

## Chapter 10 INDUSTRIAL PROPERTY TAX EXEMPTION

### Sec. 10-1. Purpose.

To provide for partial property tax exemption for qualifying industrial properties as permitted by Iowa Code, Chapter 427B.

(Ord. No. 672, section 1, 6-8-81.)

### Sec. 10-2. Definitions.

For use in this chapter the following terms are defined as follows:

“Distribution center” means a building or structure used primarily for the storage of goods which are intended for subsequent shipment to retail outlets. “Distributioncenter” does not mean a building or structure used primarily to store raw agricultural products, used primarily by a manufacturer to store goods to be used in the manufacturing process, used primarily for the storage of petroleum products, or used for the retail sale of goods.

*New construction* means new buildings and structures and includes 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 structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the city council.

*New machinery and equipment* means 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 Code of Iowa, and not treated as exempt, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

“Research-service facilities” means a building or group of buildings devoted primarily to research and development activities, including but not limited to the design and production or manufacture of prototype products for experimental use, and corporate-research services which do not have a primary purpose of providing on-site services to the public.

“Warehouse” means a building or structure used as a public warehouse for the storage of goods pursuant to chapter 554, article 7, except that it does not mean a building or structure used primarily to store raw agricultural products or from which goods are sold at retail.

### Sec. 10-3. Partial exemption.

A partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses, distribution centers and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section 427A.1, subsection 1, paragraph “e”. The exemption shall also apply to new machinery and equipment assessed as real

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estate pursuant to section 427A.1, subsection 1, paragraph “e”, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

(Ord. No. 672, section 1, 6-8-81.)

#### **Sec. 10-4. Amount of exemption.**

The actual value added to industrial real estate for the reasons specified in Section 10-3 herein, is eligible to receive a partial exemption from taxation for a period of five years. "Actual value added" as used in this chapter means the actual value added as of the first year for which the exemption is received, except that the 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. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

1. For the first year, 75 percent;
2. For the second year, 60 percent;
3. For the third year, 45 percent;
4. For the fourth year, 30 percent;
5. For the fifth year, 15 percent.

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 new construction added.

(Ord. No. 672, section 1, 6-8-81.)

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#### **Sec. 10-5. Applications and proposals.**

1. 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 Iowa Director of Revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the Iowa Director of Revenue.
2. A person may submit a written proposal to the city council to receive prior approval for eligibility for a tax exemption on new construction. The city council, by ordinance, may give its prior approval of a 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 chapter 427B of the Iowa Code. 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.

(Ord. No. 672, section 1, 6-8-81.)

#### **Sec. 10-6. Repeal.**

When, in the opinion of the city council, the exemption granted by this chapter ceases to be a benefit to this city, the city council may repeal this chapter.

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(Ord. No. 672, section 1, 6-8-81.)

**Sec. 10-7. Limitation on tax exemption.**

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

(Ord. No. 672, section 1, 6-8-81.)