

# Senate File 604 - Reprinted

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND MEANS  
(SUCCESSOR TO SSB 1356)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to assessment of property for property tax  
2 purposes by establishing the minimum percentage of actual  
3 value at which residential property and certain commercial  
4 residential property are assessed for purposes of property  
5 taxation, providing an annual appropriation for a specified  
6 number of years to replace commercial property tax revenues  
7 lost to counties and cities, and by allowing multiple  
8 assessments of a parcel of commercial residential property in  
9 certain circumstances, and by establishing a legislative  
10 property tax study committee.  
11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
12 SF 604  
13 sc/cc/26

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1 1 DIVISION I  
1 2 PROPERTY ASSESSMENT AND STATE REPLACEMENT FUND  
1 3 Section 1. NEW SECTION. 426C.1 COMMERCIAL PROPERTY TAX  
1 4 REPLACEMENT FUND CREATED.  
1 5 A commercial property tax replacement fund is created under  
1 6 the control of the department of revenue. For the fiscal  
1 7 period beginning July 1, 2009, and ending June 30, 2016, there  
1 8 is appropriated annually from the general fund of the state to  
1 9 the department of revenue to be credited to the commercial  
1 10 property tax replacement fund the sum of eighteen million  
1 11 dollars. Any balance in the fund on June 30 shall revert to  
1 12 the general fund of the state.  
1 13 Sec. 2. NEW SECTION. 426C.2 REPLACEMENT.  
1 14 For the fiscal year beginning July 1, 2009, through the  
1 15 fiscal year ending June 30, 2016, each county treasurer shall  
1 16 be paid from the commercial property tax replacement fund an  
1 17 amount equal to the amount of the commercial property tax  
1 18 replacement claim calculated in section 426C.3.  
1 19 If the amount appropriated to the commercial property tax  
1 20 replacement fund for a fiscal year is insufficient to pay all  
1 21 claims, the director shall prorate the disbursements to the  
1 22 county treasurers and shall notify the county auditors of the  
1 23 pro rata percentage on or before September 30.  
1 24 Sec. 3. NEW SECTION. 426C.3 COMPUTATION OF REPLACEMENT  
1 25 CLAIM.  
1 26 1. On or before July 1 of each year of the fiscal period  
1 27 specified in section 426C.1, the county auditor shall prepare  
1 28 a statement listing for the county and each city in the  
1 29 county:  
1 30 a. The difference between the assessed value of the  
1 31 property defined in section 441.21, subsection 13, paragraph  
1 32 "b", as assessed on January 1, 2007, and the assessed value of  
1 33 such property as assessed pursuant to section 441.21,  
1 34 subsection 13, paragraph "a", for the assessment year  
1 35 beginning January 1, 2008, January 1, 2009, January 1, 2010,  
2 1 January 1, 2011, January 1, 2012, January 1, 2013, or January  
2 2 1, 2014, as applicable.  
2 3 b. The tax levy rate for the county and each city  
2 4 certified for the fiscal year previous to the fiscal year in  
2 5 which the claim will be paid.  
2 6 c. The commercial property tax replacement claim for the  
2 7 county and each city, which is equal to the amount determined  
2 8 pursuant to paragraph "a" multiplied by the applicable tax  
2 9 levy rate specified in paragraph "b".  
2 10 2. The county auditor shall certify and forward one copy

2 11 of the statement to the department of revenue not later than  
2 12 July 1 of each year of the fiscal period specified in section  
2 13 426C.1.

2 14 Sec. 4. NEW SECTION. 426C.4 REIMBURSEMENT.

2 15 Each county treasurer shall be reimbursed an amount equal  
2 16 to the commercial property tax replacement claim for that  
2 17 county determined pursuant to section 426C.3, subsection 1,  
2 18 paragraph "c". The reimbursement shall be made in two equal  
2 19 installments on or before September 30 and March 31 of each  
2 20 year. The county treasurer shall apportion the disbursement  
2 21 to the county and to each city in the county, as applicable,  
2 22 in the manner provided in section 445.57.

2 23 Sec. 5. Section 441.21, subsection 4, Code 2007, is  
2 24 amended by adding the following new unnumbered paragraph:

2 25 NEW UNNUMBERED PARAGRAPH. For valuations established as of  
2 26 January 1, 2008, and each year thereafter, the percentage of  
2 27 actual value, as equalized by the director of revenue as  
2 28 provided in section 441.49, at which residential property  
2 29 shall be assessed shall not be less than the percentage of  
2 30 actual value determined for residential property for the  
2 31 assessment year beginning January 1, 2006. If the percentage  
2 32 of actual value of residential property as calculated in  
2 33 accordance with this subsection is less than the percentage of  
2 34 actual value determined for residential property for the  
2 35 assessment year beginning January 1, 2006, the director of  
3 1 revenue shall increase the percentage to the percentage of  
3 2 actual value determined for residential property for the  
3 3 assessment year beginning January 1, 2006. For purposes of  
3 4 determining valuations in the assessment year beginning  
3 5 January 1, 2009, and for each subsequent assessment year, the  
3 6 percentage for the prior year as determined under this  
3 7 subsection before adjustment under this paragraph, if  
3 8 necessary, shall be the percentage used in making the  
3 9 calculation of the dividend for that assessment year.

3 10 Sec. 6. Section 441.21, Code 2007, is amended by adding  
3 11 the following new subsection:

3 12 NEW SUBSECTION. 13. a. Beginning with valuations  
3 13 established on or after January 1, 2008, property that is an  
3 14 apartment building, a mobile home park, a manufactured home  
3 15 community, or a land=leased community shall be valued as a  
3 16 separate class as commercial residential property and shall be  
3 17 assessed at a percentage of actual value, as equalized by the  
3 18 director of revenue as provided in section 441.49, as follows:

3 19 (1) For valuations established for the assessment year  
3 20 beginning January 1, 2008, ninety=two and five=tenths percent  
3 21 of actual value or the percentage of actual value established  
3 22 for residential property, whichever is higher.

3 23 (2) For valuations established for the assessment year  
3 24 beginning January 1, 2009, eighty=five percent of actual value  
3 25 or the percentage of actual value established for residential  
3 26 property, whichever is higher.

3 27 (3) For valuations established for the assessment year  
3 28 beginning January 1, 2010, seventy=seven and five=tenths  
3 29 percent of actual value or the percentage of actual value  
3 30 established for residential property, whichever is higher.

3 31 (4) For valuations established for the assessment year  
3 32 beginning January 1, 2011, seventy percent of actual value or  
3 33 the percentage of actual value established for residential  
3 34 property, whichever is higher.

3 35 (5) For valuations established for the assessment year  
4 1 beginning January 1, 2012, sixty=two and five=tenths percent  
4 2 of actual value or the percentage of actual value established  
4 3 for residential property, whichever is higher.

4 4 (6) For valuations established for the assessment year  
4 5 beginning January 1, 2013, fifty=five percent of actual value  
4 6 or the percentage of actual value established for residential  
4 7 property, whichever is higher.

4 8 (7) For valuations established for the assessment year  
4 9 beginning January 1, 2014, and each year thereafter, the same  
4 10 percentage as the percentage of actual value established for  
4 11 residential property.

4 12 b. As used in paragraph "a":

4 13 (1) "Apartment building" means the land and building used  
4 14 primarily for human habitation and containing three or more  
4 15 separate living quarters, as well as structures and  
4 16 improvements used primarily as a part of or in conjunction  
4 17 with such land and building. "Apartment building" does not  
4 18 include a hotel, motel, inn, or other building where rooms are  
4 19 usually rented for less than one month, a nursing home, or a  
4 20 rest home.

4 21 (2) "Land=leased community" means the same as defined in

4 22 sections 335.30A and 414.28A.  
4 23 (3) "Manufactured home community" means the same as a  
4 24 land=leased community.  
4 25 (4) "Mobile home park" means the same as defined in  
4 26 section 435.1.  
4 27 c. Notwithstanding paragraph "a", if a portion of a parcel  
4 28 of property defined in paragraph "b" is not used for or in  
4 29 conjunction with human habitation, the assessor shall  
4 30 separately assess the multiple uses of the property according  
4 31 to guidelines set forth by rule by the department of revenue.

#### 4 32 DIVISION II

#### 4 33 PROPERTY TAX STUDY

#### 4 34 Sec. 7. LEGISLATIVE PROPERTY TAX STUDY COMMITTEE.

4 35 1. A legislative property tax study committee is  
5 1 established on July 1, 2007. The study committee shall  
5 2 conduct a comprehensive review of property taxation in Iowa  
5 3 including but not limited to the continued use of property  
5 4 taxes as a major funding source for local governments and for  
5 5 local school districts in Iowa, the classification and  
5 6 assessment of property for property tax purposes and the  
5 7 impact of the tie between residential and agricultural  
5 8 property assessments, the level of consistency employed in  
5 9 classifying and assessing property for property tax purposes,  
5 10 the various exemptions and credits currently available to  
5 11 property taxpayers and the impact on local government and  
5 12 state budgets and on other taxpayers of providing those  
5 13 credits and exemptions, and the use of property taxes as an  
5 14 economic development tool and the impact on local and state  
5 15 government budgets and on other taxpayers of such use. In its  
5 16 study, the committee shall address the goals of property tax  
5 17 simplification and equity.

5 18 2. a. The committee shall be comprised of the following  
5 19 voting members:

5 20 (1) Three members who are members of the senate, two of  
5 21 whom shall be appointed by the majority leader of the senate  
5 22 and one of whom shall be appointed by the minority leader of  
5 23 the senate.

5 24 (2) Three members who are members of the house of  
5 25 representatives, two of whom shall be appointed by the speaker  
5 26 of the house of representatives and one of whom shall be  
5 27 appointed by the minority leader of the house of  
5 28 representatives.

5 29 b. The committee shall be comprised of the following  
5 30 voting members who shall be appointed by the majority leader  
5 31 of the senate and the speaker of the house of representatives  
5 32 in consultation with the minority leaders of the senate and  
5 33 the house of representatives:

5 34 (1) A representative of the Iowa state association of  
5 35 counties.

6 1 (2) A representative of the Iowa league of cities.

6 2 (3) A representative of the Iowa association of school  
6 3 boards.

6 4 (4) Local assessors.

6 5 (5) County auditors.

6 6 (6) A representative of an organization representing local  
6 7 economic development entities.

6 8 (7) A representative of an association representing Iowa  
6 9 telecommunications property taxpayers.

6 10 (8) A representative of commercial property taxpayers.

6 11 (9) A representative of industrial property taxpayers.

6 12 (10) A representative of residential property taxpayers.

6 13 (11) A representative of agricultural property taxpayers.

6 14 (12) Representatives of other interests as designated by  
6 15 the legislative council.

6 16 c. The committee shall be comprised of the following  
6 17 nonvoting members who shall be appointed by the governor:

6 18 (1) A representative employed by the department of  
6 19 management.

6 20 (2) A representative employed by the department of  
6 21 revenue.

6 22 (3) A representative employed by the department of  
6 23 economic development.

6 24 (4) A representative employed by the department of  
6 25 education.

6 26 3. The property tax study committee shall meet during the  
6 27 2007 and 2008 legislative interims at the call of the  
6 28 chairperson. The committee is authorized to hold as many  
6 29 meetings as the committee deems necessary.

6 30 4. The property tax study committee may contract with one  
6 31 or more tax consultants or experts familiar with the Iowa  
6 32 property tax system. The legislative council, pursuant to its

6 33 authority in section 2.42, may allocate to the study committee  
6 34 funding from moneys available to it in section 2.12 for the  
6 35 purpose of contracting with the consultant or expert.  
7 1 5. The property tax study committee shall submit a final  
7 2 report to the general assembly on or before January 5, 2009.  
7 3 The final report shall include but not be limited to findings,  
7 4 analyses, and recommendations by the committee.  
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