

BUSINESS PROPERTY TAX CREDIT

Prior Law _____

None.

New Provisions _____

Eligibility

New Iowa Code chapter 426C creates a business property tax credit (“credit”). One credit is available to each eligible parcel classified and taxed as commercial property, industrial property, or railway property. A parcel that is part of a “property unit” that is claiming the credit is not eligible for a separate credit.

To qualify as a “property unit”, the parcels that make up the property unit must:

- 1) be “contiguous” (i.e. touching);
- 2) be located within the same county;
- 3) have the same property classification;
- 4) be owned by the same person; and
- 5) be operated by that person for a common use and purpose.

Property that is rented or leased to low-income individuals or families and that is assessed as Section 42 housing is not eligible for the credit or may not be part of a property unit that receives the credit.

For credits claimed for fiscal years beginning July 1, 2014 and July 1, 2015, property that is a mobile home park, manufactured home community, land-leased community, assisted living facility, or property primarily used or intended for human habitation containing three or more separate dwelling units is not eligible for the credit and may not be part of a property unit that receives the credit.

Filing for Credit

Once a claim has been filed and the credit is allowed there is no need to re-file the claim as long as the parcel or property unit continues to qualify for the credit.

To receive the credit against taxes due and payable during the fiscal year beginning July 1, 2014, businesses must file a claim not later than January 15, 2014.

For taxes due and payable for fiscal years beginning on or after July 1, 2015, businesses must file a claim no later than March 15 preceding the fiscal year in which the taxes are due and payable. So, to receive a credit for taxes due and payable for fiscal year beginning July 1, 2015, businesses must file a claim no later than March 15, 2015.

If the property ceases to qualify for the credit, the owner is required to provide written notice, by March 15 preceding the fiscal year in which the taxes are due and payable, to the county assessor informing the assessor that the property no longer qualifies for the credit.

If the ownership of all or a portion of a parcel or property unit that is allowed a credit changes, the new owner must file a new claim for the credit. If the ownership of a portion of a parcel or property unit that is allowed a credit changes, the owner of the portion or property unit for which ownership did not change must re-file the claim for credit.

The business property tax credit is paid out of a newly-created business property tax credit fund. For fiscal year beginning July 1, 2014 and 2015, there is appropriated from the general fund to the business property tax credit fund \$50,000,000 and \$100,000,000, respectively. For fiscal year beginning July 1, 2016, and each year thereafter, \$125,000,000 is appropriated from the general fund to the business property tax credit fund.

Audit by the Department

If the Department determines that the amount of the credit was incorrectly calculated or that the credit is not allowable, the Department shall recalculate the credit and notify the claimant and the county auditor of the recalculation or denial and the reasons for it.

The Department has three years from October 31 of the year in which the claim was filed to adjust the business property tax credit.

The claimant or board of supervisors may appeal any decision of the Department to the state board of tax review. The claimant, the board of supervisors, or the Department may seek judicial review of the action of the state board of tax review.

Penalty for False Claims

A person who makes a false claim for the purpose of obtaining a credit or who knowingly receives the credit without being legally entitled to it is guilty of a fraudulent practice.

Section Amended _____

Sections 3 – 11, inclusive, of 2013 Iowa Acts Senate File 295 create new chapter 426C, Code 2013.

Effective Date _____

Effective June 12, 2013 for property taxes due and payable in fiscal years beginning on or after July 1, 2014.