

MAR 4 2005
WAYS & MEANS CALENDAR

HOUSE FILE 589
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 189)

Passed House, Date 4-5-05 Passed Senate, Date 4-19-05
Vote: Ayes 100 Nays 0 Vote: Ayes 48 Nays 0
Approved May 12, 2005

A BILL FOR

1 An Act relating to the property taxation of nursing facilities
2 and including effective and applicability date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

HF 589

1 Section 1. Section 427.1, subsection 14, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:

3 The assessor, in arriving at the valuation of any property
4 of the society or organization, shall take into consideration
5 any uses of the property not for the appropriate objects of
6 the organization and shall assess in the same manner as other
7 property, all or any portion of the property involved which is
8 leased or rented and is used regularly for commercial purposes
9 for a profit to a party or individual. If a portion of the
10 property is used regularly for commercial purposes, an
11 exemption shall not be allowed upon property so used and the
12 exemption granted shall be in the proportion of the value of
13 the property used solely for the appropriate objects of the
14 organization, to the entire value of the property. However,
15 the board of trustees or the board of directors of a hospital,
16 as defined in section 135B.1, may permit use of a portion of
17 the hospital for commercial purposes, and the hospital is
18 entitled to full exemption for that portion used for nonprofit
19 health-related purposes, upon compliance with the filing
20 requirements of this subsection. The property of a nursing
21 facility, as defined in section 135C.1, which is exempt from
22 federal income tax under section 501(c)(3) of the Internal
23 Revenue Code, is entitled to the full exemption of the
24 property regardless of the proportion of residents of the
25 facility for whom the cost of care is privately paid or paid
26 under Title XIX of the federal Social Security Act, upon
27 compliance with the filing requirements of this subsection.

28 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being
29 deemed of immediate importance, takes effect upon enactment
30 and applies to property taxes due and payable in fiscal years
31 beginning on or after July 1, 2005.

32 EXPLANATION

33 This bill provides that the property of a nursing facility
34 that is exempt from federal income tax under section 501(c)(3)
35 of the Internal Revenue Code is totally exempt from property

1 tax regardless of the proportion of private pay and Title XIX
2 of the federal Social Security Act residents of the facility.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

H-1100

1 Amend House File 589 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 427.1, subsection 14,
5 unnumbered paragraph 2, Code 2005, is amended to read
6 as follows:

7 The assessor, in arriving at the valuation of any
8 property of the society or organization, shall take
9 into consideration any uses of the property not for
10 the appropriate objects of the organization and shall
11 assess in the same manner as other property, all or
12 any portion of the property involved which is leased
13 or rented and is used regularly for commercial
14 purposes for a profit to a party or individual. If a
15 portion of the property is used regularly for
16 commercial purposes, an exemption shall not be allowed
17 upon property so used and the exemption granted shall
18 be in the proportion of the value of the property used
19 solely for the appropriate objects of the
20 organization, to the entire value of the property.
21 However, the board of trustees or the board of
22 directors of a hospital, as defined in section 135B.1,
23 may permit use of a portion of the hospital for
24 commercial purposes, and the hospital is entitled to
25 full exemption for that portion used for nonprofit
26 health-related purposes, upon compliance with the
27 filing requirements of this subsection. The property
28 of a nursing facility, as defined in section 135C.1,
29 which is exempt from federal income tax under section
30 501(c)(3) of the Internal Revenue Code, is entitled to
31 the exemption of the property regardless of the
32 proportion of residents of the facility for whom the
33 cost of care is privately paid or paid under Title XIX
34 of the federal Social Security Act, upon compliance
35 with the filing requirements of this subsection.

36 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This
37 Act, being deemed of immediate importance, takes
38 effect upon enactment and applies to property taxes
39 due and payable in fiscal years beginning on or after
40 July 1, 2005."

By KURTENBACH of Story

H-1100 FILED MARCH 17, 2005

HOUSE FILE 589

H-1154

1 Amend House File 589 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 427.1, subsection 14,
5 unnumbered paragraph 2, Code 2005, is amended to read
6 as follows:

7 The assessor, in arriving at the valuation of any
8 property of the society or organization, shall take
9 into consideration any uses of the property not for
10 the appropriate objects of the organization and shall
11 assess in the same manner as other property, all or
12 any portion of the property involved which is leased
13 or rented and is used regularly for commercial
14 purposes for a profit to a party or individual. If a
15 portion of the property is used regularly for
16 commercial purposes, an exemption shall not be allowed
17 upon property so used and the exemption granted shall
18 be in the proportion of the value of the property used
19 solely for the appropriate objects of the
20 organization, to the entire value of the property.
21 However, the board of trustees or the board of
22 directors of a hospital, as defined in section 135B.1,
23 may permit use of a portion of the hospital for
24 commercial purposes, and the hospital is entitled to
25 full exemption for that portion used for nonprofit
26 health-related purposes, upon compliance with the
27 filing requirements of this subsection. The property
28 of a nursing facility, as defined in section 135C.1,
29 subsection 13, which is exempt from federal income tax
30 under section 501(c)(3) of the Internal Revenue Code,
31 is entitled to the exemption of the property
32 regardless of the proportion of residents of the
33 facility for whom the cost of care is privately paid
34 or paid under Title XIX of the federal Social Security
35 Act, upon compliance with the filing requirements of
36 this subsection.

37 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This
38 Act, being deemed of immediate importance, takes
39 effect upon enactment and applies to property taxes
40 due and payable in fiscal years beginning on or after
41 July 1, 2005."

By KURTENBACH of Story

H-1154 FILED MARCH 22, 2005

HOUSE FILE 589

H-1202

1 Amend House File 589 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 427.1, subsection 14,
5 unnumbered paragraph 2, Code 2005, is amended to read
6 as follows:

7 The assessor, in arriving at the valuation of any
8 property of the society or organization, shall take
9 into consideration any uses of the property not for
10 the appropriate objects of the organization and shall
11 assess in the same manner as other property, all or
12 any portion of the property involved which is leased
13 or rented and is used regularly for commercial
14 purposes for a profit to a party or individual. If a
15 portion of the property is used regularly for
16 commercial purposes, an exemption shall not be allowed
17 upon property so used and the exemption granted shall
18 be in the proportion of the value of the property used
19 solely for the appropriate objects of the
20 organization, to the entire value of the property.
21 However, the board of trustees or the board of
22 directors of a hospital, as defined in section 135B.1,
23 may permit use of a portion of the hospital for
24 commercial purposes, and the hospital is entitled to
25 full exemption for that portion used for nonprofit
26 health-related purposes, upon compliance with the
27 filing requirements of this subsection. The property
28 of a nursing facility, as defined in section 135C.1,
29 subsection 13, which is exempt from federal income tax
30 under section 501(c)(3) of the Internal Revenue Code,
31 and otherwise qualified, is entitled to the full
32 exemption of the property regardless of the proportion
33 of residents of the facility for whom the cost of care
34 is privately paid or paid under Title XIX of the
35 federal Social Security Act, upon compliance with the
36 filing requirements of this subsection.

37 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This
38 Act, being deemed of immediate importance, takes
39 effect upon enactment and applies to property taxes
40 due and payable in fiscal years beginning on or after
41 July 1, 2005."

By KURTENBACH of Story

H-1202 FILED MARCH 29, 2005

HOUSE FILE 589
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 189)

(As Amended and Passed by the House April 5, 2005)

Passed House, Date _____ Passed Senate, Date 4-19-05
Vote: Ayes _____ Nays _____ Vote: Ayes 48 Nays 0
Approved _____

A BILL FOR

1 An Act relating to the property taxation of nursing facilities
2 and including effective and applicability date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4

5

All New Language

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

TLSB 1961HV 81

mg/sh/8

1 Section 1. Section 427.1, subsection 14, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:

3 The assessor, in arriving at the valuation of any property
4 of the society or organization, shall take into consideration
5 any uses of the property not for the appropriate objects of
6 the organization and shall assess in the same manner as other
7 property, all or any portion of the property involved which is
8 leased or rented and is used regularly for commercial purposes
9 for a profit to a party or individual. If a portion of the
10 property is used regularly for commercial purposes, an
11 exemption shall not be allowed upon property so used and the
12 exemption granted shall be in the proportion of the value of
13 the property used solely for the appropriate objects of the
14 organization, to the entire value of the property. However,
15 the board of trustees or the board of directors of a hospital,
16 as defined in section 135B.1, may permit use of a portion of
17 the hospital for commercial purposes, and the hospital is
18 entitled to full exemption for that portion used for nonprofit
19 health-related purposes, upon compliance with the filing
20 requirements of this subsection. The property of a nursing
21 facility, as defined in section 135C.1, subsection 13, which
22 is exempt from federal income tax under section 501(c)(3) of
23 the Internal Revenue Code, and otherwise qualified, is
24 entitled to the full exemption of the property regardless of
25 the proportion of residents of the facility for whom the cost
26 of care is privately paid or paid under Title XIX of the
27 federal Social Security Act, upon compliance with the filing
28 requirements of this subsection.

29 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being
30 deemed of immediate importance, takes effect upon enactment
31 and applies to property taxes due and payable in fiscal years
32 beginning on or after July 1, 2005.

33
34
35

Kurtenbach -ch
Struyk
Reasoner

HSB 189

WAYS AND MEANS

1B

HOUSE FILE _____ 0589

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the property taxation of nursing facilities
2 and including effective and applicability date provisions.

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

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

1 Section 1. Section 427.1, subsection 14, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:

3 The assessor, in arriving at the valuation of any property
4 of the society or organization, shall take into consideration
5 any uses of the property not for the appropriate objects of
6 the organization and shall assess in the same manner as other
7 property, all or any portion of the property involved which is
8 leased or rented and is used regularly for commercial purposes
9 for a profit to a party or individual. If a portion of the
10 property is used regularly for commercial purposes, an
11 exemption shall not be allowed upon property so used and the
12 exemption granted shall be in the proportion of the value of
13 the property used solely for the appropriate objects of the
14 organization, to the entire value of the property. However,
15 the board of trustees or the board of directors of a hospital,
16 as defined in section 135B.1, may permit use of a portion of
17 the hospital for commercial purposes, and the hospital is
18 entitled to full exemption for that portion used for nonprofit
19 health-related purposes, upon compliance with the filing
20 requirements of this subsection. The property of a nursing
21 facility, as defined in section 135C.1, which is exempt from
22 federal income tax under section 501(c)(3) of the Internal
23 Revenue Code, is entitled to the full exemption of the
24 property regardless of the proportion of residents of the
25 facility for whom the cost of care is privately paid or paid
26 under Title XIX of the federal Social Security Act, upon
27 compliance with the filing requirements of this subsection.

28 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being
29 deemed of immediate importance, takes effect upon enactment
30 and applies to property taxes due and payable in fiscal years
31 beginning on or after July 1, 2005.

32 EXPLANATION

33 This bill provides that the property of a nursing facility
34 that is exempt from federal income tax under section 501(c)(3)
35 of the Internal Revenue Code is totally exempt from property

1 tax regardless of the proportion of private pay and Title XIX
2 of the federal Social Security Act residents of the facility.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 589

AN ACT
RELATING TO THE PROPERTY TAXATION OF NURSING FACILITIES AND
INCLUDING EFFECTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 427.1, subsection 14, unnumbered paragraph 2, Code 2005, is amended to read as follows:

The assessor, in arriving at the valuation of any property of the society or organization, shall take into consideration any uses of the property not for the appropriate objects of the organization and shall assess in the same manner as other property, all or any portion of the property involved which is leased or rented and is used regularly for commercial purposes for a profit to a party or individual. If a portion of the property is used regularly for commercial purposes, an exemption shall not be allowed upon property so used and the exemption granted shall be in the proportion of the value of the property used solely for the appropriate objects of the organization, to the entire value of the property. However, the board of trustees or the board of directors of a hospital, as defined in section 135B.1, may permit use of a portion of the hospital for commercial purposes, and the hospital is entitled to full exemption for that portion used for nonprofit health-related purposes, upon compliance with the filing requirements of this subsection. The property of a nursing facility, as defined in section 135C.1, subsection 13, which is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and otherwise qualified, is entitled to the full exemption of the property regardless of the proportion of residents of the facility for whom the cost

of care is privately paid or paid under Title XIX of the federal Social Security Act, upon compliance with the filing requirements of this subsection.

Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being deemed of immediate importance, takes effect upon enactment and applies to property taxes due and payable in fiscal years beginning on or after July 1, 2005.

CHRISTOPHER C. RANTS
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 589, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved May 12, 2005

THOMAS J. VILSACK
Governor