

APR 6 2005
WAYS & MEANS CALENDAR

HOUSE FILE 843
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 205)

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

A BILL FOR

1 An Act providing for the property taxation of the facilities of
2 city-operated cable communications systems and including
3 effective and applicability date provisions.

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

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HF 843

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

3 2. MUNICIPAL AND MILITARY PROPERTY. The property of a
4 county, township, city, school corporation, levee district,
5 drainage district, or the Iowa national guard, when devoted to
6 public use and not held for pecuniary profit, except ~~property~~
7 any of the following:

8 a. Property of a municipally owned electric utility held
9 under joint ownership and property of an electric power
10 facility financed under chapter 28F or 476A that shall be
11 subject to taxation under chapter 437A ~~and-facilities.~~

12 b. Facilities of a municipal utility that are used for the
13 provision of local exchange services pursuant to chapter 476,
14 but only to the extent such facilities are used to provide
15 such services, which shall be subject to taxation under
16 chapter 433, except that section 433.11 shall not apply.

17 c. Facilities operated by a city as a cable communications
18 system pursuant to section 364.3, but only to the extent such
19 facilities are used to provide cable communications services,
20 which shall be subject to taxation as provided in chapter 441,
21 at the following percentages of the assessed value of such
22 facilities used to provide cable communications services:

23 (1) If the facilities are first constructed after January
24 1, 2005, or facilities existing on January 1, 2005, are
25 expanded after January 1, 2005, one hundred percent of
26 assessed value.

27 (2) For facilities not described in subparagraph (1), the
28 following percentages apply:

29 (a) For assessment years beginning prior to January 1,
30 2010, zero percent of assessed value.

31 (b) For assessment years beginning January 1, 2010, but
32 prior to January 1, 2015, twenty-five percent of assessed
33 value.

34 (c) For assessment years beginning January 1, 2015, but
35 prior to January 1, 2020, fifty percent of assessed value.

1 (d) For assessment years beginning January 1, 2020, but
2 prior to January 1, 2025, seventy-five percent of assessed
3 value.

4 (e) For assessment years beginning January 1, 2025, and
5 succeeding assessment years, one hundred percent of assessed
6 value.

7 PARAGRAPH DIVIDED. The exemption for property owned by a
8 city or county also applies to property which is operated by a
9 city or county as a library, art gallery or museum,
10 conservatory, botanical garden or display, observatory or
11 science museum, or as a location for holding athletic
12 contests, sports or entertainment events, expositions,
13 meetings or conventions, or leased from the city or county for
14 any such purposes, or leased from the city or county by the
15 Iowa national guard or by a federal agency for the benefit of
16 the Iowa national guard when devoted for public use and not
17 for pecuniary profit.

18 PARAGRAPH DIVIDED. Food and beverages may be served at the
19 events or locations without affecting the exemptions, provided
20 the city has approved the serving of food and beverages on the
21 property if the property is owned by the city or the county
22 has approved the serving of food and beverages on the property
23 if the property is owned by the county.

24 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
25 being deemed of immediate importance, takes effect upon
26 enactment and applies retroactively to January 1, 2005, for
27 assessment years beginning on or after that date.

28 EXPLANATION

29 This bill provides that facilities of city-operated cable
30 communications systems are one of the exceptions to the
31 general property tax exemption for city-owned property. Thus
32 such cable systems are made subject to property tax under the
33 bill. However, total taxation takes place over 20 years for
34 such cable systems that are in existence on January 1, 2005,
35 and are not expanded. The schedule provides that 25 percent

1 of the value is taxed beginning January 1, 2010, 50 percent of
2 the value is taxed beginning January 1, 2015, 75 percent of
3 the value is taxed beginning January 1, 2020, and 100 percent
4 of the value is taxed beginning January 1, 2025. In the case
5 of facilities first constructed after January 1, 2005, or
6 expanded after January 1, 2005, the new facilities are taxed
7 at 100 percent.

8 The bill takes effect upon enactment and applies
9 retroactively to January 1, 2005, for assessment years
10 beginning on or after that date.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 843 - Cable Facilities, Property Tax (LSB 1815 HV)

Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version - New

Description

House File 843 provides that city-operated cable communications systems are to be subject to property tax. Existing facilities will have the tax phased in over the next 20 years on the following schedule:

- No tax prior to January 1, 2010.
- January 1, 2010 through December 31, 2014, 25.0% of assessed value.
- January 1, 2015 through December 31, 2019, 50.0% of assessed value.
- January 1, 2020 through December 31, 2024, 75.0% of assessed value.
- January 1, 2025 and subsequent years, 100.0% of assessed value.

Facilities that are constructed after January 1, 2005, or existing facilities that are expanded after January 1, 2005, will be taxed at 100.0% of assessed value of the new construction for the upcoming tax cycle.

Assumptions

- There are currently 25 municipal cable communication systems.
- No estimate is available for how many future municipal cable communications systems will be created.

Fiscal Impact

The fiscal impact of HF 843 cannot be determined. Since these facilities are currently tax exempt, they typically have not been assessed. There is no data from which to estimate the fiscal impact.

Sources

Department of Revenue
Iowa State Association of Assessors

Dennis C Prouty

April 12, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

*Struyk-ch
Kurtenbach
Jochum*

*Succeeded By
SF 0843*

**HSB 205
WAYS AND MEANS**

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

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