

OFFICE OF THE COUNTY ADMINISTRATOR

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Item 02
12-03-13

November 25, 2013

TO: Board of Supervisors

FROM: Dee F. Bruemmer, County Administrator

RE: Discussion of Business Property Tax Credit

Last year the Iowa Legislature passed a property tax bill that included credits for all business, industry and railroads. There was considerable discussion during the last session on passing a bill that would give credit to small business in addition to changing how property would be taxed in the different classifications. One result is that all properties that are considered commercial, industrial or railroad regardless of value are eligible for a credit if they complete an application.

Our County and City Assessors along with the Auditor will be discussing with you the implementation of this program in our County. Significant work has been done in the identification of all of the parcels and owners eligible for the program. Letters have been sent to everyone eligible earlier this month. The Assessors will explain the response so far from that mailing and the timeframe that applications must be completed. They also will discuss how these units have been defined and the eligibility for each parcel.

The program has not had significant exposure and those eligible may indeed lose out on an opportunity to receive a credit if they don't apply by January 15, 2014. A media release on this discussion will be sent out to increase the awareness of the program.

Business Property Tax Credit (BPTC)

Who is Eligible? - The property must first be classified as commercial, industrial, or a Railroad property may qualify

Who **does not** qualify? - Section 42 Housing (low income), Mobile home parks, Manufactured home communities, Land-leased communities, Assisted living facilities, Nursing homes or a business used primarily for human habitation containing three or more separate living units (Apartment buildings and other types of property where human habitation is the primary use will be a new classification called "Multi-Residential" starting in 2015)

Hotels, motels, inns or other buildings where rooms or dwellings units are typically rented for less than one month are not considered primarily used for human habitation and therefore **do not qualify**

A qualifying "person" can be an individual, corporation, limited liability company, government, governmental subdivision or agency, business trust, estate, trust, partnership or association, or any other legal entity

Application Process – Deadline is January 15th, 2014 for the first year, March 15th for the following years

If ownership changes it requires reapplication for the credit otherwise parcels continue to qualify and need not reapply

Assessors recommend approval of the applications for the qualifying units which is submitted to the County Supervisors by the **Auditor** for final approval

What is the estimated tax savings?

\$513 per unit payable 2014/2015	State reimbursement FY 2014/2015 \$50 Million
\$1385 per unit payable 2015/2016	FY 2015/2016 \$100 Million
\$1930 per unit payable 2016/2017	FY 2016/2017 \$125 Million
\$1989 per unit payable 2017/2018	Capped at \$125 Million

What is a unit?

Must be classed Commercial, Industrial or a Railroad property

Parcels within the same building regardless of contiguity

Unit is comprised of contiguous parcels:

share common boundary;

within same building or structure (regardless of common boundary)

Same ownership

Operated by that "person" for common use and purpose

Parcel is separate item on tax list or that portion classed C/I, RR

DAVENPORT CITY ASSESSOR
SCOTT COUNTY ADMINISTRATIVE CENTER

November 1, 2013

«Deed_name»
«Deed_addr_1»
«Deed_addr_2»
«Deed_addr_3» «Deed_zip»

Re: Business Property Tax Credit

Dear Property Owner:

In an effort to maintain good communication between the Assessor's Office and property owners, this letter is being sent to notify you of a new property tax credit for which you might be eligible. Please take a moment to read the information on the back of the enclosed Business Property Tax Credit Application.

For detailed information regarding this property tax credit, please visit the Iowa Department of Revenue's website at: <http://www.iowa.gov/tax/locgov/13PTReform.html>.

If you would like to apply for the Business Property Tax Credit for assessment year 2013, please complete the attached form(s) and return them to the Assessor's Office no later than January 15th, 2014.

Please contact the City Assessor's Office with any questions at the phone number listed below.

Becky Eiting

Becky Eiting, MRA
Davenport City Assessor

OFFICE OF THE COUNTY ASSESSOR

600 West 4th Street

Davenport, Iowa 52801-1030



Office: (563) 326-8635
Fax: (563) 328-3218
www.scottcountyiowa.com

DALE R. DENKLAU
Assessor

LEW R. ZABEL
Chief Deputy

RE: "New" Business Property Tax Credit
Iowa Code Chapter 426C

Dear Property Owner:

In an effort to maintain good communication between the Assessors's Office and property owners, this letter is being sent to notify you of a new property tax credit you may be entitled to. Please take a moment to read through the enclosed "Business Property Tax Credit" application for information about the credit. You may send to our office via U.S. Mail, email or bring it into our office, ***BY January 15, 2014.***

For detailed information regarding this property tax credit, visit the Iowa Department of Revenue's website at: <http://www.iowa.gov/tax/locgov/13PTReform.html>. The application is posted on Scott County's website also. See www.scottcountyiowa.com/assessor, and then click on the New Business Property Credit Application link.

For any questions on this matter, please contact our office. Thank you for your assistance.

Dale Denklau,
Scott County Assessor
Phone: 563-326-8635
Email: Dale.Denklau@scottcountyiowa.com



Application for Business Property Tax Credit

Iowa Code Chapter 426C.3

This application must be filed with the city or county assessor where the property is located by January 15, 2014 for credit on taxes payable 2014-2015. The deadline is March 15, 2015, and each year thereafter, for credit on taxes payable 2015-2016, and thereafter.

Applicant Contact Information	
<small>PLEASE PRINT</small>	
Name: _____	
Phone Number: _____	eMail: _____

Date: _____ Year Applicable: _____

Jurisdiction: _____

Owner's Name: _____

Parcel Number(s): _____
(attach additional sheets if necessary)

Property Address: _____

I certify that this parcel, or property unit, as defined in Iowa Code section 426C.1, is classified and taxed as commercial, industrial, or railway property under chapter 434. I certify that the property is not rented or leased to low-income individuals or families as authorized by section 42 of the Internal Revenue Code.

I certify that the property/property unit indicated above is not a mobile home park, manufactured home community, land-leased community, or assisted living facility, as those terms are defined in section 441.21, subsection 13, or property primarily used or intended for human habitation containing three or more separate dwelling units and not eligible for the credit.

I certify the property unit identified above is eligible for the credit.

Signed: _____ Date: _____

Written notification must be given to the assessor if this property unit ceases to qualify for the credit.

Office Use Only:

Assessor or Authorized Representative

I recommend that the application be: allowed disallowed.

Signed: _____ Date: _____

Board of Supervisors

allowed disallowed

Date: _____

County #	Year of Application	Unit #	# of Parcels	Sequence
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Business Property Tax Credit Form SF 295 – Passed in 2013

Sec. 3. NEW SECTION. 426C.1 Definitions. For the purposes of this chapter, unless the context otherwise requires:

1. *“Contiguous parcels”* means any of the following: a. Parcels that share a common boundary. b. Parcels within the same building or structure regardless of whether the parcels share a common boundary. c. Permanent improvements to the land that are situated on one or more parcels of land that are assessed and taxed separately from the permanent improvements if the parcels of land upon which the permanent improvements are situated share a common boundary.
2. *“Department”* means the department of revenue.
3. *“Fund”* means the business property tax credit fund created in section 426C.2.
4. *“Parcel”* means as defined in section 445.1 and, for purposes of business property tax credits claimed for fiscal years beginning on or after January 1, 2016, *“parcel”* also means that portion of a parcel assigned to be commercial property, industrial property, or railway property under chapter 434 pursuant to section 441.21, subsection 13, paragraph *“c”*.
5. *“Property unit”* means contiguous parcels all of which are located within the same county, with the same property tax classification, are owned by the same person, and are operated by that person for a common use and purpose.

Summary of Sec. 5. NEW SECTION. 426C.3 Claims for credit.

- This form may be filed by a “Person” which under Iowa law is defined as an Individual, Corporation, Limited Liability Company, Government, Government Subdivision or Agency, Business Trust, Estate, Trust, Partnership or Association or any other legal entity.
- Tax credit claims must be filed on or before January 15, 2014 for the first year, and not later than March 15 proceeding the fiscal year when the taxes associated with the claim are due and payable.
- The assessor remits the claims for credit to the county auditor with the assessor’s recommendation for allowance or disallowance. If disallowance is recommended, the assessor shall submit the reasons for the recommendation, in writing, to the county auditor.
- The county auditor forwards the claims and recommendations to the board of supervisors.
- The board shall allow or disallow the claims.
- If the claim for the tax credit is allowed, it continues to be allowed on the parcel or property for successive years as long as the parcel or property unit satisfies the requirements for the credit.
- If the parcel or property unit no longer qualifies for the credit, the owner shall provide written notice to the assessor on or before the filing date after the date the property ceases to be qualified for the credit.
- If all or a portion of a parcel or property unit that is allowed a credit is sold, transferred, or ownership otherwise changes, the buyer, transferee, or new owner who wishes to receive the credit must refile the claim for credit. In addition, the owner of the portion of the parcel or property unit for which ownership did not change shall refile the claim for credit as well.

Summary of Sec. 6. NEW SECTION. 426C.4 Eligibility and amount of credit.

- A person may claim and receive one credit for each eligible parcel unless the parcel is part of a property unit for which a credit is claimed.
- A person may claim and receive one credit for each property unit. A credit approved for a property unit shall be proportionally allocated to the several parcels within the property unit proportionately based on each parcel’s total amount of property taxes due and payable bears as part of the total amount of property taxes due and payable on the property unit.
- What qualifies as a parcel: parcels classified and taxed as commercial property, industrial property, or railway property under chapter 434 is eligible for a credit under this chapter.
- What qualifies as a property unit: property units are comprised of property assessed as commercial property, industrial property, or railway property under chapter 434, in the same county, with the same classification, owned by the same person, are contiguous as defined in 426C.1, are separate items on a tax list, and are operated by that person for a common use and purpose.
- What **DOES NOT** qualify: (1) Property that is rented or leased and authorized by section 42 of the Internal Revenue Code for the applicable assessment year. (2) For credits claimed for the fiscal year beginning July 1, 2014, and the fiscal year beginning July 1, 2015, property that is a mobile home park, manufactured home community, land-leased community, assisted living facility, as defined in section 441.21, subsection 13, or that is property primarily used or intended for human habitation containing three or more separate dwelling units.