
BUDGET UNIT BRIEF – FY 2025

Fiscal Services Division

July 1, 2024



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Business Property Tax Credit

Background

One of the components of Senate File 295 (Property Tax Changes and Income Tax Credit Act of 2013) was a new property tax credit available to owners of property classified as commercial, industrial, or railroad. The new Business Property Tax Credit is designed to reduce the property taxes owed on business property, with the reduction limited to a specified maximum amount of taxed value. The function of the new credit is to reduce taxes on the specified amount of value to a rate similar to residential property. Each year, the Department of Revenue calculates the specified amount of value based on the number, value, and tax rate of all qualifying properties, along with the applicable residential rollback and the amount of State funding available that year for the tax credit.

Funding

The amount of State funding is established as a standing appropriation equal to \$50.0 million for FY 2015, \$100.0 million for FY 2016, and \$125.0 million for FY 2017 and after. The appropriation is used to reimburse each local government for the property tax revenue associated with the Business Property Tax Credit claims impacting that local government.

Related Statutes and Administrative Rules

Iowa Code section [426C.2](#)

Iowa Administrative Code [701—80](#)

Budget Unit Number

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More Information

Iowa Department of Revenue: www.tax.iowa.gov

Property Tax Changes Act of 2013: www.legis.iowa.gov/legislation/BillBook?ga=85&ba=sf295

LSA Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov