

LOW-INCOME HOUSING CLASSIFIED AS MULTI-RESIDENTIAL PROPERTY

Prior Law _____

Property that was rented or leased to low income individuals as authorized by section 42 of the Internal Revenue Code (“section 42”) *and* was subject to Iowa Code section 441.21 special valuation procedures for the applicable assessment year was ineligible for a business property tax credit. In addition, section 42 properties were precluded from being classified as multi-residential upon the inception of that new classification in 2015.

When appraising section 42 properties, assessors were always required to use the productive and earning capacity from the actual rents received method of appraising property (special valuation).

New Provisions _____

All section 42 property is ineligible for the business property tax credit, regardless of whether it is subject to Iowa Code section 441.21 assessment procedures.

However, section 42 property owners may make a one-time irrevocable election to withdraw a property from the special valuation methodology and use other methods to appraise it. The property owner must notify the assessor of such an election. Once the property is withdrawn the property will be classified and assessed as multi-residential unless it fails to meet the other requirements of Iowa Code section 441.21(13). Property that is not withdrawn from section 42 special valuation procedures cannot be assessed as multi-residential under 441.21(13).

Sections Amended _____

Section 1 of House File 2466 amends section 426C.4, subsection 1, paragraph b, subparagraph 1, Code 2014. Section 2 of House File 2466 amends section 441.21, subsection 2, Code 2014. Section 3 of House File 2466 amends section 441.21 subsection 13 paragraph d, as enacted by 2013 Iowa Acts, chapter 128, section 28.

Effective Date _____

January 1, 2015