

Memorandum to Iowa Assessors
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Another issue that was raised in the Auditor's Report involved how subsequent changes to net acquisition costs are treated. Per memorandums dated October 20, 2008 and March 15, 2010 and a policy letter dated June 8, 2017, all located on the Department's website, it is the Department's opinion that costs which are attributable to the original construction project should be added to the net acquisition costs as first assessed. All other costs that are attributable to maintenance or refurbishing of the wind plant property are not added to the net acquisition costs as first assessed at any time. If a new tower or other improvement is added to the wind plant after the plant was first subject to assessment, the new tower or improvement should be assessed when it first comes into service and will be subject to a new assessment schedule starting at zero percent of net acquisition costs for the first year.

If a taxpayer substantially replaces an existing tower or other improvements with a new tower or improvement, the new property will be subject to its own assessment schedule starting at zero percent. Net acquisition costs will consist of the acquired costs of the new property. Any original property remaining in use as part of the new tower or improvement, such as foundations and support buildings, will continue on the original assessment schedule. The assessor will have to remove the costs attributable to the components being replaced from the original assessment schedule or otherwise the taxpayer will be taxed on assets that no longer exist.

This memorandum will be placed on the Department's website. Assessors are reminded to review the Department's website on occasion to see if there have been any updates in the treatment of wind energy conversion property.