

257.3 Foundation property tax.

1. Amount of tax.

a. Except as provided in [subsections 2 and 3](#), a school district shall cause to be levied each year, for the school general fund, a foundation property tax equal to five dollars and forty cents per thousand dollars of assessed valuation on all taxable property in the district. The county auditor shall spread the foundation levy over all taxable property in the district.

b. The amount paid to each school district for the tax replacement claim for industrial machinery, equipment, and computers under [section 427B.19A](#) shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under [section 427B.19, subsection 3](#), paragraph “a”, as adjusted by [section 427B.19, subsection 3](#), paragraph “d”, if any adjustment was made.

c. Replacement taxes under [chapter 437A](#) or [chapter 437B](#) shall be regarded as property taxes for purposes of [this chapter](#).

d. The amount paid to each school district under [section 441.21, subsection 5](#), paragraph “e”, shall be regarded as property tax. The portion of the payment which is foundation property tax shall be determined by applying the foundation property tax rate to the amount computed under [section 441.21, subsection 5](#), paragraph “e”, subparagraph (4), subparagraph division (a), and such amount shall be prorated pursuant to [section 441.21, subsection 5](#), paragraph “e”, subparagraph (2), if applicable.

2. Tax for reorganized and dissolved districts.

a. Notwithstanding [subsection 1](#), a reorganized school district shall cause a foundation property tax of four dollars and forty cents per thousand dollars of assessed valuation to be levied on all taxable property which, in the year preceding a reorganization, was within a school district affected by the reorganization as defined in [section 275.1](#), or in the year preceding a dissolution was a part of a school district that dissolved if the dissolution proposal has been approved by the director of the department of education pursuant to [section 275.55](#).

b. In succeeding school years, the foundation property tax levy on that portion shall be increased to the rate of four dollars and ninety cents per thousand dollars of assessed valuation the first succeeding year, five dollars and fifteen cents per thousand dollars of assessed valuation the second succeeding year, and five dollars and forty cents per thousand dollars of assessed valuation the third succeeding year and each year thereafter.

c. The foundation property tax levy reduction pursuant to [this subsection](#) shall be available if either of the following apply:

(1) In the year preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved had a certified enrollment of fewer than six hundred pupils.

(2) In the year preceding the reorganization or dissolution, the school district affected by the reorganization or the school district that dissolved had a certified enrollment of six hundred pupils or greater, and entered into a reorganization or dissolution with one or more school districts with a certified enrollment of fewer than six hundred pupils. The amount of foundation property tax reduction received by a school district qualifying for the reduction pursuant to this subparagraph shall not exceed the highest reduction amount provided in paragraphs “a” and “b” received by any of the school districts with a certified enrollment of fewer than six hundred pupils involved in the reorganization pursuant to subparagraph (1) of this paragraph “c”.

d. For purposes of [this section](#), a reorganized school district is one which absorbs at least thirty percent of the enrollment of the school district affected by a reorganization or dissolved during a dissolution and in which action to bring about a reorganization or dissolution is initiated by a vote of the board of directors or jointly by the affected boards of directors to take effect on or after July 1, 2007, and on or before July 1, 2024. Each district which initiated, by a vote of the board of directors or jointly by the affected boards, action to bring about a reorganization or dissolution to take effect on or after July 1, 2007, and on or before July 1, 2024, shall certify the date and the nature of the action taken to the department of education by January 1 of the year in which the reorganization or dissolution takes effect.

3. *Railway corporations.* For purposes of [section 257.1](#), the “*amount per pupil of foundation property tax*” does not include the tax levied under [subsection 1 or 2](#) on the property of a railway corporation, or on its trustee if the corporation has been declared bankrupt or is in bankruptcy proceedings.

[89 Acts, ch 135, §3](#); [91 Acts, ch 178, §1](#); [93 Acts, ch 180, §92 – 95](#); [95 Acts, ch 206, §34](#); [98 Acts, ch 1194, §27, 40](#); [2001 Acts, ch 126, §1 – 3](#); [2003 Acts, ch 180, §10, 71](#); [2007 Acts, ch 130, §1](#); [2010 Acts, ch 1061, §180](#); [2013 Acts, ch 94, §1, 35, 36](#); [2013 Acts, ch 123, §14, 22, 23](#); [2014 Acts, ch 1017, §1](#); [2019 Acts, ch 101, §1](#); [2021 Acts, ch 177, §122, 123](#); [2023 Acts, ch 66, §47](#); [2023 Acts, ch 115, §63, 64](#)

Referred to in [§275.55](#)

Subsection 1, paragraph b amended

Subsection 1, NEW paragraph d