

Senate File 2053 - Introduced

SENATE FILE 2053

BY SALMON

A BILL FOR

1 An Act relating to the tax exemption of religious institution
2 or society property being used for educational purposes by
3 a third party, and including effective date and retroactive
4 applicability provisions.

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

1 Section 1. Section 427.1, subsection 8, paragraph a, Code
2 2024, is amended to read as follows:

3 a. All grounds and buildings used or under construction by
4 literary, scientific, charitable, benevolent, agricultural,
5 and religious institutions and societies solely for their
6 appropriate objects, not exceeding three hundred twenty
7 acres in extent and not leased or otherwise used or under
8 construction with a view to pecuniary profit. However,
9 an organization mentioned in this subsection whose primary
10 objective is to preserve land in its natural state may own or
11 lease land not exceeding three hundred twenty acres in each
12 county for its appropriate objects. ~~For assessment years~~
13 ~~beginning on or after January 1, 2016, the~~ The exemption
14 granted by this subsection shall also apply to ~~grounds~~ any of
15 the following:

16 (1) Grounds owned by a religious institution or society, not
17 exceeding a total of fifty acres, if all monetary and in-kind
18 profits of the religious institution or society resulting
19 from use or lease of the grounds are used exclusively by the
20 religious institution or society for the appropriate objects
21 of the institution or society.

22 (2) Grounds owned by a religious institution or society
23 used by a person or entity, regardless of whether the religious
24 institution or society has a lease agreement with the person or
25 entity, if all of the following apply:

26 (a) The grounds are being used by the person or entity for
27 the primary purpose of providing educational instruction to
28 children.

29 (b) The person or entity's educational instruction includes
30 religious instruction consistent with the doctrines of the
31 religious institution or society that owns the grounds.

32 (c) (i) The person or entity using the grounds is not
33 required to make rental payments to the religious institution
34 or society that owns the grounds.

35 (ii) For the purposes of this subparagraph division, a

1 payment from the person or entity using the grounds to the
2 religious institution or society that owns the grounds as
3 reimbursement for janitorial services, utilities, or other
4 similar reimbursement payments shall not be considered a rental
5 payment.

6 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
7 importance, takes effect upon enactment.

8 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
9 retroactively to assessment years beginning on or after January
10 1, 2024.

11 EXPLANATION

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

14 This bill relates to the tax exemption of religious
15 institution or society property being used for educational
16 purposes by a third party.

17 The bill allows grounds owned by a religious institution or
18 society and used by a person or entity, regardless of whether
19 the religious institution or society has a lease agreement
20 with the person or entity, to retain tax-exempt status if the
21 grounds are being used by the person or entity for the primary
22 purpose of providing educational instruction to children,
23 the person or entity providing educational services includes
24 in its instruction religious instruction consistent with the
25 doctrines of the religious institution or society, and the
26 person or entity using the grounds is not required to make
27 rental payments to the religious institution or society.

28 For the purposes of determining the tax-exempt status of
29 a property belonging to a religious institution or society,
30 a payment from the person or entity using the grounds to the
31 religious institution or society that owns the grounds as
32 reimbursement for janitorial services, utilities, or other
33 similar reimbursement will not be considered a rental payment.

34 The bill is effective upon enactment and retroactively
35 applies to assessment years beginning on or after January 1,

S.F. 2053

1 2024.