SENATE FILE 181
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1056)

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

_____ and [= New Language by the Senate

A BILL FOR

An Act relating to property taxes and income taxes by modifying the calculation of assessment limitations for certain property, amending provisions relating to certain tax withholding requirements and tax credits, and including effective date and retroactive applicability provisions.

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

DIVISION I

ASSESSMENT LIMITATIONS

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

4. For valuations established as of January 1, 1979, the percentage of actual value at which agricultural and residential property shall be assessed shall be the quotient of the dividend and divisor as defined in this section.

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

(2) However, if the difference between the dividend so determined for either class of property and the dividend for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, is less than six percent, the 1979 dividend for the other class of property shall be the dividend as determined for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, plus a percentage of the amount so determined which is equal to the percentage by which the dividend as determined

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

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

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

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

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

1, 2013, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which agricultural and residential property shall be assessed shall be calculated in accordance with the methods provided in this subsection, including the limitation of increases in agricultural and residential assessed values to the percentage increase of the other class of property if the other class increases less than the allowable limit adjusted to include the applicable and current values as equalized by the director of revenue, except that any references to six percent in this subsection shall be four percent.

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

Sec. 2. IMPLEMENTATION.

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

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

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

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

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

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

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

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

DIVISION II

EMPLOYER CHILD CARE TAX CREDIT

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

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

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

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

DIVISION III

RETIREMENT INCOME — WITHHOLDING

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

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

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

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

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