

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) REQUEST FORMDate: 9/28/16Weekly Agenda Date: 10/4/16**ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN:** David Gleiser, RED Director**WORDING FOR AGENDA ITEM:**

Discussion and Action on Adopting the Woodbury County Industrial and Owner-Operated Cattle Facility Property Improvement Tax Exemption Ordinance.

ACTION REQUIRED:Approve Ordinance ☐Approve Resolution ☒Approve Motion ☒Give Direction ☐Other: Informational ☐Attachments ☒**EXECUTIVE SUMMARY:**

The Rural Economic Development (RED) Director presents an ordinance relating to qualified industrial and owner-operated cattle facility property improvement tax exemptions as authorized by Iowa Code Chapter 427B.

BACKGROUND:

This is a follow up item from the 4/5/16 Board of Supervisors meeting where the subject of adopting an ordinance was presented as an information item. At that time the Board was made aware that most cities and counties in Iowa have adopted ordinances for Iowa Code 427B, which provides a partial tax exemption for 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, as well as a partial exemption from property taxation of the actual value added to owner-operated cattle facilities, including small or medium sized feedlots but not including slaughter facilities, either by new construction or by the retrofitting of existing facilities. Prior to the 4/5/16 Board meeting, the RED Director consulted with the County Assessor, Finance Controller, Bonding Counsel, and The Siouxland Initiative on this matter, all of whom spoke in favor of adopting such an ordinance. Since the 4/5/16 meeting, the RED Director worked with the County Attorney's office on crafting the language of the ordinance in its current form. In addition, the proposed ordinance was presented to the Rural Woodbury County Development Committee during their 9/20/16 meeting where the group expressed their support for the Board to formally adopt the ordinance.

FINANCIAL IMPACT:

\$0

IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?

Yes ☐ No ☐

RECOMMENDATION:

Initiate the process to formally adopt the Woodbury County Industrial and Owner-Operated Cattle Facility Property Improvement Tax Exemption Ordinance.

ACTION REQUIRED / PROPOSED MOTION:

Motion to initiate the process to formally adopt the Woodbury County Industrial and Owner-Operated Cattle Facility Property Improvement Tax Exemption Ordinance.

WOODBURY COUNTY, IOWA
ORDINANCE NO. _____

AN ORDINANCE RELATING TO INDUSTRIAL AND OWNER-OPERATED CATTLE FACILITY PROPERTY IMPROVEMENT TAX EXEMPTIONS AUTHORIZED BY IOWA CODE CHAPTER 427B.

BE IT ENACTED BY THE BOARD OF SUPERVISORS OF WOODBURY COUNTY, IOWA:

SECTION 1. TITLE

This ordinance shall be known and may be referred to as the "Woodbury County Industrial and Owner-Operated Cattle Facility Property Improvement Tax Exemption Ordinance".

SECTION 2. PURPOSE

The purpose of this ordinance is to provide a partial property tax exemption for qualified industrial property or owner-operated cattle facilities on which qualified improvements have been made and the acquisition of or improvement to machinery and equipment assessed as real estate, as authorized by Chapter 427B of the Code of Iowa.

SECTION 3. ESTABLISHMENT

3.1. Partial Property Tax Exemption for Industrial Property. There is hereby established 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.

3.2. Partial Property Tax Exemption for Owner-Operated Cattle Facilities. There is hereby established a partial exemption from property taxation of the actual value added to owner-operated cattle facilities, including small or medium sized feedlots but not including slaughter facilities, either by new construction or by the retrofitting of existing facilities with new machinery and equipment.

3.3. Definitions. For the purposes of this ordinance, the following definitions shall apply:

A. Actual Value Added. "Actual value added" 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 1st of each year for which the exemption is received.

B. New Construction. "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 the structure to continue to competitively manufacture or process those products, which determination shall receive prior written approval from the County Board of Supervisors. "New construction" does not include the rezoning of or the acquisition of undeveloped 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 Code of Iowa, unless the machinery or equipment is part of the normal replacement or operating process to maintain or expand the existing operational status.

SECTION 4. ELIGIBILITY

Section 4.1 The eligibility for an exemption under this ordinance shall be determined by the provisions of Chapter 427B of the Code of Iowa and Iowa Administrative Code 701—80.6 (427B), as now or hereafter amended.

Section 4.2 Properties located in an urban renewal area, as defined Section 403.17 of the Code of Iowa, as now or hereafter amended, shall not be eligible for such exemption.

Section 4.3 Properties located in the incorporated area of any city in Woodbury County shall not be eligible for such exemption through the Woodbury County Board of Supervisors.

Section 4.4 A property tax exemption under this ordinance shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

Section 4.5 Granting of the exemption under this ordinance for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the real estate being reduced below the assessed value of the real estate before the start of the new construction added.

Section 5. Application and Prior Approval

5.1 Application. 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 County Assessor by February 1st 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 Department of Revenue (IDR 57-122a or equivalent).

5.2 Prior Approval. A proposal may be submitted to the Board of Supervisors to receive prior approval for eligibility for a tax exemption on new construction. The Board of Supervisors, by ordinance, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the Woodbury County Zoning Ordinance. The ordinance may be enacted not less than thirty (30) days after a public hearing is held in accordance with Section 335.6 of the 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. If the tax exemption for the new construction is not granted prior approval, an amended proposal may be submitted to the Board of Supervisors to approve or reject.

SECTION 6. PERIOD AND AMOUNT OF EXEMPTION

The partial exemption of eligible property shall be for a period of five (5) years provided that the property continues to be used as qualifying property. The amount of actual value added to qualified property which is eligible to be exempt from taxation shall be as follows:

- A.** For the first year, seventy-five percent (75%).
- B.** For the second year, sixty percent (60%).
- C.** For the third year, forty-five percent (45%).
- D.** For the fourth year, thirty percent (30%).
- E.** For the fifth year, fifteen percent (15%).

SECTION 7. REPEALER

All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed. When, in the opinion of the Woodbury County Board of Supervisors, continuation of the exemptions granted by this ordinance ceases to be of benefit to the county, the Board of Supervisors may repeal this ordinance, but all exemptions granted prior to repeal shall continue until their expiration provided that the property continues to be used as qualifying property.

SECTION 8. SEVERABILITY CLAUSE

If any section, provision, or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision, or part thereof not adjudged invalid or unconstitutional.

SECTION 9. WHEN EFFECTIVE

This ordinance shall be in effect immediately after its final passage and publication as provided by law.

Passed and approved this ____ day of ____, 2016.

Woodbury County Board of Supervisors

Jeremy Taylor, Chairman

Matthew Ung, Vice-Chairman

Larry Clausen, Member

Mark Monson, Member

Jaclyn Smith, Member

ATTEST:

Patrick Gill, Woodbury County Auditor

First Reading: _____

Second Reading: _____

Approved: _____

Published: _____