

MAR 18 2005
WAYS AND MEANS

HOUSE FILE 812
BY GASKILL

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

A BILL FOR

1 An Act providing for a retail business property tax credit for
2 property taxes due, making an appropriation, and including an
3 applicability date provision.

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

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HF-812

1 Section 1. NEW SECTION. 426C.1 RETAIL BUSINESS PROPERTY
2 TAX CREDIT -- FUND -- APPORTIONMENT -- PAYMENT.

3 1. A retail business property tax credit fund is created.
4 There is appropriated annually from the general fund of the
5 state to the department of revenue to be credited to the
6 retail business property tax credit fund an amount sufficient
7 to implement this chapter.

8 The director of the department of administrative services
9 shall issue warrants on the retail business property tax
10 credit fund payable to the county treasurers of the several
11 counties of the state under this chapter.

12 2. The retail business property tax credit fund shall be
13 apportioned each year so as to give a credit against the tax
14 on each eligible retail business property in an amount equal
15 to twenty percent of the actual levy on the actual value of
16 the portion of the property used as retail business property.

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

22 4. The amount of credits shall be apportioned by each
23 county treasurer to the several taxing districts as provided
24 by law, in the same manner as though the amount of the credit
25 had been paid by the owners. However, the several taxing
26 districts shall not draw the funds so credited until after the
27 semiannual allocations have been received by the county
28 treasurer, as provided in this chapter.

29 Sec. 2. NEW SECTION. 426C.2 DEFINITIONS.

30 As used in this chapter:

31 1. "Retail business owner" means the holder of a sales or
32 use tax permit issued pursuant to section 423.36.

33 2. "Retail business property" means property assessed for
34 property taxation as commercial real estate, that is owned by,
35 or rented to, a retail business owner.

1 Sec. 3. NEW SECTION. 426C.3 CLAIM FOR CREDIT.

2 To claim the credit, a retail business owner shall obtain
3 the appropriate forms from the county assessor. The claim
4 shall be filed no later than February 1 of each year. A claim
5 filed by February 1 is for a credit for taxes due and payable
6 in the fiscal year beginning July 1 following the filing
7 deadline.

8 Sec. 4. NEW SECTION. 426C.4 VERIFICATION OF CLAIMS --
9 APPEALS PERMITTED.

10 1. Not later than March 1, the assessor shall remit the
11 claims for credit to the county auditor with the assessor's
12 recommendation for allowance or disallowance. If the assessor
13 recommends disallowance of a claim, the assessor shall submit
14 the reasons for the recommendation, in writing, to the county
15 auditor.

16 The county auditor shall forward the claims to the board of
17 supervisors. The board shall allow or disallow the claims.
18 If the board disallows a claim, it shall send written notice,
19 by mail, to the claimant at the claimant's last known address.
20 The notice shall state the reasons for disallowing the claim
21 for the credit. The board is not required to send notice that
22 a claim is disallowed if the claimant voluntarily withdraws
23 the claim.

24 2. Any person whose claim is disallowed under the
25 provisions of this chapter may appeal from the action of the
26 board of supervisors to the district court of the county in
27 which the retail business property is located by giving
28 written notice of such appeal to the county auditor within
29 twenty days from the date of mailing of notice of such action
30 by the board of supervisors.

31 3. If the claim is filed by a retail business owner who
32 rents the retail business property for which the claim is
33 filed, upon allowance of the claim by the board of
34 supervisors, the county auditor shall notify the owner of the
35 retail business property that a claim for a retail business

1 property tax credit has been filed. The notification shall
2 include a statement that the amount of the credit shall be
3 deducted from rental payments due during the fiscal year for
4 which the credit is claimed.

5 Sec. 5. NEW SECTION. 426C.5 COMPUTATION BY AUDITOR.

6 On or before May 15, the county auditor shall compute the
7 amount of property taxes to be levied on or estimated to be
8 levied on retail business property for which a claim for
9 credit has been approved and which are due and payable in the
10 ensuing fiscal year. The amount of the credit shall be
11 computed as an amount equal to twenty percent of the amount of
12 property taxes to be levied on or estimated to be levied on
13 the retail business property. On or before May 15 the auditor
14 shall certify the total amount of the credits to the
15 department of revenue.

16 Sec. 6. NEW SECTION. 426C.6 WARRANTS AUTHORIZED BY
17 DIRECTOR.

18 After receiving from the county auditors the certifications
19 provided for in section 426C.5, and during the following
20 fiscal year, the director of revenue shall authorize the
21 department of administrative services to draw warrants on the
22 retail business property tax credit fund payable to the county
23 treasurers as provided in section 426C.1. However, if the
24 balance in the retail business property tax credit fund is
25 insufficient to pay in full the total of the amounts certified
26 to the director of revenue, the director shall prorate the
27 moneys in the fund for distribution to the county treasurers
28 and notify the county auditors of the pro rata percentage on
29 or before June 15.

30 Sec. 7. NEW SECTION. 426C.7 APPORTIONMENT BY AUDITOR.

31 Upon receiving the pro rata percentage from the director of
32 revenue, the county auditor shall determine the amount to be
33 credited to each parcel of retail business property, and shall
34 enter upon tax lists as a credit against the tax levied on
35 each parcel of retail business property on which there has

1 been made an allowance of credit before delivering said tax
2 lists to the county treasurer. Upon receipt of the warrant by
3 the county auditor, the auditor shall deliver the warrant to
4 the county treasurer for apportionment. The county treasurer
5 shall show on each tax receipt the amount of tax credit for
6 each parcel of retail business property. In case of change of
7 ownership the credit shall follow the title.

8 Sec. 8. NEW SECTION. 426C.8 CREDIT APPLIED AGAINST RENT
9 PAYMENTS -- RENT INCREASE -- REQUEST AND ORDER FOR REDUCTION.

10 1. An owner of retail business property who rents the
11 property to a retail business owner shall apply as a credit
12 against rent due the entire amount of the retail business
13 property tax credit received by the owner of the retail
14 business property. The amount of the credit shall be deducted
15 from rental payments due during the fiscal year for which the
16 credit is claimed.

17 2. If upon petition by a retail business owner the
18 department of revenue determines that a landlord has increased
19 the retail business owner's rent primarily because the retail
20 business owner is entitled to a credit against rent due under
21 this chapter, the department of revenue shall request the
22 landlord by mail to reduce the rent appropriately.

23 In determining whether a landlord has increased a retail
24 business owner's rent primarily because the retail business
25 owner is entitled to a credit against rent due under this
26 chapter, the department of revenue shall consider the
27 following factors:

28 a. The amount of the increase in rent.

29 b. If the landlord operates other rental property, whether
30 a similar increase was imposed on the other rental property.

31 c. Increased or decreased costs of materials, supplies,
32 services, and taxes in the area.

33 d. The time the rent was increased.

34 e. Other relevant factors in each particular case.

35 If the landlord fails to comply with the request of the

1 department of revenue within fifteen days after the request is
2 mailed by the department, the department of revenue shall
3 order the rent reduced by an appropriate amount.

4 Sec. 9. NEW SECTION. 426C.9 RULES.

5 The director of revenue shall prescribe forms and rules,
6 not inconsistent with this chapter, necessary to implement
7 this chapter.

8 Sec. 10. EFFECTIVE AND APPLICABILITY DATES. This Act
9 applies to property taxes due and payable in fiscal years
10 beginning on or after July 1, 2006.

11 EXPLANATION

12 This bill provides a property tax credit for retail
13 business property owned or rented by a retail business owner.
14 The bill creates a retail business property tax credit fund.
15 An amount sufficient to pay the credits is to be appropriated
16 annually to the retail business property tax credit fund.
17 However, if the appropriation is insufficient to pay the full
18 amount of the credit, a pro rata amount will be granted to the
19 owner of the retail business property.

20 The bill provides that a retail business owner may apply
21 for the retail business property tax credit. If the property
22 is rented to the retail business owner, the owner of the
23 property is to apply the amount of the credit as a deduction
24 from rental payments due during the fiscal year for which the
25 credit is claimed.

26 The bill directs the director of revenue to prescribe forms
27 and rules necessary to implement the credit.

28 The bill applies to property taxes due and payable in
29 fiscal years beginning on or after July 1, 2006.

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