

ORDINANCE

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AN ORDINANCE GRANTING A PARTIAL PROPERTY TAX EXEMPTION ON INDUSTRIAL REAL ESTATE NEW CONSTRUCTION

WHEREAS Chapter 427B of the 1985 Code of Iowa grants to the Van Buren County Board of Supervisors and/or Farmington City Council the power 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; and

WHEREAS, the Farmington City Council desires to encourage industrial development and expansion within Farmington, Iowa;

BE IT RESOLVED by the Farmington City Council of Farmington, Iowa, as follows:

1. The partial tax exemption provisions of Chapter 427B of the 1985 Code of Iowa, as amended, are hereby adopted by the Van Buren County, Iowa Board of Supervisors and/or for application in the areas of Van Buren County, Iowa, and Farmington, Iowa, under its supervision and control.

2. Effective on the date of this Ordinance's approval, passage, and publication, qualified industrial real estate is eligible to receive a partial exemption from property taxation for a term not to exceed five years. Such exemption shall be a percentage 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.

3. The following definitions shall be used as a part of this Ordinance:

A. 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 existing buildings or structures which does not constitute complete replacement of existing buildings or structures 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 Farmington City Council upon the recommendation of the Iowa Industrial Development Commission.

B. NEW MACHINERY AND EQUIPMENT ASSESSED AS REAL ESTATE. For the purposes of this Ordinance, the definition new machinery and equipment assessed as real estate shall be taken to include all of those items of personal property contained within the provisions of Section 427A, subsection 1 of the 1985 Code of Iowa, as amended, said definitions shall be included herein by reference as if fully set forth; provided, however, no machinery or equipment will qualify for the credit granted in this Ordinance is said new machinery is part of the normal replacement or operation process to maintain or expand the existing operational status of any industry.

C. ACTUAL VALUE ADDED. Actual value added as used in this Ordinance means the actual value 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 County Assessor as of January first of each year for which the exemption is received.

4. The granting of the exemption under this Ordinance for new construction constituting complete replacement of any 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.

5. The amount of actual value added to industrial real estate which is eligible for exemption from taxation shall be as follows:

A. For the first year, seventy-five percent.

B. For the second year, sixty percent.

C. For the third year, forty-five percent.

D. For the fourth year, thirty percent.

E. For the fifth year, fifteen percent.

6. 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 first 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.

7. A person may submit a 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 county. The prior approval shall be subject to the hearing requirements of section 427B.1 of the 1985 Code of Iowa, as amended. 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 Farmington City Council to approve or reject.

8. 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.

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

Dated this 9th day of February, 1987.

Elmer Huff, Mayor
Karen Faulkner, City Clerk

First Reading: January 12, 1987
Second Reading: Moved to be dispensed with on February 9, 1987
Third Reading: February 9, 1987
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