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WAYS AND MEANS

HOUSE FILE 323

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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for a business property tax credit for property
2 taxes due, making appropriations, and including effective and
3 applicability date provisions.

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

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HF 323

1 Section 1. NEW SECTION. 426C.1 BUSINESS PROPERTY TAX
2 CREDIT -- FUND -- APPORTIONMENT -- PAYMENT.

3 1. A business property tax credit fund is created. There
4 is appropriated from the general fund of the state to the
5 department of revenue to be credited to the business property
6 tax credit fund for the fiscal year beginning July 1, 2005,
7 the sum of fifty million dollars and for each fiscal year of
8 the fiscal period beginning July 1, 2006, and ending June 30,
9 2011, the sum of two hundred million dollars.

10 The director of the department of administrative services
11 shall issue warrants on the business property tax credit fund
12 payable to the county treasurers of the several counties of
13 the state under this chapter.

14 2. The business property tax credit fund shall be
15 apportioned each year so as to give a credit against the tax
16 on each eligible business property in the state in an amount
17 equal to the actual levy on the actual value for each business
18 property.

19 3. The amount due each county shall be paid in two
20 payments on November 15 and March 15 of each fiscal year,
21 drawn upon warrants payable to the respective county
22 treasurers. The two payments shall be as nearly equal as
23 possible.

24 4. The amount of credits shall be apportioned by each
25 county treasurer to the several taxing districts as provided
26 by law, in the same manner as though the amount of the credit
27 had been paid by the owners. However, the several taxing
28 districts shall not draw the funds so credited until after the
29 semiannual allocations have been received by the county
30 treasurer, as provided in this chapter.

31 Sec. 2. NEW SECTION. 426C.2 DEFINITION.

32 "Business property", as used in this chapter, means
33 property assessed for property taxation as commercial and
34 industrial real estate, except for property intended for human
35 habitation.

1 Sec. 3. NEW SECTION. 426C.3 COMPUTATION BY AUDITOR.

2 On or before May 15, the county auditor shall compute the
3 amount of property taxes to be levied on or estimated to be
4 levied on all business property eligible for the business
5 property tax credit which are due and payable in the ensuing
6 fiscal year and on or before May 15 shall certify the total
7 amount to the department of revenue.

8 Sec. 4. NEW SECTION. 426C.4 WARRANTS AUTHORIZED BY
9 DIRECTOR.

10 After receiving from the county auditors the certifications
11 provided for in section 426C.3, and during the following
12 fiscal year, the director of revenue shall authorize the
13 department of administrative services to draw warrants on the
14 business property tax credit fund payable to the county
15 treasurers as provided in section 426C.1. However, if the
16 balance in the business property tax credit fund is
17 insufficient to pay in full the total of the amounts certified
18 to the director of revenue, the director shall prorate the
19 moneys in the fund for distribution to the county treasurers
20 and notify the county auditors of the pro rata percentage on
21 or before June 15.

22 Sec. 5. NEW SECTION. 426C.5 APPORTIONMENT BY AUDITOR.

23 Upon receiving the pro rata percentage from the director of
24 revenue, the county auditor shall determine the amount to be
25 credited to each parcel of business property, and shall enter
26 upon tax lists as a credit against the tax levied on each
27 parcel of business property on which there has been made an
28 allowance of credit before delivering said tax lists to the
29 county treasurer. Upon receipt of the warrant by the county
30 auditor, the auditor shall deliver the warrant to the county
31 treasurer for apportionment. The county treasurer shall show
32 on each tax receipt the amount of tax credit for each parcel
33 of business property. In case of change of ownership the
34 credit shall follow the title.

35 Sec. 6. NEW SECTION. 426C.6 RULES.

1 The director of revenue shall prescribe forms and rules,
2 not inconsistent with this chapter, necessary to carry out its
3 purposes.

4 Sec. 7. EFFECTIVE AND APPLICABILITY DATES. This Act,
5 being deemed of immediate importance, takes effect upon
6 enactment and applies to property taxes due and payable in
7 fiscal years beginning on or after July 1, 2005.

8 EXPLANATION

9 This bill provides business property with a property tax
10 credit. Business property is real estate that is assessed as
11 commercial and industrial property, except for property used
12 for human habitation. The credit is equal to the entire
13 amount of the property tax levied on the property. However,
14 if the appropriations in the bill are insufficient to pay the
15 full amount of the credit, a pro rata amount will be granted
16 to the owner of the business property.

17 The bill appropriates \$50 million for FY 2005-2006 and \$200
18 million for each of the next five fiscal years until FY 2010-
19 2011.

20 The bill takes effect upon enactment and applies to
21 property taxes due and payable in fiscal years beginning on or
22 after July 1, 2005.

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