House Study Bill 307 - Introduced

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

A BILL FOR

An Act relating to the assessment of certain development property, and including effective date and retroactive applicability provisions.

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

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Section 1. Section 441.72, Code 2025, is amended to read as follows:

441.72 Assessment of ~~platted lots~~ development property.

1. *a.* ~~Except as provided in subsection 2, when a subdivision plat is recorded pursuant to chapter 354, the individual lots within the subdivision plat shall not be assessed in excess of the total assessment of the land as acreage or unimproved property for five years after the recording of the plat or until the lot is actually improved with permanent construction, whichever occurs first. When an individual lot has been improved with permanent construction, the lot shall be assessed for taxation purposes as provided in chapter 428 and this chapter.~~ Property acquired for development on or after January 1, 2020, or property owned for development upon which development activities occur on or after January 1, 2020, shall continue to be classified and assessed for taxation in the manner the property was prior to the acquisition or commencement of development activities. The assessor shall not change the classification or assessment of the property or a lot on the property while development is occurring until the property or lot is improved with a new permanent structure, sold, or five years have elapsed from the date the subdivision plat is recorded pursuant to chapter 354, if applicable. Upon the occurrence of one or more such events, the property or lot shall be assessed for taxation purposes as provided in chapter 428 and this chapter.

b. As used in this subsection, "*development*" means any of the following:

(1) A reconstruction, alteration of the size or material change in the external appearance of an existing structure on a lot.

(2) A change in the intensity of the use of lots or a change in zoning, including an increase in the number of dwelling units in an existing structure, or further subdividing the lots to increase the number of dwelling units, commercial structures, manufacturing establishments, or offices.

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(3) Clearing the lots in anticipation of construction.

(4) Depositing fill dirt on the lots in anticipation of construction.

(5) Installing streets and public utilities on the lots.

~~2. For subdivision plats recorded pursuant to chapter 354 on or after January 1, 2004, but before January 1, 2011, the individual lots within the subdivision plat shall not be assessed in excess of the total assessment of the land as acreage or unimproved property for eight years after the recording of the plat or until the lot is actually improved with permanent construction, whichever occurs first. When an individual lot has been improved with permanent construction, the lot shall be assessed for taxation purposes as provided in chapter 428 and this chapter.~~

~~3.~~ 2. This section does not apply to special assessment levies.

Sec. 2. REPEAL. Section 405.1, Code 2025, is repealed.

Sec. 3. IMPLEMENTATION. Nothing in this Act shall be construed to require the refund or modification of property taxes that are attributable to assessment years beginning before January 1, 2025, or the adjustment of property assessments for assessment years beginning before January 1, 2025.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 5. RETROACTIVE APPLICABILITY. This Act applies retroactively to assessment years beginning on or after January 1, 2025.

EXPLANATION

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

This bill repeals Code section 405.1, which authorizes a county board of supervisors to adopt an ordinance providing that property acquired and subdivided for development of housing shall continue to be assessed for taxation in the manner that it was prior to the acquisition for housing until the lot is

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sold for construction or occupancy of housing or five years from the date of subdivision, whichever is shorter. Code section 405.1 also authorizes time extensions of certain ordinances that affect the assessment of property subdivided for development of housing and authorizes the time extensions of certain ordinances by counties and by cities in the portion of the applicable area located in the incorporated area of the city. Additionally, the Code section authorizes cities and counties to adopt, amend, or extend such ordinances and provides that property acquired and subdivided for development of housing shall continue to be assessed for taxation and taxed in the manner it was prior to its acquisition for housing until the lot is sold for construction or occupancy of housing.

Code section 441.72 provides that a platted lot for which a subdivision plat was recorded is assessed for property tax purposes as acreage or unimproved property for five years or until the lot is actually improved with permanent construction, whichever occurs first. However, for subdivision plats recorded on or after January 1, 2004, but before January 1, 2011, the time limit is eight years.

The bill strikes the portions of Code section 441.72 relating to the five-year limitation and the eight-year limitation and provides that property acquired for development on or after January 1, 2020, or property owned for development upon which development activities occur on or after January 1, 2020, shall continue to be classified and assessed for taxation in the manner the property was prior to the acquisition or commencement of development activities. The bill specifies the assessor shall not change the classification or assessment until the property or lot is improved with a new permanent structure, sold, or five years have elapsed since the subdivision plat was recorded, if applicable.

The bill defines "development" to include reconstruction, zoning changes, clearing lots, depositing fill dirt, and installing streets and public utilities on the lots.

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The bill specifies nothing shall be construed to require the refund or modification of property taxes that are attributable to assessment years beginning before January 1, 2025, or the adjustment of property assessments for assessment years beginning before January 1, 2025.

The bill takes effect upon enactment and applies retroactively to assessment years beginning on or after January 1, 2025.

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