

CHAPTER 22 INDUSTRIAL REAL ESTATE PARTIAL PROPERTY TAX EXEMPTION

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2-22-1 PURPOSE. The purpose of this chapter is 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, research-service facilities, warehouses, and distribution centers.

2-22-2 DEFINITIONS. The following words and phrases whenever used in the ordinances of the City, shall be construed as defined in this section unless, from the context, a different meaning is intended or unless different meaning is specifically defined and more particularly directed to the use of such words or phrases:

1. "Actual Value Added" means the actual value added as of the first year for which the exemption is received.
2. "Distribution Center" shall mean a building or structure used primarily for the storage of goods which are intended for subsequent shipment to retail outlets. Distribution center 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.
3. "New Construction" shall mean 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 competitively to manufacture or process those products, which determination shall receive prior approval from the City Council of the City upon the recommendation of the Iowa Economic Development Authority or any subsequent agency with such authority.
4. Furthermore, the exemption shall also apply to new machinery and equipment assessed as real estate pursuant to section 427A.1, subsection 1, paragraph "e", as amended, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.
5. "Research-service Facilities" shall mean 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.

6. “Warehouse” means a building or structure used as a public warehouse for the storage of goods pursuant to Chapter 554, Article 7, of the Code of Iowa, as amended, 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. (Code of Iowa, Sec. 427B.1)

2-22-3 PERIOD OF PARTIAL EXEMPTION” shall mean the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses and distribution centers is eligible to receive a partial exemption from taxation for a period of five (5) years. (Code of Iowa, Sec. 427B.3)

2-22-4 AMOUNTS ELIGIBLE FOR EXEMPTION. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

For the first year, seventy-five percent (75%)

For the second year, sixty percent (60%)

For the third year, forty-five percent (45%)

For the fourth year, thirty percent (30%)

For the fifth year, fifteen percent (15%) (Code of Iowa, Sec. 427B.3)

2-22-5 LIMITATIONS. The granting of the exemption under this chapter 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. (Code of Iowa, Sec. 427B.3)

2-22-6 APPLICATIONS. An application shall be filed for each project resulting in actual value added for which an exemption is claimed.

1. 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.
2. 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 or any subsequent person or agency with such authority. (Code of Iowa, Sec. 427B.4)

2-22-7 APPROVAL. A person may submit a proposal to the City Council to receive prior approval for eligibility for a tax exemption on new construction. If the City Council resolves to consider such proposal, it shall publish notice and hold a public hearing thereon. Thereafter, at least thirty (30) days after such hearing 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 City zoning. 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. (Code of Iowa, Sec. 427B.4)

2-22-8 EXEMPTION REPEALED. 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 chapter, but all existing exemptions shall continue until their expiration. (Code of Iowa, Sec. 427B.5)

2-22-9 DUAL EXEMPTIONS PROHIBITED. 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. (Code of Iowa, Sec. 427B.6)

2-22-10 TAX INCREMENT FINANCING. The following ordinances are included by reference:

Ord. 727, 3-12-90 - Established 1990 Industrial Park TIF District.

Ord. 739, 12-16-90 - This corrected the legal description in Ord. 727.

Ord. 935, 5-27-00 - Added south industrial park (Lary Farm) to Ord. 727 and 739.

Ord. 942, 10-2-00 - Added Family Dollar site and Prairie Creek Golf Course to Ord. 727, 739, 935.

Ord. 971, 7-17-02 - Added Prairie Creek Center to Ord. 727, 739, 935, 942.

Ord. 997, 8-21-04 - West Platt Corridor TIF District, including Downtown, B-2 zone.

Ord. 1018, 7-26-06 - Added Sunshine School property to territory of Ord. 997.

Ord. 1026, 7-26-06 - Added Walmart Subdivision to Ord. 727, 739, 935, 942, 971.

2-22-11 SPECULATIVE BUILDING EXEMPTION.

1. A tax exemption of 100% of the taxes assessed per year shall be allowed for the assessment year in which the building is first assessed for taxation or for the years in which reconstruction or renovation first adds value and for all subsequent years until the property is leased or sold or for a period of five (5) assessment years or until the exemption is terminated by Ordinance of the City Council. If the shell building is leased or sold, the portion of the building which has been leased or sold shall not be entitled to an exemption.
2. An application shall be filed under Iowa Code 427.B94) for each project for which an exemption is claimed. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of Iowa Code 427.B(1) and Maquoketa Ordinance Title II, Chapter 22.
3. The Council shall grant an exemption under the Subsection only to a community development organization as defined in 427.1(27a) of the Code of Iowa, a not-for-profit cooperative association under Chapter 499 Code of Iowa and for-profit entities for speculative purposes as provided in Iowa Code 427.1(27).
(Ord. 777, 01-20-1992 and amended by Ord. 1107, 01-21-2013) (Ord. 1119, 01-23-2014)

TITLE II POLICY AND ADMINISTRATION

