



2013 Iowa Property Tax Reform  
Senate File 295

Senate File 295

AN ACT

RELATING TO STATE AND LOCAL FINANCES BY ESTABLISHING A BUSINESS PROPERTY TAX CREDIT FOR COMMERCIAL, INDUSTRIAL, AND RAILWAY PROPERTY, ESTABLISHING AND MODIFYING PROPERTY ASSESSMENT LIMITATIONS, PROVIDING FOR COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS, PROVIDING FOR THE CLASSIFICATION OF MULTIRESIDENTIAL PROPERTY, MODIFYING PROVISIONS FOR THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPERTY, PROVIDING FOR THE STUDY OF THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPERTY, PROVIDING A TAXPAYERS TRUST FUND TAX CREDIT, MODIFYING PROVISIONS RELATING TO THE PROPERTY ASSESSMENT APPEAL BOARD, MODIFYING THE AMOUNT OF THE EARNED INCOME TAX CREDIT, MAKING APPROPRIATIONS, PROVIDING PENALTIES, AND INCLUDING EFFECTIVE DATE, IMPLEMENTATION, RETROACTIVE APPLICABILITY, AND OTHER APPLICABILITY PROVISIONS.

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

DIVISION I  
BUSINESS PROPERTY TAX CREDIT

Section 1. Section 331.512, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. Carry out duties relating to the business property tax credit as provided in chapter 426C.

Sec. 2. Section 331.559, Code 2013, 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. 3. 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 and, for purposes of business property tax credits claimed for fiscal years beginning on or after January 1, 2016, "*parcel*" also means that portion of a parcel assigned to be commercial property, industrial property, or railway property under chapter 434 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.

**Sec. 4. 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, 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.

Sec. 5. 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 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. 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.

Sec. 6. NEW SECTION. 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, and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, for the applicable assessment year.

(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, as enacted in division III of this Act, 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.

Sec. 7. 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 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.

Sec. 8. NEW SECTION. 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.

Sec. 9. NEW SECTION. 426C.7 Audit — recalculation or 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 claimant 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 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 director of revenue to the state board of tax review pursuant to section 421.1, subsection 5. The claimant, 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. 10. 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. 11. NEW SECTION. 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.

Sec. 12. 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, 2014, the claim for the credit shall be filed not later than January 15, 2014.

Sec. 13. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2014.

## DIVISION II

### PROPERTY ASSESSMENT LIMITATION AND REPLACEMENT

Sec. 14. Section 257.3, subsection 1, Code 2013, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* The amount paid to each school district for the commercial and industrial property tax replacement claim under section 441.21A shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under section 441.21A, subsection 4, paragraph "a", and such amount shall be prorated pursuant to section 441.21A, subsection 2, if applicable.

Sec. 15. Section 331.512, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 13A. Carry out duties relating to the calculation and payment of commercial and industrial property

tax replacement claims under section 441.21A.

Sec. 16. Section 331.559, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 25A. Carry out duties relating to the calculation and payment of commercial and industrial property tax replacement claims under section 441.21A.

Sec. 17. Section 441.21, subsection 4, Code 2013, 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 in this subsection, 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 in this subsection, 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.

Sec. 18. Section 441.21, subsection 5, Code 2013, is amended to read as follows:

5. a. ~~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. 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.~~ For valuations established on or after January 1, 2013, property valued by the department of revenue pursuant to chapter 434 shall be assessed at a percentage of its actual value equal to the percentage of actual value at which property assessed as commercial property is assessed under paragraph "b" for the same assessment year.

b. For valuations established on or after January 1, 2013, commercial property, excluding properties referred to in section 427A.1, subsection 8, shall be assessed at a percentage of its actual value, as determined in this paragraph "b". 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 commercial property shall be assessed shall be ninety-five percent. For valuations established for the assessment year beginning January 1, 2014, 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 commercial property shall be assessed shall be ninety percent.

c. For valuations established on or after January 1, 2013, industrial property, excluding properties referred to in section 427A.1, subsection 8, shall be assessed at a percentage of its actual value, as determined in this paragraph "c". 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 industrial property shall be assessed shall be ninety-five percent. For valuations established for the assessment year beginning January 1, 2014, 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 industrial property shall be assessed shall be ninety percent.

Sec. 19. Section 441.21, subsections 9 and 10, Code 2013, 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, property valued by the department of revenue pursuant to chapter 434, 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, property valued by the department of revenue pursuant to chapter 434, 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, property valued by the department of revenue pursuant to chapter 434, 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. 20. NEW SECTION. 441.21A Commercial and industrial property tax replacement — replacement claims.

1. *a.* For each fiscal year beginning on or after July 1, 2014, there is appropriated from the general fund of the state to the department of revenue an amount necessary for the payment of all commercial and industrial property tax replacement claims under this section for the fiscal year. However, for a fiscal year beginning on or after July 1, 2017, the total amount of moneys appropriated from the general fund of the state to the department of revenue for the payment of commercial and industrial property tax replacement claims in that fiscal year shall not exceed the total amount of money necessary to pay all commercial and industrial property tax replacement claims for the fiscal year beginning July 1, 2016.

*b.* Moneys appropriated by the general assembly to the department under this subsection for the payment of commercial and industrial property tax replacement claims are not subject to a uniform reduction in appropriations in accordance with section 8.31.

2. Beginning with the fiscal year beginning July 1, 2014, each county treasurer shall be paid by the department of revenue an amount equal to the amount of the commercial and industrial property tax replacement claims in the county, as calculated in subsection 4. If an amount appropriated for a

fiscal year is insufficient to pay all replacement claims, the director of revenue shall prorate the payment of replacement claims to the county treasurers and shall notify the county auditors of the pro rata percentage on or before September 30.

3. On or before July 1 of each fiscal year beginning on or after July 1, 2014, the assessor shall report to the county auditor the total actual value of all commercial property and industrial property in the county that is subject to assessment and taxation for the assessment year used to calculate the taxes due and payable in that fiscal year.

4. On or before a date established by rule of the department of revenue of each fiscal year beginning on or after July 1, 2014, the county auditor shall prepare a statement, based upon the report received pursuant to subsection 3, listing for each taxing district in the county:

*a.* The difference between the assessed valuation of all commercial property and industrial property for the assessment year used to calculate taxes which are due and payable in the applicable fiscal year and the actual value of all commercial property and industrial property that is subject to assessment and taxation for the same assessment year. If the difference between the assessed value of all commercial property and industrial property and the actual valuation of all commercial property and industrial property is zero, there is no tax replacement for that taxing district for the fiscal year.

*b.* The tax levy rate per one thousand dollars of assessed value for each taxing district for that fiscal year.

*c.* The commercial and industrial property tax replacement claim for each taxing district. The replacement claim is equal to the amount determined pursuant to paragraph "a", multiplied by the tax rate specified in paragraph "b", and then divided by one thousand dollars.

5. For purposes of computing replacement amounts under this section, that portion of an urban renewal area defined as the sum of the assessed valuations defined in section 403.19, subsections 1 and 2, shall be considered a taxing district.

6. *a.* The county auditor shall certify and forward one copy of the statement to the department of revenue not later than a date of each year established by the department of revenue by rule.

*b.* The replacement claims shall be paid to each county treasurer in equal installments in September and March of each year. The county treasurer shall apportion the replacement

claim payments among the eligible taxing districts in the county.

c. If the taxing district is an urban renewal area, the amount of the replacement claim shall be apportioned and credited to those portions of the assessed value defined in section 403.19, subsections 1 and 2, as follows:

(1) To that portion defined in section 403.19, subsection 1, an amount of the replacement claim that is proportionate to the amount of actual value of the commercial and industrial property in the urban renewal area as determined in section 403.19, subsection 1, that was subtracted pursuant to section 403.20, as it bears to the total amount of actual value of the commercial and industrial property in the urban renewal area that was subtracted pursuant to section 403.20 for the assessment year for property taxes due and payable in the fiscal year for which the replacement claim is computed.

(2) To that portion defined in section 403.19, subsection 2, the remaining amount, if any.

d. Notwithstanding the allocation provisions of paragraph "c", the amount of the tax replacement amount that shall be allocated to that portion of the assessed value defined in section 403.19, subsection 2, shall not exceed the amount equal to the amount certified to the county auditor under section 403.19 for the fiscal year in which the claim is paid, after deduction of the amount of other revenues committed for payment on that amount for the fiscal year. The amount not allocated to that portion of the assessed value defined in section 403.19, subsection 2, as a result of the operation of this paragraph, shall be allocated to that portion of assessed value defined in section 403.19, subsection 1.

e. The amount of the replacement claim amount credited to the portion of the assessed value defined in section 403.19, subsection 1, shall be allocated to and when received be paid into the fund for the respective taxing district as taxes by or for the taxing district into which all other property taxes are paid. The amount of the replacement claim amount credited to the portion of the assessed value defined in section 403.19, subsection 2, shall be allocated to and when collected be paid into the special fund of the municipality under section 403.19, subsection 2.

Sec. 21. 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. 22. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 23. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2013, for assessment years beginning on or after that date.

### DIVISION III

#### MULTIRESIDENTIAL PROPERTY CLASSIFICATION

Sec. 24. Section 404.2, subsection 2, paragraph f, Code 2013, 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. 25. Section 404.3, subsection 4, Code 2013, is amended to read as follows:

4. a. All qualified real estate assessed as ~~residential 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,~~ any of the following is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements-:

(1) Residential property.

(2) 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.

(3) Multiresidential property if the multiresidential property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes.

b. The exemption is for a period of ten years.

Sec. 26. Section 441.21, subsection 8, paragraph b, Code 2013, 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.

Sec. 27. Section 441.21, subsections 9 and 10, Code 2013, 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. 28. Section 441.21, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 13. *a.* Beginning with valuations established on or after January 1, 2015, mobile home parks, manufactured home communities, land-leased communities, assisted living facilities, property primarily used or intended for human habitation containing three or more separate dwelling units, and that portion of a building that is used or intended for human habitation and a proportionate share of the land upon which the building is situated, regardless of the number of dwelling units located in the building, if the use for human habitation is not the primary use of the building and such building is not otherwise classified as residential property, shall be 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.

*b.* 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 the greater of eighty-six and twenty-five hundredths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. 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 the greater of eighty-two and five-tenths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. 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 the greater of seventy-eight and seventy-five hundredths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. 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 the greater of seventy-five percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. For valuations established for the assessment year beginning January 1, 2019, 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 the greater of seventy-one and twenty-five hundredths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. For valuations established for the assessment year beginning January 1, 2020, 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 the greater of sixty-seven and five-tenths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. For valuations established for the assessment year beginning January 1, 2021, 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 the greater of sixty-three and seventy-five hundredths percent or the percentage of actual value determined by the director of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4. For valuations established for the assessment year beginning January 1, 2022, 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 determined by the director of revenue at which property assessed as residential property is assessed under subsection 4 for the same assessment year.

c. Accordingly, for parcels that, in part, satisfy the requirements for classification as multiresidential property, the assessor shall assign to that portion of the parcel the classification of multiresidential property and to such other portions of the parcel the property classification for which such other portions qualify.

d. In no case, however, shall property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, and that is subject to assessment procedures relating to section 42 property under section 441.21, subsection 2, or 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.

e. As used in this subsection:

(1) "Assisted living facility" means property for providing assisted living as defined in section 231C.2. "Assisted living facility" also includes a health care facility, as defined in section 135C.1, an elder group home, as defined in section 231B.1, a child foster care facility under chapter 237, or property used for a hospice program as defined in section 135J.1.

(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.

(3) "Land-leased community" means the same as defined in sections 335.30A and 414.28A.

(4) "Manufactured home community" means the same as a land-leased community.

(5) "Mobile home park" means the same as defined in section 435.1.

Sec. 29. Section 558.46, subsection 5, Code 2013, is amended to read as follows:

5. For the purposes of this section, "residential property" includes commercial or multiresidential property consisting if such commercial or multiresidential property consists of three or more separate living quarters with at least seventy-five

percent of the space used for residential purposes.

Sec. 30. EFFECTIVE DATE. This division of this Act takes effect January 1, 2015.

DIVISION IV

TELECOMMUNICATIONS COMPANY PROPERTY TAXATION

Sec. 31. Section 433.4, Code 2013, is amended to read as follows:

433.4 Assessment and exemption.

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 that is 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. For assessment years beginning on or after January 1, 2013, each company assessed for taxation under this chapter shall receive a partial exemption from taxation on the value of the company's property as provided in this subsection.

b. For the assessment year beginning January 1, 2013, the total amount of the exemption for each company shall be equal to the sum of the following amounts:

(1) An amount equal to twenty percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds zero dollars but does not exceed twenty million dollars.

(2) An amount equal to seventeen and five-tenths percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds

twenty million dollars but does not exceed fifty-five million dollars.

(3) An amount equal to twelve and five-tenths percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds fifty-five million dollars but does not exceed five hundred million dollars.

(4) An amount equal to ten percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds five hundred million dollars.

c. For the assessment year beginning January 1, 2014, and each assessment year thereafter, the total amount of the exemption for each company shall be equal to the sum of the following amounts:

(1) An amount equal to forty percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds zero dollars but does not exceed twenty million dollars.

(2) An amount equal to thirty-five percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds twenty million dollars but does not exceed fifty-five million dollars.

(3) An amount equal to twenty-five percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds fifty-five million dollars but does not exceed five hundred million dollars.

(4) An amount equal to twenty percent of the actual value of the property of such company for that assessment year, as determined under subsection 1, that exceeds five hundred million dollars.

Sec. 32. Section 433.5, Code 2013, is amended to read as follows:

**433.5 Actual value per mile — exemption value per mile.**

1. The director of revenue shall ascertain the actual value per mile of the property of each ~~of said companies~~ company within this state by dividing the total actual value, as above ascertained under section 433.4, subsection 1, by the number of miles of line of such company within the state, and the result shall be deemed and held to be the actual value per mile of line of the property of such company within this state.

2. The director of revenue shall ascertain the exemption

value per mile of the property of each company within this state by dividing the amount of the exemption for that company determined under section 433.4, subsection 2, by the number of miles of line of such company within the state, and the result shall be deemed and held to be the exemption value per mile of line for that company.

Sec. 33. Section 433.8, Code 2013, is amended to read as follows:

**433.8 Assessment in each county — how certified.**

The director of revenue shall, for the purpose of determining what amount shall be assessed to ~~any one of said companies~~ each company in each county of the state into which the line of the said company extends, ~~multiply the assessed or taxable value per mile of line of said company, as above ascertained, by the number of miles in each of said counties, and the result thereof shall be by the director certified~~ certify to the several county auditors of the respective counties into, over, or through which said line extends the number of miles of line in the county for that company, the actual value per mile of line for that company, and the exemption value per mile of line for that company.

Sec. 34. Section 433.9, Code 2013, is amended to read as follows:

**433.9 Entry of certificate.**

At the first meeting of the board of supervisors held after ~~such statement~~ the certification made under section 433.8 is received by the county auditor, ~~it~~ the board shall cause such ~~statement~~ certification to be entered in its minute book, and make and enter therein an order stating the length of the lines, ~~and the assessed actual value of the property, and the exempted value of the property~~ of each of said companies situated in each city, township, or lesser taxing district in its county, as fixed by the director of revenue, which. The value certified by the director of revenue, following application of the percentage of actual value under section 441.21, and following the application of the exemption value certified by the director of revenue, shall constitute the taxable value of said property for taxing purposes, and the taxes on said property when collected by the county treasurer shall be disposed of as other taxes on real estate. The county auditor shall transmit a copy of said order to the council or trustees of each city or township in which the lines of said company extend.

Sec. 35. REPEAL. Section 433.6, Code 2013, is repealed.

Sec. 36. PROPERTY TAXATION OF TELECOMMUNICATIONS COMPANIES STUDY — REPORT.

1. a. The department of revenue, in consultation with the department of management, representatives of companies providing telecommunications services in this state by any means, including but not limited to mobile, wireless, voice over internet protocol, and landline, and other interested persons shall study the current system of assessing telecommunications company property and levying property tax against companies that provide telecommunications services in this state and make recommendations for changes.

b. The department of revenue shall prepare and file a report detailing recommendations for changes to the current system of assessing telecommunications company property and levying property tax against companies providing telecommunications services in this state. The report shall also include recommendations for establishing methods to provide equivalent property tax treatment for all companies providing telecommunications services in this state and recommendations for apportioning property tax revenues to the appropriate local taxing authorities in the state. The report shall also include proposed legislation to implement the recommendations contained in the report. 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 August 1, 2015.

c. Upon receipt of the report by the chairpersons and ranking members of the ways and means committees under paragraph "b", a legislative telecommunications company property tax review committee consisting of six members of the general assembly, two appointed by the majority leader of the senate, one appointed by the minority leader of the senate, two appointed by the speaker of the house of representatives, and one appointed by the minority leader of the house of representatives shall review the information and recommendations contained in the report. The department of revenue shall provide additional information and analysis to the review committee or the general assembly upon request of the review committee.

2. Each company providing telecommunications services in this state by any means, including but not limited to mobile,

wireless, voice over internet protocol, and landline, shall on or before a date specified by the director of revenue submit to the department of revenue such information determined by the director of revenue to be necessary to facilitate the creation of the report required under this section. However, the director of revenue shall only request aggregate statistical data or information from such companies and in no case shall such companies be required under this section to provide data or information about any individual end user or customer, including but not limited to account information, place of primary use, or service address information within the meaning of section 423.20. In addition, such companies shall not be required to resubmit any information that was submitted to the director of revenue pursuant to the requirements of chapter 433. Information provided to the department under this section shall be verified by the company's president or secretary. The confidentiality provisions of sections 422.20 and 422.72 apply to all information received by the department of revenue for purposes of the report pursuant to this section and pursuant to chapter 433, if applicable.

Sec. 37. IMPLEMENTATION. Section 25B.7 shall not apply to this division of this Act.

Sec. 38. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 39. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to assessment years beginning on or after January 1, 2013.

#### DIVISION V

##### IOWA TAXPAYERS TRUST FUND TAX CREDIT

Sec. 40. TAXPAYERS TRUST FUND — IOWA TAXPAYERS TRUST FUND TAX CREDIT TRANSFER. During the fiscal year beginning July 1, 2013, there is transferred from the taxpayers trust fund created in section 8.57E to the Iowa taxpayers trust fund tax credit fund created in section 422.11E, an amount equal to the sum of the balance of the taxpayers trust fund as determined after the close of the fiscal year beginning July 1, 2012, and ending June 30, 2013, including the amount transferred for that fiscal year to the taxpayers trust fund from the Iowa economic emergency fund created in section 8.55 in the fiscal year beginning July 1, 2013, and ending June 30, 2014, to be used for the Iowa taxpayers trust fund tax credit in accordance with section 422.11E, subsection 5.

Sec. 41. Section 8.57E, subsection 2, Code 2013, is amended to read as follows:

2. Moneys in the taxpayers trust fund shall only be used pursuant to appropriations or transfers made by the general assembly for tax relief. During each fiscal year beginning on or after July 1, 2014, in which the balance of the taxpayers trust fund equals or exceeds thirty million dollars, there is transferred from the taxpayers trust fund to the Iowa taxpayers trust fund tax credit fund created in section 422.11E, the entire balance of the taxpayers trust fund to be used for the Iowa taxpayers trust fund tax credit in accordance with section 422.11E, subsection 5.

Sec. 42. Section 257.21, unnumbered paragraph 2, Code 2013, is amended to read as follows:

The instructional support income surtax shall be imposed on the state individual income tax for the calendar year during which the school's budget year begins, or for a taxpayer's fiscal year ending during the second half of that calendar year and after the date the board adopts a resolution to participate in the program or the first half of the succeeding calendar year, and shall be imposed on all individuals residing in the school district on the last day of the applicable tax year. As used in this section, "*state individual income tax*" means the taxes computed under section 422.5, less the amounts of nonrefundable credits allowed under chapter 422, division II, except for the Iowa taxpayers trust fund tax credit allowed under section 422.11E.

Sec. 43. NEW SECTION. 422.11E Iowa taxpayers trust fund tax credit.

1. For purposes of this section, unless the context otherwise requires:

a. "*Eligible individual*" means, with respect to a tax year, an individual who makes and files an individual income tax return pursuant to section 422.13. "*Eligible individual*" does not include an estate or trust, or an individual for whom an individual income tax return was not timely filed, including extensions.

b. "*Unclaimed tax credit*" means, with respect to a tax year, the aggregate amount by which the Iowa taxpayers trust fund tax credits that were eligible to be claimed by eligible individuals, if any, exceeds the Iowa taxpayers trust fund tax credits actually claimed by eligible individuals, if any.

2. The taxes imposed under this division, less the credits

allowed under this division except the credits for withheld tax and estimated tax paid in section 422.16, shall be reduced by an Iowa taxpayers trust fund tax credit to an eligible individual for the tax year beginning January 1 immediately preceding July 1 of any fiscal year during which a transfer, if any, is made from the taxpayers trust fund in section 8.57E to the Iowa taxpayers trust fund tax credit fund created in this section.

3. The credit shall be equal to the quotient of the amount transferred to the Iowa taxpayers trust fund tax credit fund in the applicable fiscal year, divided by the number of eligible individuals for the tax year immediately preceding the tax year for which the credit in this section is allowed, as determined by the director of revenue in accordance with this section, rounded down to the nearest whole dollar. The department of revenue shall draft the income tax form for any tax year in which a credit will be allowed under this section to provide the information and space necessary for eligible individuals to claim the credit.

4. Any credit in excess of the taxpayer's liability for the tax year is not refundable and shall not be credited to the tax liability for any following year or carried back to a tax year prior to the tax year in which the taxpayer claims the credit.

5. *a.* There is established within the state treasury under the control of the department an Iowa taxpayers trust fund tax credit fund consisting of any moneys transferred by the general assembly by law from the taxpayers trust fund created in section 8.57E for purposes of the credit provided in this section. For the fiscal year beginning July 1, 2013, and for each fiscal year thereafter, the department shall transfer from the Iowa taxpayers trust fund tax credit fund to the general fund of the state, the lesser of the balance of the Iowa taxpayers trust fund tax credit fund or an amount of money equal to the Iowa taxpayers trust fund tax credits claimed in that fiscal year, if any. Any moneys in the Iowa taxpayers trust fund tax credit fund which represent unclaimed tax credits shall immediately revert to the taxpayers trust fund created in section 8.57E. Interest or earnings on moneys in the Iowa taxpayers trust fund tax credit fund shall be credited to the taxpayers trust fund created in section 8.57E.

*b.* The moneys transferred to the general fund of the state in accordance with this subsection shall not be considered new revenues for purposes of the state general fund expenditure

limitation under section 8.54 but instead as replacement of a like amount included in the expenditure limitation for the fiscal year in which the transfer is made.

Sec. 44. Section 422D.2, Code 2013, is amended to read as follows:

**422D.2 Local income surtax.**

A county may impose by ordinance a local income surtax as provided in section 422D.1 at the rate set by the board of supervisors, of up to one percent, on the state individual income tax of each individual residing in the county at the end of the individual's applicable tax year. However, the cumulative total of the percents of income surtax imposed on any taxpayer in the county shall not exceed twenty percent. The reason for imposing the surtax and the amount needed shall be set out in the ordinance. The surtax rate shall be set to raise only the amount needed. For purposes of this section, "state individual income tax" means the tax computed under section 422.5, less the amounts of nonrefundable credits allowed under chapter 422, division II, except for the Iowa taxpayers trust fund tax credit allowed under section 422.11E.

Sec. 45. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 46. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2013, for tax years beginning on or after that date.

**DIVISION VI**

**PROPERTY ASSESSMENT APPEAL BOARD**

Sec. 47. Section 421.1A, subsection 2, paragraph b, Code 2013, is amended to read as follows:

b. Each member of the property assessment appeal board shall be qualified by virtue of at least two years' experience in the area of government, corporate, or private practice relating to property appraisal and property tax administration. ~~One member~~ Two members of the board shall be a certified real estate appraiser or hold a professional appraisal designation, property appraisers and one member shall be an attorney practicing in the area of state and local taxation or property tax appraisals, ~~and one member shall be a professional with experience in the field of accounting or finance and with experience in state and local taxation matters.~~ No more than two members of the board may be from the same political party as that term is defined in section 43.2.

Sec. 48. Section 421.1A, subsection 6, Code 2013, is amended to read as follows:

6. The members of the property assessment appeal board shall receive ~~compensation from the state commensurate with the salary of a district judge through December 31, 2013~~ a salary set by the governor within a range established by the general assembly. The members of the board shall be considered state employees for purposes of salary and benefits. The members of the board and any employees of the board, when required to travel in the discharge of official duties, shall be paid their actual and necessary expenses incurred in the performance of duties.

Sec. 49. Section 421.1A, subsection 7, Code 2013, is amended by striking the subsection.

Sec. 50. Section 441.21, subsection 3, Code 2013, is amended to read as follows:

3. a. "Actual value", "taxable value", or "assessed value" as used in other sections of the Code in relation to assessment of property for taxation shall mean the valuations as determined by this section; however, other provisions of the Code providing special methods or formulas for assessing or valuing specified property shall remain in effect, but this section shall be applicable to the extent consistent with such provisions. The assessor and department of revenue shall disclose at the written request of the taxpayer all information in any formula or method used to determine the actual value of the taxpayer's property.

b. The burden of proof shall be upon any complainant attacking such valuation as excessive, inadequate, inequitable, or capricious; however, in protest or appeal proceedings when the complainant offers competent evidence by at least two disinterested witnesses that the market value of the property is less than the market value determined by the assessor, the burden of proof thereafter shall be upon the officials or persons seeking to uphold such valuation to be assessed.

Sec. 51. Section 441.23, Code 2013, is amended to read as follows:

**441.23 Notice of valuation.**

If there has been an increase or decrease in the valuation of the property, or upon the written request of the person assessed, the assessor shall, at the time of making the assessment, inform the person assessed, in writing, of the valuation put upon the taxpayer's property, and notify the

person, that if the person feels aggrieved, to contact the assessor pursuant to section 441.30 or to appear before the board of review and show why the assessment should be changed. However, if the valuation of a class of property is uniformly decreased, the assessor may notify the affected property owners by publication in the official newspapers of the county. The owners of real property shall be notified not later than April ~~15~~ 1 of any adjustment of the real property assessment.

Sec. 52. Section 441.26, subsection 1, Code 2013, is amended to read as follows:

1. The director of revenue shall each year prescribe the form of assessment roll to be used by all assessors in assessing property, in this state, also the form of pages of the assessor's assessment book. The assessment rolls shall be in a form that will permit entering, separately, the names of all persons assessed, and shall also contain a notice in substantially the following form:

If you are not satisfied that the foregoing assessment is correct, you may contact the assessor on or after April 1, to and including May 4, of the year of the assessment to request an informal review of the assessment pursuant to section 441.30.

If you are not satisfied that the foregoing assessment is correct, you may file a protest against such assessment with the board of review on or after April ~~16~~ 7, to and including May 5, of the year of the assessment, such protest to be confined to the grounds specified in section 441.37.

Dated: .. day of ... (month), .. (year)

.....

County/City Assessor.

Sec. 53. Section 441.28, Code 2013, is amended to read as follows:

441.28 Assessment rolls — change — notice to taxpayer.

The assessment shall be completed not later than April ~~15~~ 1 each year. If the assessor makes any change in an assessment after it has been entered on the assessor's rolls, the assessor shall note on the roll, together with the original assessment, the new assessment and the reason for the change, together with the assessor's signature and the date of the change. Provided, however, in the event the assessor increases any assessment the assessor shall give notice of the increase in writing to the taxpayer by mail postmarked no later than April ~~15~~ 1. No changes shall be made on the assessment rolls after April ~~15~~

l except by order of the board of review or of the property assessment appeal board, or by decree of court.

Sec. 54. NEW SECTION. 441.30 Informal assessment review period — recommendation.

1. Any property owner or aggrieved taxpayer who is dissatisfied with the owner's or taxpayer's assessment may contact the assessor by telephone or in writing by paper or electronic medium on or after April 1, to and including May 4, of the year of the assessment to inquire about the specifics and accuracy of the assessment. Such an inquiry may also include a request for an informal review of the assessment by the assessor under one or more of the grounds for protest authorized under section 441.37 for the same assessment year.

2. In response to an inquiry under subsection 1, if the assessor, following an informal review, determines that the assessment was incorrect under one or more of the grounds for protest authorized under section 441.37 for the same assessment year, the assessor may recommend that the property owner or aggrieved taxpayer file a protest with the local board of review and may file a recommendation with the local board of review related to the informal review.

3. A recommendation filed with the local board of review by the assessor pursuant to subsection 2 shall be utilized by the local board of review in the evaluation of all evidence properly before the local board of review.

4. This section, including any action taken by the assessor under this section, shall not be construed to limit a property owner or taxpayer's ability to file a protest with the local board of review under section 441.37.

Sec. 55. Section 441.35, subsection 2, Code 2013, is amended to read as follows:

2. In any year after the year in which an assessment has been made of all of the real estate in any taxing district, the board of review shall meet as provided in section 441.33, and where the board finds the same has changed in value, the board shall revalue and reassess any part or all of the real estate contained in such taxing district, and in such case, the board shall determine the actual value as of January 1 of the year of the revaluation and reassessment and compute the taxable value thereof. ~~Any aggrieved taxpayer may petition for a revaluation of the taxpayer's property, but no reduction or increase shall be made for prior years.~~ If the assessment of any such property is raised, or any property is added to the tax list by

the board, the clerk shall give notice in the manner provided in section 441.36. However, if the assessment of all property in any taxing district is raised, the board may instruct the clerk to give immediate notice by one publication in one of the official newspapers located in the taxing district, and such published notice shall take the place of the mailed notice provided for in section 441.36, but all other provisions of that section shall apply. The decision of the board as to the foregoing matters shall be subject to appeal to the property assessment appeal board within the same time and in the same manner as provided in section 441.37A and to the district court within the same time and in the same manner as provided in section 441.38.

Sec. 56. Section 441.37, subsection 1, paragraphs a and b, Code 2013, are amended to read as follows:

a. Any property owner or aggrieved taxpayer who is dissatisfied with the owner's or taxpayer's assessment may file a protest against such assessment with the board of review on or after April ~~16~~ 7, to and including May 5, of the year of the assessment. In any county which has been declared to be a disaster area by proper federal authorities after March 1 and prior to May 20 of said year of assessment, the board of review shall be authorized to remain in session until June 15 and the time for filing a protest shall be extended to and include the period from May 25 to June 5 of such year. ~~Said~~ The protest shall be in writing and, except as provided in subsection 2A, signed by the one protesting or by the protester's duly authorized agent. The taxpayer may have an oral hearing ~~thereon on the protest if the request therefor for the oral hearing is made~~ in writing is made at the time of filing the protest. ~~Said~~ The protest must be confined to one or more of the following grounds:

(1) For odd-numbered assessment years and for even-numbered assessment years for property that was reassessed in such even-numbered assessment year:

(a) That said assessment is not equitable as compared with assessments of other like property in the taxing district. When this ground is relied upon as the basis of a protest the legal description and assessments of a representative number of comparable properties, as described by the aggrieved taxpayer shall be listed on the protest, otherwise said protest shall not be considered on this ground.

~~(2)~~ (b) That the property is assessed for more than

the value authorized by law, ~~stating~~. When this ground is relied upon, the protesting party shall state the specific amount which the protesting party believes the property to be overassessed, and the amount which the party considers to be its actual value and ~~the amount the party considers a fair assessment.~~

~~(3)~~ (c) That the property is not assessable, is exempt from taxes, or is misclassified and stating the reasons for the protest.

~~(4)~~ (d) That there is an error in the assessment and state the specific alleged error. When this ground is relied upon, the error may include but is not limited to listing errors, clerical or mathematical errors, or other errors that result in an error in the assessment.

~~(5)~~ (e) That there is fraud in the assessment which shall be specifically stated.

(2) For even-numbered assessment years, when the property has not been reassessed in such even-numbered assessment year, that there has been a decrease in the value of the property from the previous reassessment year. When this ground is relied upon, the protesting party shall show the decrease in value by comparing the market value of the property as of January 1 of the current assessment year and the actual value of the property for the previous reassessment year. Such protest shall be in the same manner as described in this section and shall be reviewed by the local board of review pursuant to section 441.35, subsection 2, but a reduction or increase shall not be made for prior years.

~~b. In addition to the above, the property owner may protest annually to the board of review under the provisions of section 441.35, but such protest shall be in the same manner and upon the same terms as heretofore prescribed in this section. The burden of proof for all protests filed under this section shall be as stated in section 441.21, subsection 3.~~

Sec. 57. Section 441.37, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. For assessment years beginning on or after January 1, 2014, the board of review may allow property owners or aggrieved taxpayers who are dissatisfied with the owner's or taxpayer's assessment to file a protest against such assessment by electronic means. Electronic filing of assessment protests may be authorized for the protest period that begins April 7, the protest period that begins October 15,

or both. Except for the requirement that a protest be signed, all other requirements of this section for an assessment protest to the board of review shall apply to a protest filed electronically. If electronic filing is authorized by the local board of review, the availability of electronic filing shall be clearly indicated on the assessment roll notice provided to the property owner or taxpayer and included in the published equalization order notice.

Sec. 58. Section 441.37A, subsection 1, paragraphs a and b, Code 2013, are amended to read as follows:

a. For the assessment year beginning January 1, 2007, and all subsequent assessment years beginning before January 1, 2018, appeals may be taken from the action of the board of review with reference to protests of assessment, valuation, or application of an equalization order to the property assessment appeal board created in section 421.1A. However, a property owner or aggrieved taxpayer or an appellant described in section 441.42 may bypass the property assessment appeal board and appeal the decision of the local board of review to the district court pursuant to section 441.38.

b. For an appeal to the property assessment appeal board to be valid, written notice must be filed by the party appealing the decision with the secretary of the property assessment appeal board within twenty days after the date ~~the board of review's letter of disposition of the appeal is postmarked to the party making the protest~~ of adjournment of the local board of review or May 31, whichever is later. The written notice of appeal shall include a petition setting forth the basis of the appeal and the relief sought. No new grounds in addition to those set out in the protest to the local board of review as provided in section 441.37 can be pleaded, but additional evidence to sustain those grounds may be introduced. The assessor shall have the same right to appeal to the assessment appeal board as an individual taxpayer, public body, or other public officer as provided in section 441.42. An appeal to the board is a contested case under chapter 17A.

Sec. 59. Section 441.37A, subsection 1, Code 2013, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. For the assessment year beginning January 1, 2014, the property assessment appeal board may, by rule, provide for the filing of a notice of appeal and petition with the secretary of the board by electronic means. All requirements of this section for an appeal to the board shall

apply to an appeal filed electronically.

Sec. 60. Section 441.37A, subsection 2, Code 2013, is amended to read as follows:

2. a. A party to the appeal may request a hearing or the appeal may proceed without a hearing. If a hearing is requested, the appellant and the local board of review from which the appeal is taken shall be given at least thirty days' written notice by the property assessment appeal board of the date the appeal shall be heard and the local board of review may be present and participate at such hearing. Notice to all affected taxing districts shall be deemed to have been given when written notice is provided to the local board of review. The requirement of thirty days' written notice may be waived by mutual agreement of all parties to the appeal. Failure by the appellant to appear at the property assessment appeal board hearing shall ~~be grounds for~~ result in dismissal of the appeal unless a continuance is granted to the appellant by the board following a showing of good cause for the appellant's failure to appear. If an appeal is dismissed for failure to appear, the property assessment appeal board shall have no jurisdiction to consider any subsequent appeal on the appellant's protest.

b. ~~An~~ Each appeal may be considered by ~~less than a majority of the one or more~~ one or more members of the board, and the chairperson of the board may assign members to consider appeals. If a hearing is requested, it shall be open to the public and shall be conducted in accordance with the rules of practice and procedure adopted by the board. The board may provide by rule for participation in such hearings by telephone or other means of electronic communication. However, any deliberation of ~~a the board or of board member members~~ the board or of board members considering the appeal in reaching a decision on any appeal shall be confidential. ~~A meeting of the board~~ Any deliberation of the board or of board members to rule on procedural motions in a pending appeal or to deliberate on the decision to be reached in an appeal is exempt from the provisions of chapter 21. The property assessment appeal board or any member of the board considering the appeal may require the production of any books, records, papers, or documents as evidence in any matter pending before the board that may be material, relevant, or necessary for the making of a just decision. Any books, records, papers, or documents produced as evidence shall become part of the record of the appeal. Any testimony given relating to the appeal shall be transcribed and made a part of the record of the appeal.

Sec. 61. Section 441.37A, subsection 3, paragraph a, Code 2013, is amended to read as follows:

a. The burden of proof for all appeals before the board shall be as stated in section 441.21, subsection 3. The board ~~member~~ members considering the appeal shall determine anew all questions arising before the local board of review which relate to the liability of the property to assessment or the amount thereof. All of the evidence shall be considered and there shall be no presumption as to the correctness of the valuation of assessment appealed from. The property assessment appeal board shall ~~make~~ issue a decision in each appeal filed with the board. If the appeal is considered by less than a ~~majority~~ the full membership of the board, the determination made by ~~that member~~ such members shall be forwarded to the full board for approval, rejection, or modification. If the initial determination is rejected by the board, it shall be returned for reconsideration to the board ~~member~~ members making the initial determination. Any deliberation of the board regarding an initial determination shall be confidential.

Sec. 62. 2005 Iowa Acts, chapter 150, section 134, is amended to read as follows:

SEC. 134. FUTURE REPEAL.

1. The sections of this division of this Act amending sections 7E.6, 13.7, 428.4, 441.19, 441.35, 441.38, 441.39, 441.43, 441.49, and 445.60, and enacting sections 421.1A and 441.37A, are repealed effective July 1, ~~2013~~ 2018.

2. The portion of the section of this division of this Act amending section 441.28 relating only to the property assessment appeal board is repealed effective July 1, ~~2013~~ 2018.

3. The repeals provided for in subsections 1 and 2 shall include all subsequent amendments to such sections relating to the property assessment appeal board.

Sec. 63. 2008 Iowa Acts, chapter 1191, section 14, subsection 5, is amended to read as follows:

5. The following are range 5 positions: administrator of the division of homeland security and emergency management of the department of public defense, state public defender, drug policy coordinator, labor commissioner, workers' compensation commissioner, director of the department of cultural affairs, director of the department of elder affairs, director of the law enforcement academy, members of the property assessment appeal board, and administrator of the historical division of

the department of cultural affairs.

Sec. 64. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 65. APPLICABILITY. Except as otherwise provided in this division of this Act, this division of this Act applies to assessment years beginning on or after January 1, 2014.

Sec. 66. APPLICABILITY. The following provision of this division of this Act applies to appointments to the property assessment appeal board on or after the effective date of this division of this Act:

1. The section of this division of this Act amending section 421.1A, subsection 2, paragraph "b".

Sec. 67. APPLICABILITY. The following provisions of this division of this Act apply to fiscal years beginning on or after July 1, 2013:

1. The section of this division of this Act amending section 421.1A, subsection 6.

2. The section of this division of this Act amending 2008 Iowa Acts, chapter 1191, section 14, subsection 5.

Sec. 68. APPLICABILITY. The following provision of this division of this Act applies on or after the effective date of this division of this Act:

1. The section of this division of this Act amending 2005 Iowa Acts, chapter 150, section 134.

Sec. 69. RETROACTIVE APPLICABILITY. The following provision of this division of this Act applies retroactively to January 1, 2013, for assessment years beginning on or after that date:

1. The section of this division of this Act amending section 441.37A, subsection 2.

DIVISION VII  
EARNED INCOME TAX CREDIT

Sec. 70. Section 422.12B, subsection 1, Code 2013, is amended to read as follows:

1. a. 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 percent~~ the following percentage of the federal earned income credit provided in section 32 of the Internal Revenue Code:

(1) For the tax year beginning in the 2013 calendar year, fourteen percent.

(2) For tax years beginning on or after January 1, 2014,