

## CHAPTER 426C

## BUSINESS PROPERTY TAX CREDIT

Referred to in §2.48, 331.512, 331.559

426C.1	Definitions.	426C.5	Payment to counties.
426C.2	Business property tax credit fund — appropriation.	426C.6	Appeals.
426C.3	Claims for credit.	426C.7	Audit — recalculation or denial.
426C.4	Eligibility and amount of credit.	426C.8	False claim — penalty.
		426C.9	Rules.

**426C.1 Definitions.**

For the purposes of [this chapter](#), unless the context otherwise requires:

1. “*Contiguous parcels*” means any of the following:
  - a. Parcels that share a common boundary.
  - b. Parcels within the same building or structure regardless of whether the parcels share a common boundary.
  - c. Permanent improvements to the land that are situated on one or more parcels of land that are assessed and taxed separately from the permanent improvements if the parcels of land upon which the permanent improvements are situated share a common boundary.
  2. “*Department*” means the department of revenue.
  3. “*Fund*” means the business property tax credit fund created in [section 426C.2](#).
  4. a. “*Parcel*” means as defined in [section 445.1](#).
    - b. (1) For purposes of business property tax credits claimed for the fiscal year beginning July 1, 2016, “*parcel*” also means that portion of a parcel assigned a classification of commercial property, industrial property, or railway property under [chapter 434](#) pursuant to [section 441.21, subsection 13](#), paragraph “c”.
    - (2) For purposes of business property tax credits claimed for fiscal years beginning on or after July 1, 2017, “*parcel*” also means that portion of a parcel assigned a classification of commercial property or industrial property pursuant to [section 441.21, subsection 13](#), paragraph “c”.
  5. “*Property unit*” means contiguous parcels all of which are located within the same county, with the same property tax classification, are owned by the same person, and are operated by that person for a common use and purpose.

[2013 Acts, ch 123, §3, 13](#); [2015 Acts, ch 116, §1](#)

**426C.2 Business property tax credit fund — appropriation.**

1. A business property tax credit fund is created in the state treasury under the authority of the department. For the fiscal year beginning July 1, 2014, there is appropriated from the general fund of the state to the department to be credited to the fund, the sum of fifty million dollars to be used for business property tax credits authorized in [this chapter](#). For the fiscal year beginning July 1, 2015, there is appropriated from the general fund of the state to the department to be credited to the fund, the sum of one hundred million dollars to be used for business property tax credits authorized in [this chapter](#). For the fiscal year beginning July 1, 2016, and each fiscal year thereafter, there is appropriated from the general fund of the state to the department to be credited to the fund, the sum of one hundred twenty-five million dollars to be used for business property tax credits authorized in [this chapter](#).

2. Notwithstanding [section 12C.7, subsection 2](#), interest or earnings on moneys deposited in the fund shall be credited to the fund. Moneys in the fund are not subject to the provisions of [section 8.33](#) and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in [this chapter](#).

[2013 Acts, ch 123, §4, 13](#)

Referred to in §426C.1

**426C.3 Claims for credit.**

1. Each person who wishes to claim the credit allowed under [this chapter](#) shall obtain the appropriate forms from the assessor and file the claim with the assessor. The director of

revenue shall prescribe suitable forms and instructions for such claims, and make such forms and instructions available to the assessors.

2. a. (1) Claims for the business property tax credit against taxes due and payable in fiscal years beginning before July 1, 2017, shall be filed not later than March 15 preceding the fiscal year during which the taxes for which the credit is claimed are due and payable.

(2) Claims for the business property tax credit against taxes due and payable in fiscal years beginning on or after July 1, 2017, shall be filed not later than July 1 preceding the fiscal year during which the taxes for which the credit is claimed are due and payable.

b. A claim for credit filed after the deadline for filing claims shall be considered as a claim for the following year.

3. Upon the filing of a claim and allowance of the credit, the credit shall be allowed on the parcel or property unit for successive years without further filing as long as the parcel or property unit satisfies the requirements for the credit. If the parcel or property unit ceases to qualify for the credit under [this chapter](#), the owner shall provide written notice to the assessor by the date for filing claims specified in [subsection 2](#) following the date on which the parcel or property unit ceases to qualify for the credit.

4. The assessor shall remit the claims for credit to the county auditor with the assessor's recommendation for allowance or disallowance. If the assessor recommends disallowance of a claim, the assessor shall submit the reasons for the recommendation, in writing, to the county auditor. The county auditor shall forward the claims and recommendations to the board of supervisors. The board shall allow or disallow the claims.

5. For each claim and allowance of a credit for a property unit, the county auditor shall calculate the average of all consolidated levy rates applicable to the several parcels within the property unit. All claims for credit which have been allowed by the board of supervisors, the actual value of such parcels and property units applicable to the fiscal year for which the credit is claimed that are subject to assessment and taxation prior to imposition of any applicable assessment limitation, the consolidated levy rates for such parcels and the average consolidated levy rates for such property units applicable to the fiscal year for which the credit is claimed, and the taxing districts in which the parcel or property unit is located, shall be certified on or before June 30, in each year, by the county auditor to the department.

6. The assessor shall maintain a permanent file of current business property tax credits. The assessor shall file a notice of transfer of property for which a credit has been allowed when notice is received from the office of the county recorder, from the person who sold or transferred the property, or from the personal representative of a deceased property owner. The county recorder shall give notice to the assessor of each transfer of title filed in the recorder's office. The notice from the county recorder shall describe the property transferred, the name of the person transferring title to the property, and the name of the person to whom title to the property has been transferred.

7. When all or a portion of a parcel or property unit that is allowed a credit under [this chapter](#) is sold, transferred, or ownership otherwise changes, the buyer, transferee, or new owner who wishes to receive the credit shall refile the claim for credit.

[2013 Acts, ch 123, §5, 13](#); [2015 Acts, ch 116, §2](#); [2021 Acts, ch 169, §1, 2](#)

Referred to in [§426C.4, 426C.6](#)

Subsection 7 amended

#### **426C.4 Eligibility and amount of credit.**

1. a. Except as provided in paragraph "b", parcels classified and taxed as commercial property, industrial property, or railway property under [chapter 434](#) are eligible for a credit under [this chapter](#). A person may claim and receive one credit under [this chapter](#) for each eligible parcel unless the parcel is part of a property unit for which a credit is claimed. A person may claim and receive one credit under [this chapter](#) for each property unit. A credit approved for a property unit shall be allocated to the several parcels within the property unit in the proportion that each parcel's total amount of property taxes due and payable bears to the total amount of property taxes due and payable on the property unit. Only property units comprised of property assessed as commercial property, industrial property, or railway property under [chapter 434](#) are eligible for a credit under [this chapter](#). The

classification of property used to determine eligibility for the credit under [this chapter](#) shall be the classification of the property for the assessment year used to calculate the taxes due and payable in the fiscal year for which the credit is claimed.

b. All of the following shall not be eligible to receive a credit under [this chapter](#) or be part of a property unit that receives a credit under [this chapter](#):

(1) Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended.

(2) For credits claimed for the fiscal year beginning July 1, 2014, and the fiscal year beginning July 1, 2015, property that is a mobile home park, manufactured home community, land-leased community, assisted living facility, as those terms are defined in [section 441.21, subsection 13](#), or that is property primarily used or intended for human habitation containing three or more separate dwelling units.

2. Using the actual value of each parcel or property unit and the consolidated levy rate for each parcel or the average consolidated levy rate for each property unit, as certified by the county auditor to the department under [section 426C.3, subsection 5](#), the department shall calculate, for each fiscal year, an initial amount of actual value for use in determining the amount of the credit for each such parcel or property unit so as to provide the maximum possible credit according to the credit formula and limitations under [subsection 3](#), and to provide a total dollar amount of credits against the taxes due and payable in the fiscal year equal to ninety-eight percent of the moneys in the fund following the deposit of the appropriation for the fiscal year and including interest or earnings credited to the fund.

3. a. The amount of the credit for each parcel or property unit for which a claim for credit under [this chapter](#) has been approved shall be calculated under paragraph “b” using the lesser of the initial amount of actual value determined by the department under [subsection 2](#), and the amount of actual value of the parcel or property unit certified by the county auditor under [section 426C.3, subsection 5](#).

b. The amount of the credit for each parcel or property unit for which a claim for credit under [this chapter](#) has been approved shall be equal to the product of the amount of actual value determined under paragraph “a” times the difference, stated as a percentage, between the assessment limitation percentage applicable to the parcel or property unit under [section 441.21, subsection 5](#), and the assessment limitation percentage applicable to residential property under [section 441.21, subsection 4](#), divided by one thousand dollars, and then multiplied by the consolidated levy rate or average consolidated levy rate per one thousand dollars of taxable value applicable to the parcel or property unit for the fiscal year for which the credit is claimed as certified by the county auditor under [section 426C.3, subsection 5](#).

2013 Acts, ch 123, §6, 13; 2014 Acts, ch 1026, §143; 2014 Acts, ch 1131, §1, 4

#### **426C.5 Payment to counties.**

1. Annually the department shall certify to the county auditor of each county the amounts of the business property tax credits allowed in the county. Each county auditor shall then enter the credits against the tax levied on each eligible parcel or property unit in the county, designating on the tax lists the credit as being paid from the fund. Each taxing district shall receive its share of the business property tax credit allowed on each eligible parcel or property unit in such taxing district in the proportion that the levy made by such taxing district upon the parcel or property unit bears to the total levy upon the parcel or property unit by all taxing districts. However, the several taxing districts shall not draw the moneys so credited until after the semiannual allocations have been received by the county treasurer, as provided in [this section](#). Each county treasurer shall show on each taxpayer receipt the amount of credit received from the fund.

2. The director of revenue shall authorize the department of administrative services to draw warrants on the fund payable to the county treasurers of the several counties of the state in the amounts certified by the department.

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

2013 Acts, ch 123, §7, 13

**426C.6 Appeals.**

1. If the board of supervisors disallows a claim for credit under [section 426C.3, subsection 4](#), the board of supervisors shall send written notice, by mail, to the claimant at the claimant's last known address. The notice shall state the reasons for disallowing the claim for the credit. The board of supervisors is not required to send notice that a claim for credit is disallowed if the claimant voluntarily withdraws the claim. Any person whose claim is disallowed under the provisions of [this chapter](#) may appeal from the action of the board of supervisors to the district court of the county in which the parcel or property unit is located by giving written notice of such appeal to the county auditor within twenty days from the date of mailing of notice of such action by the board of supervisors.

2. If a claim for credit is disallowed by the board of supervisors, and such action is subsequently reversed on appeal, the credit shall be allowed on the applicable parcel or property unit, and the director of revenue, the county auditor, and the county treasurer shall provide the credit and change their books and records accordingly. In the event the claimant has paid one or both of the installments of the tax payable in the year or years in question, remittance shall be made to the claimant of the amount of such credit. The amount of such credit awarded on appeal shall be allocated and paid from the balance remaining in the fund.

[2013 Acts, ch 123, §8, 13](#)

**426C.7 Audit — recalculation or denial.**

1. If on the audit of a credit provided under [this chapter](#), the department of revenue determines the amount of the credit to have been incorrectly calculated or that the credit is not allowable, the department shall recalculate the credit and notify the claimant and the county auditor of the recalculation or denial and the reasons for it. The department shall not adjust a credit after three years from October 31 of the year in which the claim for the credit was filed. If the credit has been paid, the department shall give notification to the claimant, the county treasurer, and the applicable assessor of the recalculation or denial of the credit and the county treasurer shall proceed to collect the tax owed in the same manner as other property taxes due and payable are collected, if the parcel or property unit for which the credit was allowed is still owned by the claimant. If the parcel or property unit for which the credit was allowed is not owned by the claimant, the amount may be recovered from the claimant by assessment in the same manner that income taxes are assessed under [sections 422.26 and 422.30](#). The amount of such erroneous credit, when collected, shall be deposited in the fund.

2. The claimant or board of supervisors may appeal any decision of the department of revenue to the director of revenue within thirty days from the date of the notice of the recalculation or denial provided to the claimant and county auditor. The director shall grant a hearing, and upon hearing the director shall determine the correct credit, if any, and notify the claimant, board of supervisors, county auditor, and county treasurer of the decision by mail. The claimant or the board of supervisors may seek judicial review of the action of the director of revenue in accordance with [chapter 17A](#).

[2013 Acts, ch 123, §9, 13; 2015 Acts, ch 109, §15, 75](#)

Referred to in [§426C.8](#)

**426C.8 False claim — penalty.**

A person who makes a false claim for the purpose of obtaining a credit provided for in [this chapter](#) or who knowingly receives the credit without being legally entitled to it is guilty of a fraudulent practice. The claim for a credit of such a person shall be disallowed and if the credit has been paid the amount shall be recovered in the manner provided in [section 426C.7](#). In such cases, the department of revenue shall send a notice of disallowance of the credit.

[2013 Acts, ch 123, §10, 13; 2015 Acts, ch 109, §16, 75](#)

**426C.9 Rules.**

The director of revenue shall prescribe forms, instructions, and rules as necessary, pursuant to [chapter 17A](#), to carry out and effectuate the purposes of [this chapter](#).

[2013 Acts, ch 123, §11, 13](#)