

PROPERTY TAX INCENTIVES FOR BROADBAND INFRASTRUCTURE

Prior Law

Broadband infrastructure that is not considered telephony is assessed by the local county or city assessor. A telephone or telegraph company centrally assessed by the Iowa Department of Revenue (IDR) under Iowa Code chapter 433 may also have broadband infrastructure property. The value of the broadband infrastructure of such companies is typically picked up in the unit value calculated by IDR. There is no property tax exemption for broadband infrastructure.

New Provisions

Among other things, 2015 Iowa Acts House File 655 creates a ten-year property tax exemption for companies that build broadband infrastructure in “Targeted Service Areas.” A Targeted Service Area is defined as a United States Census Bureau census block located in this state, including any crop operation located within the census block, within which no communications service provider offers or facilitates broadband service at or above 25 megabits per second of download speed and three megabits per second of upload speed.

After receiving certification from the Office of the Chief Information Officer (OCIO), the company seeking the exemption must first certify to the appropriate county assessors that the project will take place within a targeted service area. In addition, the company must submit an application either to IDR or to the local county board of supervisors, as appropriate. The application must provide, at a minimum, the following information:

- The nature of the broadband infrastructure installation;
- The percentage of homes, farms, schools, and businesses in the targeted service areas that will be provided access to broadband service;
- The actual cost of installing the broadband infrastructure under the project;
- The certification received from the OCIO;
- Certification of the date of commencement and the estimated date of completion; and
- A copy of any nonwireless broadband-related permit issued by a political subdivision.

The exemption is for 100% of the value added by the broadband infrastructure for ten years so long as the minimum download and upload speeds are maintained. The actual value added by the broadband infrastructure will be determined by the local assessor for companies not centrally assessed by IDR under Iowa Code chapter 433. IDR will determine the actual value added by the broadband infrastructure for companies assessed under Iowa Code chapter 433. New applications will not be accepted on or after July 1, 2020.

At any time after an exemption is granted, under the direction of the OCIO, IDR or the local county board of supervisors may require a company to substantiate that it is still providing the

required download and upload speeds.

Sections Amended_____

Division I of 2015 Iowa Acts House File 655 creates new Code chapter 8C. Division II amends Code chapters 8B and 8D. Division IV, sections 39 and 40 of the bill amend sections 421.1A, subsections 3 and 4; section 41 of the bill amends subsection 427.1 by creating new subsection 40; section 42 of the bill amends subsection 433.8.

Effective Date_____

Effective June 22, 2015 for assessment years beginning on or after January 1, 2016.