

Senate File 181 - Reprinted

SENATE FILE 181

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1056)

(As Amended and Passed by the Senate February 1, 2023)

A BILL FOR

1 An Act relating to property taxes and income taxes by modifying
2 the calculation of assessment limitations for certain
3 property, amending provisions relating to certain tax
4 withholding requirements and tax credits, and including
5 effective date and retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

ASSESSMENT LIMITATIONS

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2
3 Section 1. Section 441.21, subsection 4, Code 2023, is
4 amended to read as follows:

5 4. For valuations established as of January 1, 1979,
6 the percentage of actual value at which agricultural and
7 residential property shall be assessed shall be the quotient of
8 the dividend and divisor as defined in [this section](#).

9 a. (1) The dividend for each class of property shall be
10 the dividend as determined for each class of property for
11 valuations established as of January 1, 1978, adjusted by the
12 product obtained by multiplying the percentage determined
13 for that year by the amount of any additions or deletions to
14 actual value, excluding those resulting from the revaluation
15 of existing properties, as reported by the assessors on the
16 abstracts of assessment for 1978, plus six percent of the
17 amount so determined.

18 (2) However, if the difference between the dividend so
19 determined for either class of property and the dividend for
20 that class of property for valuations established as of January
21 1, 1978, adjusted by the product obtained by multiplying
22 the percentage determined for that year by the amount of
23 any additions or deletions to actual value, excluding those
24 resulting from the revaluation of existing properties, as
25 reported by the assessors on the abstracts of assessment for
26 1978, is less than six percent, the 1979 dividend for the other
27 class of property shall be the dividend as determined for that
28 class of property for valuations established as of January
29 1, 1978, adjusted by the product obtained by multiplying
30 the percentage determined for that year by the amount of
31 any additions or deletions to actual value, excluding those
32 resulting from the revaluation of existing properties, as
33 reported by the assessors on the abstracts of assessment for
34 1978, plus a percentage of the amount so determined which is
35 equal to the percentage by which the dividend as determined

1 for the other class of property for valuations established
2 as of January 1, 1978, adjusted by the product obtained by
3 multiplying the percentage determined for that year by the
4 amount of any additions or deletions to actual value, excluding
5 those resulting from the revaluation of existing properties, as
6 reported by the assessors on the abstracts of assessment for
7 1978, is increased in arriving at the 1979 dividend for the
8 other class of property.

9 (3) For valuations established for assessment years
10 beginning on or after January 1, 2022, the calculation of the
11 dividend for residential property under this subsection shall
12 exclude the value of all property described in subsection 14,
13 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
14 and the property described in subsection 14, paragraph "a",
15 subparagraph (7), that contains three or more separate dwelling
16 units.

17 b. (1) The divisor for each class of property shall be
18 the total actual value of all such property in the state
19 in the preceding year, as reported by the assessors on the
20 abstracts of assessment submitted for 1978, plus the amount of
21 value added to said total actual value by the revaluation of
22 existing properties in 1979 as equalized by the director of
23 revenue pursuant to [section 441.49](#). The director shall utilize
24 information reported on abstracts of assessment submitted
25 pursuant to [section 441.45](#) in determining such percentage.

26 (2) For valuations established for assessment years
27 beginning on or after January 1, 2022, the calculation of the
28 divisor for residential property under this subsection shall
29 exclude the value of all property described in subsection 14,
30 paragraph "a", subparagraphs (2), (3), (4), (5), and (6),
31 and the property described in subsection 14, paragraph "a",
32 subparagraph (7), that contains three or more separate dwelling
33 units.

34 c. (1) For valuations established as of January 1, 1980,
35 and each assessment year thereafter beginning before January

1 1, 2013, the percentage of actual value as equalized by the
2 director of revenue as provided in [section 441.49](#) at which
3 agricultural and residential property shall be assessed shall
4 be calculated in accordance with the methods provided in
5 this subsection, including the limitation of increases in
6 agricultural and residential assessed values to the percentage
7 increase of the other class of property if the other class
8 increases less than the allowable limit adjusted to include
9 the applicable and current values as equalized by the director
10 of revenue, except that any references to six percent in this
11 subsection shall be four percent.

12 (2) For valuations established as of January 1, 2013, and
13 each assessment year thereafter, the percentage of actual
14 value as equalized by the department of revenue as provided in
15 section 441.49 at which agricultural and residential property
16 shall be assessed shall be calculated in accordance with the
17 methods provided in [this subsection](#), including the limitation
18 of increases in agricultural and residential assessed values to
19 the percentage increase of the other class of property if the
20 other class increases less than the allowable limit adjusted
21 to include the applicable and current values as equalized by
22 the department of revenue, except that any references to six
23 percent in [this subsection](#) shall be three percent.

24 Sec. 2. IMPLEMENTATION.

25 1. Notwithstanding the requirements of section 441.21,
26 subsection 9, and any other provision of law to the contrary,
27 the director of the department of revenue shall, within two
28 business days following the effective date of this division
29 of this Act, issue an amended order certifying to the county
30 auditor of each county the percentages of actual value at which
31 residential property, commercial property, industrial property,
32 and property valued by the department of revenue pursuant
33 to chapter 434 shall be assessed for taxation under section
34 441.21, subsection 9, for the assessment year beginning January
35 1, 2022. The amended order shall supersede all previous

1 orders certifying percentages for assessment limitations for
2 residential property, commercial property, industrial property,
3 and property valued by the department of revenue pursuant to
4 chapter 434 for the assessment year beginning January 1, 2022.

5 2. Notwithstanding the requirements of section 441.21,
6 subsection 9, and any other provision of law to the contrary,
7 upon receipt of the amended order under subsection 1, each
8 county auditor shall proceed to determine the assessed values
9 of residential property, commercial property, industrial
10 property, and property valued by the department of revenue
11 pursuant to chapter 434 for the assessment year beginning
12 January 1, 2022, by applying the percentages from the amended
13 order to the actual value of such property reported to the
14 county auditor by the assessor. The assessed values so
15 determined shall be the taxable values of such properties upon
16 which the applicable levy shall be made.

17 3. Notwithstanding any provision of law to the contrary,
18 each county auditor, within fifteen days after issuance of
19 the order under subsection 1, shall report the valuation by
20 class of property for each taxing district in the county
21 for the assessment year beginning January 1, 2022, to the
22 department of management on forms provided by the department of
23 management. The valuations reported shall be the valuations
24 used for determining the levy rates necessary to fund political
25 subdivision budgets for the fiscal year beginning July 1, 2023.

26 4. In order to implement this division of this Act,
27 political subdivision budgets for the fiscal year beginning
28 July 1, 2023, notwithstanding any other provision of law
29 relating to the timing of certifying budgets, shall be
30 certified on or before April 30, 2023. If a political
31 subdivision certifies or recertifies its applicable budget
32 after March 31, 2023, all relevant protest and appeal time
33 limits shall be extended to correspond to allowances for a
34 timely filing. If a political subdivision has certified its
35 budget for the fiscal year beginning July 1, 2023, before the

1 effective date of this division of this Act, the political
2 subdivision may recertify its budget on or before April 30,
3 2023.

4 Sec. 3. EFFECTIVE DATE. This division of this Act, being
5 deemed of immediate importance, takes effect upon enactment.

6 Sec. 4. RETROACTIVE APPLICABILITY. This division of this
7 Act applies retroactively to assessment years beginning on or
8 after January 1, 2022.

9 DIVISION II

10 EMPLOYER CHILD CARE TAX CREDIT

11 Sec. 5. Section 237A.31, subsection 1, Code 2023, is amended
12 to read as follows:

13 1. The taxes imposed under chapter 422, subchapter II or
14 III, the franchise tax imposed under chapter 422, subchapter
15 V, the gross premiums tax under chapter 432, or the moneys and
16 credits tax imposed under section 533.329 shall be reduced
17 by an employer child care tax credit equal to the ~~amount~~
18 proportion of the federal employer-provided child care tax
19 credit provided in section 45F of the Internal Revenue Code the
20 taxpayer was eligible for in the same tax year attributable to
21 expenditures made in this state.

22 Sec. 6. EFFECTIVE DATE. This division of this Act, being
23 deemed of immediate importance, takes effect upon enactment.

24 Sec. 7. RETROACTIVE APPLICABILITY. This division of this
25 Act applies retroactively to January 1, 2023, for tax years
26 beginning on or after that date.

27 DIVISION III

28 RETIREMENT INCOME — WITHHOLDING

29 Sec. 8. Section 422.16, subsection 1, paragraph c, Code
30 2023, is amended to read as follows:

31 c. For the purposes of this subsection, at a rate specified
32 by the department, state income tax shall be withheld from
33 pensions, annuities, other similar periodic payments, and other
34 income payments ~~of those persons whose primary residence is in~~
35 ~~Iowa in those circumstances in which those persons have federal~~

1 ~~income tax withheld from pensions, annuities, other similar~~
2 ~~periodic payments, and other income payments~~ under sections
3 3402(o), 3402(p), 3402(s), 3405(a), 3405(b), and 3405(c) of
4 the Internal Revenue Code ~~at a rate to be specified by the~~
5 department made to Iowa residents if the payments are subject
6 to Iowa tax.

7 Sec. 9. EFFECTIVE DATE. This division of this Act, being
8 deemed of immediate importance, takes effect upon enactment.

9 Sec. 10. RETROACTIVE APPLICABILITY. This division of this
10 Act applies retroactively to January 1, 2023, for tax years
11 beginning on or after that date.