

House Study Bill 726 - Introduced

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

A BILL FOR

1 An Act placing assessment limitations for property tax
2 purposes on commercial child care facilities, and including
3 effective date, applicability, and retroactive applicability
4 provisions.

5 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 2024, is amended
3 to read as follows:

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

10 Sec. 2. Section 441.21, subsection 5, paragraph b, Code
11 2024, is amended by adding the following new subparagraph:

12 NEW SUBPARAGRAPH. (3) (a) For valuations established
13 for the assessment year beginning January 1, 2024, 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 facility as defined
17 in section 237A.1, and for which an application has been
18 allowed under this subparagraph, shall be assessed at an amount
19 equal to the product of the assessment limitation percentage
20 applicable to residential property under subsection 4 for that
21 assessment year multiplied by the actual value of the property.

22 (b) Applications to qualify a child care facility for the
23 assessment limitation allowed under this subparagraph shall be
24 filed with the assessor not later than July 1 of the assessment
25 year for which the person is requesting the assessment
26 limitation. The application shall be on forms prescribed by
27 the department of revenue and must include all of the following
28 information:

29 (i) A description of the property, including the property's
30 location.

31 (ii) A copy of the license to operate as a child care
32 facility issued by the department of health and human services,
33 or other proof of eligibility as set forth by the department
34 of revenue by rule.

35 (iii) Any other information as required by the department

1 of revenue.

2 (c) Upon allowance of the application, the assessment
3 limitation shall be applied on the portion of the property
4 unit of commercial property that is primarily used as a child
5 care facility for successive years without further filing as
6 long as the property continues to be classified as commercial
7 property and is used for the purposes specified in the original
8 application for assessment limitation.

9 (d) No later than July 6 of each year, the assessor shall
10 remit the applications for assessment limitation to the county
11 auditor with the assessor's recommendation for allowance or
12 disallowance of the assessment limitation. If the assessor
13 recommends disallowance, the assessor shall submit the reasons
14 for the recommendation in writing to the county auditor.

15 (e) No later than July 15 of each year, the county auditor
16 shall forward the applications for assessment limitation to
17 the board of supervisors. The board shall determine the
18 eligibility for each application on or before September 1 of
19 each year.

20 (i) If the board disallows a claim, the board shall send
21 written notice by mail to the applicant at the applicant's
22 last known address. The notice shall state the reasons for
23 disallowing the application and shall state the applicant's
24 right to appeal the board's action to the district court. An
25 applicant may appeal the board's decision to the district court
26 of the county in which the property is located within thirty
27 days of the date of the notice of disallowance.

28 (ii) No later than October 1 of each year, the board of
29 supervisors shall certify all allowed assessment limitations
30 received for that year with the county auditor.

31 (f) If a property that has been granted an assessment
32 limitation ceases to be used as a child care facility, the
33 owner of the child care facility shall give written notice to
34 the assessor by the July 1 following the date the property
35 ceased to be used as a child care facility.

1 (g) (i) If the board determines at any time within
2 thirty-six months of allowing an assessment limitation that the
3 assessment limitation was allowed in error, the board shall
4 notify the property owner by mail and conduct a hearing on the
5 matter.

6 (ii) If, after a hearing required by subparagraph
7 subdivision (i), the board determines the assessment limitation
8 was allowed in error and the assessment limitation should be
9 disallowed, the treasurer shall collect from the property owner
10 the amount of tax that would have been assessed on the property
11 if there had been no allowance of the assessment limitation
12 under this subparagraph (3). The amount due shall become a
13 lien on the property that received the assessment limitation
14 and shall be collected by the county treasurer in the same
15 manner as other taxes.

16 (h) The assessor shall retain a permanent file of properties
17 that have approved assessment limitations pursuant to this
18 subparagraph. If the assessor receives notice of a title
19 transfer pursuant to subparagraph division (i), then the
20 assessor shall file a notice of transfer of property.

21 (i) The county recorder shall give notice to the assessor
22 of each transfer of title filed in the recorder's office for a
23 property which has an allowed assessment limitation pursuant to
24 this subparagraph. The notice from the county recorder shall
25 describe the property transferred, the name of the person who
26 transferred title, and the name of the person to whom title is
27 transferred.

28 (j) The department of revenue shall adopt rules to implement
29 and administer this subparagraph.

30 Sec. 3. Section 441.21, subsection 5, paragraph e,
31 subparagraphs (1) and (3), Code 2024, are amended to read as
32 follows:

33 (1) For the fiscal year beginning July 1, 2023, there
34 is appropriated from the general fund of the state to the
35 department of revenue the sum of one hundred twenty-two million

1 three hundred fifty thousand dollars to be used for payments
2 under this paragraph calculated as a result of the assessment
3 limitations imposed under paragraph "b", subparagraph (2),
4 subparagraph division (a), and paragraph "c", subparagraph (2),
5 subparagraph division (a). For each fiscal year beginning on
6 or after July 1, 2024, there is appropriated from the general
7 fund of the state to the department of revenue the sum of one
8 hundred twenty-five million dollars to be used for payments
9 under this paragraph calculated as a result of the assessment
10 limitations imposed under paragraph "b", subparagraph (2),
11 subparagraph division (a), ~~and~~ paragraph "c", subparagraph (2),
12 subparagraph division (a), and paragraph "b", subparagraph (3),
13 for the portion of the actual value of the property unit equal
14 to or less than one hundred fifty thousand dollars.

15 (3) On or before July 1 of each fiscal year, the assessor
16 shall report to the county auditor that portion of the total
17 actual value of all commercial property and industrial property
18 in the county that is subject to the assessment limitations
19 imposed under paragraph "b", subparagraph (2), subparagraph
20 division (a), ~~and~~ paragraph "c", subparagraph (2), subparagraph
21 division (a), and paragraph "b", subparagraph (3), for the
22 portion of the actual value of the property unit equal to
23 or less than one hundred fifty thousand dollars, for the
24 assessment year used to calculate the taxes due and payable in
25 that fiscal year.

26 Sec. 4. Section 441.21, subsection 5, paragraph e,
27 subparagraph (4), subparagraph division (a), Code 2024, is
28 amended to read as follows:

29 (a) The product of the portion of the total actual value
30 of all commercial property, industrial property, and property
31 valued by the department under [chapter 434](#) in the county
32 that is subject to the assessment limitations imposed under
33 paragraph "b", subparagraph (2), subparagraph division (a);
34 ~~and~~ paragraph "c", subparagraph (2), subparagraph division (a);
35 and paragraph "b", subparagraph (3), for the portion of the

1 actual value of the property unit equal to or less than one
2 hundred fifty thousand dollars, for the applicable assessment
3 year used to calculate taxes which are due and payable in the
4 applicable fiscal year multiplied by the difference, stated
5 as a percentage, between ninety percent and the assessment
6 limitation percentage applicable to residential property under
7 subsection 4 for the applicable assessment year.

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

10 Sec. 6. APPLICABILITY. The following apply to fiscal years
11 beginning on or after July 1, 2025, for payments pursuant to
12 section 441.21, subsection 5, paragraph "e":

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

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

18 Sec. 7. RETROACTIVE APPLICABILITY. The following apply
19 retroactively to assessment years beginning on or after January
20 1, 2024:

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

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

26 EXPLANATION

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

29 This bill relates to assessment limitations for property
30 taxation purposes for commercial child care facilities,
31 and includes effective date, applicability, and retroactive
32 applicability provisions.

33 Code section 441.21(5) determines the amount of actual value
34 of commercial property that is subject to property tax. The
35 amount is the sum of the residential assessment limitation

1 to the portion of the property's value that does not exceed
2 \$150,000 plus 90 percent of the property's value in excess of
3 \$150,000.

4 The bill excludes property that is primarily used as a child
5 care facility from the calculation of the actual value of the
6 property. The bill instead specifies that for assessment years
7 beginning on or after January 1, 2024, the amount of actual
8 value used as child care facilities that is subject to tax is
9 equal to the product of the assessment limitation percentage
10 applicable to residential property multiplied by the actual
11 value of the property provided that the property owner has
12 applied for the assessment limitation and the county board of
13 supervisors has allowed such an assessment limitation.

14 The bill establishes application procedures, approval
15 procedures, and recordkeeping procedures for the assessment
16 limitation.

17 The bill makes conforming changes to reflect the child care
18 facility assessment limitation.

19 The bill takes effect upon enactment.

20 The bill applies retroactively to assessment years beginning
21 on or after January 1, 2024, and applies to payments to local
22 governments for fiscal years beginning on or after July 1,
23 2025.