

**CHAPTER 103**  
**PARTIAL TAX EXEMPTION FOR IMPROVEMENTS**

H. F. 650

AN ACT relating to partial property tax exemptions for industrial property on which improvements have been made.

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

Section 1. NEW SECTION. A city council, by ordinance, or a county board of supervisors as authorized by section two (2) of this Act, by resolution, may provide for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code. New construction means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council of the city or the board of supervisors of a county upon the recommendation of the Iowa development commission. The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to section four hundred twenty-seven A point one (427A.1), subsection one (1), paragraph e, of the Code unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

The ordinance or resolution may be enacted not less than thirty days after holding a public hearing in accordance with section three hundred fifty-eight A point six (358A.6) of the Code in the case of a county, or section three hundred sixty-two point three (362.3) of the Code in the case of a city. The ordinance or resolution shall designate the length of time the partial exemption shall be available and may provide for an exemption schedule in lieu of that provided in section three (3) of this Act. However, an alternative exemption schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule contained in section three (3) of this Act.

Sec. 2. NEW SECTION.

1. The board of supervisors of a county which has appointed a county zoning commission and provided for county zoning under the provisions of chapter three hundred fifty-eight A (358A) of the Code may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act.

2. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in the following areas:

a. Outside the incorporated limits of a city to which a city has extended its zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code which complies with the city's zoning ordinance.

b. Outside the incorporated limits of a city which has adopted a zoning ordinance but which has not extended the ordinance to the area permitted under section four hundred fourteen point twenty-three (414.23) of the Code if the property would be within the area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

c. Outside the incorporated limits of a city which has not adopted a zoning ordinance but which would be within the area to which a city may extend a zoning ordinance pursuant to section four hundred fourteen point twenty-three (414.23) of the Code.

3. The board of supervisors of a county which has not appointed a zoning commission may, by resolution, provide for a partial exemption from property taxation of the actual value added to industrial real estate as provided under section one (1) of this Act in an area where the partial exemption could not otherwise be granted under this Act where the actual value added is to industrial real estate existing on the effective date of this Act.

To grant an exemption under the provisions of this section, the county board of supervisors shall comply with all of the requirements imposed by this Act upon the city council of a city.

Sec. 3. NEW SECTION. The actual value added to industrial real estate for the reasons specified in section one (1) of this Act is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this Act means the actual value added as of the first year for which the exemption is received, except that actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January first of each year for which the exemption is received. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

- a. For the first year, seventy-five percent.
- b. For the second year, sixty percent.
- c. For the third year, forty-five percent.
- d. For the fourth year, thirty percent.
- e. For the fifth year, fifteen percent.

This schedule shall be followed unless an alternative schedule is adopted by the city council of a city or the board of supervisors of a county in accordance with section one (1) of this Act.

However, the granting of the exemption under this section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

Sec. 4. NEW SECTION. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February first of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the director of revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the director of revenue.

A person may submit a proposal to the city council of the city or the board of supervisors of a county to receive prior approval for eligibility for a tax exemption on new construction. The city council, by ordinance, or the board of supervisors, by resolution, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for the city or county. The prior approval shall also be subject to the hearing requirements of section one (1) of this Act. Such prior approval shall not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the city council or board of supervisors to approve or reject.

Sec. 5. NEW SECTION. When in the opinion of the city council or the county board of supervisors continuation of the exemption granted by this Act ceases to be of benefit to the city or county, the city council or the county board of supervisors may repeal the ordinance authorized by section one (1) of this Act, but all existing exemptions shall continue until their expiration.

Sec. 6. NEW SECTION. A property tax exemption under this Act shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

Approved June 8, 1979