

Senate File 2388 - Reprinted

SENATE FILE 2388

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3152)

(As Amended and Passed by the Senate March 27, 2018)

A BILL FOR

1 An Act relating to the assessment and taxation of telephone and
2 telegraph company property for certain assessment years and
3 including effective date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 29C.24, subsection 3, paragraph a,
2 subparagraph (6), Code 2018, is amended to read as follows:

3 (6) The assessment of property taxes by the department
4 of revenue under sections 428.24 through 428.26, 428.28, and
5 428.29, or chapters ~~433~~, 434, 435, and 437 through 438, or by
6 a local assessor under another provision of law, on property
7 brought into the state to aid in the performance of disaster
8 or emergency-related work during a disaster response period if
9 such property does not remain in the state after the conclusion
10 of the disaster response period.

11 Sec. 2. Section 331.401, subsection 1, paragraph k, Code
12 2018, is amended to read as follows:

13 k. Levy taxes as certified to it by tax-certifying bodies
14 in the county, in accordance with the statutes authorizing the
15 levies and in accordance with chapter 24 and sections 444.1 to
16 444.8, and levy taxes as required in chapters ~~433~~, 434, 437,
17 and 438.

18 Sec. 3. Section 331.427, subsection 1, unnumbered paragraph
19 1, Code 2018, is amended to read as follows:

20 Except as otherwise provided by state law, county revenues
21 from taxes and other sources for general county services shall
22 be credited to the general fund of the county, including
23 revenues received under sections 9I.11, 101A.3, 101A.7, 123.36,
24 123.143, 142D.9, 176A.8, 321.105, 321.152, 321G.7, 321I.8,
25 section 331.554, subsection 6, sections 341A.20, 364.3, 368.21,
26 423A.7, 428A.8, ~~433-15~~, 434.19, 445.57, 453A.35, 458A.21,
27 483A.12, 533.329, 556B.1, 583.6, 602.8108, 904.908, and 906.17,
28 and the following:

29 Sec. 4. Section 331.512, subsection 7, Code 2018, is amended
30 by striking the subsection.

31 Sec. 5. Section 331.559, subsection 17, Code 2018, is
32 amended by striking the subsection.

33 Sec. 6. Section 427.1, subsection 2, Code 2018, is amended
34 to read as follows:

35 2. *Municipal and military property.* The property of a

1 county, township, city, school corporation, levee district,
2 drainage district, district organized under [chapter 357E](#), or
3 the Iowa national guard, when devoted to public use and not
4 held for pecuniary profit, except property of a municipally
5 owned electric utility held under joint ownership and property
6 of an electric power facility financed under [chapter 28F](#) or
7 [476A](#) that shall be subject to taxation under [chapter 437A](#)
8 and facilities of a municipal utility that are used for the
9 provision of local exchange services pursuant to [chapter 476](#),
10 but only to the extent such facilities are used to provide such
11 services, ~~which shall be subject to taxation under [chapter 433](#),~~
12 ~~except that [section 433.11](#) shall not apply.~~ The exemption for
13 property owned by a city or county also applies to property
14 which is operated by a city or county as a library, art
15 gallery or museum, conservatory, botanical garden or display,
16 observatory or science museum, or as a location for holding
17 athletic contests, sports or entertainment events, expositions,
18 meetings or conventions, or leased from the city or county for
19 any such purposes, or leased from the city or county by the
20 Iowa national guard or by a federal agency for the benefit of
21 the Iowa national guard when devoted for public use and not
22 for pecuniary profit. Food and beverages may be served at the
23 events or locations without affecting the exemptions, provided
24 the city has approved the serving of food and beverages on the
25 property if the property is owned by the city or the county
26 has approved the serving of food and beverages on the property
27 if the property is owned by the county. The exemption for
28 property owned by a city or county also applies to property
29 which is located at an airport and leased to a fixed base
30 operator providing aeronautical services to the public.

31 Sec. 7. Section 427.1, subsection 40, paragraph a, Code
32 2018, is amended to read as follows:

33 a. The owner of broadband infrastructure shall be entitled
34 to an exemption from taxation to the extent provided in
35 this subsection for assessment years beginning before January

1 1, 2022. For the purposes of this subsection, “*broadband*
2 *infrastructure*” and “*targeted service area*” mean the same as
3 defined in section 8B.1.

4 Sec. 8. Section 427.1, subsection 40, Code 2018, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. *i*. This subsection is repealed July 1, 2024.

7 Sec. 9. Section 427A.1, subsection 1, paragraphs c and d,
8 Code 2018, are amended to read as follows:

9 *c*. Buildings, structures or improvements, any of which are
10 constructed on or in the land, attached to the land, or placed
11 upon a foundation whether or not attached to the foundation.
12 However, property taxed under chapter 435, and property that is
13 a concrete batch plant as that term is defined in subsection
14 4, and property that is transmission property as defined in
15 subsection 6A shall not be assessed and taxed as real property.

16 *d*. Buildings, structures, equipment, machinery or
17 improvements, any of which are attached to the buildings,
18 structures, or improvements defined in paragraph “*c*” of this
19 subsection. However, property that is transmission property
20 as defined in subsection 6A shall not be assessed and taxed as
21 real property.

22 Sec. 10. Section 427A.1, subsection 1, paragraph h, Code
23 2018, is amended to read as follows:

24 *h*. Property assessed by the department of revenue pursuant
25 to sections 428.24 to 428.29, or chapters 433, 434, 437, 437A,
26 437B, and 438.

27 Sec. 11. Section 427A.1, Code 2018, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 6A. For purposes of this section,
30 “*transmission property*” means cable and wire facilities,
31 poles, aerial cable, underground cable, buried cable,
32 intrabuilding network cable, or aerial wire within the meaning
33 of and for purposes of the uniform system of accounts for
34 telecommunication companies in 47 C.F.R. pt. 32, in effect on
35 the effective date of this Act. “*Transmission property*” also

1 includes lines, electronic equipment, headend electronics,
2 towers, poles, aerial cable, cable drops, lasers, fiber optics,
3 underground cable, and any electronics attached thereto used to
4 provide telecommunications service, cable television signals,
5 or internet service to subscribers.

6 Sec. 12. Section 427B.17, subsection 8, paragraph a, Code
7 2018, is amended to read as follows:

8 a. **This section** shall not apply to property assessed by the
9 department of revenue pursuant to sections **428.24 to 428.29**, or
10 chapters ~~433~~, **434**, **437**, **437A**, **437B**, and **438**, and such property
11 shall not receive the benefits of **this section**.

12 Sec. 13. Section 429.1, Code 2018, is amended to read as
13 follows:

14 **429.1 Notice of assessment.**

15 The department of revenue shall, at the time of making
16 the assessment of property as provided in **chapters 428**, ~~433~~,
17 **434**, **437**, and **438**, inform the person assessed, by mail, of
18 the valuation put upon the taxpayer's property. The notice
19 shall contain a notice of the taxpayer's right of appeal to the
20 director of revenue as provided in **section 429.2**.

21 Sec. 14. Section 433.4, Code 2018, is amended by adding the
22 following new subsection:

23 **NEW SUBSECTION.** 3. For the assessment years beginning
24 January 1, 2019, January 1, 2020, and January 1, 2021,
25 following the partial exemption from taxation under subsection
26 2, each company assessed for taxation under this chapter shall
27 receive an additional exemption from taxation on the value of
28 the company's property as provided in this subsection.

29 a. For the assessment year beginning January 1, 2019, the
30 amount of the additional exemption for each company shall be
31 equal to twenty-five percent of the amount of the company's
32 actual value, as determined under subsection 1, remaining
33 following application of the exemption under subsection 2 for
34 the assessment year.

35 b. For the assessment year beginning January 1, 2020, the

1 amount of the additional exemption for each company shall be
2 equal to fifty percent of the amount of the company's actual
3 value, as determined under subsection 1, remaining following
4 application of the exemption under subsection 2 for the
5 assessment year.

6 c. For the assessment year beginning January 1, 2021, the
7 amount of the additional exemption for each company shall be
8 equal to seventy percent of the amount of the company's actual
9 value, as determined under subsection 1, remaining following
10 application of the exemption under subsection 2 for the
11 assessment year.

12 Sec. 15. Section 433.5, subsection 2, Code 2018, is amended
13 to read as follows:

14 2. The department of revenue shall ascertain the exemption
15 value per mile of the property of each company within this
16 state by dividing the amount of the total exemption for that
17 company determined under section 433.4, ~~subsection~~ subsections
18 2 and 3, by the number of miles of line of such company within
19 the state, and the result shall be deemed and held to be the
20 exemption value per mile of line for that company.

21 Sec. 16. NEW SECTION. 433.16 Applicability — future
22 repeal.

23 1. This chapter applies to the assessment and taxation of
24 telephone and telegraph company property for assessment years
25 beginning before January 1, 2022.

26 2. This chapter is repealed on July 1, 2024.

27 Sec. 17. Section 437.15, Code 2018, is amended to read as
28 follows:

29 **437.15 Reassessment — procedure and requirements.**

30 Sections 433.14~~7~~ and 433.15, Code 2018, and sections 439.1~~7~~,
31 and 439.2 shall apply to the property of transmission lines
32 which are referred to in section 437.2.

33 Sec. 18. Section 441.19, subsection 1, paragraph a, Code
34 2018, is amended to read as follows:

35 a. Supplemental and optional to the procedure for the

1 assessment of property by the assessor as provided in this
2 chapter, the assessor may require from all persons required
3 to list their property for taxation as provided by sections
4 428.1 and 428.2, a supplemental return to be prescribed by
5 the director of revenue upon which the person shall list
6 the person's property. The supplemental return shall be in
7 substantially the same form as now prescribed by law for
8 the assessment rolls used in the listing of property by the
9 assessors. However, for assessment years beginning on or after
10 January 1, 2018, and unless otherwise required for property
11 valued by the department of revenue pursuant to chapters 428,
12 ~~433~~, 437, and 438, a supplemental return shall not request,
13 and a person shall not be otherwise required to provide to the
14 assessor for property assessment purposes, sales or receipts
15 data, expense data, balance sheets, bank account information,
16 or other data related to the financial condition of a business
17 operating in whole or in part on the property if the property
18 is both classified as commercial or industrial property and
19 owned and used by the owner of the business. Every person
20 required to list property for taxation shall make a complete
21 listing of the property upon supplemental forms and return the
22 listing to the assessor as promptly as possible. The return
23 shall be verified over the signature of the person making the
24 return and section 441.25 applies to any person making such
25 a return. The assessor shall make supplemental return forms
26 available as soon as practicable after the first day of January
27 of each year. The assessor shall make supplemental return
28 forms available to the taxpayer by mail, or at a designated
29 place within the taxing district.

30 Sec. 19. Section 441.21, subsection 2, Code 2018, is amended
31 to read as follows:

32 2. In the event market value of the property being assessed
33 cannot be readily established in the foregoing manner, then
34 the assessor may determine the value of the property using the
35 other uniform and recognized appraisal methods including its

1 productive and earning capacity, if any, industrial conditions,
2 its cost, physical and functional depreciation and obsolescence
3 and replacement cost, and all other factors which would assist
4 in determining the fair and reasonable market value of the
5 property but the actual value shall not be determined by use
6 of only one such factor. The following shall not be taken into
7 consideration: Special value or use value of the property to
8 its present owner, and the goodwill or value of a business
9 which uses the property as distinguished from the value of
10 the property as property. In addition, for assessment years
11 beginning on or after January 1, 2018, and unless otherwise
12 required for property valued by the department of revenue
13 pursuant to [chapters 428, 433, 437, and 438](#), the assessor
14 shall not take into consideration and shall not request from
15 any person sales or receipts data, expense data, balance
16 sheets, bank account information, or other data related to
17 the financial condition of a business operating in whole or
18 in part on the property if the property is both classified as
19 commercial or industrial property and owned and used by the
20 owner of the business. However, in assessing property that
21 is rented or leased to low-income individuals and families
22 as authorized by section 42 of the Internal Revenue Code,
23 as amended, and which section limits the amount that the
24 individual or family pays for the rental or lease of units
25 in the property, the assessor shall, unless the owner elects
26 to withdraw the property from the assessment procedures for
27 section 42 property, use the productive and earning capacity
28 from the actual rents received as a method of appraisal and
29 shall take into account the extent to which that use and
30 limitation reduces the market value of the property. The
31 assessor shall not consider any tax credit equity or other
32 subsidized financing as income provided to the property in
33 determining the assessed value. The property owner shall
34 notify the assessor when property is withdrawn from section 42
35 eligibility under the Internal Revenue Code or if the owner

1 elects to withdraw the property from the assessment procedures
2 for section 42 property under [this subsection](#). The property
3 shall not be subject to section 42 assessment procedures
4 for the assessment year for which section 42 eligibility is
5 withdrawn or an election is made. This notification must
6 be provided to the assessor no later than March 1 of the
7 assessment year or the owner will be subject to a penalty of
8 five hundred dollars for that assessment year. The penalty
9 shall be collected at the same time and in the same manner
10 as regular property taxes. An election to withdraw from the
11 assessment procedures for section 42 property is irrevocable.
12 Property that is withdrawn from the assessment procedures
13 for section 42 property shall be classified and assessed as
14 multiresidential property unless the property otherwise fails
15 to meet the requirements of [section 441.21, subsection 13](#).
16 Upon adoption of uniform rules by the department of revenue
17 or succeeding authority covering assessments and valuations
18 of such properties, the valuation on such properties shall be
19 determined in accordance with such rules and in accordance with
20 forms and guidelines contained in the real property appraisal
21 manual prepared by the department as updated from time to time
22 for assessment purposes to assure uniformity, but such rules,
23 forms, and guidelines shall not be inconsistent with or change
24 the foregoing means of determining the actual, market, taxable,
25 and assessed values.

26 Sec. 20. Section 441.21, subsection 5, paragraph a, Code
27 2018, is amended to read as follows:

28 a. For valuations established as of January 1, 1979,
29 property valued by the department of revenue pursuant to
30 chapters 428, ~~433~~, 437, and 438 shall be considered as one
31 class of property and shall be assessed as a percentage of
32 its actual value. The percentage shall be determined by the
33 director of revenue in accordance with the provisions of this
34 section. For valuations established as of January 1, 1979, the
35 percentage shall be the quotient of the dividend and divisor

1 as defined in [this section](#). The dividend shall be the total
 2 actual valuation established for 1978 by the department of
 3 revenue, plus ten percent of the amount so determined. The
 4 divisor for property valued by the department of revenue
 5 pursuant to [chapters 428, ~~433~~, 437, and 438](#) shall be the
 6 valuation established for 1978, plus the amount of value added
 7 to the total actual value by the revaluation of the property
 8 by the department of revenue as of January 1, 1979. For
 9 valuations established as of January 1, 1980, property valued
 10 by the department of revenue pursuant to [chapters 428, ~~433~~,](#)
 11 [437, and 438](#) shall be assessed at a percentage of its actual
 12 value. The percentage shall be determined by the director of
 13 revenue in accordance with the provisions of [this section](#). For
 14 valuations established as of January 1, 1980, the percentage
 15 shall be the quotient of the dividend and divisor as defined in
 16 this section. The dividend shall be the total actual valuation
 17 established for 1979 by the department of revenue, plus eight
 18 percent of the amount so determined. The divisor for property
 19 valued by the department of revenue pursuant to [chapters 428,](#)
 20 [433, 437, and 438](#) shall be the valuation established for 1979,
 21 plus the amount of value added to the total actual value by the
 22 revaluation of the property by the department of revenue as of
 23 January 1, 1980. For valuations established as of January 1,
 24 1981, and each year thereafter, the percentage of actual value
 25 at which property valued by the department of revenue pursuant
 26 to [chapters 428, ~~433~~, 437, and 438](#) shall be assessed shall be
 27 calculated in accordance with the methods provided herein,
 28 except that any references to ten percent in [this subsection](#)
 29 shall be eight percent. For valuations established on or after
 30 January 1, 2013, property valued by the department of revenue
 31 pursuant to [chapter 434](#) shall be assessed at a percentage of
 32 its actual value equal to the percentage of actual value at
 33 which property assessed as commercial property is assessed
 34 under paragraph "b" for the same assessment year.

35 Sec. 21. Section 441.21, subsections 9 and 10, Code 2018,

1 are amended to read as follows:

2 9. Not later than November 1, 1979, and November 1 of each
3 subsequent year, the director shall certify to the county
4 auditor of each county the percentages of actual value at
5 which residential property, agricultural property, commercial
6 property, industrial property, multiresidential property,
7 property valued by the department of revenue pursuant to
8 chapter 434, and property valued by the department of revenue
9 pursuant to [chapters 428, 433, 437, and 438](#) in each assessing
10 jurisdiction in the county shall be assessed for taxation. The
11 county auditor shall proceed to determine the assessed values
12 of agricultural property, residential property, commercial
13 property, industrial property, multiresidential property,
14 property valued by the department of revenue pursuant to
15 chapter 434, and property valued by the department of revenue
16 pursuant to [chapters 428, 433, 437, and 438](#) by applying such
17 percentages to the current actual value of such property,
18 as reported to the county auditor by the assessor, and the
19 assessed values so determined shall be the taxable values of
20 such properties upon which the levy shall be made.

21 10. The percentage of actual value computed by the
22 department of revenue for agricultural property, residential
23 property, commercial property, industrial property,
24 multiresidential property, property valued by the department
25 of revenue pursuant to [chapter 434](#), and property valued by the
26 department of revenue pursuant to [chapters 428, 433, 437, and](#)
27 [438](#) and used to determine assessed values of those classes
28 of property does not constitute a rule as defined in section
29 17A.2, subsection 11.

30 Sec. 22. Section 441.73, subsection 1, Code 2018, is amended
31 to read as follows:

32 1. A litigation expense fund is created in the state
33 treasury. The litigation expense fund shall be used for the
34 payment of litigation expenses incurred by the state to defend
35 property valuations established by the director of revenue

1 pursuant to [section 428.24](#) and [chapters 433, 434, 437, 437A,](#)
2 [437B,](#) and [438,](#) and for the payment of litigation expenses
3 incurred by the state to defend the imposition of replacement
4 taxes and statewide property taxes under [chapters 437A](#) and
5 [437B.](#)

6 Sec. 23. Section 476.1D, subsection 10, Code 2018, is
7 amended by striking the subsection.

8 Sec. 24. FUTURE ASSESSMENT YEARS. Telephone and telegraph
9 company property subject to assessment under chapter 433 for
10 assessment years beginning before January 1, 2022, shall be,
11 for assessment years beginning on or after January 1, 2022,
12 assessed by local assessors under chapters 427, 427A, 427B,
13 428, and 441, and any other applicable provision of law in the
14 same manner and on the same basis as other commercial property
15 located in the assessing jurisdiction where situated.

16 Sec. 25. SAVINGS PROVISION. Except as specifically
17 provided, this Act, pursuant to section 4.13, does not affect
18 the operation of, or prohibit the application of, prior
19 provisions of chapter 433, or rules adopted under chapter 17A
20 to administer prior provisions of chapter 433, for assessment
21 years beginning before January 1, 2022, and for duties,
22 powers, protests, appeals, proceedings, actions, or remedies
23 attributable to an assessment year beginning before January 1,
24 2022.

25 Sec. 26. IMPLEMENTATION. Section 25B.7 shall not apply to
26 this Act.

27 Sec. 27. EFFECTIVE DATE. The following take effect July 1,
28 2021:

29 1. The section of this Act amending section 427A.1,
30 subsection 1, paragraphs "c" and "d".

31 2. The section of this Act enacting section 427A.1,
32 subsection 6A.

33 3. The section of this Act amending section 476.1D.

34 Sec. 28. EFFECTIVE DATE. The following take effect July 1,
35 2024:

- 1 1. The section of this Act amending section 29C.24.
- 2 2. The section of this Act amending section 331.401.
- 3 3. The section of this Act amending section 331.427.
- 4 4. The section of this Act amending section 331.512.
- 5 5. The section of this Act amending section 331.559.
- 6 6. The section of this Act amending section 427.1,
- 7 subsection 2.
- 8 7. The section of this Act amending section 427A.1,
- 9 subsection 1, paragraph "h".
- 10 8. The section of this Act amending section 427B.17.
- 11 9. The section of this Act amending section 429.1.
- 12 10. The section of this Act amending section 437.15.
- 13 11. The section of this Act amending section 441.19.
- 14 12. The section of this Act amending section 441.21,
- 15 subsection 2.
- 16 13. The section of this Act amending section 441.21,
- 17 subsection 5.
- 18 14. The section of this Act amending section 441.21,
- 19 subsections 9 and 10.
- 20 15. The section of this Act amending section 441.73.
- 21 Sec. 29. APPLICABILITY. The following apply to assessment
- 22 years beginning on or after January 1, 2022:
- 23 1. The section of this Act amending section 427A.1,
- 24 subsection 1, paragraphs "c" and "d".
- 25 2. The section of this Act enacting section 427A.1,
- 26 subsection 6A.
- 27 3. The section of this Act amending section 476.1D.