21 subsection 4 for that assessment year multiplied by the actual
22 value of the property.

23 (b) A person who wishes to qualify for the assessment
24 limitation under this subparagraph shall file an application
25 with the assessor not later than July 1 of the assessment
26 year for which the person is first requesting the assessment
27 limitation on forms provided by the department of revenue.
28 The application shall describe the property and its location
29 and include other information required by the department of
30 revenue. The application shall be accompanied by a copy
31 of the license to operate as a child care center or child
32 care facility issued by the department of health and human
33 services or other proof of eligibility set forth in rule by the
34 department of revenue. Upon allowance of the application, the
35 assessment limitation shall be applied to the portion of the

1 property unit of commercial property that is primarily used as
2 a child care center or child care facility for successive years
3 without further filing as long as the portion of the property
4 unit continues to be classified as commercial property and is
5 used for the purposes specified in the application.

6 (c) Not later than July 6 of each year, the assessor shall
7 remit the applications for the assessment limitation to the
8 county auditor with the assessor's recommendation for allowance
9 or disallowance. If the assessor recommends disallowance, the
10 assessor shall submit the reasons for the recommendation, in
11 writing, to the county auditor.

12 (d) Not later than July 15 of each year, the county auditor
13 shall forward the applications for the assessment limitation
14 to the board of supervisors. The board shall determine the
15 eligibility for each application on or before September 1 of
16 each year. If the board disallows a claim, it shall send
17 written notice, by mail, to the applicant at the applicant's
18 last-known address. The notice shall state the reasons for
19 disallowing the application and shall state the applicant's
20 right to appeal the board's action to the district court under
21 subparagraph division (f).

22 (e) All applications that have been allowed by the board of
23 supervisors shall be certified on or before October 1, in each
24 year, by the board of supervisors to the county auditor.

25 (f) Within thirty days following the date of the notice of
26 disallowance under subparagraph division (d), the applicant may
27 appeal the disallowance to the district court of the county in
28 which the property is situated.

29 (g) If the person ceases to use the property as a child
30 care center or child care facility, the person shall provide
31 written notice to the assessor by July 1 following the date on
32 which the use has changed. If, at any time within thirty-six
33 months following the date that an application is allowed,
34 the board determines that the person received an assessment
35 limitation under this subparagraph that the person is not

1 entitled to, the treasurer shall collect from the person the
2 amount of additional tax that would have been assessed on the
3 property if the property received the assessment limitations
4 under subparagraph (2), and the amount shall become a lien
5 on the property that received the assessment limitation and
6 shall be collected by the county treasurer in the same manner
7 as other taxes. Prior to the board's determination that a
8 person received an assessment limitation that the person is
9 not entitled to, the board shall notify the person by mail and
10 conduct a hearing.

11 (h) The assessor shall retain a permanent file of current
12 applications made under this subparagraph. The county recorder
13 shall give notice to the assessor of each transfer of title
14 filed in the recorder's office. The notice from the county
15 recorder shall describe the property transferred, the name of
16 the person transferring title to the property, and the name of
17 the person to whom title to the property has been transferred.
18 The assessor shall file a notice of transfer of property for
19 which an application is filed when notice is received from the
20 office of the county recorder.

21 (i) The department shall adopt rules to implement and
22 administer this subparagraph.

23 Sec. 3. Section 441.21, subsection 5, paragraph e,
24 subparagraphs (1) and (3), Code 2023, are amended to read as
25 follows:

26 (1) For each fiscal year beginning on or after July 1, 2023,
27 there is appropriated from the general fund of the state to
28 the department of revenue the sum of one hundred twenty-five
29 million dollars to be used for payments under this paragraph
30 calculated as a result of the assessment limitations imposed
31 under paragraph "b", subparagraph (2), subparagraph division
32 (a); ~~and~~ paragraph "c", subparagraph (2), subparagraph
33 division (a); and paragraph "b", subparagraph (3), for the
34 portion of actual value of each property unit subject to the
35 assessment limitation under paragraph "b", subparagraph (3),

1 that is less than or equal to one hundred fifty thousand
2 dollars.

3 (3) On or before July 1 of each fiscal year, the assessor
4 shall report to the county auditor that portion of the total
5 actual value of all commercial property and industrial property
6 in the county that is subject to the assessment limitations
7 imposed under paragraph "b", subparagraph (2), subparagraph
8 division (a); ~~and~~ paragraph "c", subparagraph (2),
9 subparagraph division (a); and paragraph "b", subparagraph
10 (3), for the portion of actual value of each property unit
11 subject to the assessment limitation under paragraph "b",
12 subparagraph (3), that is less than or equal to one hundred
13 fifty thousand dollars, for the assessment year used to
14 calculate the taxes due and payable in that fiscal year.

15 Sec. 4. Section 441.21, subsection 5, paragraph e,
16 subparagraph (4), subparagraph division (a), Code 2023, is
17 amended to read as follows:

18 (a) The product of the portion of the total actual value
19 of all commercial property, industrial property, and property
20 valued by the department under [chapter 434](#) in the county
21 that is subject to the assessment limitations imposed under
22 paragraph "b", subparagraph (2), subparagraph division (a); ~~and~~
23 ~~and~~ paragraph "c", subparagraph (2), subparagraph division
24 (a); and paragraph "b", subparagraph (3), for the portion of
25 actual value of each property unit subject to the assessment
26 limitation under paragraph "b", subparagraph (3), that is less
27 than or equal to one hundred fifty thousand dollars, for the
28 applicable assessment year used to calculate taxes which are
29 due and payable in the applicable fiscal year multiplied by the
30 difference, stated as a percentage, between ninety percent and
31 the assessment limitation percentage applicable to residential
32 property under [subsection 4](#) for the applicable assessment year.

33 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate
34 importance, takes effect upon enactment.

35 Sec. 6. RETROACTIVE APPLICABILITY. The following apply

1 retroactively to assessment years beginning on or after January
2 1, 2023:

3 1. The section of this Act amending section 441.21,
4 subsection 5, paragraph "b", subparagraph (2), unnumbered
5 paragraph 1.

6 2. The section of this Act enacting section 441.21,
7 subsection 5, paragraph "b", subparagraph (3).

8 Sec. 7. APPLICABILITY. The following apply July 1, 2024,
9 for payments under section 441.21, subsection 5, paragraph "e",
10 for fiscal years beginning on or after that date:

11 1. The section of this Act amending section 441.21,
12 subsection 5, paragraph "e", subparagraphs (1) and (3).

13 2. The section of this Act amending section 441.21,
14 subsection 5, paragraph "e", subparagraph (4), subparagraph
15 division (a).

16

EXPLANATION

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

19 This bill relates to property taxation for commercial
20 child care centers and facilities. Code section 441.21(5)
21 determines the amount of actual value of commercial property
22 that is subject to property tax. The amount is the sum of
23 the residential assessment limitation to the portion of
24 the property's value that does not exceed \$150,000 plus 90
25 percent of the property's value in excess of \$150,000. The
26 bill excludes property primarily used as a child care center
27 or child care facility from that determination and instead
28 specifies that for assessment years beginning on or after
29 January 1, 2023, the amount of actual value of such properties
30 that is subject to property tax and for which an application
31 has been allowed is equal to the product of the assessment
32 limitation percentage applicable to residential property
33 multiplied by the actual value of the property.

34 The bill establishes an application and approval procedure
35 for the assessment limitation and amends provisions relating to

1 the calculation of payments to local governments as the result
2 of the application of certain assessment limitations under Code
3 section 441.21(5)(e).

4 The bill takes effect upon enactment, applies retroactively
5 to assessment years beginning on or after January 1, 2023, and
6 applies to payments to local governments under Code section
7 441.21(5)(e) for fiscal years beginning on or after July 1,
8 2024.