

Rep's Memo

FILED JAN 15 1980

SENATE FILE 2049

By BISENIUS

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act limiting the amount of property taxes that can be raised
2 annually to one percent of the actual value of the real
3 property.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred forty-four point seven
2 (444.7), Code 1979, is amended to read as follows:

3 444.7 EXCESSIVE TAX PROHIBITED.

4 1. It is ~~hereby-made~~ a simple misdemeanor for the board
5 of supervisors to authorize, or the county auditor to carry
6 upon the tax lists for any year, an amount of tax for any
7 public purpose in excess of the amount certified or authorized
8 as provided by law. The state comptroller shall prescribe
9 and furnish the county auditors forms and instructions to
10 aid them in determining the legality and authorized amount
11 of tax levies. In the case of an excessive levy, ~~it shall~~
12 ~~be the duty of~~ the county auditor ~~to~~ shall reduce it to the
13 maximum amount authorized by law, and in any event not in
14 excess of the amount certified; and in case of an illegal
15 levy the county auditor shall not enter or carry any tax on
16 the tax lists for such levy.

17 2. The maximum amount of real property tax on a parcel
18 of real property that shall be raised annually by the
19 consolidated levy shall not exceed one percent of the actual
20 value of that real property. If the consolidated levy would
21 raise an amount of real property tax in excess of one percent
22 of the actual value of a parcel of real property, the county
23 auditor shall lower the consolidated levy by an amount so
24 that the property tax raised equals one percent of the actual
25 value of the real property. Each district within the county
26 shall receive its proportionate amount of the real property
27 tax raised based upon the ratio of its levy to the consolidated
28 levy before adjustment. For purposes of this subsection,
29 the actual value of the real property is the actual value
30 used in determining the assessed value upon which the
31 consolidated levy is to be imposed. In determining if the
32 consolidated levy would raise an amount of real property tax
33 in excess of one percent of the actual value of a parcel of
34 real property in a county which contains a special charter
35 city which levies and collects its own taxes, the rate of

1 levy of that special charter city shall be added to the
2 consolidated levy. If such a county must reduce its
3 consolidated levy, the special charter city shall also reduce
4 its levy by the same percent.

5 3. The limitation provided in subsection two (2) of this
6 section shall not include the amount of real property taxes
7 raised by a special assessment or other levy to pay the
8 principal and interest on indebtedness approved by the voters.

9 Sec. 2. This Act is effective January first after enactment
10 for taxes levied and collected for fiscal years beginning
11 after the effective date.

12 EXPLANATION

13 The bill prohibits for fiscal years beginning after the
14 effective date the levying of property taxes on real property
15 which would result in the property taxes to be collected on
16 the real property exceeding one percent of the actual value.
17 If the consolidated levy would result in more than one percent
18 of the actual value being collected, the county must lower
19 the consolidated levy so that only one percent is collected.
20 However, a levy to pay special assessment bonds or general
21 obligation bonds approved by the voters is excluded from the
22 limitation. The bill is effective January first following
23 enactment for fiscal years beginning after the effective date.

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SENATE FILE 2049
FISCAL NOTE

DATE: February 15, 1980
REQUESTED BY: SENATOR BIENIUS

In compliance with a written request received January 15, 1980, there is hereby submitted a Fiscal Note for Senate File 2049 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Senate File 2049 limits the amount of property taxes to be collected each year from real property to 1 percent of the actual value.

This legislation would have both state and local effects. S.F. 2049 would severely reduce local property tax revenues. For example, in 1977 (the last year that all property was valued at 100 percent market value) property tax revenues under S.F. 2049 would have been \$470 million dollars, while current collections are \$1,114 million, a 59 percent reduction. Also, enactment of S.F. 2047 would greatly increase state school aid. The exact school aid impact is not known.

Source: Dept. of Revenue
Received by Secretary of the Senate Feb. 18, 1980

FILED:
FEBRUARY 20, 1980

BY GERRY RANKIN, DIRECTOR
Legislative Fiscal Bureau