



REPUBLICAN CAUCUS STAFF  
HOUSE OF REPRESENTATIVES  
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## HOUSE REPUBLICAN STAFF ANALYSIS

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Bill: House File 673 (Formerly HSB 214)  
Committee: Ways And Means  
Date: July 31, 2011  
Staff: Dustin Blythe (1-3452)  
Members: Representative Byrnes, Representative Kaufmann and Representative Paustian

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### Assessment of Telecommunications Property

House File 673 - relates to the manner in which telecommunications company property is taxed.

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### Summary of Action

Passed House Ways and Means 20-5  
Strike after amendment filed and adopted  
Passed the House 66-28  
Died in the Senate

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### Section by Section Analysis

#### Section 1

Defines that property assessed before January 1, 1996 – that the department of revenue use chapter 433 to determine those assessments.

#### Section 2

Directs the director of revenue before October 31 each year, to find the actual value of the property of these companies in this state, taking into consideration the information obtained from the statements required. The assessment shall include all property of every kind and character whatsoever, real, personal, or mixed, used by the companies in the transaction of telegraph and telephone business.

#### Section 3

For company property that was first assessed for taxation in this state on or after January 1, 1996 uses a sliding scale for assessment years beginning January 1, 2014 – January 1, 2018 in which at that time all property would be assessed in the same manner as all other property assessed as commercial property.

#### Section 4

Company property that was first assessed for taxation on or after January 1, 1996, shall not be assessed and taxed as real property to the extent it consists of cable, wire, conduit, vaults, switches, other equipment or fixtures used for electronic transmission, routing of voice, data, audio or video.

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## **Amendment Analysis**

### **H-2650 (Sands)**

#### **Section 1**

Strikes everything after the enacting clause and inserts, Section 427.A.1, subsection 1, (h) is amended and characterizes certain property as real. Currently property tax is paid on switches, computers and telephone lines.

#### **Section 2**

The director of the department of revenue shall on or before October 31 each year, to find the actual value of the property of these companies in this state (which are not local exchange carriers.) Taking into consideration the information obtained from the statements required, and any further information the director can obtain.

For company property that was first assessed for taxation before January 1, 1996, the director of revenue shall take into consideration the valuation of all property described in section 1.

For assessment years beginning on or after January 1, 2012, but before January 1, 2018, the value of such property for each company should be assessed in the same manner as commercial property.

Each company's base value shall be the total assessed value of such company property pursuant to section 433.4 for the assessment year beginning January 1, 2011.

Phases the property tax reduction over seven years. On January 1, 2018, such property shall be assessed by the director of revenue in the same manner as all other property assessed as commercial property by the local assessor.

#### **Section 3**

Since we're running these bills separately, clarifies that his bill would not affect "qualifying local exchange carriers" and they would be taxed as they are presently, until HF 653 is passed.

#### **Section 4**

Strikes the unnumbered paragraph in section 476.1D (10)

#### **Section 5**

Effective Date – except has provided in subsection 2, this bill takes effect July 1, 2011.

The section of this act amending section 476.1D takes effect July 1, 2017.

#### **Section 6**

Applicability – except as provided in subsection 2, this bill applies to assessment years on or after January 1, 2012.

The section of this act amending section 476.1D applies to assessment years beginning on or after January 1, 2018.

Changes the title" An act relating to the assessment of telecommunications company property for purposes of property taxation, and including effective date and applicability provisions."

Amendment was adopted on the floor by voice vote.