

House File 2589 - Introduced

HOUSE FILE 2589
BY CROKEN

A BILL FOR

- 1 An Act relating to the taxation of religious institutions and
- 2 societies.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 427.1, subsection 8, paragraph a, Code
2 2026, is amended to read as follows:

3 a. All grounds and buildings used or under construction by
4 literary, scientific, charitable, benevolent, agricultural, and
5 religious institutions and societies solely for their appropriate
6 objects, not exceeding three hundred twenty acres in extent and
7 not leased or otherwise used or under construction with a view
8 to pecuniary profit. However, an organization mentioned in this
9 subsection whose primary objective is to preserve land in its
10 natural state may own or lease land not exceeding three hundred
11 twenty acres in each county for its appropriate objects. For
12 assessment years beginning on or after January 1, 2016, the
13 exemption granted by this subsection shall also apply to grounds
14 owned by a religious institution or society, not exceeding a
15 total of fifty acres, if all monetary and in-kind profits of the
16 religious institution or society resulting from use or lease of
17 the grounds are used exclusively by the religious institution
18 or society for the appropriate objects of the institution or
19 society. For assessment years beginning on or after January
20 1, 2027, a determination letter issued by the internal revenue
21 service recognizing exemption of a religious institution or
22 society under section 501(c)(3) of the Internal Revenue Code
23 shall be conclusive evidence of eligibility for exemption under
24 this subsection and such federal determination shall not be
25 modified by the local assessor.

26 Sec. 2. Section 427.1, subsection 14, unnumbered paragraph 1,
27 Code 2026, is amended to read as follows:

28 A society or organization claiming an exemption under
29 subsection 5, 8, or 33 shall file with the assessor not later
30 than February 1 a statement upon forms to be prescribed by the
31 director of revenue, describing the nature of the property upon
32 which the exemption is claimed and setting out in detail any uses
33 and income from the property derived from the rentals, leases, or
34 other uses of the property not solely for the appropriate objects
35 of the society or organization. In addition, for statements

1 filed on or after July 1, 2026, a religious institution or
2 society may include a copy of the determination letter issued by
3 the internal revenue service recognizing exemption of a religious
4 institution or society under section 501(c)(3) of the Internal
5 Revenue Code. For assessment years beginning on or after January
6 1, 2027, a determination letter issued by the internal revenue
7 service recognizing exemption of a religious institution or
8 society under section 501(c)(3) of the Internal Revenue Code
9 shall be conclusive evidence of eligibility for exemption under
10 subsection 8 and such federal determination shall not be modified
11 by the local assessor. Upon the filing and allowance of the
12 claim, the claim shall be allowed on the property for successive
13 years without further filing as long as the property is used
14 for the purposes specified in the original claim for exemption.
15 When the property is sold or transferred, the county recorder
16 shall provide notice of the transfer to the assessor. The
17 notice shall describe the property transferred and the name of
18 the person to whom title to the property is transferred. A
19 claim that has been allowed on property under subsection 8 shall
20 be allowed after the transfer of the property if the property
21 continues to be used for the purposes specified in the original
22 claim for exemption. The county recorder shall notify both
23 the transferor and the transferee before the termination of
24 any exemption under subsection 8 and the filing requirements to
25 continue the exemption on the property transferred.

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 Under current law, certain grounds used or under construction
30 by a religious institution or society are exempt from property
31 taxes. To claim such exemption, the religious institution or
32 society must file a statement describing the nature of the
33 property upon which the exemption is claimed and setting out in
34 detail any uses and income from the property derived from the
35 rentals, leases, or other uses of the property not solely for

1 the appropriate objects of the religious institution or society.
2 Once the claim has been allowed, and the exemption is applied to
3 the property, the claim is allowed on the property for successive
4 years without further filing as long as the property is used for
5 the purposes specified in the original claim for exemption. When
6 the property is sold or transferred, the county recorder shall
7 provide notice of the transfer to the assessor. The notice shall
8 describe the property transferred and the name of the person to
9 whom title to the property is transferred.

10 This bill provides that for assessment years beginning on
11 or after January 1, 2027, a determination letter issued by the
12 internal revenue service recognizing exemption of a religious
13 institution or society under section 501(c)(3) of the Internal
14 Revenue Code shall be conclusive evidence of eligibility for
15 exemption of property taxes. A claim that has been allowed on
16 property of a religious institution or society shall be allowed
17 after the transfer of the property if the property continues to
18 be used for the purposes specified in the original claim for
19 exemption. The county recorder shall notify both the transferor
20 and the transferee before the termination of any exemption of a
21 religious institution or society and the filing requirements to
22 continue the exemption on the property transferred.