

## Chapter 4-2

### INDUSTRIAL PROPERTY IMPROVEMENT TAX EXEMPTIONS

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#### **Section 4-2-1 Purpose**

The purpose of this Chapter is to implement the provisions of Chapter 427B of the 1993 Code of Iowa and as such Chapter may later be amended, in order to provide for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to Section 427A.1, subsection (1), paragraph (e), of the Code of Iowa, as amended.

#### **Section 4-2-2 Definitions**

(A) "ACTUAL VALUE ADDED": The actual value added as of the first year for which the exemption is received, except that actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January first of each year for which the exemption is received.

(B) "NEW CONSTRUCTION": New buildings and structures, including new buildings and structures, which are constructed as additions to existing buildings and structures. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products, and the reconstruction is required for the owner of the building or the structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the City Council of the City upon the recommendation of the Iowa Development Commission. New construction does not include the rezoning of or the acquisition of undeveloped real property.

(C) "NEW MACHINERY AND EQUIPMENT": The exemption shall also apply to new machinery and equipment assessed as real estate pursuant to Section 427A.1, subsection (1), paragraph (e), of the Iowa Code, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

#### **Section 4-2-3 Amount Of Exemption**

(A) The actual value added to industrial real estate for the reasons specified in Section 4-2-2 is eligible to

receive a partial exemption of taxation for a period of five (5) years. The amount of actual value added which is eligible to be exempt for taxation shall be as follows:

- For the first (1) year, seventy-five percent (75%);
- For the second (2) year, sixty-percent (60%);
- For the third (3) year, forty-five percent (45%);
- For the fourth (4) year, thirty percent (30%); and
- For the fifth (5) year, fifteen percent (15%).

(B) However, the granting of the exemption under this Section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

#### **Section 4-2-4 Application For Exemption**

An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February 1 of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the Director of Revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the Director of Revenue.

#### **Section 4-2-5 Prior Approval**

A person may submit a proposal to the City Council of the City to receive prior approval for eligibility for a tax exemption on new construction. The City Council, by ordinance, may give its prior approval of tax exemption for new construction if the new construction is in conformance with the zoning plans for the City. The prior approval shall also be subject to the hearing requirements of Section 362.3 of the 1985 Code of Iowa. Such prior approval shall not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the City Council to approve or reject.

#### **Section 4-2-6 Repeal Of Exemption**

When, in the opinion of the City Council, continuation of the exemption granted by this Chapter ceases to be of benefit to the City, the City Council may repeal this Ordinance, but all existing exemptions shall continue until their expiration.

#### **Section 4-2-7 Ineligibility For Exemption**

A property tax exemption under this Act shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

