

FEB 20 2006
WAYS AND MEANS

HOUSE FILE 2441
BY CARROLL and HUSER

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

A BILL FOR

1 An Act relating to the assessment for property taxation purposes
2 of machinery, equipment, and fixtures used at concrete mixing
3 facilities and including effective date and retroactive
4 applicability date provisions.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

HS
2441

1 Section 1. Section 427A.1, subsection 1, paragraph c, Code
2 2005, is amended to read as follows:

3 c. Buildings, structures or improvements, any of which are
4 constructed on or in the land, attached to the land, or placed
5 upon a foundation whether or not attached to the foundation.
6 However, property taxed under chapter 435 and property that is
7 a concrete batch plant as that term is defined in subsection 4
8 shall not be assessed and taxed as real property.

9 Sec. 2. Section 427A.1, subsection 4, Code 2005, is
10 amended to read as follows:

11 4. Notwithstanding the definition of "attached" in
12 subsection 2, property is not "attached" if it either of the
13 following conditions are met:

14 a. It is a fixture used for cooking, refrigeration, or
15 freezing of value-added agricultural products, used in value-
16 added agricultural processing or used in direct support of
17 value-added agricultural processing. For purposes of this
18 subsection, "direct support" includes storage by public
19 refrigerated warehouses for processors of value-added
20 agricultural products. Such fixtures shall not be considered
21 "attached" whether owned directly by the processor or
22 warehouse operator or by another who leases the fixture to the
23 processor or warehouse operator. This subsection paragraph
24 shall not apply to fixtures used primarily for retail sale or
25 display.

26 b. It is a concrete batch plant. A "concrete batch plant"
27 is the machinery, equipment, and fixtures used at a concrete
28 mixing facility to process cement dry additive and other raw
29 materials into concrete or used in direct support of such
30 processing. For purposes of this paragraph, "direct support"
31 includes storage of raw materials used in processing. Such
32 fixtures shall not be considered "attached" whether owned
33 directly by the processor or by another who leases the fixture
34 to the processor.

35 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1 This Act, being deemed of immediate importance, takes effect
2 upon enactment and applies retroactively to January 1, 2005,
3 for assessment years beginning on or after that date.

4 EXPLANATION

5 This bill provides that machinery, equipment, and fixtures
6 used to process raw materials into concrete at a concrete
7 mixing facility are not buildings, structures, and
8 improvements that are not assessed and taxed as real property
9 for purposes of property taxation. The bill also provides
10 that such machinery, equipment, and fixtures are not
11 considered attached for purposes of property taxation.

12 The bill takes effect upon enactment and applies
13 retroactively to assessment years beginning on or after
14 January 1, 2005.

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2441 - Concrete Plants Tax Exemption (LSB 5153 YH)
Analyst: Dwayne Ferguson (Phone: [515] 281-6561) (dwayne.ferguson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2441 results in concrete batch plants being exempt from property tax.

Background

There are 250 concrete batch plants that are assessed in 43 counties and five cities. Of these, 154 plants are taxed as property, and 96 are not taxed as property. Mannatt's Concrete Company sued the Board of Review of Buchanan County claiming its concrete batch plant was machinery and equipment and should not be taxed as property. The Iowa District Court in and for Buchanan County ruled the Mannatt's concrete batch plant was machinery and equipment and exempt from property tax.

Assumptions

1. The 154 concrete batch plants affected by this Bill have an estimated total taxable value of \$9.1 million.
2. The consolidated tax rates for the locations of the affected concrete plants will be applied.

Fiscal Impact

House File 2241 would reduce property tax revenues for local governments by approximately \$325,000 annually.

Sources

Iowa State Association of Counties
Department of Revenue

/s/ Holly M. Lyons

March 14, 2006

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