

House Study Bill 316 - 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 purposes
2 on commercial child care facilities, and including effective
3 date, applicability, and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 441.21, subsection 5, paragraph b,
2 subparagraph (2), unnumbered paragraph 1, Code 2025, is amended
3 to read as follows:

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

9 Sec. 2. Section 441.21, subsection 5, paragraph b, Code 2025,
10 is amended by adding the following new subparagraph:

11 NEW SUBPARAGRAPH. (3) (a) For valuations established for
12 the assessment year beginning January 1, 2025, and each
13 assessment year thereafter, the portion of actual value at which
14 each portion of a property unit of commercial property that is
15 primarily used as a child care facility as defined in section
16 237A.1, and for which an application has been allowed under this
17 subparagraph, shall be assessed at an amount equal to the product
18 of the assessment limitation percentage applicable to residential
19 property under subsection 4 for that assessment year multiplied
20 by the actual value of the property.

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

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

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

34 (iii) Any other information as required by the department of
35 revenue.

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

8 (d) No later than July 15 of each year, the assessor shall
9 remit the applications for assessment limitation to the county
10 auditor with the assessor's recommendation for allowance or
11 disallowance of the assessment limitation. If the assessor
12 recommends disallowance, the assessor shall submit the reasons
13 for the recommendation in writing to the county auditor.

14 (e) No later than July 24 of each year, the county auditor
15 shall forward the applications for assessment limitation to the
16 board of supervisors. The board shall determine the eligibility
17 for each application on or before September 1 of each year.

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

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

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

34 (g) (i) If the board determines at any time within
35 thirty-six months of allowing an assessment limitation that the

1 assessment limitation was allowed in error, the board shall
2 notify the property owner by mail and conduct a hearing on the
3 matter.

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

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

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

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

27 Sec. 3. Section 441.21, subsection 5, paragraph e,
28 subparagraphs (1) and (3), Code 2025, are amended to read as
29 follows:

30 (1) For the fiscal year beginning July 1, 2023, there is
31 appropriated from the general fund of the state to the department
32 of revenue the sum of one hundred twenty-two million three
33 hundred fifty thousand dollars to be used for payments under this
34 paragraph calculated as a result of the assessment limitations
35 imposed under paragraph "b", subparagraph (2), subparagraph

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

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

22 Sec. 4. Section 441.21, subsection 5, paragraph e,
23 subparagraph (4), subparagraph division (a), Code 2025, is
24 amended to read as follows:

25 (a) The product of the portion of the total actual value
26 of all commercial property, industrial property, and property
27 valued by the department under chapter 434 in the county that
28 is subject to the assessment limitations imposed under paragraph
29 "b", subparagraph (2), subparagraph division (a); ~~and paragraph~~
30 "c", subparagraph (2), subparagraph division (a); and paragraph
31 "b", subparagraph (3), for the portion of the actual value
32 of the property unit equal to or less than one hundred fifty
33 thousand dollars, for the applicable assessment year used to
34 calculate taxes which are due and payable in the applicable
35 fiscal year multiplied by the difference, stated as a percentage,

1 between ninety percent and the assessment limitation percentage
2 applicable to residential property under subsection 4 for the
3 applicable assessment year.

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

6 Sec. 6. APPLICABILITY. The following apply to fiscal years
7 beginning on or after July 1, 2026, for payments pursuant to
8 section 441.21, subsection 5, paragraph "e":

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

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

14 Sec. 7. RETROACTIVE APPLICABILITY. The following apply
15 retroactively to assessment years beginning on or after January
16 1, 2025:

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

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

22 EXPLANATION

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

25 This bill relates to assessment limitations for property
26 taxation purposes for commercial child care facilities,
27 and includes effective date, applicability, and retroactive
28 applicability provisions.

29 Code section 441.21(5) determines the amount of actual value
30 of commercial property that is subject to property tax. The
31 amount is the sum of the residential assessment limitation to
32 the portion of the property's value that does not exceed \$150,000
33 plus 90 percent of the property's value in excess of \$150,000.

34 The bill excludes property that is primarily used as a child
35 care facility from the calculation of the actual value of the

1 property. The bill instead specifies that for assessment years
2 beginning on or after January 1, 2025, the amount of actual value
3 used as child care facilities that is subject to tax is equal
4 to the product of the assessment limitation percentage applicable
5 to residential property multiplied by the actual value of the
6 property provided that the property owner has applied for the
7 assessment limitation and the county board of supervisors has
8 allowed such an assessment limitation.

9 The bill establishes application procedures, approval
10 procedures, and recordkeeping procedures for the assessment
11 limitation.

12 The bill makes conforming changes to reflect the child care
13 facility assessment limitation.

14 The bill takes effect upon enactment.

15 The bill applies retroactively to assessment years beginning
16 on or after January 1, 2025, and applies to payments to local
17 governments for fiscal years beginning on or after July 1, 2026.