

of a collective bargaining agreement prior to July first of odd-numbered years for a period of two years, the certified collective bargaining representative may negotiate a one year contract with a public employer which shall be effective from July first of the even-numbered year to July first of the succeeding odd-numbered year when new contracts shall become effective. However, if a petition for decertification is filed during the duration of a collective bargaining agreement, the board shall award an election under this section not more than one hundred eighty days nor less than one hundred fifty days prior to the expiration of the collective bargaining agreement. If an employee organization is decertified, the board may receive petitions under section 20.14, provided that no such petition and no election conducted pursuant to such petition within one year from decertification shall include as a party the decertified employee organization.

Approved July 13, 1977

CHAPTER 42

WAR SURPLUS COMMODITIES BOARD

S. F. 51

AN ACT to repeal the authority of the war surplus commodities board.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Chapter twenty-one (21), Code 1977, is repealed.

Approved March 4, 1977

CHAPTER 43

TAX ASSESSMENTS AND TAX CREDITS

H. F. 332

AN ACT relating to property taxation by providing additional property tax credits for property owners by increasing the homestead tax credit and the agricultural land tax credit, providing a temporary delay in the phaseout of personal property taxes, making changes in the procedures for assessment and valuation of certain taxable property, creating a

legislative study committee to study the present tax structure, making appropriations, and making certain provisions of this Act retroactive.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Chapter twenty-four (24), Code 1977, is amended by adding the following new section:

NEW SECTION. If the property tax valuations effective January 1, 1978, or January 1, 1979, are reduced or there is an unusually low growth rate in the property tax base of a political subdivision, the political subdivision may appeal to the state appeal board to request suspension of the statutory property tax levy limitations to continue to fund the present services provided. A political subdivision may also appeal to the state appeal board where the property tax base of the political subdivision has been reduced or there is an unusually low growth rate for any of the following reasons:

1. Any unusual increase in population as determined by the preceding certified federal census.
2. Natural disasters or other emergencies.
3. Unusual problems relating to major new functions required by state law.
4. Unusual staffing problems.
5. Unusual need for additional funds to permit continuance of a program which provides substantial benefit to its residents.
6. Unusual need for a new program which will provide substantial benefit to residents, if the political subdivision establishes the need and the amount of the necessary increased cost.

The state appeal board may approve or modify the request of the political subdivision for suspension of the statutory property tax levy limitations.

Upon decision of the state appeal board, the state comptroller shall make the necessary changes in the total budget of the political subdivision and certify the total budget to the governing body of the political subdivision and the appropriate county auditors.

Sec. 2. Chapter three hundred thirty-three (333), Code 1977, is amended by adding the following new section:

NEW SECTION. Each year on or before December first, the county auditor shall report to the state comptroller the valuation by class of property for each taxing district in

the county on forms prescribed by the state comptroller. The valuations reported shall be those valuations used for determining the levy rates necessary to fund the budgets of the taxing districts for the following fiscal year.

Each county auditor shall certify to the governing body of each taxing district in the county not later than January first of each year the assessed valuations of taxable property for each taxing authority within the county as reported to the state comptroller.

Sec. 3. Section four hundred twenty-five point one (425.1), subsections two (2), three (3), and four (4), Code 1977, are amended to read as follows:

2. The homestead credit fund shall be apportioned each year ~~as hereinafter provided~~ so as to give a credit against the tax on each eligible homestead in the state, ~~as defined herein; the amount of such credit to be in the same proportion that the assessed valuation of each eligible homestead in the state in an amount not to exceed nine thousand two hundred sixty dollars bears to the total assessed valuation of all eligible homesteads in the state~~ in an amount ~~not to exceed nine thousand two hundred sixty dollars~~ equal to the actual levy on the first four thousand five hundred dollars of actual value for each homestead.

3. The revenue distributable from the homestead credit fund, as provided for in subsection 1 hereof, shall be allocated every six months to the several counties of the state ~~in the same proportion that the assessed valuation of all eligible homesteads in each county in an amount not to exceed nine thousand two hundred sixty dollars for each homestead, bears to the total assessed valuation of all eligible homesteads in the state in an amount not to exceed nine thousand two hundred sixty dollars for each homestead.~~ Every six months the department of revenue shall certify and remit to the county treasurer of each county in the state the total amount of money which has been apportioned or is then apportionable to that county.

4. Annually the department of revenue shall estimate the credit not to exceed ~~six dollars and seventy-five cents per thousand dollars of assessed value to be given to each dollar of eligible homestead valuation based upon the estimated revenue that may be distributable from the homestead credit fund for the ensuing year~~ the actual levy on the first four thousand five hundred dollars of actual value of each eligible

homestead, and shall certify to the county auditor of each county such credit and the amount in dollars thereof. Each county auditor shall then enter such credit against the tax levied on each eligible homestead in each county payable during the ensuing year, designating on the tax lists such credit as being from the homestead credit fund, and credit shall then be given to the several taxing districts in which such eligible homesteads are located in an amount equal to the credits allowed on the taxes of such homesteads. The amount of said credits shall be apportioned by each county treasurer to the several taxing districts as provided by law, in the same manner as though the amount of the credit had been paid by the owners of said homesteads; provided, however, that the several taxing districts shall not be permitted to draw the funds so credited until after the semiannual allocations have been received by the county treasurer, as provided in this chapter. Each county treasurer shall show on each tax receipt the amount of credit received from the homestead credit fund.

Sec. 4. Section four hundred twenty-five point one (425.1), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. If the homestead tax credit computed under this section is less than sixty-two dollars and fifty cents, the amount of homestead tax credit on that eligible homestead shall be sixty-two dollars and fifty cents subject to the limitation imposed in this section.

NEW SUBSECTION. The homestead tax credit allowed in this chapter shall not exceed the actual amount of taxes payable on the eligible homestead, exclusive of any special assessments levied against the homestead.

NEW SUBSECTION. Where any special charter city levies and collects its own taxes, the amount of the homestead tax credit allowed on eligible homesteads within the city shall be computed as follows:

a. In an amount equal to the tax levy by the special charter city on the first forty-five hundred dollars of actual value for each eligible homestead.

b. In an amount equal to the remainder of the consolidated levy as established by the county auditor on the first forty-five hundred dollars of actual value for each eligible homestead.

The homestead tax credit computed under this subsection shall be applicable for each homestead tax credit claimed

between January 1 and July 1 of the year in which the valuation being taxed by the city and county respectively was established.

Sec. 5. Section four hundred twenty-five point nine (425.9), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

~~In-the-event~~ If any claim for credit made hereunder has been denied by the board of supervisors, and such action is subsequently reversed on appeal, the same credit shall be allowed on the ~~assessed-valuation, not-to-exceed-nine-thousand-two-hundred-sixty-dollars-in-amount, of-the~~ homestead involved in said appeal, ~~as-was-allowed-on-other-homestead-valuations-for-the-year-or-years-in-question,~~ and the director of revenue, the county auditor, and the county treasurer ~~are-hereby authorized-and-directed-to~~ shall make such credit and ~~to~~ change their books and records accordingly.

Sec. 6. Section four hundred twenty-five point eleven (425.11), subsection one (1), Code 1977, is amended by striking paragraphs c and d.

Sec. 7. Section four hundred twenty-five point eleven (425.11), subsection one (1), paragraph e, Code 1977, is amended to read as follows:

e. It must not embrace more than one dwelling house, but where a homestead ~~outside-of-a-city~~ has more than one dwelling house situated thereon, the credit provided for in this chapter shall apply to ~~forty-acres,~~ the home and buildings used by the owner, but shall not apply to any other dwelling house and buildings appurtenant ~~thereto-situated-upon-said-forty acres.~~

Sec. 8. Chapter four hundred twenty-five (425), Code 1977, is amended by adding the following new section:

NEW SECTION. In any special charter city which levies and collects its own taxes, the city clerk shall compute that amount of credit allowed on each eligible homestead within such city as provided in section four (4) of this Act. Not later than August 1 of each year, the city clerk shall certify the amount of the homestead tax credits claimed for eligible homesteads in the city to the department of revenue. The department shall reimburse the city in the same manner and at such time as is presently provided for reimbursement of counties in section four hundred twenty-five point one (425.1) of the Code.

Sec. 9. Section four hundred twenty-six point one (426.1),

Code 1977, is amended to read as follows:

426.1 AGRICULTURAL LAND CREDIT FUND. There is hereby created as a permanent fund in the office of the treasurer of state a fund to be known as the agricultural land credit fund, and for the purpose of establishing and maintaining said fund for each fiscal year there is appropriated thereto from funds in the general fund not otherwise appropriated the sum of ~~eighteen~~ forty-two million dollars. Any balance in said fund on June 30 shall revert to the general fund.

Sec. 10. Section four hundred twenty-six point two (426.2), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

"Agricultural lands" as used in this chapter shall mean and include ~~all tracts of~~ land in tracts of ten acres or more excluding any buildings or other structures located on such land, and not laid off into lots of less than ten acres or divided by streets and alleys into parcels of less than ten acres, lying within any school corporation in this state and in good faith used for agricultural or horticultural purposes.

Sec. 11. Section four hundred twenty-six point three (426.3), Code 1977, is amended to read as follows:

426.3 WHERE CREDIT GIVEN. The agricultural land credit fund shall be apportioned each year in the manner hereinafter provided so as to give a credit against the tax on each tract of agricultural lands within the several school districts of the state in which the levy for the general school fund exceeds five dollars and forty cents per thousand dollars of assessed value; the amount of such credit on each tract of such lands shall be the amount the tax levied for the general school fund exceeds the amount of tax which would be levied on said tract of such lands were the levy for the general school fund five dollars and forty cents per thousand dollars of assessed value for the previous year, except in the case of a deficiency in the agricultural land credits fund to pay said credits in full, in which case the credit on each eligible tract of such lands in the state shall be proportionate and shall be applied as hereinafter provided. ~~The agricultural land credit as provided herein shall not be made to any taxpayer on any portion of his property upon which he may obtain a homestead credit, as provided by chapter 425.~~

Sec. 12. Section four hundred twenty-six point seven (426.7), Code 1977, is amended to read as follows:

426.7 WARRANTS DRAWN BY COMPTROLLER. After receiving from the several county auditors of the state the certifications provided for in section 426.6, and ~~en-or-before September-15-of~~ during the following fiscal year, the state comptroller shall draw warrants on the agricultural land credits fund created by this chapter, payable to the county treasurers of the several counties of the state in the total amount certified by the county auditors of the respective counties and mail said warrants to the county auditors of said counties in two equal payments on or before September fifteenth and March fifteenth of each fiscal year, provided that in the event the agricultural land credits fund is insufficient to pay in full the total of the amounts certified to the state comptroller on the first of June, ~~he~~ the state comptroller shall prorate the fund to the several county treasurers and notify the several county auditors of the pro rata percentage on or before August 4 first.

Sec. 13. Not later than May 1, 1977, the state comptroller shall recertify to the county auditors of the respective counties the pro rata percentage of reimbursement from the agricultural land credit fund which shall be distributed by the state comptroller on or before September 15, 1977.

Sec. 14. Section four hundred twenty-seven A point one (427A.1), subsections three (3) and four (4), Code 1977, are amended to read as follows:

3. Notwithstanding the definition of "attached" in subsection 2, property of a household is ~~neither not~~ "attached" ~~nor-placed-for-use-upon-the-land~~ if it is a kind of property which would ordinarily be removed when the owner of the property moves to another location. In making this determination the assessing authority shall not take into account the intent of the particular owner.

4. Notwithstanding the other provisions of this section, property described in this section, if held solely for sale, lease or rent as part of a business regularly engaged in selling, leasing or renting such property, and if the property is not yet sold, leased, rented or used by any person, shall not be assessed and taxed as real property. This subsection does not apply to any land or building.

Sec. 15. Section four hundred twenty-seven A point nine (427A.9), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

The amount of the additional personal property tax credit

shall be a fixed amount for each tax year. The amount of the additional personal property tax credit shall be increased for the extended tax year beginning January 1, 1974, and ending June 30, 1975, and shall be increased for each tax year immediately following a tax year in which the growth of state general fund revenues, adjusted for changes in rate or basis, exceeds five and one-half percent, except that the amount of the additional personal property tax credit for taxes payable in each year of the fiscal period beginning July 1, 1977 and ending June 30, 1979 shall not exceed the amount of the additional personal property tax credit allowed for taxes payable in the fiscal year beginning July 1, 1976 and ending June 30, 1977. An increase in the additional personal property tax credit, once granted, shall continue for each succeeding tax year. For the purposes of this chapter the state comptroller may estimate the state percent of growth if necessary to avoid delay in the collection of taxes. After nine such increases have been made, all taxes on personal property shall be repealed as provided in the following section. The director of revenue and the state comptroller, jointly, shall determine the amount of the credit for each such tax year. Such amount shall be the maximum amount, rounded to the nearest ten dollars, which will permit complete funding of the replacement obligation under this division, including the replacement obligation for the tax credit granted pursuant to sections 427A.1 to 427A.5, out of the appropriation provided in this chapter.

Sec. 16. Section four hundred twenty-seven A point thirteen (427A.13), Code 1977, is amended to read as follows:

427A.13 APPROPRIATION. There is hereby appropriated from the general fund of the state of Iowa to the personal property tax replacement fund the following sums, or so much thereof as may be necessary, to carry out the provisions of this chapter as amended by this division. For the fiscal year beginning July 1, 1973, and ending June 30, 1974, there is appropriated the sum of thirty-one million nine hundred thousand dollars. For the fiscal year beginning July 1, 1974, and ending June 30, 1975, and each succeeding fiscal year, there is appropriated the sum of thirty-five million seven hundred thousand dollars. For each year of the fiscal period beginning July 1, 1977 and ending June 30, 1979 the total appropriation shall be thirty-eight million six hundred thousand dollars and for each fiscal year for which an increase

in the additional personal property tax credit becomes effective as provided in this division, the appropriation under this section shall be increased by three million eight hundred thousand dollars, and such increased appropriation shall continue for each succeeding fiscal year. For the fiscal year for which the ninth increase in the additional personal property tax credit becomes effective as provided in this division, and for each succeeding fiscal year, the total appropriation shall be sixty-eight million dollars per year.

Sec. 17. Section four hundred forty-one point twenty-one (441.21), subsection one (1), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

All real and tangible personal property subject to taxation shall be valued at its actual value which shall be entered opposite each item, and except as otherwise provided herein for agricultural and residential property shall be assessed at one hundred percent of such actual value, and such value so assessed shall be taken and considered as the assessed value and taxable value of such property upon which the levy shall be made.

Sec. 18. Section four hundred forty-one point twenty-one (441.21), subsection one (1), Code 1977, is amended by inserting after unnumbered paragraph five (5) the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions of this section, in assessing and determining the actual value of agricultural property as of January 1, 1978, and January 1, 1979, the actual value of agricultural property shall be determined on the basis of productivity and net earning capacity of the property determined on the basis of its use for agricultural purposes capitalized at a rate of seven percent and applied uniformly among counties and among classes of property.

Sec. 19. Section four hundred forty-one point twenty-one (441.21), subsection one (1), unnumbered paragraph seven (7), Code 1977, is amended to read as follows:

Notwithstanding any other provision of this section, the actual value of any property shall not exceed its fair and reasonable market value. For agricultural property, the assessed value as determined under this section shall not exceed the actual value of such property and the assessed value of residential property as determined under this section

shall not exceed the fair and reasonable market value of such property.

Sec. 20. Section four hundred forty-one point twenty-one (441.21), subsection one (1), Code 1977, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. For valuations established as of January 1, 1978, agricultural and residential property shall be assessed at a percentage of the actual value of each class of property. The percentage shall be determined for each class of property by the director of revenue for the state in accordance with the provisions of this section. For valuations established as of January 1, 1978, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total equalized value of such property in the state in 1975, adjusted for additions or deletions to said value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment submitted in 1976 and 1977, plus six percent of the 1975 equalized value of such property or the amount of value added by the revaluation of existing properties in 1976, 1977 and 1978 whichever is less. The divisor shall be the total value of such property in the state as reported by the assessors on the abstracts of assessment submitted in 1977, plus the amount of value added in 1978 by the revaluation of existing properties.

NEW UNNUMBERED PARAGRAPH. 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. 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. 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. The director shall utilize information reported on abstracts of assessment submitted pursuant to section four hundred forty-one point forty-five (441.45) of the Code in determining such percentage.

NEW UNNUMBERED PARAGRAPH. Not later than November 1, 1978, and November 1, 1979, the director shall certify to the county auditor of each county the percentages of actual value at which residential and agricultural property in each assessing jurisdiction in the county shall be assessed for taxation. The county auditor shall proceed to determine the assessed values of agricultural and residential property by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

NEW UNNUMBERED PARAGRAPH. Beginning with valuations established as of January 1, 1978, the assessors shall report the aggregate taxable values and the number of dwellings located on agricultural land and the aggregate taxable value of all other structures on agricultural land. Beginning with valuations established as of January 1, 1980, such agricultural structures and agricultural dwellings located on agricultural land shall be valued at their market value as defined in this section and agricultural structures and agricultural dwellings shall each constitute a separate class of property.

Sec. 21. Section four hundred forty-one point twenty-six (441.26), Code 1977, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Beginning with valuations for January 1, 1977 and each succeeding year, for each parcel of property entered in the assessment book, the assessor shall list the classification of the property.

Sec. 22. Section four hundred forty-two point two (442.2), unnumbered paragraph one (1), Code 1977, is amended to read as follows:

Each school district shall cause to be levied each year, for the school general fund, a foundation property tax of five dollars and forty cents per thousand dollars of assessed valuation on all taxable property in the district. For the purpose of this chapter, a school district is defined as a school corporation organized under chapter 274. ~~Each county auditor shall certify to each school district within the county and to the state comptroller, not later than January~~

~~4-each-year,-the-assessed-valuation-of-taxable-property-for
the-current-year-in-each-school-district-within-the-county.~~

Sec. 23. Chapter four hundred forty-five (445), Code 1977, is amended by adding the following new section:

NEW SECTION. When agricultural land or residential property which is being or has been valued and assessed under the provisions of section four hundred forty-one point twenty-one (441.21) of the Code is no longer used for the purpose for which it was valued and assessed under the provisions of section four hundred forty-one point twenty-one (441.21) of the Code, such property shall be subject to an additional tax. The tax shall be computed by multiplying the consolidated levy for each of the five preceding years times the fair and reasonable market value for each of the five preceding years less the consolidated levy for the preceding five years by the assessed value of the property for the preceding five years. Such additional taxes shall be entered against the property on the tax list for the current year and shall constitute a lien against the property in the same manner as a lien for property taxes. The additional taxes shall be collected in the same manner as all other property taxes except that such taxes shall be credited to the general fund of the city if such taxes are collected on property located within the city or to the general fund of the county if such tax is collected on property located in the unincorporated area of the county.

Sec. 24. The legislative council is directed to create a ten-member study committee which shall include members of the standing committees on ways and means of the senate and house of representatives representing both political parties, which committee shall conduct during the 1977 legislative interim a comprehensive study of the present taxing system in this state. The study shall include, but not be limited to, the following:

1. The present system of state and local taxes to determine the relative burden of the present tax structure on the various segments of the state's populace.
2. How different types and classes of property should be valued and equalized for property tax assessment purposes.
3. Whether budget limitations should be imposed permanently on the political subdivisions of this state.
4. Which taxes may presently bear too great a burden of the taxes and which taxes may bear too small a burden.

The study committee may employ consultants with the approval of the legislative council, to assist it in carrying out its duties and may request the assistance of any state agency to obtain such data and other information which the task force deems necessary to carry out its duties. Expenses of the study committee, including the cost for employing persons or business firms to assist the committee in its study shall be paid from funds available under section two point twelve (2.12) of the Code.

The study committee shall transmit copies of its final report to the governor and the members of the Sixty-seventh General Assembly, 1978 Session, not later than January 30, 1978. The final report shall include findings of fact and its recommendations.

Sec. 25. The provisions of sections three (3), four (4), five (5), six (6), and seven (7) of this Act are retroactive to January 1, 1976 for credits claimed on or after January 1, 1976 and approved under chapter four hundred twenty-five (425) of the Code for a homestead tax credit on an eligible homestead and to this extent the provisions of sections three (3), four (4), five (5), six (6), and seven (7) of this Act are retroactive.

The provisions of sections nine (9) and ten (10) of this Act are retroactive to January 1, 1976 for credits claimed on or after January 1, 1976 under the provisions of chapter four hundred twenty-six (426) of the Code, and based on valuations of January 1, 1976 and subsequent years.

Sec. 26. This Act, being deemed of immediate importance, shall take effect and be in force from and after its publication in the West Des Moines Express, a newspaper published in West Des Moines, Iowa, and in the Marengo Pioneer-Republican, a newspaper published in Marengo, Iowa.

Approved July 12, 1977

I hereby certify that the foregoing Act, House File 332, was published in the West Des Moines Express, West Des Moines, Iowa on July 28, 1977, and in the Marengo Pioneer-Republican, Marengo, Iowa on July 21, 1977.

MELVIN D. SYNHORST, *Secretary of State*