

SENATE FILE 2344, as amended

BY COMMITTEE ON WAYS AND MEANS

**A BILL FOR**

An Act relating to state and local taxation by providing for an increase in the amount of the earned income tax credit, establishing and modifying property assessment limitations, modifying the assessment and taxation of telecommunications company property, establishing property tax credits for certain commercial, industrial, and railway property, establishing a multiresidential property classification, modifying provisions relating to assessment and taxation of cable television companies, providing penalties, making appropriations, and including effective date, retroactive applicability, and other applicability provisions.

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

## DIVISION I

### EARNED INCOME TAX CREDIT

Section 1. Section 422.12B, subsection 1, Code 2011, is amended to read as follows:

1. The taxes imposed under this division less the credits allowed under section 422.12 shall be reduced by an earned income credit equal to ~~seven-fifteen~~ percent of the federal earned income credit provided in section 32 of the Internal Revenue Code. Any credit in excess of the tax liability is refundable.

Sec. 2. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2012, for tax years beginning on or after that date.

## DIVISION II

### PROPERTY TAX ASSESSMENT LIMITATIONS

Sec. 3. Section 441.21, subsection 4, Code Supplement 2011, is amended to read as follows:

4. For valuations established as of January 1, 1979, the percentage of actual value at which agricultural and residential property shall be assessed shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the dividend as determined for each class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, plus six percent of the amount so determined. However, if the difference between the dividend so determined for either class of property and the dividend for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, is less than six percent, the 1979 dividend for the other class of property shall be the dividend as determined for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, plus a percentage of the amount so determined which is equal to the percentage by which the dividend as determined for the other class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, is increased in arriving at the 1979 dividend for the other class of property. The divisor for each class of property shall be the total actual value of all such property in the state in the preceding year, as reported by the assessors on the abstracts of assessment submitted for 1978, plus the amount of value added to said total actual value by the revaluation of existing properties in 1979 as equalized by the director of revenue pursuant to section 441.49. The director shall utilize information reported on abstracts of assessment submitted pursuant to section 441.45 in determining such percentage. For valuations established as of January 1, 1980, and each assessment year thereafter beginning before January 1, 2013, the percentage of actual value as

equalized by the director of revenue as provided in section 441.49 at which agricultural and residential property shall be assessed shall be calculated in accordance with the methods provided herein including the limitation of increases in agricultural and residential assessed values to the percentage increase of the other class of property if the other class increases less than the allowable limit adjusted to include the applicable and current values as equalized by the director of revenue, except that any references to six percent in this subsection shall be four percent.

For valuations established as of January 1, 2013, and each assessment year thereafter, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which agricultural and residential property shall be assessed shall be calculated in accordance with the methods provided herein including the limitation of increases in agricultural and residential assessed values to the percentage increase of the other class of property if the other class increases less than the allowable limit adjusted to include the applicable and current values as equalized by the director of revenue, except that any references to six percent in this subsection shall be three percent. However, for valuations established for the assessment year beginning January 1, 2013, and each assessment year thereafter, if the percentage of actual value at which residential property shall be assessed, as calculated in accordance with the methods provided herein, exceeds sixty percent or is less than fifty percent the director of revenue shall decrease the percentage to sixty percent or increase the percentage to fifty percent, as applicable. For purposes of determining valuations in assessment years beginning on or after January 1, 2014, the percentage for the prior year as determined under this subsection before any increase or decrease by the director of revenue, if necessary, shall be the percentage used in calculating the dividend for that assessment year.

Sec. 4. SAVINGS PROVISION. This division of this Act, pursuant to section 4.13, does not affect the operation of, or prohibit the application of, prior provisions of section 441.21, or rules adopted under chapter 17A to administer prior provisions of section 441.21, for assessment years beginning before January 1, 2013, and for duties, powers, protests, appeals, proceedings, actions, or remedies attributable to an assessment year beginning before January 1, 2013.

Sec. 5. APPLICABILITY. This division of this Act applies to assessment years beginning on or after January 1, 2013.

### DIVISION III

#### TELECOMMUNICATIONS PROPERTY TAX

Sec. 6. Section 433.4, Code 2011, is amended to read as follows:

##### **433.4 Assessment.**

1. The director of revenue shall on or before October 31 each year, proceed to find the actual value of the property of these companies in this state

used by the companies in the transaction of telegraph and telephone business, taking into consideration the information obtained from the statements required, and any further information the director can obtain, using the same as a means for determining the actual cash value of the property of these companies within this state. The director shall also take into consideration the valuation of all property of these companies, including franchises and the use of the property in connection with lines outside the state, and making these deductions as may be necessary on account of extra value of property outside the state as compared with the value of property in the state, in order that the actual cash value of the property of the company within this state may be ascertained. The assessment shall include all

~~property of every kind and character whatsoever, real, personal, or mixed, used by the companies in the transaction of telegraph and telephone business; and the~~

The property so included in the assessment shall not be taxed in any other manner than as provided in this chapter.

2.

a. Except as provided in paragraph "c", for assessment years beginning on or after January 1, 2013, a company's property, excluding the property identified in paragraph "b" as exempt from taxation, shall be subject to assessment and taxation under this chapter by the director of revenue in the same manner as property assessed and taxed as commercial property under chapters 427, 427A, 427B, 428, and 441.

b. All of the following is exempt from taxation and shall not be assessed for taxation under this chapter:

(1) Central office equipment.

(2) Qualified telephone company property. However, qualified telephone company property shall be valued and included in the company's assessment for the assessment years, and to the extent specified, in paragraph "c".

c. For assessment years beginning on or after January 1, 2013, the director of revenue shall include as part of the actual value determined under paragraph "a" for the applicable assessment year, the following:

(1) For the assessment year beginning January 1, 2013, an amount equal to the actual value of the company's qualified telephone company property that exceeds four million dollars.

(2) For the assessment year beginning January 1, 2014, an amount equal to the actual value of the company's qualified telephone company property that exceeds eight million dollars.

(3) For the assessment year beginning January 1, 2015, an amount equal to the actual value of the company's qualified telephone company property that exceeds twelve million dollars.

(4) For the assessment year beginning January 1, 2016, an amount equal to the actual value of the company's qualified telephone company property that exceeds sixteen million dollars.

(5) For the assessment year beginning January 1, 2017, and each assessment year thereafter, an amount equal to the actual value of the company's qualified telephone company property that exceeds twenty million dollars.

Sec. 7. Section 433.12, Code 2011, is amended by adding the following new subsections:

NEW SUBSECTION. 1A. As used in this chapter, "central office equipment" means motor vehicles, aircraft, tools and other work equipment, furniture, office equipment, general purpose computers, central office switching equipment, nondigital switching equipment, digital electronic switching equipment, operator systems, central office transmission equipment, radio systems, circuit equipment, information origination/termination equipment, station apparatus, customer premises wiring, large private branch exchanges, public telephone terminal equipment, and other terminal equipment, within the meaning of the telecommunications companies account provisions of 47 C.F.R. pt. 32, in effect on the effective date of this division of this Act.

NEW SUBSECTION. 3. As used in this chapter, "qualified telephone company property" means poles, aerial cable, underground cable, buried cable, submarine and deep sea cable, intrabuilding network cable, aerial wire, and conduit systems within the meaning of the telecommunications companies account provisions of 47 C.F.R. pt. 32, in effect on the effective date of this division of this Act.

Sec. 8. Section 441.21, subsection 5, Code Supplement 2011, is amended to read as follows:

5. For valuations established as of January 1, 1979, commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 8, shall be assessed as a percentage of the actual value of each class

of property. The percentage shall be determined for each class of property by the director of revenue for the state in accordance with the provisions of this section. For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the total actual valuation for each class of property established for 1978, plus six percent of the amount so determined. The divisor for each class of property shall be the valuation for each class of property established for 1978, as reported by the assessors on the abstracts of assessment for 1978, plus the amount of value added to the total actual value by the revaluation of existing properties in 1979 as equalized by the director of revenue pursuant to section 441.49. For valuations established as of January 1, 1979, property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be considered as one class of property and shall be assessed as a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1978 by the department of revenue, plus ten percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be the valuation established for 1978, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1979. For valuations established as of January 1, 1980, commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 8, shall be assessed at a percentage of the actual value of each class of property. The percentage shall be determined for each class of property by the director of revenue for the state in accordance with the provisions of this section. For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the dividend as determined for each class of property for valuations established as of January 1, 1979, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1979, plus four percent of the amount so determined. The divisor for each class of property shall be the total actual value of all such property in 1979, as equalized by the director of revenue pursuant to section 441.49, plus the amount of value added to the total actual value by the revaluation of existing properties in 1980. The director shall utilize information reported on the abstracts of assessment submitted pursuant to section 441.45 in determining such percentage. For valuations established as of January 1, 1980, property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be assessed at a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1979 by the department of revenue, plus eight percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be the valuation established for 1979, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1980. For valuations established as of January 1, 1981, and each year thereafter, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 8, shall be assessed shall be calculated in accordance with the methods provided herein, except that any references to six percent in this subsection shall be four percent. For valuations established as of January 1, 1981,

and each year thereafter, the percentage of actual value at which property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be assessed shall be calculated in accordance with the methods provided herein, except that any references to ten percent in this subsection shall be eight percent.

For assessment years beginning on or after January 1, 2013, the percentage of actual value at which property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438 shall be assessed shall be calculated using property valuations for the applicable assessment years that include the total value of property exempt from taxation under section 433.4, subsection 2, paragraph "b", notwithstanding section 433.4, subsection 2, paragraph "c". Beginning with valuations established as of January 1, 1979, and each year thereafter, property valued by the department of revenue pursuant to chapter 434 shall also be assessed at a percentage of its actual value which percentage shall be equal to the percentage determined by the director of revenue for commercial property, industrial property, or property valued by the department of revenue pursuant to chapters 428, 433, 437, and 438, whichever is lowest.

Sec. 9. Section 476.1D, subsection 10, Code Supplement 2011, is amended by striking the subsection.

Sec. 10. PROPERTY TAXATION OF TELECOMMUNICATIONS COMPANIES — REPORT. The department of revenue, in consultation with the department of management, representatives of the telecommunications industry, and other interested stakeholders, shall study the current system of assessing telecommunications property and levying property tax against telecommunications companies and make recommendations for changes. The department of revenue shall prepare and file a report detailing recommendations for changes to the current system of assessing telecommunications property and levying property tax against telecommunications companies. The report shall be filed by the department of revenue with the chairpersons and ranking members of the ways and means committees of the senate and the house of representatives and with the legislative services agency by January 11, 2013.

Sec. 11. SAVINGS PROVISION. This division of this Act, pursuant to section 4.13, does not affect the operation of, or prohibit the application of, prior provisions of chapter 433, or rules adopted under chapter 17A to administer prior provisions of chapter 433, for assessment years beginning before January 1, 2013, and for duties, powers, protests, appeals, proceedings, actions, or remedies attributable to an assessment year beginning before January 1, 2013.

Sec. 12. IMPLEMENTATION. Section 25B.7 shall not apply to this division of this Act.

Sec. 13. EFFECTIVE DATE.

1. Except as provided in subsection 2, this division of this Act takes effect July 1, 2012.

2. The section of this division of this Act amending section 476.1D takes effect July 1, 2016.

Sec. 14. APPLICABILITY.

1. Except as provided in subsection 2, this division of this Act applies to assessment years beginning on or after January 1, 2013.

2. The section of this division of this Act amending section 476.1D applies to assessment years beginning on or after January 1, 2017.

#### DIVISION IV

##### BUSINESS PROPERTY TAX CREDIT

Sec. 15. Section 331.512, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 13A. Carry out duties relating to the business property tax

credit as provided in chapter 426C.

Sec. 16. Section 331.559, Code 2011, is amended by adding the following new subsection:

**NEW SUBSECTION. 14A.** Carry out duties relating to the business property tax credit as provided in chapter 426C.

Sec. 17. **NEW SECTION. 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. "Parcel" means as defined in section 445.1.

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.

Sec. 18. **NEW SECTION. 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, 2013, there is appropriated from the general fund of the state to the department to be credited to the fund, the sum of twenty-five million dollars to be used for business property tax credits authorized in this chapter. For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, there is appropriated from the general fund of the state to the department to be credited to the fund an amount equal to the total amount appropriated by the general assembly to the fund in the previous fiscal year. In addition, the sum of twenty-five million dollars shall be added to the appropriation in each fiscal year beginning on or after July 1, 2014, if the revenue estimating conference certifies during its final meeting of the calendar year ending prior to the beginning of the fiscal year that the total amount of general fund revenues collected during the fiscal year ending during such calendar year was at least one hundred three percent of the total amount of general fund revenues collected during the previous fiscal year. However, the total appropriation to the fund shall not exceed one hundred twenty-five million dollars for any one fiscal year.

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.

Sec. 19. **NEW SECTION. 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. Claims for the business property tax credit 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.

b. A claim 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. 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. In addition, when a portion of a parcel or property unit that is allowed a credit under this chapter is sold, transferred, or ownership otherwise changes, the owner of the portion of the parcel or property unit for which ownership did not change shall refile the claim for credit.

5. 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 to the board of supervisors. The board shall allow or disallow the claims.

6. 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.

7. 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.

Sec. 20. **NEW SECTION. 426C.4 Eligibility and amount of credit.**

1. Each parcel classified and taxed as commercial property, industrial property, or railway property under chapter 434 is 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. A person may only 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. However, property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, for the applicable assessment year, 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.

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 6, 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.

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 actual value of the parcel or property unit as certified by the county auditor under section 426C.3, subsection 6.

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 amount of actual value determined under paragraph "a" multiplied by the difference 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 for 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 6.

Sec. 21. **NEW SECTION. 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 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 imposing a property tax in such taxing district. 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 tax receipt the amount of credit received from the fund.

2. The director of the department of administrative services shall issue warrants on the fund payable to the county treasurers of the several counties of the state under this chapter.

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.

Sec. 22. **NEW SECTION. 426C.6 Appeals.**

1. If the board of supervisors disallows a claim for credit under section 426C.3, subsection 5, 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 denied 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 any claim for credit has been denied 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 appealing taxpayer has paid one or both of the installments of the tax payable in the year or years in question, remittance shall be made to such taxpayer 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.

Sec. 23. NEW SECTION. **426C.7 Audit — denial.**

1. If on the audit of a credit provided under this chapter, the director of revenue determines the amount of the credit to have been incorrectly calculated or that the credit is not allowable, the director shall recalculate the credit and notify the taxpayer and the county auditor of the recalculation or denial and the reasons for it. The director 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 director shall give notification to the taxpayer, 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 taxpayer. If the parcel or property unit for which the credit was allowed is not owned by the taxpayer, the amount may be recovered from the taxpayer 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 taxpayer or board of supervisors may appeal any decision of the director of revenue to the state board of tax review pursuant to section 421.1, subsection 5. The taxpayer, the board of supervisors, or the director of revenue may seek judicial review of the action of the state board of tax review in accordance with chapter 17A.

Sec. 24. NEW SECTION. **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 director of revenue shall send a notice of disallowance of the credit.

Sec. 25. NEW SECTION. **426C.9 Rules.**

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

Sec. 26. IMPLEMENTATION. Notwithstanding the deadline for filing claims established in section 426C.3, for a credit against property taxes due and payable during the fiscal year beginning July 1, 2013, the claim for the credit shall be filed not later than January 15, 2013.

Sec. 27. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2013.

DIVISION V

ENTERPRISE PROPERTY TAX CREDIT

Sec. 28. Section 331.512, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 13B. Carry out duties relating to the enterprise property tax credit as provided in chapter 426D.

Sec. 29. Section 331.559, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 14B. Carry out duties relating to the enterprise property tax credit as provided in chapter 426D.

Sec. 30. NEW SECTION. **426D.1 Definitions.**

For the purposes of this chapter, unless the context otherwise requires:

1. "Department" means the department of revenue.

2. "Fund" means the enterprise property tax credit fund created in section 426D.2.

3. "Parcel" means as defined in section 445.1.

Sec. 31. NEW SECTION. **426D.2 Enterprise property tax credit fund — appropriation.**

1. An enterprise property tax credit fund is created in the state treasury under the authority of the department. For the fiscal year beginning July 1, 2013, there is appropriated from the general fund of the state to the department to be credited to the fund, the sum of twenty-five million dollars to be used for enterprise property tax credits authorized in this chapter. For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, there is appropriated from the general fund of the state to the department to be credited to the fund an amount equal to the total amount appropriated by the general assembly to the fund in the previous fiscal year. In addition, the sum of twenty-five million dollars shall be added to the appropriation in each fiscal year beginning on or after July 1, 2014, if the revenue estimating conference certifies during its final meeting of the calendar year ending prior to the beginning of the fiscal year that the total amount of general fund revenues collected during the fiscal year ending during such calendar year was at least one hundred three percent of the total amount of general fund revenues collected during the previous fiscal year. However, the total appropriation to the fund shall not exceed one hundred twenty-five million dollars for any one fiscal year.

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.

Sec. 32. NEW SECTION. **426D.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. Claims for the enterprise property tax credit 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.

b. A claim 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 for successive years without further filing as long as the parcel satisfies the requirements for the credit. If the parcel 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 ceases to qualify for the credit.

4. When all or a portion of a parcel 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. In addition, when a portion of a parcel that is allowed a credit under this chapter is sold, transferred, or ownership otherwise changes, the owner of the portion of the parcel for which ownership did not change shall refile the claim for credit.

5. 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 to the board of supervisors. The board shall allow or disallow the claims.

6. All claims for credit which have been allowed by the board of supervisors, the assessed value of such parcels applicable to the fiscal year for which the credit is claimed, the consolidated levy rates for one thousand dollars of taxable value for such parcels applicable to the fiscal year for which the credit is claimed, and the taxing districts in which the parcel is located, shall be certified on or before June 30, in each year, by the county auditor to the department.

7. The assessor shall maintain a permanent file of current enterprise 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.

Sec. 33. **NEW SECTION. 426D.4 Eligibility and amount of credit.**

1. Each parcel classified and taxed as commercial property, industrial property, or railway property under chapter 434 is eligible for a credit under this chapter. A person may claim and receive one credit under this chapter for each eligible parcel. Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, for the applicable assessment year, shall not be eligible to receive a credit under this chapter.

2.

a. The department shall calculate, for each fiscal year, an enterprise property tax credit percentage for use in determining the amount of the credit for each such parcel under subsection 3.

b.

(1) The department shall calculate for each eligible parcel the product of the assessed value of the parcel multiplied by the consolidated levy rate for one thousand dollars of taxable value as certified under section 426D.3, subsection 6, and then divide that product by one thousand dollars. For each eligible parcel that, in addition to the credit under this chapter, receives a business property tax credit under chapter 426C or is part of a property unit that receives a business property tax credit under chapter 426C, the assessed value used in this subparagraph (1) and used in calculating the amount of the credit under subsection 3 shall be adjusted as follows:

(a) For a parcel that is not part of a property unit receiving a business property tax credit under chapter 426C for the same fiscal year, the assessed value shall be reduced by the amount of actual value specified under section 426C.4, subsection 3, paragraph "a", for use in calculating the amount of the parcel's business property tax credit.

(b) For a parcel that is part of a property unit receiving a business property tax credit under chapter 426C for the same fiscal year, the assessed value shall be reduced by that portion of the amount of value used in calculating the property unit's business property tax credit under section 426C.4, subsection 3, paragraph "b", in the same proportion that the parcel's actual value bears to the actual value of the property unit, as those values are certified in section 426C.3, subsection 6.

(2) The department shall then calculate the sum of all such amounts calculated under subparagraph (1) for all eligible parcels.

c. The enterprise property tax credit percentage shall be equal to ninety-eight

percent of the moneys in the fund, following the deposit of the appropriation for the fiscal year, divided by the amount calculated under paragraph "b", subparagraph (2).

3. The amount of the credit for each parcel for which a claim for credit under this chapter has been approved shall be equal to the parcel's assessed value as certified by the county auditor under section 426D.3, subsection 6, and adjusted under subsection 2, paragraph "b", subparagraph (1), as applicable, multiplied by the percentage calculated under subsection 2, paragraph "c", divided by one thousand dollars, and then multiplied by the consolidated levy rate for one thousand dollars of taxable value applicable to the parcel for the fiscal year for which the credit is claimed as certified by the county auditor under section 426D.3, subsection 6.

Sec. 34. **NEW SECTION. 426D.5 Payment to counties.**

1. Annually the department shall certify to the county auditor of each county the amounts of the enterprise property tax credits allowed in the county. Each county auditor shall then enter the credits against the tax levied on each eligible parcel in the county, designating on the tax lists the credit as being from the fund. Each taxing district shall receive its share of the enterprise property tax credit allowed on each eligible parcel in such taxing district, in the proportion that the levy made by such taxing district upon the parcel bears to the total levy upon the parcel by all taxing districts imposing a property tax in such taxing district. 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 tax receipt the amount of credit received from the fund.

2. The director of the department of administrative services shall issue warrants on the fund payable to the county treasurers of the several counties of the state under this chapter.

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.

Sec. 35. **NEW SECTION. 426D.6 Appeals.**

1. If the board of supervisors disallows a claim for credit under section 426D.3, subsection 5, 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 denied 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 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 any claim for credit has been denied by the board of supervisors, and such action is subsequently reversed on appeal, the credit shall be allowed on the applicable parcel, 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 appealing taxpayer has paid one or both of the installments of the tax payable in the year or years in question, remittance shall be made to such taxpayer 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.

Sec. 36. **NEW SECTION. 426D.7 Audit — denial.**

1. If on the audit of a credit provided under this chapter, the director of revenue determines the amount of the credit to have been incorrectly calculated or that the credit is not allowable, the director shall recalculate the credit and notify the taxpayer and the county auditor of the recalculation or denial and the reasons for it. The director 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 director shall give notification to the taxpayer, 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 for which the credit was allowed is still owned by the taxpayer. If the parcel for which the credit was allowed is not owned by the taxpayer, the amount may be recovered from the taxpayer 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 taxpayer or board of supervisors may appeal any decision of the director of revenue to the state board of tax review pursuant to section 421.1, subsection 5. The taxpayer, the board of supervisors, or the director of revenue may seek judicial review of the action of the state board of tax review in accordance with chapter 17A.

Sec. 37. **NEW SECTION. 426D.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 426D.7. In such cases, the director of revenue shall send a notice of disallowance of the credit.

Sec. 38. **NEW SECTION. 426D.9 Rules.**

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

Sec. 39. **IMPLEMENTATION.** Notwithstanding the deadline for filing claims established in section 426D.3, for a credit against property taxes due and payable during the fiscal year beginning July 1, 2013, the claim for the credit shall be filed not later than January 15, 2013.

Sec. 40. **APPLICABILITY.** This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2013.

## DIVISION VI

### MULTIRESIDENTIAL PROPERTY CLASSIFICATION

Sec. 41. Section 404.2, subsection 2, paragraph f, Code 2011, is amended to read as follows:

f. A statement specifying whether the revitalization is applicable to none, some, or all of the property assessed as residential, multiresidential, agricultural, commercial, or industrial property within the designated area or a combination thereof and whether the revitalization is for rehabilitation and additions to existing buildings or new construction or both. If revitalization is made applicable only to some property within an assessment classification, the definition of that subset of eligible property must be by uniform criteria which further some planning objective identified in the plan. The city shall state how long it is estimated that the area shall remain a designated revitalization area which time shall be longer than one year from the date of designation and shall state any plan by the city to issue revenue bonds for revitalization projects within the area. For a county, a revitalization area shall include only property which will be used as industrial property, commercial property, commercial property consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes,

multiresidential property, or residential property. However, a county shall not provide a tax exemption under this chapter to commercial property, commercial property consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, multiresidential

property, or residential property which is located within the limits of a city.

Sec. 42. Section 404.3, subsection 4, Code 2011, is amended to read as follows:

4. All qualified real estate assessed as residential property, assessed as multiresidential property, or assessed as commercial property, if the commercial property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements. The exemption is for a period of ten years.

Sec. 43. Section 441.21, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 4A.

a. (1) Beginning with valuations established on or after January 1, 2013, all of the following, if not otherwise classified as residential property, shall be, subject to the declaration filing requirements of paragraph "b", valued as a separate class of property known as multiresidential property and, excluding properties referred to in section 427A.1, subsection 8, shall be assessed at a percentage of its actual value, as determined in this subsection:

(a) Parcels upon which property used for human habitation and owned by a person other than the owner of the parcel is placed, subject to a lease or other agreement with a duration exceeding one month or more.

(b) Assisted living facilities.

(c) That portion of a building that is used for human habitation and a proportionate share of the land upon which the building is situated, if the land is part of the same parcel as the building, even if the use for human habitation is not the primary use of the building, and regardless of the number of dwelling units located in the building.

(2) For valuations established for the assessment year beginning January 1, 2013, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be ninety-four percent. For valuations established for the assessment year beginning January 1, 2014, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be eighty-eight percent. For valuations established for the assessment year beginning January 1, 2015, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be eighty-two percent. For valuations established for the assessment year beginning January 1, 2016, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be seventy-six percent. For valuations established for the assessment year beginning January 1, 2017, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be seventy percent. For valuations established for the assessment year beginning January 1, 2018, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be sixty-four percent. For valuations established for the assessment year beginning January 1, 2019, and each assessment year thereafter, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be equal to the percentage of actual value at which property assessed as residential property is assessed under subsection 4 for the same assessment year.

b. For assessment years beginning on or after January 1, 2013, but before January 1, 2019, the owner of property described in paragraph "a", subparagraph (1), and not excluded under paragraph "c", may file a declaration with the assessor on or before January 15 of the assessment year, requesting that such property be

classified as multiresidential property. If the property described in the declaration meets the requirements of paragraph "a", subparagraph (1), and is not excluded under paragraph "c", the assessor shall approve the request in the declaration and classify such property as multiresidential property. If an assessor rejects a declaration request, the property owner may protest such decision to the local board of review under section 441.37, subsection 1, paragraph "a", subparagraph (3). Once approved, a declaration request is irrevocable by the property owner and such property shall be classified as multiresidential property for subsequent assessment years so long as the property meets the requirements of this subsection. For assessment years beginning on or after January 1, 2013, but before January 1, 2019, property described in paragraph "a", subparagraph (1), and not excluded under paragraph "c", shall not be classified and valued as multiresidential property unless a declaration filed by the owner has been approved by the assessor. For assessment years beginning on or after January 1, 2019, property described in paragraph "a", subparagraph (1), and not excluded under paragraph "c", shall be classified and valued by the assessor as multiresidential property regardless of whether a declaration was previously filed for the property under this paragraph.

c. In no case, however, shall a hotel, motel, inn, or other building where rooms or dwelling units are usually rented for less than one month be classified as multiresidential property under this subsection. In addition, property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, for the applicable assessment year, shall not be classified as multiresidential property.

d. As used in this subsection:

(1) "Assisted living facility" means property for providing assisted living as defined in section 231C.2.

(2) "Dwelling unit" means an apartment, group of rooms, or single room which is occupied as separate living quarters or, if vacant, is intended for occupancy as separate living quarters, in which a tenant can live and sleep separately from any other persons in the building.

Sec. 44. Section 441.21, subsection 8, paragraph b, Code Supplement 2011, is amended to read as follows:

b. Notwithstanding paragraph "a", any construction or installation of a solar energy system on property classified as agricultural, residential, commercial, multiresidential, or industrial property shall not increase the actual, assessed, and taxable values of the property for five full assessment years.

## DIVISION VII

### CABLE TELEVISION COMPANY PROPERTY

#### Sec. 45. NEW SECTION. 427A.3 Cable television company property.

1. Except as provided in subsection 2, for assessment years beginning on or after January 1, 2013, the property of a cable television company that consists of wire, cable, fiber optic cable, conduit systems, poles, and other equipment and machinery used by the cable television company to provide cable television services and that would otherwise be taxed as real property under section 427A.1, shall be exempt from taxation.

2.

a. For assessment years beginning on or after January 1, 2013, such property described in subsection 1 shall be assessed and subject to taxation to the extent specified herein:

(1) For the assessment year beginning January 1, 2013, for each cable

television company, the amount of actual value of such property in all assessing jurisdictions that exceeds two million dollars.

(2) For the assessment year beginning January 1, 2014, for each cable television company, the amount of actual value of such property in all assessing jurisdictions that exceeds four million dollars.

(3) For the assessment year beginning January 1, 2015, for each cable television company, the amount of actual value of such property in all assessing jurisdictions that exceeds six million dollars.

(4) For the assessment year beginning January 1, 2016, for each cable television company, the amount of actual value of such property in all assessing jurisdictions that exceeds eight million dollars.

(5) For the assessment year beginning January 1, 2017, and each assessment year thereafter, for each cable television company, the amount of actual value of such property in all assessing jurisdictions that exceeds ten million dollars.

b. The director of revenue, in consultation with the applicable local assessors, shall for each assessment year beginning on or after January 1, 2013, collect such assessment information that is necessary to determine for each cable television company the amount of actual value of such property that is subject to assessment and taxation in each assessing jurisdiction in the state, following imposition of the assessment and taxation limitation under paragraph "a". The total statewide amount of actual value for each cable television company that is subject to assessment and taxation following the imposition of the limitation under paragraph "a" shall be apportioned among the several assessing jurisdictions in the same proportion that the total amount of actual value of such property in each assessing jurisdiction prior to the imposition of the limitation under paragraph "a" bears to the total amount of actual value of such property statewide prior to the imposition of the limitation under paragraph "a". The amounts calculated by the director of revenue shall be certified by the director of revenue on or before November 1 to the several county auditors of the respective counties in which such property is located.

3. The director of revenue shall prescribe forms, instructions, and rules pursuant to chapter 17A, as necessary, to carry out the purposes of this section.

Sec. 46. APPLICABILITY. This division of this Act applies to assessment years beginning on or after January 1, 2013.

Sec. 47. Section 441.21, subsections 9 and 10, Code Supplement 2011, are amended to read as follows:

9. Not later than November 1, 1979, and November 1 of each subsequent year, the director shall certify to the county auditor of each county the percentages of actual value at which residential property, agricultural property, commercial property, industrial property, multiresidential property, and property valued by the department of revenue pursuant to chapters 428, 433, 434, 437, and 438 in each assessing jurisdiction in the county shall be assessed for taxation. The county auditor shall proceed to determine the assessed values of agricultural property, residential property, commercial property, industrial property, multiresidential property, and property valued by the department of revenue pursuant to chapters 428, 433, 434, 437, and 438 by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

10. The percentage of actual value computed by the director for agricultural property, residential property, commercial property, industrial property, multiresidential property, and property valued by the department of revenue pursuant to chapters 428, 433, 434, 437, and 438 and used to determine assessed values of those classes of property does not constitute a rule as defined in section 17A.2, subsection 11.

Sec. 48. Section 558.46, subsection 5, Code 2011, is amended to read as

follows:

5. For the purposes of this section, "residential property" includes commercial property and multiresidential property as defined in section 441.21, consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes.

Sec. 49. APPLICABILITY. This division of this Act applies to assessment years beginning on or after January 1, 2013.