

FILED MAR 9 2005

SENATE FILE 324  
BY KETTERING

WAYS & MEANS

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the property taxation of a residential  
2 dwelling of a religious institution and including effective  
3 and applicability date provisions.

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

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SE 324  
WAYS & MEANS

1 Section 1. Section 427.1, subsection 14, unnumbered  
2 paragraph 2, Code 2005, is amended to read as follows:

3 The assessor, in arriving at the valuation of any property  
4 of the society or organization, shall take into consideration  
5 any uses of the property not for the appropriate objects of  
6 the organization and shall assess in the same manner as other  
7 property, all or any portion of the property involved which is  
8 leased or rented and is used regularly for commercial purposes  
9 for a profit to a party or individual. If a portion of the  
10 property is used regularly for commercial purposes, an  
11 exemption shall not be allowed upon property so used and the  
12 exemption granted shall be in the proportion of the value of  
13 the property used solely for the appropriate objects of the  
14 organization, to the entire value of the property. However,  
15 the board of trustees or the board of directors of a hospital,  
16 as defined in section 135B.1, may permit use of a portion of  
17 the hospital for commercial purposes, and the hospital is  
18 entitled to full exemption for that portion used for nonprofit  
19 health-related purposes, upon compliance with the filing  
20 requirements of this subsection. A religious institution may  
21 allow for the rental of a residential dwelling and the land  
22 upon which it stands, not to exceed one acre, for nonreligious  
23 purposes and receive the full exemption for that residence and  
24 land if the residence and land are adjacent to the house of  
25 worship of the religious institution and are located in an  
26 unincorporated area.

27 Sec. 2. EFFECTIVE AND APPLICABILITY DATE. This Act, being  
28 deemed of immediate importance, takes effect upon enactment  
29 and applies to property taxes due and payable in fiscal years  
30 beginning on or after July 1, 2005.

31 EXPLANATION

32 This bill allows a residential dwelling of a religious  
33 institution to be rented for nonreligious purposes and still  
34 be exempt from property tax if it is located in an  
35 unincorporated area and is adjacent to the house of worship of

1 the religious institution. The land, up to one acre, upon  
2 which the residence stands would also be exempt.

3 The bill takes effect upon enactment and applies to  
4 property taxes due and payable in fiscal years beginning on or  
5 after July 1, 2005.

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