

## CHAPTER 166

## SPECULATIVE SHELL BUILDINGS

166.01 Intent  
166.02 Definitions  
166.03 Eligibility for Tax Exemption

166.04 Application for Tax Exemption  
166.05 Duration

**166.01 INTENT.** It is the intent of this chapter to provide financial incentives for the development of speculative shell buildings by community development organizations, not-for-profit cooperative associations under Chapter 499 of the Code of Iowa, or for-profit entities to attract manufacturing, processing, and warehouse employers to the City of Marion.

**166.02 DEFINITIONS.** For purposes of this chapter, the following definitions apply:

1. “Community development organization” means an organization, which meets the membership requirements contained herein, formed within a city or county or multi-community group for one or more of the following purposes:
  - A. To promote, stimulate, develop, and advance the business prosperity and economic welfare of the community, area, or region and its citizens.
  - B. To encourage and assist the location of new business and industry.
  - C. To rehabilitate and assist existing business and industry.
  - D. To stimulate and assist in the expansion of business activity.

For purposes of this definition, a community development organization must have at least fifteen (15) members with representation from the following: a representative from government at the level or levels corresponding to the community development organization’s area of operation; a representative from a private sector lending institution; a representative of a community organization in the area; a representative of business in the area; and a representative of private citizens in the community, area, or region.

2. “New construction” means new buildings or structures and includes new buildings or structures, which are constructed as additions to existing buildings or structures. New construction also includes reconstruction or renovation of an existing building or structure which constitutes complete replacement of an existing building or structure or refitting of an existing building or structure, if the reconstruction or renovation of the existing building or structure is required due to economic obsolescence, if the reconstruction or renovation is necessary to implement recognized industry standards for the manufacturing or processing of products, and the reconstruction or renovation is required in order to competitively

manufacture or process products or for community development organizations, not-for-profit cooperative associations under Chapter 499 of the Code of Iowa, or for-profit entities to market a building or structure as a speculative shell building, which determination must receive prior approval from the City Council.

3. “Speculative shell building” means a building or structure owned and constructed or reconstructed by a community development organization, a not-for-profit cooperative association under Chapter 499 of the Code of Iowa, or for-profit entity without a tenant or buyer for the purpose of attracting an employer or user which will complete the building to the employer's or user's specification for manufacturing, processing, or warehousing the employer's or user's product line. Speculative shell buildings do not include properties developed for or marketed as service-oriented businesses such as, but not limited to, commercial office or retail space.

**166.03 ELIGIBILITY FOR TAX EXEMPTION.** An exemption from property taxation is hereby allowed for the new construction of shell buildings by community development organizations, not-for-profit cooperative associations under Chapter 499 of the Code of Iowa, or for-profit entities for speculative purposes or the portion of the value added by buildings being reconstructed or renovated by community development organizations, not-for-profit cooperative associations under Chapter 499 of the Code of Iowa, or for-profit entities in order to become speculative shell buildings. This exemption shall apply only (1) for properties that are currently served with public water and sewer and for which no road improvements are needed; or (2) for properties for which the developer will assume all responsibilities for such public improvements. An exemption shall not be granted a speculative shell building of a not-for-profit cooperative association under Chapter 499 of the Code of Iowa or a for-profit entity, if the building is used by the cooperative association or for-profit entity, or a subsidiary or majority owners thereof for other than as a speculative shell building. Eligibility for an exemption as a speculative shell building shall be determined as of January 1 of the assessment year.

**166.04 APPLICATION FOR TAX EXEMPTION** 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 Linn County Assessor's Office 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 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.

**166.05 DURATION** The tax exemption or partial tax exemption shall be effective for the assessment year in which the building is first assessed for property taxation or the assessment year in which the reconstruction or renovation first adds value and all subsequent years until the property is leased or sold or until the exemption is terminated

by ordinance of the City Council. If the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold shall not be entitled to an exemption under this subsection for subsequent years. Upon the sale of the shell building, the shell building shall be considered new construction for purposes of Section 427B.1 of the Code of Iowa if used for purposes set forth in Section 427B.1.

*(Ord. 04-02 – May. 04 Supp.)*