

H-8374

1 Amend House File 2745 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 PROPERTY TAX REVENUE LIMITATIONS — BOND REVENUE USE
6 LIMITATIONS — GENERAL FUND RESERVES

7 Section 1. Section 11.11, Code 2026, is amended to read as
8 follows:

9 **11.11 Scope of audits.**

10 The written report of the audit of a governmental
11 subdivision shall include the auditor's opinion as to whether a
12 governmental subdivision's financial statements are presented
13 fairly in all material respects in conformity with generally
14 accepted accounting principles or with ~~an other~~ another
15 comprehensive basis of accounting. As a part of conducting an
16 audit of a governmental subdivision, an evaluation of internal
17 control and tests for compliance with laws and regulations
18 shall be performed. As part of conducting an audit of a
19 governmental subdivision, an examination of the governmental
20 subdivision's compliance with the reporting requirements of
21 section 331.403, subsection 3, or **section 384.22, subsection 2,**
22 if applicable, shall be performed. As part of conducting an
23 audit of a governmental subdivision for fiscal years beginning
24 on or after July 1, 2027, an examination of the governmental
25 subdivision's compliance with section 24.35 shall be performed,
26 including verification of the circumstances resulting in actual
27 reserve funds exceeding the specified limits.

28 Sec. 2. Section 24.34, Code 2026, is amended to read as
29 follows:

30 **24.34 Unliquidated obligations.**

31 A city, county, or other political subdivision governmental
32 entity, as defined in section 24.35, may establish an
33 encumbrance system for any obligation not liquidated at the
34 close of the fiscal year in which the obligation has been
35 encumbered assigned, committed, restricted, or specified as

1 nonspendable. The encumbered obligations may be retained
2 upon the books of the ~~city, county, or other political~~
3 ~~subdivision~~ governmental entity, as defined in section 24.35,
4 until liquidated, all in accordance with generally accepted
5 ~~governmental accounting practices~~ principles, as established by
6 the governmental accounting standards board.

7 Sec. 3. NEW SECTION. 24.35 General fund reserves —
8 limitations.

9 1. For purposes of this section:

10 a. "*Budget year*" is the fiscal year beginning during the
11 calendar year in which a budget is certified.

12 b. "*Current fiscal year*" is the fiscal year ending during
13 the calendar year in which a budget for the budget year is
14 certified.

15 c. "*General fund*" means a governmental entity's fund
16 designated as such by law or the governmental entity's fund
17 from which primary general operations of the governmental
18 entity are funded.

19 d. "*Governmental entity*" means any unit of government
20 or other public body or public corporation, including any
21 intergovernmental entity, that has the power to impose or
22 certify a property tax levy. "*Governmental entity*" does not
23 include a school district.

24 e. "*Unassigned*" means funds that are not restricted,
25 committed, assigned, or nonspendable within the meaning of
26 generally accepted accounting principles, as established by the
27 governmental accounting standards board.

28 2. a. For budgets certified for budget years beginning
29 on or after July 1, 2027, proposed unassigned reserve funds
30 identified within a governmental entity's general fund shall
31 not exceed an amount equal to thirty-five percent of the
32 budgeted expenditures from the governmental entity's general
33 fund for the current fiscal year prior to budgeted transfers
34 from such general fund.

35 b. If the governmental entity's budget does not comply with

1 the requirements of paragraph "a", the department of management
2 shall not certify the governmental entity's taxes back to the
3 county auditor under section 24.17 and the governmental entity
4 shall remedy the violation and recertify the budget.

5 3. Each governmental entity shall establish an obligated
6 funds account within the governmental entity's general fund.
7 Restricted, committed, assigned, or nonspendable funds within
8 the meaning of generally accepted accounting principles, as
9 established by the governmental accounting standards board,
10 shall be deposited in and accounted for in the obligated funds
11 account, including but not limited to such funds that are
12 in the governmental entity's general fund for the purchase,
13 lease-purchase, or major refurbishment of law enforcement,
14 public safety, and public works vehicles and equipment and for
15 vertical infrastructure and horizontal infrastructure projects.

16 4. To ensure uniformity, accuracy, and efficiency in the
17 certification of governmental entity budgets according to the
18 requirements of this section, the department of management
19 shall prescribe the procedures to be used and instruct the
20 appropriate officials of the various governmental entities on
21 implementation of the procedures.

22 Sec. 4. Section 24.48, Code 2026, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 6. The authority to suspend property tax
25 levy limitations under this section shall not apply to the
26 limitations of section 444.25.

27 Sec. 5. Section 176A.8, subsection 13, Code 2026, is amended
28 by striking the subsection.

29 Sec. 6. NEW SECTION. **444.25 Maximum property tax levy**
30 **dollars.**

31 1. For purposes of this section, unless the context
32 otherwise requires:

33 a. "Budget year" is the fiscal year beginning during the
34 calendar year in which a budget is certified.

35 b. "Current fiscal year" is the fiscal year ending during

1 the calendar year in which a budget for the budget year is
2 certified.

3 *c. "Governmental entity"* means any unit of government
4 or other public body or public corporation, including any
5 intergovernmental entity or special purpose district, that
6 has the power to impose or certify a property tax levy.

7 *"Governmental entity"* does not include a school district.

8 *d. "New valuation"* means the increase from the current
9 fiscal year to the budget year in taxable valuation, as shown
10 on the assessment roll due to the following, the amount of each
11 as reported under section 331.510 by the county auditor to the
12 department of management:

13 (1) New construction.

14 (2) Additions or improvements to existing structures that
15 are not normal and necessary repairs under section 441.21,
16 subsection 8.

17 (3) Net boundary adjustments, including annexation,
18 severance, incorporation, consolidation, or discontinuance as
19 those terms are defined in section 368.1.

20 (4) Valuation exempt from property tax for the current
21 fiscal year as the result of prior new construction, additions,
22 or improvements under section 15.332, Code 2025, section
23 15.500, chapter 404, or chapter 427B, subchapter I, but which
24 is not exempt from property tax in the budget year.

25 *e. "Property tax levy"* means each ad valorem property tax
26 authorized by law to be imposed by a governmental entity, but
27 excluding any levy the revenue from which is specified by law
28 for debt service or required to be used exclusively for the
29 repayment of bonds or other indebtedness.

30 2. *a.* For the budget year beginning July 1, 2027, and
31 each budget year thereafter, the maximum aggregate amount of
32 property tax dollars that may be certified for levy among all
33 property tax levies imposed by a governmental entity against
34 property that is not new valuation shall not exceed an amount
35 equal to the sum of one hundred two percent of the aggregate

1 amount of property tax dollars certified for levy by the
2 governmental entity among all property tax levies imposed by
3 the governmental entity for the current fiscal year.

4 *b.* If the budget year includes a voter-approved property tax
5 levy, or an increased rate thereof, that was not approved for
6 imposition in the current fiscal year, the maximum aggregate
7 amount of property tax dollars for the governmental entity
8 under paragraph "a" for the budget year shall be increased
9 by the amount of the voter-approved property tax levy or
10 the voter-approved rate increase, as applicable, approved
11 at election for the budget year. If the current fiscal
12 year includes a voter-approved property tax levy that is not
13 approved for imposition in the budget year, or a decreased rate
14 thereof, the maximum aggregate amount of property tax dollars
15 for the governmental entity under paragraph "a" for the budget
16 year shall be reduced by the amount of the voter-approved
17 property tax levy or voter-approved rate decrease, as
18 applicable, for the current fiscal year.

19 *c.* The amount of property tax dollars calculated under this
20 section includes those amounts budgeted by the governmental
21 entity as replacement taxes under chapter 437A or 437B, if
22 applicable.

23 3. For purposes of this section, if the governmental
24 entity's taxes for a property tax levy were not certified
25 back by the department of management under section 24.17 for
26 the current fiscal year due to an act or omission of the
27 governmental entity, the current fiscal year's property tax
28 dollars certified for levy for that property tax levy shall
29 be equal to the amount certified for levy for the fiscal year
30 immediately preceding the current fiscal year.

31 4. If a governmental entity certifies a budget that violates
32 this section, the department of management shall reduce each of
33 the applicable governmental entity's property tax levies on a
34 pro rata basis so that the governmental entity is in compliance
35 with this section.

1 5. This section shall not be construed as removing or
2 otherwise affecting property tax limitations, including levy
3 rate limitations expressed as a specific amount of money due
4 per an amount of value and use limitations, otherwise provided
5 by law for any property tax levy of the governmental entity.

6 Sec. 7. NEW SECTION. **444.26 Use of bonds and indebtedness**
7 **for general operations — prohibition.**

8 1. For purposes of this section:

9 a. "*General operations*" means services or activities
10 generally funded from the governmental entity's general fund,
11 which are necessary for the operation of the governmental
12 entity, including salaries and benefits, or which are for the
13 health and welfare of the governmental entity's citizens or
14 primarily intended to benefit all residents of the governmental
15 entity, but excluding direct and indirect capital expenditures
16 properly allocable under the Internal Revenue Code, as defined
17 in section 422.3, if the governmental entity were a taxpayer,
18 capital leases, and services financed by statutory funds other
19 than a debt service fund.

20 b. "*Governmental entity*" means any unit of government
21 or other public body or public corporation, including any
22 intergovernmental entity, that has the power to impose or
23 certify a property tax levy.

24 2. On or after July 1, 2026, the governing body of a
25 governmental entity shall not issue bonds or other indebtedness
26 payable from an ad valorem property tax levy for the purpose of
27 funding the general operations of the governmental entity or
28 otherwise use proceeds from the sale of bonds or issuance of
29 other indebtedness to fund general operations.

30 3. The department of management, following consultation
31 with the city finance committee and the county finance
32 committee, may adopt rules under chapter 17A for governmental
33 entities to implement this section.

34

DIVISION II

35 COMMERCIAL AND INDUSTRIAL PROPERTY — TAXPAYER RELIEF FUND

1 APPROPRIATION

2 Sec. 8. Section 8.57E, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 1A. For each fiscal year beginning on or
5 after July 1, 2027, there is appropriated from the general fund
6 of the state to the taxpayer relief fund the sum of one hundred
7 twenty-five million dollars.

8 Sec. 9. Section 441.21, subsection 5, paragraph e,
9 subparagraphs (1), (2), and (3), Code 2026, are amended to read
10 as follows:

11 ~~(1) For the fiscal year beginning July 1, 2023, there~~
12 ~~is appropriated from the general fund of the state to the~~
13 ~~department of revenue the sum of one hundred twenty-two million~~
14 ~~three hundred fifty thousand dollars to be used for payments~~
15 ~~under this paragraph calculated as a result of the assessment~~
16 ~~limitations imposed under paragraph "b", subparagraph (2),~~
17 ~~subparagraph division (a), and paragraph "c", subparagraph (2),~~
18 ~~subparagraph division (a). For each fiscal year beginning~~
19 ~~on or after July 1, 2024, but before July 1, 2027, there~~
20 ~~is appropriated from the general fund of the state to the~~
21 ~~department of revenue the sum of one hundred twenty-five~~
22 ~~million dollars to be used for payments under this paragraph~~
23 ~~calculated as a result of the assessment limitations imposed~~
24 ~~under paragraph "b", subparagraph (2), subparagraph division~~
25 ~~(a), and paragraph "c", subparagraph (2), subparagraph division~~
26 ~~(a).~~

27 (2) For fiscal years beginning on or after July 1, 2023, but
28 before July 1, 2027, each county treasurer shall be paid by the
29 department of revenue an amount calculated under subparagraph
30 (4) for the applicable fiscal year. If an amount appropriated
31 for the fiscal year is insufficient to make all payments as
32 calculated under subparagraph (4), the director of revenue
33 shall prorate the payments to the county treasurers and shall
34 notify the county auditors of the pro rata percentage on or
35 before September 30.

1 (3) On or before July 1 of each applicable fiscal year, the
2 assessor shall report to the county auditor that portion of the
3 total actual value of all commercial property and industrial
4 property in the county that is subject to the assessment
5 limitations imposed under paragraph "b", subparagraph (2),
6 subparagraph division (a), and paragraph "c", subparagraph (2),
7 subparagraph division (a), for the assessment year used to
8 calculate the taxes due and payable in that fiscal year.

9 Sec. 10. Section 441.21, subsection 5, paragraph e,
10 subparagraph (4), unnumbered paragraph 1, Code 2026, is amended
11 to read as follows:

12 On or before September 1 of each applicable fiscal year, the
13 county auditor shall prepare a statement, based on the report
14 received in subparagraph (3) and information transmitted to
15 the county auditor under chapter 434, listing for each taxing
16 district in the county:

17 DIVISION III
18 SCHOOL TAXES

19 Sec. 11. Section 257.3, subsection 1, paragraph a, Code
20 2026, is amended to read as follows:

21 a. (1) Except as provided in subsections 2 and 3, a school
22 district shall cause to be levied each budget year beginning
23 before July 1, 2027, for the school general fund, a foundation
24 property tax equal to five dollars and forty cents per thousand
25 dollars of assessed valuation on all taxable property in the
26 district. The county auditor shall spread the foundation levy
27 over all taxable property in the district.

28 (2) Except as provided in subsections 2 and 3, a school
29 district shall cause to be levied for the budget year beginning
30 July 1, 2027, and each succeeding budget year, for the school
31 general fund, a foundation property tax equal to four dollars
32 and ninety cents per thousand dollars of assessed valuation
33 on all taxable property in the district. The county auditor
34 shall spread the foundation levy over all taxable property in
35 the district.

1 Sec. 12. Section 257.3, subsection 2, paragraphs a and b,
2 Code 2026, are amended to read as follows:

3 a. Notwithstanding subsection 1, a reorganized school
4 district for which the reorganization takes effect on or after
5 July 1, 2027, shall cause a foundation property tax of ~~four~~
6 three dollars and ~~forty~~ ninety cents per thousand dollars of
7 assessed valuation to be levied on all taxable property which,
8 in the year preceding a reorganization, was within a school
9 district affected by the reorganization as defined in section
10 275.1, or in the year preceding a dissolution was a part of a
11 school district that dissolved if the dissolution proposal has
12 been approved by the director of the department of education
13 pursuant to section 275.55.

14 b. ~~In~~ For a reorganized school district for which the
15 reorganization took effect on or after July 1, 2027, in
16 succeeding school years, the foundation property tax levy on
17 that portion shall be increased to the rate of four dollars and
18 ~~ninety~~ forty cents per thousand dollars of assessed valuation
19 the first succeeding year, ~~five~~ four dollars and ~~fifteen~~
20 sixty-five cents per thousand dollars of assessed valuation the
21 second succeeding year, and ~~five~~ four dollars and ~~forty~~ ninety
22 cents per thousand dollars of assessed valuation the third
23 succeeding year and each year thereafter under subsection 1,
24 paragraph "a".

25 Sec. 13. Section 425A.3, subsection 1, Code 2026, is amended
26 to read as follows:

27 1. The family farm tax credit fund shall be apportioned
28 each year in the manner provided in [this chapter](#) so as to give
29 a credit against the tax on each eligible tract of agricultural
30 land within the several school districts of the state in which
31 the levy for the general school fund exceeds ~~five dollars and~~
32 ~~forty cents per thousand dollars of assessed value~~ the levy
33 rate under section 257.3, subsection 1, paragraph "a". The
34 amount of the credit on each eligible tract of agricultural
35 land shall be the amount the tax levied for the general school

1 fund exceeds the amount of tax which would be levied on each
2 eligible tract of agricultural land were the levy for the
3 general school fund ~~five dollars and forty cents per thousand~~
4 ~~dollars of assessed value~~ the levy rate under section 257.3,
5 subsection 1, paragraph "a", for the previous year. However,
6 in the case of a deficiency in the family farm tax credit fund
7 to pay the credits in full, the credit on each eligible tract
8 of agricultural land in the state shall be proportionate and
9 applied as provided in [this chapter](#).

10 Sec. 14. Section 425A.5, Code 2026, is amended to read as
11 follows:

12 **425A.5 Computation by county auditor.**

13 The family farm tax credit allowed each year shall be
14 computed as follows: On or before April 1, the county auditor
15 shall list by school districts all tracts of agricultural
16 land which are entitled to credit, the taxable value for the
17 previous year, the budget from each school district for the
18 previous year, and the tax rate determined for the general
19 fund of the school district in the manner prescribed in
20 section 444.3 for the previous year, and if the tax rate is in
21 excess of ~~five dollars and forty cents per thousand~~ ~~dollars of~~
22 ~~assessed value~~ the levy rate under section 257.3, subsection
23 1, paragraph "a", the auditor shall multiply the tax levy which
24 is in excess of ~~five dollars and forty cents per thousand~~
25 ~~dollars of assessed value~~ the levy rate under section 257.3,
26 subsection 1, paragraph "a", by the total taxable value of the
27 agricultural land entitled to credit in the school district,
28 and on or before April 1, certify the total amount of credit
29 and the total number of acres entitled to the credit to the
30 department of revenue.

31 Sec. 15. Section 426.3, Code 2026, is amended to read as
32 follows:

33 **426.3 Where credit given.**

34 The agricultural land credit fund shall be apportioned each
35 year in the manner hereinafter provided so as to give a credit

1 against the tax on each tract of agricultural lands within the
2 several school districts of the state in which the levy for
3 the general school fund exceeds ~~five dollars and forty cents~~
4 ~~per thousand dollars of assessed value~~ the levy rate under
5 section 257.3, subsection 1, paragraph "a"; the amount of such
6 credit on each tract of such lands shall be the amount the tax
7 levied for the general school fund exceeds the amount of tax
8 which would be levied on said tract of such lands were the
9 levy for the general school fund ~~five dollars and forty cents~~
10 ~~per thousand dollars of assessed value~~ the levy rate under
11 section 257.3, subsection 1, paragraph "a", for the previous
12 year, except in the case of a deficiency in the agricultural
13 land credit fund to pay said credits in full, in which case the
14 credit on each eligible tract of such lands in the state shall
15 be proportionate and shall be applied as hereinafter provided.

16 Sec. 16. Section 426.6, subsection 1, Code 2026, is amended
17 to read as follows:

18 1. The agricultural land tax credit allowed each year
19 shall be computed as follows: On or before April 1, the
20 county auditor shall list by school districts all tracts of
21 agricultural lands which are entitled to credit, together with
22 the taxable value for the previous year, together with the
23 budget from each school district for the previous year, and the
24 tax rate determined for the general fund of the district in
25 the manner prescribed in [section 444.3](#) for the previous year,
26 and if such tax rate is in excess of ~~five dollars and forty~~
27 ~~cents per thousand dollars of assessed value~~ the levy rate
28 under section 257.3, subsection 1, paragraph "a", the auditor
29 shall multiply the tax levy which is in excess of ~~five dollars~~
30 ~~and forty cents per thousand dollars of assessed value~~ the
31 levy rate under section 257.3, subsection 1, paragraph "a", by
32 the total taxable value of the agricultural lands entitled to
33 credit in the district, and on or before April 1, certify the
34 amount to the department of revenue.

35 Sec. 17. ADJUSTMENT OF CALCULATIONS. For property tax

1 credits under chapters 425A and 426 for property taxes due and
2 payable in the fiscal year beginning July 1, 2027, the tax rate
3 determined for the general fund of the school district in the
4 manner prescribed in section 444.3 for the previous year shall
5 be determined using the appropriate property tax levy rate
6 under section 257.3, as amended in this division of this Act.

7 Sec. 18. APPLICABILITY. This division of this Act applies
8 to fiscal years and school budget years beginning on or after
9 July 1, 2027.

10 DIVISION IV

11 SECURE AN ADVANCED VISION FOR EDUCATION FUND — EQUITY TRANSFER
12 PERCENTAGE — FUTURE REPEAL

13 Sec. 19. Section 423.2, subsection 12, Code 2026, is amended
14 to read as follows:

15 12. The sales tax rate of six percent is reduced to five
16 percent on January 1, ~~2051~~ 2071.

17 Sec. 20. Section 423.2A, subsection 2, paragraph c, Code
18 2026, is amended to read as follows:

19 c. Transfer one-sixth of the remaining revenues to the
20 secure an advanced vision for education fund created in section
21 423F.2. This paragraph "c" is repealed January 1, ~~2051~~ 2071.

22 Sec. 21. Section 423.5, subsection 4, Code 2026, is amended
23 to read as follows:

24 4. The use tax rate of six percent is reduced to five
25 percent on January 1, ~~2051~~ 2071.

26 Sec. 22. Section 423.43, subsection 1, paragraph b, Code
27 2026, is amended to read as follows:

28 b. Subsequent to the deposit into the general fund of
29 the state and after the transfer of such revenues collected
30 under [chapter 423B](#), the department shall transfer one-sixth of
31 such remaining revenues to the secure an advanced vision for
32 education fund created in [section 423F.2](#). This paragraph is
33 repealed January 1, ~~2051~~ 2071.

34 Sec. 23. Section 423F.2, subsection 3, paragraph b,
35 subparagraph (2), subparagraph division (b), Code 2026, is

1 amended to read as follows:

2 (b) For each fiscal year beginning on or after July 1,
3 2020, but before July 1, 2026, the equity transfer percentage
4 is equal to the equity transfer percentage for the immediately
5 preceding fiscal year, unless the amount of moneys available
6 in the secure an advanced vision for education fund in the
7 immediately preceding fiscal year equals or exceeds one hundred
8 two percent of the amount of moneys available in the fund for
9 the fiscal year prior to the immediately preceding fiscal year,
10 in which case the equity transfer percentage shall be the
11 equity transfer percentage for the immediately preceding fiscal
12 year plus one percent subject to the limitation in subparagraph
13 division (c).

14 Sec. 24. Section 423F.2, subsection 3, paragraph b,
15 subparagraph (2), subparagraph division (c), Code 2026, is
16 amended by striking the subparagraph division and inserting in
17 lieu thereof the following:

18 (c) (i) For the fiscal year beginning July 1, 2026, the
19 equity transfer percentage is twelve and one-half percent.

20 (ii) For the fiscal year beginning July 1, 2027, the equity
21 transfer percentage is fifteen percent.

22 (iii) For the fiscal year beginning July 1, 2028, the equity
23 transfer percentage is seventeen and one-half percent.

24 (iv) For the fiscal year beginning July 1, 2029, the equity
25 transfer percentage is twenty-two and one-half percent.

26 (v) For the fiscal year beginning July 1, 2030, and each
27 fiscal year thereafter, the equity transfer percentage is
28 twenty-five percent.

29 Sec. 25. Section 423F.6, Code 2026, is amended to read as
30 follows:

31 **423F.6 Repeal.**

32 This chapter is repealed January 1, ~~2051~~ 2071.

33 Sec. 26. SCHOOL DISTRICT FUNDING RECONCILIATION.

34 For amounts allocated under section 423F.2 for fiscal
35 years beginning on or after July 1, 2026, the department of

1 management shall adjust or reconcile actual amounts to be
2 received by school districts in the fiscal year immediately
3 following the fiscal year during which the revenues were
4 collected.

5 DIVISION V

6 PROPERTY PARCEL INFORMATION

7 Sec. 27. Section 331.510, Code 2026, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 5. *a.* An annual report not later
10 than January 1 to the department of management containing
11 parcel-level property data, including parcel identification
12 information, location, size, valuation, classification, types
13 of structures and improvements, exemptions, credits, historical
14 amounts of property taxes due and payable, and whether the
15 parcel is subject to a division of revenue.

16 *b.* In addition to the information required under paragraph
17 "a", the department of management may require additional
18 parcel-level data deemed necessary by the director of the
19 department of management. The department shall prescribe the
20 form and manner of submitting the annual report under this
21 subsection.

22 *c.* The department of management shall establish and manage
23 a searchable internet-based dashboard that contains the
24 information collected under paragraphs "a" and "b", as well as
25 individual parcel information tax information provided as part
26 of the statements required under section 24.2A, subsection 2,
27 paragraph "b".

28 DIVISION VI

29 URBAN RENEWAL

30 Sec. 28. Section 15A.1, subsection 1, paragraph b, Code
31 2026, is amended to read as follows:

32 *b.* For purposes of [this chapter](#), "economic development"
33 means private or joint public and private investment involving
34 the creation of new jobs and income or the retention of
35 existing jobs and income that would otherwise be lost or the

1 provision of workforce housing.

2 Sec. 29. Section 15A.1, subsection 2, Code 2026, is amended
3 by adding the following new paragraph:

4 NEW PARAGRAPH. e. Development policies that advance the
5 development of workforce housing.

6 Sec. 30. Section 331.403, subsection 3, paragraph b,
7 subparagraph (19), Code 2026, is amended by striking the
8 subparagraph.

9 Sec. 31. Section 384.22, subsection 2, paragraph b,
10 subparagraph (19), Code 2026, is amended by striking the
11 subparagraph.

12 Sec. 32. Section 403.17, subsection 10, Code 2026, is
13 amended to read as follows:

14 10. "*Economic development area*" means an area of a
15 municipality designated by the local governing body as
16 appropriate for commercial and industrial enterprises, public
17 improvements related to housing and residential development,
18 or construction of housing and residential development for low
19 and moderate income families, including single or multifamily
20 housing. ~~If an urban renewal plan for an urban renewal area is
21 based upon a finding that the area is an economic development
22 area and that no part contains slum or blighted conditions,
23 then the division of revenue provided in [section 403.19](#) and
24 stated in the plan shall be limited to twenty years from
25 the calendar year following the calendar year in which the
26 municipality first certifies to the county auditor the amount
27 of any loans, advances, indebtedness, or bonds which qualify
28 for payment from the division of revenue provided in [section](#)
29 ~~403.19~~. Such designated area shall not include agricultural
30 land, including land which is part of a century farm, unless
31 the owner of the agricultural land or century farm agrees to
32 include the agricultural land or century farm in the urban
33 renewal area. For the purposes of [this subsection](#), "*century*
34 *farm*" means a farm in which at least forty acres of such farm
35 have been held in continuous ownership by the same family for~~

1 one hundred years or more.

2 Sec. 33. Section 403.17, subsection 14, Code 2026, is
3 amended to read as follows:

4 14. "~~Low or~~ and moderate income families" means those
5 families, including single person households, earning no
6 more than eighty percent of the higher of the median family
7 income of the county or the statewide nonmetropolitan area as
8 determined by the latest United States department of housing
9 and urban development, section 8 income guidelines.

10 Sec. 34. Section 403.17, Code 2026, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 14A. "Low and moderate income family
13 housing" means housing for low and moderate income families and
14 includes housing that meets the requirements of section 15.353.

15 Sec. 35. Section 403.19, subsection 2, paragraph a, Code
16 2026, is amended to read as follows:

17 a. That portion of the taxes each year in excess of such
18 amount shall be allocated to and when collected be paid into a
19 special fund of the municipality to pay the principal of and
20 interest on loans, moneys advanced to, or indebtedness, whether
21 funded, refunded, assumed, or otherwise, including bonds
22 issued under the authority of [section 403.9, subsection 1](#),
23 incurred by the municipality to finance or refinance, in whole
24 or in part, an urban renewal project within the area, and to
25 ~~provide assistance for~~ low and moderate income family housing
26 ~~as provided in~~ [section 403.22](#). However, except as provided
27 in paragraph "b", taxes for the regular and voter-approved
28 physical plant and equipment levy of a school district imposed
29 pursuant to [section 298.2](#); ~~and~~ taxes for the instructional
30 support program of a school district imposed pursuant to
31 [section 257.19](#); taxes for the payment of bonds and interest of
32 each taxing district; foundation property taxes of a school
33 district imposed under section 257.3 levied against property
34 located in an incorporated area and subject to an ordinance
35 providing for a division of revenue adopted on or after January

1 1, 2027; taxes for emergency medical services imposed pursuant
2 to chapter 357F, 357G, or 422D; and taxes imposed under section
3 346.27, subsection 22, related to joint county-city buildings
4 shall be collected against all taxable property within the
5 taxing district without limitation by the provisions of this
6 subsection.

7 Sec. 36. Section 403.19, subsection 2, Code 2026, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. e. For urban renewal areas for which an
10 ordinance providing for a division of revenue is not limited
11 in duration under section 403.17, subsection 10, after twenty
12 years following the effective date of this division of this
13 Act or after twenty years from the calendar year following
14 the calendar year in which the municipality first certifies
15 to the county auditor the amount of any loans, advances,
16 indebtedness, or bonds which qualify for payment from the
17 division of revenue, whichever is later, the amount determined
18 under paragraph "a" that may be paid into the municipality's
19 special fund shall not exceed sixty percent of the amount
20 otherwise determined under paragraph "a" but for this paragraph
21 and such excess amounts shall be allocated and paid to the
22 respective taxing districts in the same manner as amounts under
23 subsection 1. The municipality may exceed the limitation in
24 this paragraph to the extent necessary for payments of bonds
25 or other indebtedness incurred before the effective date of
26 this division of this Act, but in such event the municipality
27 shall not issue bonds or other indebtedness payable from such
28 division of revenue while exceeding the limitation. This
29 paragraph shall not apply to divisions of revenue established
30 by community colleges under chapter 260E or rural improvement
31 zones under chapter 357H.

32 Sec. 37. Section 403.19, Code 2026, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 3A. An ordinance providing for a division
35 of revenue under this section that is adopted on or after the

1 effective date of this division of this Act shall be limited
2 to twenty-three years from the calendar year following the
3 calendar year in which the municipality first certifies to the
4 county auditor the amount of any loans, advances, indebtedness,
5 or bonds that qualify for payment from the division of
6 revenue provided for in this section. The ordinance shall
7 terminate and be of no further force and effect following the
8 twenty-three-year period provided in this subsection. This
9 subsection shall not apply to divisions of revenue established
10 by community colleges under chapter 260E or rural improvement
11 zones under chapter 357H.

12 Sec. 38. Section 403.19, Code 2026, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 12. For any fiscal year beginning on
15 or after July 1, 2027, following written request filed with
16 the county auditor and the board of directors of the school
17 district, a school district may approve by resolution of the
18 board of directors the payment from the school district's
19 general fund to the municipality for deposit in the special
20 fund under this section all or a portion of the school district
21 foundation property taxes under section 257.3 levied against
22 property located in an incorporated area and subject to an
23 ordinance providing for a division of revenue adopted on or
24 after January 1, 2027, for one or more applicable fiscal years.
25 If approved, the board of directors shall file such resolution
26 with the county auditor. Payments approved under this
27 subsection are voluntary and a school district is not required
28 to pay over the revenue to the municipality unless approved
29 by resolution. Amounts paid by a school district under this
30 subsection shall continue to be considered foundation property
31 taxes levied under section 257.3 and such payment shall not
32 result in the adjustment of state foundation aid or other
33 amounts under chapter 257.

34 Sec. 39. REPEAL. Section 403.22, Code 2026, is repealed.

35 Sec. 40. EFFECTIVE DATE. This division of this Act, being

1 deemed of immediate importance, takes effect upon enactment.

2 Sec. 41. APPLICABILITY. The following applies to property
3 taxes due and payable in fiscal years beginning on or after
4 July 1, 2027:

5 The portion of the section of this division of this Act
6 excluding taxes for emergency medical services imposed pursuant
7 to chapter 357F, 357G, or 422D from divisions of revenue by
8 amending section 403.19, subsection 2, paragraph "a".

9 Sec. 42. APPLICABILITY. The following applies to property
10 taxes due and payable in fiscal years beginning on or after
11 July 1, 2028:

12 The portion of the section of this division of this Act
13 excluding taxes under section 257.3 from divisions of revenue
14 by amending section 403.19, subsection 2, paragraph "a".

15 Sec. 43. APPLICABILITY. The following applies to urban
16 renewal areas in existence on or established on or after the
17 effective date of this division of this Act:

18 The section of this division of this Act repealing section
19 403.22.

20 DIVISION VII

21 ASSESSMENT PROCEDURES

22 Sec. 44. Section 441.21, subsection 3, Code 2026, is amended
23 to read as follows:

24 3. a. *"Actual value", "taxable value", or "assessed*
25 *value"* as used in other sections of the Code in relation to
26 assessment of property for taxation shall mean the valuations
27 as determined by [this section](#); however, other provisions of
28 the Code providing special methods or formulas for assessing
29 or valuing specified property shall remain in effect, but this
30 section shall be applicable to the extent consistent with such
31 provisions. The assessor and department of revenue shall
32 disclose at the written request of the taxpayer all information
33 in any formula or method used to determine the actual value of
34 the taxpayer's property. In addition, for assessment years
35 beginning on or after January 1, 2027, if the taxpayer's

1 property has increased in actual value by ten percent or more
2 from the immediately preceding assessment year, the assessor
3 shall provide the taxpayer with a statement of the reasons
4 for the increase in actual value, information specifying the
5 portion of actual value increase attributable to a change in
6 classification, revaluation, new construction, improvements, or
7 renovations to the property, and all information in any formula
8 or method used to determine the actual value.

9 ~~b. (1) For assessment years beginning before January~~
10 ~~1, 2018, the burden of proof shall be upon any complainant~~
11 ~~attacking such valuation as excessive, inadequate, inequitable,~~
12 ~~or capricious. However, in protest or appeal proceedings when~~
13 ~~the complainant offers competent evidence by at least two~~
14 ~~disinterested witnesses that the market value of the property~~
15 ~~is less than the market value determined by the assessor, the~~
16 ~~burden of proof thereafter shall be upon the officials or~~
17 ~~persons seeking to uphold such valuation to be assessed.~~

18 ~~(2) (1) For assessment years beginning on or after January~~
19 ~~1, 2018, the Except as provided in subparagraph (3), the burden~~
20 ~~of proof shall be upon any complainant attacking such valuation~~
21 ~~as excessive, inadequate, inequitable, or capricious. However,~~
22 ~~in protest or appeal proceedings when the complainant offers~~
23 ~~competent evidence that the market value of the property is~~
24 ~~different than the market value determined by the assessor,~~
25 ~~the burden of proof thereafter shall be upon the officials or~~
26 ~~persons seeking to uphold such valuation to be assessed.~~

27 ~~(3) (2) If the classification of a property has been~~
28 ~~previously adjudicated by the property assessment appeal board~~
29 ~~or a court as part of an appeal under [this chapter](#), there~~
30 ~~is a presumption that the classification of the property has~~
31 ~~not changed for each of the four subsequent assessment years,~~
32 ~~unless a subsequent such adjudication of the classification of~~
33 ~~the property has occurred, and the burden of demonstrating a~~
34 ~~change in use shall be upon the person asserting a change to~~
35 ~~the property's classification.~~

1 of this section. Moneys in the fund are appropriated to
2 the Iowa economic development authority and shall be used
3 only, after commission approval, to provide grants to local
4 governments to assist in efforts to increase government
5 efficiency, including but not limited to efforts to consolidate
6 government positions and pursue agreements with other local
7 governments to share services and reduce the use of property
8 tax revenues for such shared services. Grant funds may be
9 used by the local government for costs to implement efficiency
10 initiatives including but not limited to service-sharing or
11 service-consolidation initiatives and transitional or temporary
12 costs of eliminating services.

13 *b.* Notwithstanding section 8.33, moneys in the fund
14 that remain unawarded at the close of the fiscal year shall
15 not revert but shall remain in the fund for expenditure in
16 succeeding fiscal years. Notwithstanding section 12C.7,
17 subsection 2, interest earned on moneys in the local government
18 efficiency grant fund shall be credited to the fund.

19 *c.* A local government efficiency commission shall be
20 established within the Iowa economic development authority
21 comprised of not more than ten individuals appointed by
22 the director of the economic development authority who have
23 experience in local government operations and budgeting, local
24 government planning, and cooperative extension services. The
25 local government efficiency commission shall review and approve
26 or deny each grant application.

27 3. The local government efficiency commission shall
28 establish and administer the grant program to provide for the
29 allocation of moneys in the fund in the form of competitive
30 grants to local governments in accordance with the purposes and
31 objectives of this section. The rules for the program adopted
32 by the commission shall specify the eligibility of applicants,
33 eligible services and items for grant funding, the electronic
34 application process, and the maximum award per grant.

35

DIVISION IX

1 FIRSTHOME IOWA ACCOUNTS

2 Sec. 47. Section 12G.2, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 6. Create strategies for coordination of
5 the program with the FirstHome Iowa program trust established
6 in chapter 12L.

7 Sec. 48. NEW SECTION. 12L.1 FirstHome Iowa program —
8 **purpose and definitions.**

9 1. The general assembly finds that the general welfare and
10 well-being of the state are directly related to homeownership
11 of the citizens of the state, and that a vital and valid
12 public purpose is served by the creation and implementation
13 of programs which encourage and make possible the attainment
14 of homeownership by the greatest number of citizens of the
15 state. The general welfare of the citizens of the state will
16 be enhanced by establishing a FirstHome Iowa program which
17 allows citizens of the state to invest money in a public trust
18 for future application to the payment of qualified homebuyer
19 expenses. The creation of the means of encouragement for
20 citizens to invest in such a program represents the carrying
21 out of a vital and valid public purpose. In order to make
22 available to the citizens of the state an opportunity to fund
23 future first-time homeownership, it is necessary that a public
24 trust be established in which moneys may be invested for future
25 use.

26 2. As used in this chapter, unless the context otherwise
27 requires:

28 *a. "Administrative fund"* means the administrative fund
29 established under section 12L.4.

30 *b. "Beneficiary"* means the individual designated by a
31 participation agreement to benefit from advance payments of
32 qualified homebuyer expenses on behalf of the beneficiary.

33 *c. "First-time homebuyer"* means an individual who is a
34 resident of Iowa and who does not own, either individually or
35 jointly, a single-family or multifamily residence, and who

1 has not owned or purchased, either individually or jointly, a
2 single-family or multifamily residence for a period of three
3 years prior to the date of the qualified purchase for which the
4 eligible home costs are paid or reimbursed from an account.

5 *d. "FirstHome Iowa program trust" or "trust" means the trust*
6 *created under section 12L.2.*

7 *e. "FirstHome Iowa program trust account" or "account"*
8 *means an account within the trust that was established for*
9 *the purpose of paying or reimbursing a beneficiary's eligible*
10 *qualified homebuyer expenses in connection with a qualified*
11 *purchase.*

12 *f. "Individual" means a natural person.*

13 *g. "Participant" means an individual, individual's legal*
14 *representative, trust, or estate that has entered into a*
15 *participation agreement under this chapter, either individually*
16 *or jointly with the individual's spouse, for the advance*
17 *payment of qualified homebuyer expenses on behalf of a*
18 *beneficiary.*

19 *h. "Participation agreement" means an agreement between a*
20 *participant and the trust entered into under this chapter.*

21 *i. "Program fund" means the program fund established under*
22 *section 12L.4.*

23 *j. "Qualified homebuyer expenses" means any of the*
24 *following:*

25 (1) A down payment or closing costs for the qualified
26 purchase of a single-family residence in Iowa that is the
27 principal residence of the beneficiary if such beneficiary is a
28 first-time homebuyer with respect to such purchase.

29 (2) A cost, fee, tax, or payment incurred by, or charged
30 or assigned to, a beneficiary as part of the purchase under
31 subparagraph (1) and listed on the statement of receipts and
32 disbursements for the sale, including any statement prescribed
33 by 12 C.F.R. §1026.38, as amended.

34 (3) Any United States veterans administration funding
35 fee incurred by, or charged or assigned to, a beneficiary in

1 connection with a veterans administration home loan guaranty
2 program.

3 *k. "Qualified purchase"* means the purchase of a
4 single-family residence in Iowa by the account's beneficiary
5 ninety or more days after the date the participant first opened
6 the account.

7 *l. "Resident"* means the same as defined in section 422.4.

8 *m. "Single-family residence"* means a single-family
9 residence owned and occupied by a beneficiary as the
10 beneficiary's principal residence, including but not limited
11 to a manufactured home, mobile home, condominium unit, or
12 cooperative.

13 **Sec. 49. NEW SECTION. 12L.2 Creation of FirstHome Iowa**
14 **program trust.**

15 A FirstHome Iowa program trust is created. The treasurer of
16 state is the trustee of the trust, and has all powers necessary
17 to carry out and effectuate the purposes, objectives, and
18 provisions of this chapter pertaining to the trust, including
19 the power to do all of the following:

20 1. Make and enter into contracts necessary for the
21 administration of the trust created under this chapter.

22 2. Enter into agreements with any financial institution,
23 the state, or any federal or other state agency, or other
24 entity as required to implement this chapter.

25 3. Carry out the duties and obligations of the trust
26 pursuant to this chapter.

27 4. Accept any grants, gifts, legislative appropriations,
28 and other moneys from the state, any unit of federal, state, or
29 local government, or any other person, firm, partnership, or
30 corporation which the treasurer of state shall deposit into the
31 administrative fund or the program fund.

32 5. Carry out studies and projections so the treasurer of
33 state may advise participants regarding present and estimated
34 future qualified homebuyer expenses and levels of financial
35 participation in the trust required in order to enable

- 1 participants to achieve their qualifying purchase objectives.
- 2 6. Participate in any federal, state, or local governmental
3 program for the benefit of the trust.
- 4 7. Procure insurance against any loss in connection with the
5 property, assets, or activities of the trust.
- 6 8. Enter into participation agreements with participants.
- 7 9. Make payments to or on behalf of beneficiaries for
8 qualified homebuyer expenses pursuant to participation
9 agreements.
- 10 10. Make refunds to participants upon the termination
11 of participation agreements, and partial nonqualified
12 distributions to participants, pursuant to the provisions,
13 limitations, and restrictions set forth in this chapter.
- 14 11. Invest moneys from the program fund in any investments
15 which are determined by the treasurer of state to be
16 appropriate.
- 17 12. Engage investment advisors, if necessary, to assist in
18 the investment of trust assets.
- 19 13. Contract for goods and services and engage personnel
20 as necessary, including consultants, actuaries, managers,
21 legal counsel, and auditors for the purpose of rendering
22 professional, managerial, and technical assistance and advice
23 to the treasurer of state regarding trust administration and
24 operation.
- 25 14. Establish, impose, and collect administrative fees
26 and charges in connection with transactions of the trust for
27 deposit in the administrative fund and provide for reasonable
28 service charges.
- 29 15. Administer the funds of the trust.
- 30 16. Adopt rules pursuant to chapter 17A for the
31 administration of the trust.

32 **Sec. 50. NEW SECTION. 12L.3 Participation agreements for**
33 **trust.**

34 The trust may enter into participation agreements with
35 participants on behalf of beneficiaries pursuant to the

1 following terms and agreements:

2 1. Each participation agreement may require a participant
3 to agree to invest a specific amount of money in the trust
4 for a specific period of time for the benefit of a specific
5 beneficiary. A participant shall not be required to make an
6 annual contribution on behalf of a beneficiary. The maximum
7 contribution that may be deducted for Iowa income tax purposes
8 shall be the amount contributed by the participant during the
9 applicable tax year, not to exceed five thousand five hundred
10 dollars per beneficiary per year adjusted annually to reflect
11 increases in the consumer price index.

12 2. The execution of a participation agreement by the
13 trust shall not guarantee in any way that qualified homebuyer
14 expenses will be equal to projections and estimates provided by
15 the trust or that the beneficiary named in any participation
16 agreement will qualify for a mortgage, home loan, or other
17 forms of credit for a qualified purchase.

18 3. *a.* A beneficiary under a participation agreement may be
19 changed as permitted under rules adopted by the treasurer of
20 state upon written request of the participant as long as the
21 substitute beneficiary is eligible for participation.

22 *b.* Participation agreements may otherwise be freely amended
23 throughout their terms in order to enable participants to
24 increase or decrease the level of participation, change the
25 designation of beneficiaries, and carry out similar matters as
26 authorized by rule.

27 4. Each participation agreement shall provide that the
28 participation agreement may be canceled upon the terms and
29 conditions, and upon payment of applicable fees and costs set
30 forth and contained in the rules adopted by the treasurer of
31 state.

32 5. A participant may designate a successor in accordance
33 with rules adopted by the treasurer of state. The designated
34 successor shall succeed to the ownership of the account in
35 the event of the death of the participant. In the event a

1 participant dies and has not designated a successor to the
2 account, the following criteria shall apply:

3 *a.* The beneficiary of the account, if eighteen years of
4 age or older, shall become the owner of the account as well as
5 remain the beneficiary upon filing the appropriate forms in
6 accordance with rules adopted by the treasurer of state.

7 *b.* If the beneficiary of the account is under the age of
8 eighteen, account ownership shall be transferred to the first
9 surviving parent or other legal guardian of the beneficiary to
10 file the appropriate forms in accordance with rules adopted by
11 the treasurer of state.

12 Sec. 51. NEW SECTION. 12L.4 **FirstHome Iowa program and**
13 **administrative funds — investment and payments.**

14 1. *a.* The treasurer of state shall segregate moneys
15 received by the trust into two funds: the FirstHome Iowa
16 program fund and the administrative fund to be used for
17 administration of the program.

18 *b.* All moneys paid by participants in connection with
19 participation agreements shall be deposited as received into
20 separate accounts within the program fund.

21 *c.* Contributions to the trust made by participants may only
22 be made in the form of cash.

23 *d.* A participant or beneficiary may, directly or indirectly,
24 direct the investment of any contributions to the trust or any
25 earnings thereon no more than four times in a calendar year.

26 2. Moneys accrued by participants in the program fund of the
27 trust may be used for payments to or on behalf of a beneficiary
28 for qualified homebuyer expenses.

29 Sec. 52. NEW SECTION. 12L.5 **Cancellation of agreements.**

30 A participant may cancel a participation agreement at will.
31 Upon cancellation of a participation agreement, a participant
32 shall be entitled to the return of the participant's account
33 balance.

34 Sec. 53. NEW SECTION. 12L.6 **Ownership of payments and**
35 **investment income — transfer of ownership rights.**

1 1. *a.* A participant retains ownership of all payments
2 made under a participation agreement up to the date of
3 utilization for payment of qualified homebuyer expenses for the
4 beneficiary.

5 *b.* All income derived from the investment of the payments
6 made by the participant shall be considered to be held in trust
7 for the benefit of the beneficiary.

8 2. In the event the FirstHome Iowa program is terminated
9 prior to payment of qualified homebuyer expenses for the
10 beneficiary, the participant is entitled to a refund of the
11 participant's account balance.

12 3. Any amounts which may be paid to any person or persons
13 pursuant to the FirstHome Iowa program trust but which are not
14 listed in this section are owned by the trust.

15 4. A participant may transfer ownership rights to another
16 participant or may transfer funds to another account under the
17 trust. The transfer shall be made and the property distributed
18 in accordance with rules adopted by the treasurer of state or
19 with the terms of the participation agreement.

20 5. A participant shall not be entitled to utilize any
21 interest in the trust as security for a loan.

22 **Sec. 54. NEW SECTION. 12L.7 Annual audited financial report**
23 **to governor and general assembly.**

24 1. *a.* The treasurer of state shall submit an annual
25 audited financial report, prepared in accordance with generally
26 accepted accounting principles, on the operations of the trust
27 by November 1 to the governor and the general assembly.

28 *b.* The annual audit shall be made either by the auditor
29 of state or by an independent certified public accountant
30 designated by the auditor of state and shall include direct and
31 indirect costs attributable to the use of outside consultants,
32 independent contractors, and any other persons who are not
33 state employees.

34 2. The annual audit shall be supplemented by all of the
35 following information prepared by the treasurer of state:

1 *a.* Any related studies or evaluations prepared in the
2 preceding year.

3 *b.* A summary of the benefits provided by the trust including
4 the number of participants and beneficiaries in the trust.

5 *c.* Any other information which is relevant in order to make
6 a full, fair, and effective disclosure of the operations of the
7 trust.

8 Sec. 55. NEW SECTION. 12L.8 **Tax considerations.**

9 State income tax treatment of the FirstHome Iowa program
10 trust shall be as provided in section 422.7, subsections 46 and
11 47.

12 Sec. 56. NEW SECTION. 12L.9 **Property rights to assets in**
13 **trust.**

14 1. The assets of the trust shall at all times be preserved,
15 invested, and expended solely and only for the purposes of
16 the trust and shall be held in trust for the participants and
17 beneficiaries.

18 2. No property rights in the trust shall exist in favor of
19 the state.

20 3. The assets of the trust shall not be transferred or used
21 by the state for any purposes other than the purposes of the
22 trust.

23 Sec. 57. NEW SECTION. 12L.10 **Construction.**

24 This chapter shall be construed liberally in order to
25 effectuate its purpose.

26 Sec. 58. Section 232D.503, subsection 6, Code 2026, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. *g.* A FirstHome Iowa program trust account
29 established for the minor pursuant to chapter 12L.

30 Sec. 59. Section 422.7, Code 2026, is amended by adding the
31 following new subsections:

32 NEW SUBSECTION. 46. *a.* Subtract the contribution that may
33 be deducted for Iowa income tax purposes as a participant in
34 the FirstHome Iowa program trust pursuant to section 12L.3,
35 subsection 1. For purposes of this paragraph, a participant

1 who makes a contribution on or before the date prescribed in
2 section 422.21 for making and filing an individual income tax
3 return, excluding extensions, or the date for making and filing
4 an individual income tax return determined by the director
5 pursuant to an order issued under section 421.17, subsection
6 30, may elect to be deemed to have made the contribution on the
7 last day of the preceding calendar year. The director, after
8 consultation with the treasurer of state, shall prescribe by
9 rule the manner and method by which a participant may make an
10 election authorized by the preceding sentence.

11 *b.* Add the amount resulting from the cancellation of
12 a participation agreement refunded to the taxpayer as a
13 participant in the FirstHome Iowa program trust to the extent
14 previously deducted as a contribution to the trust.

15 *c.* Add, to the extent previously deducted as a contribution
16 to the trust, the amount resulting from a withdrawal or
17 transfer made by the taxpayer from the FirstHome Iowa program
18 trust for purposes other than the payment of qualified
19 homebuyer expenses.

20 NEW SUBSECTION. 47. Subtract, to the extent included,
21 income from interest and earnings received from the FirstHome
22 Iowa program trust created in chapter 12L.

23 Sec. 60. Section 541B.4, Code 2026, is amended by adding the
24 following new subsections:

25 NEW SUBSECTION. 5. *Withdrawal for deposit into FirstHome*
26 *Iowa program trust account.* First-time homebuyer account
27 balances under this chapter may be withdrawn without penalty or
28 taxation in this state if such withdrawal is deposited in an
29 account within the FirstHome Iowa program trust under chapter
30 12L within thirty days of the withdrawal. The treasurer of
31 state may by rule provide for the direct transfer of moneys
32 within an account under this chapter to a FirstHome Iowa
33 program trust account and such transfer shall not be subject to
34 penalty or taxation in this state.

35 NEW SUBSECTION. 6. *No new accounts.* New accounts shall not

1 be established under this chapter on or after July 1, 2026.

2 Sec. 61. Section 627.6, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 18. The debtor's interest, whether as
5 participant or beneficiary, in contributions and assets,
6 including the accumulated earnings and market increases in
7 value, held in an account in the FirstHome Iowa program trust
8 organized under chapter 12L.

9 Sec. 62. Section 633.108, subsection 2, Code 2026, is
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. e. A FirstHome Iowa program trust account
12 established for the minor pursuant to chapter 12L.

13 Sec. 63. Section 633.555, subsection 1, Code 2026, is
14 amended by adding the following new paragraph:

15 NEW PARAGRAPH. f. An account owner or participant under
16 a FirstHome Iowa program trust account established for the
17 protected person pursuant to chapter 12L.

18 Sec. 64. Section 633.678, subsection 1, Code 2026, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. f. An account owner or participant under
21 a FirstHome Iowa program trust account established for the
22 protected person pursuant to chapter 12L.

23 Sec. 65. Section 633.681, subsection 1, Code 2026, is
24 amended by adding the following new paragraph:

25 NEW PARAGRAPH. e. An account owner or participant under
26 a FirstHome Iowa program trust account established for the
27 protected person pursuant to chapter 12L.

28 Sec. 66. APPLICABILITY. The following applies to
29 contributions made under chapter 12L on or after July 1, 2026,
30 for tax years ending on or after that date:

31 The section of this division of this Act enacting section
32 422.7, subsections 46 and 47.

33 DIVISION X
34 VALUATIONS — ABNORMAL TRANSACTIONS — REAL ESTATE TRANSFER TAX
35 FORMS

1 Sec. 67. Section 428A.7, Code 2026, is amended to read as
2 follows:

3 **428A.7 Forms provided by director of revenue.**

4 The director of revenue shall prescribe the form of the
5 declaration of value and shall include an appropriate place
6 for the inclusion of special facts and circumstances relating
7 to the actual sales price in real estate transfers including
8 but not limited to factors that distort market value such as
9 built-to-suit sales, sale-leaseback sales, leased fee sales,
10 and the abnormal transactions identified in section 441.21,
11 subsection 1, paragraph "b", subparagraph (1). The director
12 shall provide an adequate number of the declaration of value
13 forms to each county recorder in the state. If the declaration
14 of value form requires or provides for the inclusion of the
15 social security number or federal tax identification number of
16 a seller or buyer, the department shall provide that the social
17 security number or federal tax identification number remains
18 confidential and cannot be obtained by public examination.

19 Sec. 68. Section 441.21, subsection 1, paragraph b,
20 subparagraph (1), Code 2026, is amended to read as follows:

21 (1) The actual value of all property subject to assessment
22 and taxation shall be the fair and reasonable market value of
23 such property except as otherwise provided in [this section](#).
24 "*Market value*" is defined as the fair and reasonable exchange
25 in the year in which the property is listed and valued between
26 a willing buyer and a willing seller, neither being under any
27 compulsion to buy or sell and each being familiar with all
28 the facts relating to the particular property. Sale prices
29 of the property or comparable property in normal transactions
30 reflecting market value, and the probable availability
31 or unavailability of persons interested in purchasing the
32 property, shall be taken into consideration in arriving at
33 its market value. In arriving at market value, sale prices
34 of property in abnormal transactions not reflecting market
35 value shall not be taken into account, or shall be adjusted to

1 eliminate the effect of factors which distort market value,
2 including but not limited to built-to-suit construction,
3 sale-leaseback transactions, leased fee sales, sales to
4 ~~immediate family of the seller~~ between related parties,
5 foreclosure or other forced sales, contract sales, discounted
6 purchase transactions or purchase of adjoining land or other
7 land to be operated as a unit.

8 Sec. 69. RETROACTIVE APPLICABILITY. This division of this
9 Act applies retroactively to assessment years beginning on or
10 after January 1, 2026.

11 DIVISION XI

12 LOCAL GOVERNMENT BUDGET STATEMENTS

13 Sec. 70. Section 24.2A, subsection 1, paragraph c, Code
14 2026, is amended by striking the paragraph.

15 Sec. 71. Section 24.2A, subsection 1, paragraph d, Code
16 2026, is amended to read as follows:

17 *d. "Political subdivision"* means a school district, a
18 county, or a city. In addition, for purposes of the statements
19 required under subsection 2, paragraph "b", only, all
20 certifying boards that are not a political subdivision shall be
21 considered a single political subdivision and identified under
22 a designation of special taxing districts on such statements.

23 Sec. 72. Section 24.2A, subsection 2, paragraph a, Code
24 2026, is amended to read as follows:

25 *a.* On or before 4:00 p.m. on March 5 of each year, each
26 ~~political subdivision~~ certifying board shall file with the
27 department of management a report containing all necessary
28 information for the department of management to compile and
29 calculate amounts required to be included in the statements
30 mailed under paragraph "b" or provided under paragraph "c". If
31 ~~a county or city~~ certifying board, except a school district,
32 fails to file all necessary information with the department of
33 management by 4:00 p.m. on March 5, taxes levied by the ~~county~~
34 ~~or city~~ certifying board shall be limited to the prior year's
35 budget amount.

1 Sec. 73. Section 24.2A, subsection 2, paragraph b, Code
2 2026, is amended by striking the paragraph and inserting in
3 lieu thereof the following:

4 *b.* Not later than March 15, the county auditor, using
5 information compiled and calculated by the department of
6 management under paragraph "a", shall send to each property
7 owner or taxpayer within the county by regular mail or post
8 under paragraph "c" a statement, identified as not being a
9 property tax bill and indicating the approximate date when
10 a property tax bill will be delivered, but containing a
11 minimum of all of the following, including the information
12 in subparagraphs (3), (4), (5), (7), and (8) for each of the
13 political subdivisions comprising the owner's or taxpayer's
14 taxing district:

15 (1) The address, property description, parcel
16 identification number, actual value, and taxable value of the
17 owner's or taxpayer's property.

18 (2) The classification of the owner's or taxpayer's
19 property, including identification of all assessment
20 limitations under section 441.21, and identification of each
21 property tax exemption or credit being received by the owner
22 or taxpayer for the property for the assessment year and the
23 immediately preceding assessment year.

24 (3) The sum of the current fiscal year's actual property
25 taxes certified for levy for all of the political subdivision's
26 levies on the owner's or taxpayer's property, the percentage
27 that such amount represents of the total taxes due on the
28 property, and the allocation of such amounts to specified
29 categories of the political subdivision's services and
30 activities.

31 (4) The combined amount of the proposed property tax dollars
32 to be certified for all of the political subdivision's levies
33 for the budget year on the owner's or taxpayer's property,
34 the percentage that such amount represents of the proposed
35 total taxes due on the property, the percentage increase of

1 such amount from the current fiscal year and the potential
2 reasons for any increases, and the allocation of such amounts
3 to specified categories of the political subdivision's services
4 and activities, including that portion of such amount subject
5 to the limitation under section 444.25.

6 (5) Tax amounts provided under subparagraphs (3) and (4)
7 as a per month amount and a percentage change in the per month
8 amount between the current fiscal year and the budget year.

9 (6) A comparison of the combined amount of property taxes
10 due on the owner's or taxpayer's property for all political
11 subdivisions for the current fiscal year and the combined
12 proposed amount of property taxes due on the owner's or
13 taxpayer's property for all political subdivisions for the
14 budget year, including the percentage in change in such
15 amounts.

16 (7) The date, time, and location of the political
17 subdivision's public hearing under subsection 4, including
18 a statement of the owner or taxpayer's ability to provide
19 feedback at the public hearing and protest property
20 assessments.

21 (8) Information on how to access on the political
22 subdivision's internet site the political subdivision's
23 statements under this section and other budget documents for
24 prior fiscal years.

25 (9) A link to the department of management's internet site
26 where the property owner or taxpayer may view an example of the
27 statement and a brief explanation of the information included
28 on the statement.

29 Sec. 74. Section 24.2A, subsection 2, Code 2026, is amended
30 by adding the following new paragraph:

31 NEW PARAGRAPH. c. For budgets for fiscal years beginning
32 on or after July 1, 2027, statements under paragraph "b", in
33 lieu of regular mail, may be provided by posting the statement
34 not later than March 15 on the political subdivision's
35 internet site for public viewing and shall be maintained on

1 the political subdivision's internet site with all such prior
2 year statements. Additionally, if the political subdivision
3 maintains a social media account on one or more social media
4 applications, the statement or an electronic link to the
5 statement shall be posted on each such account on a date no
6 later than March 15.

7 Sec. 75. Section 24.2A, subsection 3, Code 2026, is amended
8 to read as follows:

9 3. The department of management shall prescribe the form
10 for the report required under subsection 2, paragraph "a";
11 following consultation with the Iowa league of cities and the
12 Iowa state association of counties, the statements required to
13 be mailed under subsection 2, paragraph "b", or provided under
14 subsection 2, paragraph "c"; and the public hearing notice
15 required under subsection 4, paragraph "b". The statements
16 required under subsection 2, paragraph "b", shall be clear,
17 concise, written in plain language, and may be presented
18 using tables, written narrative, and graphic representations
19 and shall contain the internet site, mailing address, and a
20 telephone number for each political subdivision that owners
21 and taxpayers may call if they have questions related to the
22 statement.

23 Sec. 76. Section 24.2A, subsection 4, paragraph b,
24 subparagraph (4), subparagraph division (a), Code 2026, is
25 amended to read as follows:

26 (a) Notice of the public hearing was provided to each
27 property owner and each taxpayer within the political
28 subdivision in statements required under subsection 2,
29 ~~paragraph "b"~~.

30 Sec. 77. Section 24.3, unnumbered paragraph 1, Code 2026,
31 is amended to read as follows:

32 A municipality shall not certify or levy in any fiscal year
33 any tax on property subject to taxation unless and until the
34 following estimates have been made, filed, and considered,
35 and for school districts, the ~~individual~~ statements have been

1 mailed or posted, as applicable, and public hearings held, as
2 provided in [this chapter](#):

3 Sec. 78. Section 331.434, subsection 3, Code 2026, is
4 amended to read as follows:

5 3. Following, and not until, the requirements of section
6 24.2A are completed, the board shall set a time and place for
7 a public hearing on the budget before the final certification
8 date and shall publish notice of the hearing not less than
9 ten nor more than twenty days prior to the hearing in the
10 county newspapers selected under [chapter 349](#). A summary of
11 the proposed budget and a description of the procedure for
12 protesting the county budget under [section 331.436](#), in the form
13 prescribed by the director of the department of management,
14 shall be included in the notice. Proof of publication of
15 the notice under [this subsection 3](#) shall be filed with and
16 preserved by the county auditor. A levy is not valid unless
17 and until the notice is published and ~~individual~~ statements
18 under [section 24.2A](#) are mailed or posted. The department of
19 management shall prescribe the form for the public hearing
20 notice for use by counties.

21 Sec. 79. Section 331.435, subsection 2, Code 2026, is
22 amended to read as follows:

23 2. The board shall prepare and adopt a budget amendment in
24 the same manner as the original budget as provided in section
25 331.434, but excluding the requirements for ~~mailing individual~~
26 statements under [section 24.2A](#), and the amendment is subject
27 to protest as provided in [section 331.436](#), except that the
28 director of the department of management may by rule provide
29 that amendments of certain types or up to certain amounts may
30 be made without public hearing and without being subject to
31 protest. A county budget for the ensuing fiscal year shall be
32 amended by May 31 to allow time for a protest hearing to be
33 held and a decision rendered before June 30. An amendment of
34 a budget after May 31 which is properly appealed but without
35 adequate time for hearing and decision before June 30 is void.

1 years beginning on or after July 1, 2026, a school district's
2 actual unspent balance from the preceding year used to
3 calculate the authorized budget under subsection 1 shall
4 not exceed an amount equal to thirty-five percent of the
5 school district's authorized expenditures for the budget year
6 immediately preceding the base year unless a greater amount
7 is authorized by the school budget review committee based on
8 one or more grounds authorized for the approval of a modified
9 supplemental amount under section 257.31.

10 Sec. 87. Section 257.13, Code 2026, is amended to read as
11 follows:

12 **257.13 On-time ~~funding~~ budget adjustment.**

13 1. a. For the school budget year beginning July 1, 2001,
14 and succeeding budget years beginning before July 1, 2026, if a
15 district's actual enrollment for the budget year, determined
16 under [section 257.6](#), is greater than its budget enrollment for
17 the budget year, the district shall be eligible to receive an
18 on-time ~~funding~~ budget adjustment. The adjustment shall be in
19 an amount equal to the difference between the actual enrollment
20 for the budget year and the budget enrollment for the budget
21 year, multiplied by the district cost per pupil.

22 ~~2.~~ b. The board of directors of a school district that
23 wishes to receive an on-time ~~funding~~ budget adjustment under
24 this subsection shall adopt a resolution to receive the
25 adjustment and notify the school budget review committee
26 annually, but not earlier than November 1, as determined by the
27 department of education. The school budget review committee
28 shall establish a modified supplemental amount pursuant to
29 [subsection 1](#) paragraph "a".

30 2. a. For the school budget years beginning on or after
31 July 1, 2026, if a district's actual enrollment for the budget
32 year, determined under section 257.6, is greater than its
33 budget enrollment for the budget year, the district may request
34 an on-time budget adjustment. The adjustment shall not exceed
35 an amount equal to the difference between the actual enrollment

1 for the budget year and the budget enrollment for the budget
2 year, multiplied by the district cost per pupil.

3 b. To request an on-time budget adjustment under this
4 subsection, the board of directors of a school district shall
5 adopt a resolution to receive the adjustment and notify the
6 school budget review committee on or before a date established
7 by the committee. The school budget review committee may
8 establish a modified supplemental amount pursuant to paragraph
9 "a".

10 3. If the board of directors of a school district determines
11 that a need exists for additional funds exceeding the on-time
12 ~~funding~~ budget adjustment pursuant to [this section](#), a request
13 for a modified supplemental amount based upon increased
14 enrollment may be submitted to the school budget review
15 committee as provided in [section 257.31](#).

16 Sec. 88. NEW SECTION. 279.63A Unspent balance — policy.

17 1. The board of directors of each school district shall
18 establish a policy that defines a targeted range and maximum
19 amount of unspent balance of authorized expenditures,
20 determined by a percent of authorized expenditures under
21 section 257.7 or other methodology specified in the policy.
22 The policy shall also state the date the policy was adopted
23 and the date the policy was most recently reviewed or revised
24 under subsection 2. The targeted range and maximum amount
25 established in the policy shall be made with the intent to
26 equalize educational opportunity, provide a good education
27 for all the children of the school district, provide property
28 tax relief, decrease the percentage of school costs paid from
29 property taxes, and to provide reasonable control of school
30 costs.

31 2. Targeted ranges and maximum amounts defined in the policy
32 under subsection 1 shall be reviewed annually by the board of
33 directors and such review shall be entered in the minutes of
34 the board and approved revisions shall be made to the policy.

35 Sec. 89. EFFECTIVE DATE. This division of this Act, being

1 deemed of immediate importance, takes effect upon enactment.

2 DIVISION XV

3 HOMESTEAD CREDITS AND EXEMPTIONS

4 Sec. 90. Section 10A.518, subsection 2, paragraph b, Code
5 2026, is amended to read as follows:

6 b. The rules shall require the installation of smoke
7 detectors in existing single-family rental units and
8 multiple-unit residential buildings. Existing single-family
9 dwelling units shall be equipped with approved smoke detectors.
10 A person who files for a homestead credit or exemption
11 pursuant to [chapter 425](#), subchapter I, shall certify that the
12 single-family dwelling unit for which the credit or exemption
13 is filed has a smoke detector installed in compliance with this
14 section, or that one will be installed within thirty days of
15 the date the filing for the credit or exemption is made. The
16 director shall adopt rules and establish appropriate procedures
17 to administer [this subsection](#).

18 Sec. 91. Section 10A.518, subsection 3, paragraph b, Code
19 2026, is amended to read as follows:

20 b. The rules shall require the installation of carbon
21 monoxide alarms in existing single-family rental units and
22 multiple-unit residential buildings that have a fuel-fired
23 heater or appliance, a fireplace, or an attached garage.
24 Existing single-family dwellings that have a fuel-fired heater
25 or appliance, a fireplace, or an attached garage shall be
26 equipped with approved carbon monoxide alarms. For purposes
27 of this paragraph, "*approved carbon monoxide alarm*" means a
28 carbon monoxide alarm that meets the standards established by
29 the underwriters' laboratories or is approved by the director
30 as established by rule under [subsection 5](#). A person who files
31 for a homestead credit or exemption pursuant to [chapter 425](#),
32 subchapter I, shall certify that the single-family dwelling
33 for which the credit or exemption is filed and that has a
34 fuel-fired heater or appliance, a fireplace, or an attached
35 garage, has carbon monoxide alarms installed in compliance with

1 this section, or that such alarms will be installed within
2 thirty days of the date the filing for the credit or exemption
3 is made. The director shall adopt rules and establish
4 appropriate procedures to administer this subsection.

5 Sec. 92. Section 25B.7, subsection 2, paragraph a, Code
6 2026, is amended to read as follows:

7 a. Homestead tax credit pursuant to section 425.1, and
8 sections 425.2 through 425.13, ~~and section 425.15~~.

9 Sec. 93. Section 103.22, subsection 7, Code 2026, is amended
10 to read as follows:

11 7. Prohibit an owner of property from performing work on the
12 owner's principal residence, if such residence is an existing
13 dwelling rather than new construction and is not an apartment
14 that is attached to any other apartment or building, as those
15 terms are defined in section 499B.2, and is not larger than a
16 single-family dwelling, or require such owner to be licensed
17 under this chapter. In order to qualify for inapplicability
18 pursuant to this subsection, a residence shall qualify for the
19 homestead tax credit or exemption.

20 Sec. 94. Section 105.11, subsection 3, Code 2026, is amended
21 to read as follows:

22 3. Prohibit an owner of property from performing work on the
23 owner's principal residence, if such residence is an existing
24 dwelling rather than new construction and is not larger than a
25 single-family dwelling, or farm property, excluding commercial
26 or industrial installations or installations in public use
27 buildings or facilities, or require such owner to be licensed
28 under this chapter. In order to qualify for inapplicability
29 pursuant to this subsection, a residence shall qualify for the
30 homestead tax credit, or exemption.

31 Sec. 95. Section 216.12, subsection 1, paragraph e, Code
32 2026, is amended to read as follows:

33 e. The rental or leasing of a housing accommodation in a
34 building which contains housing accommodations for not more
35 than four families living independently of each other, if the

1 owner resides in one of the housing accommodations for which
2 the owner qualifies for the homestead tax credit or exemption
3 under ~~section 425.1~~ chapter 425, subchapter I.

4 Sec. 96. Section 321.1, subsection 6C, Code 2026, is amended
5 to read as follows:

6 6C. "*Bona fide residence*" or "*bona fide address*" means the
7 current street or highway address of an individual's residence.
8 The bona fide residence of a person with more than one dwelling
9 is the dwelling for which the person claims a homestead
10 tax credit or exemption under chapter 425, subchapter I, if
11 applicable. The bona fide residence of a homeless person is a
12 primary nighttime residence meeting one of the criteria listed
13 in [section 48A.2, subsection 3](#).

14 Sec. 97. Section 331.401, subsection 1, paragraphs e and f,
15 Code 2026, are amended to read as follows:

16 e. Adopt resolutions authorizing the county assessor to
17 provide forms for homestead tax exemption and credit claimants
18 as provided in ~~section 425.2~~ chapter 425, subchapter I, and
19 military service tax exemptions as provided in [section 426A.14](#).

20 f. Examine and allow or disallow claims for homestead
21 tax exemption and credit in accordance with ~~section 425.3~~
22 chapter 425, subchapter I, and claims for military service
23 tax exemption in accordance with [chapter 426A](#). The board,
24 by a single resolution, may allow or disallow the exemptions
25 recommended by the assessor.

26 Sec. 98. Section 331.512, subsection 3, Code 2026, is
27 amended to read as follows:

28 3. Carry out duties relating to the homestead tax exemption
29 and credit as provided in chapter 425, subchapter I, and
30 agricultural land tax credit as provided in ~~chapters 425 and~~
31 chapter 426.

32 Sec. 99. Section 331.559, subsection 11, Code 2026, is
33 amended to read as follows:

34 11. Carry out duties relating to the administration of
35 the homestead tax exemption and credit and other credits as

1 provided in ~~sections 425.4, 425.5, 425.7, 425.9, 425.10, and~~
2 ~~425.25~~ chapter 425.

3 Sec. 100. Section 404.3, subsection 1, Code 2026, is amended
4 to read as follows:

5 1. All qualified real estate assessed as residential
6 property is eligible to receive an exemption from taxation
7 based on the actual value added by the improvements. The
8 exemption is for a period of ten years. The amount of the
9 exemption is equal to a percent of the actual value added by
10 the improvements, determined as follows: One hundred fifteen
11 percent of the value added by the improvements. However, the
12 amount of the actual value added by the improvements which
13 shall be used to compute the exemption shall not exceed twenty
14 thousand dollars and the granting of the exemption shall not
15 result in the actual value of the qualified real estate being
16 reduced below the actual value on which the homestead ~~credit~~
17 exemption is computed under section ~~425.1~~ 425.1A, subsection
18 1A.

19 Sec. 101. Section 425.1, subsection 2, Code 2026, is amended
20 by striking the subsection and inserting in lieu thereof the
21 following:

22 2. a. The homestead credit fund shall be apportioned each
23 year so as to give a credit against the tax on each eligible
24 homestead in the state equal to the amounts specified pursuant
25 to paragraph "b" or "c", as applicable.

26 b. (1) If the owner of a homestead allowed a credit under
27 this subchapter is any of the following, the homestead credit
28 allowed on the homestead shall be the entire amount of tax
29 levied on the homestead:

30 (a) A veteran of any of the military forces of the United
31 States who acquired the homestead under 38 U.S.C. §21.801,
32 21.802 prior to August 6, 1991, or under 38 U.S.C. §2101, 2102.

33 (b) A veteran as defined in section 35.1 with a permanent
34 service-connected disability rating of one hundred percent, as
35 certified by the United States department of veterans affairs,

1 or a permanent and total disability rating based on individual
2 unemployability that is compensated at the one hundred percent
3 disability rate, as certified by the United States department
4 of veterans affairs.

5 (c) A former member of the national guard of any state
6 who otherwise meets the service requirements of section 35.1,
7 subsection 2, paragraph "b", subparagraph (2) or (7), with a
8 permanent service-connected disability rating of one hundred
9 percent, as certified by the United States department of
10 veterans affairs, or a permanent and total disability rating
11 based on individual unemployability that is compensated at the
12 one hundred percent disability rate, as certified by the United
13 States department of veterans affairs.

14 (d) An individual who is a surviving spouse or a child and
15 who is receiving dependency and indemnity compensation pursuant
16 to 38 U.S.C. §1301 et seq., as certified by the United States
17 department of veterans affairs.

18 (2) (a) For an owner described in subparagraph (1),
19 subparagraph division (a), (b), or (c), the credit allowed
20 shall be continued to the estate of an owner who is deceased
21 or the surviving spouse and any child, as defined in section
22 234.1, who are the beneficiaries of a deceased owner, so long
23 as the surviving spouse remains unmarried.

24 (b) An individual described in subparagraph (1),
25 subparagraph division (d), is no longer eligible for the credit
26 upon termination of dependency and indemnity compensation under
27 38 U.S.C. §1301 et seq.

28 (3) An owner or a beneficiary of an owner who elects to
29 secure the credit provided in this paragraph is not eligible
30 for the credit provided in paragraph "c" or any other real
31 property tax credit or exemption provided by law for veterans
32 of military service.

33 (4) If an owner acquires a different homestead, the
34 credit allowed under this paragraph may be claimed on the new
35 homestead unless the owner fails to meet the other requirements

1 of this paragraph.

2 (5) (a) Except as provided in subparagraph division (b),
3 the list of the names and addresses of individuals allowed
4 a credit under this paragraph and maintained by the county
5 recorder, county treasurer, county assessor, city assessor, or
6 other government body is confidential information and shall
7 not be disseminated to any person unless otherwise ordered by
8 a court or released by the lawful custodian of the records
9 pursuant to state or federal law. The county recorder, county
10 treasurer, county assessor, city assessor, or other government
11 body responsible for maintaining the names and addresses
12 of individuals allowed a credit under this paragraph may
13 display such credit on individual paper records and individual
14 electronic records, including display on an internet site.

15 (b) Upon request, a county recorder, county assessor, city
16 assessor, or other entity may share information as described in
17 subparagraph division (a) to a county veterans service officer
18 for purposes of providing information on benefits and services
19 available to veterans and their families.

20 (6) (a) For an owner who makes an application to secure
21 the credit provided in this paragraph before July 1, 2026,
22 and for the beneficiary of such an owner, "homestead" shall
23 mean the same as defined in section 425.11 for each succeeding
24 assessment year.

25 (b) For an owner who makes an application to secure the
26 credit provided in this paragraph on or after July 1, 2026, and
27 for the beneficiary of such an owner, "homestead" shall mean the
28 same as provided in section 425.11, except the homestead shall
29 not include appurtenances and shall not exceed one-half acre.

30 (7) For purposes of this paragraph, "*permanent and total*
31 *disability rating based on individual unemployability*" means
32 a condition under which a person has either a permanent
33 service-connected disability rating of sixty percent or two or
34 more permanent service-connected disability conditions in which
35 one of the conditions has at least a forty percent rating and

1 the combined rating for all the conditions is at least seventy
2 percent, and the person has an administrative adjustment added
3 to the service-connected disability rating, due to individual
4 unemployability, such that the United States department of
5 veterans affairs rates the veteran permanently and totally
6 disabled for purposes of disability compensation.

7 c. (1) For assessment years beginning prior to January
8 1, 2026, unless eligible under section 425.15, Code 2026, an
9 amount equal to the actual levy on the first four thousand
10 eight hundred fifty dollars of actual value for each homestead.

11 (2) For the assessment year beginning January 1, 2026,
12 and each assessment year thereafter, unless eligible under
13 paragraph "b", zero.

14 Sec. 102. Section 425.1A, subsection 1, Code 2026, is
15 amended to read as follows:

16 1. The following exemptions from taxation shall be allowed
17 ~~in addition to following application of the homestead credit~~
18 exemption under subsection 1A for an owner that has attained
19 the age of sixty-five years by January 1 of the assessment
20 year:

21 a. For the assessment year beginning January 1, 2023, the
22 eligible homestead, not to exceed three thousand two hundred
23 fifty dollars in taxable value.

24 b. For ~~the assessment year~~ years beginning on or after
25 January 1, 2024, and ~~each succeeding assessment year~~, the
26 eligible homestead, not to exceed six thousand five hundred
27 dollars in taxable value.

28 Sec. 103. Section 425.1A, Code 2026, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 1A. For the assessment year beginning
31 January 1, 2026, and each assessment year thereafter, an
32 exemption from taxation of fifteen thousand dollars in taxable
33 value shall be allowed on each eligible homestead.

34 Sec. 104. Section 425.1A, subsection 2, Code 2026, is
35 amended to read as follows:

1 2. [Section 25B.7, subsection 1](#), shall not apply to the
2 property tax ~~exemption~~ exemptions provided in [this section](#).

3 Sec. 105. Section 425.2, subsections 1 and 2, Code 2026, are
4 amended to read as follows:

5 1. A person who wishes to qualify for the homestead credit
6 or exemptions allowed under [this subchapter](#) shall obtain the
7 appropriate forms for filing ~~for the credit~~ from the assessor.
8 The forms shall include the ability to claim the credit under
9 section 425.1 and the exemptions under section 425.1A.
10 However, a separate form shall be required for claiming a
11 credit under section 425.1, subsection 2, paragraph "b". The
12 person claiming the credit or exemption shall file a verified
13 statement and designation of homestead with the assessor for
14 the year for which the person is first claiming the credit
15 or exemption. The claim shall be filed not later than July
16 1 of the year for which the person is claiming the credit or
17 exemption. A claim filed after July 1 of the year for which the
18 person is claiming the credit or exemption shall be considered
19 as a claim filed for the following year.

20 2. Upon the filing and allowance of the claim, the claim
21 shall be allowed on that homestead for successive years without
22 further filing as long as the property is legally or equitably
23 owned and used as a homestead by that person or that person's
24 spouse on July 1 of each of those successive years, and the
25 owner of the property being claimed as a homestead declares
26 residency in Iowa for purposes of income taxation, and the
27 property is occupied by that person or that person's spouse
28 for at least six months in each of those calendar years in
29 which the fiscal year begins. When the property is sold or
30 transferred, the buyer or transferee who wishes to qualify
31 shall refile for the credit or exemption. However, when the
32 property is transferred as part of a distribution made pursuant
33 to [chapter 598](#), the transferee who is the spouse retaining
34 ownership of the property is not required to refile for the
35 credit or exemption. Property divided pursuant to [chapter 598](#)

1 shall not be modified following the division of the property.
2 An owner who ceases to use a property for a homestead or
3 intends not to use it as a homestead for at least six months in
4 a calendar year shall provide written notice to the assessor
5 by July 1 following the date on which the use is changed. A
6 person who sells or transfers a homestead or the personal
7 representative of a deceased person who had a homestead at the
8 time of death, shall provide written notice to the assessor
9 that the property is no longer the homestead of the former
10 claimant.

11 Sec. 106. Section 425.2, subsection 4, Code 2026, is amended
12 by striking the subsection.

13 Sec. 107. Section 425.2, subsections 5 and 6, Code 2026, are
14 amended to read as follows:

15 5. Any person sixty-five years of age or older or any person
16 who is disabled may request, in writing, from the appropriate
17 assessor forms for filing ~~for homestead tax credit~~. Any
18 person sixty-five years of age or older or who is disabled
19 may complete the form, which shall include a statement of
20 homestead, and mail or return it to the appropriate assessor.
21 The signature of the claimant on the statement shall be
22 considered the claimant's acknowledgment that all statements
23 and facts entered on the form are correct to the best of the
24 claimant's knowledge.

25 6. Upon adoption of a resolution by the county board
26 of supervisors, any person may request, in writing, from
27 the appropriate assessor forms for the filing ~~for homestead~~
28 ~~tax credit~~. The person may complete the form, which shall
29 include a statement of homestead, and mail or return it to
30 the appropriate assessor. The signature of the claimant on
31 the statement of homestead shall be considered the claimant's
32 acknowledgment that all statements and facts entered on the
33 form are correct to the best of the claimant's knowledge.

34 Sec. 108. Section 425.8, subsection 1, Code 2026, is amended
35 to read as follows:

1 1. The director of revenue shall prescribe the form
2 for the making of a verified statement and designation of
3 homestead, the form for the supporting affidavits required
4 herein, and such other forms as may be necessary for the proper
5 administration of [this subchapter](#). Whenever necessary, the
6 department of revenue shall forward to the county auditors of
7 the several counties in the state the prescribed sample forms,
8 and the county auditors shall furnish blank forms prepared in
9 accordance therewith with the assessment rolls, books, and
10 supplies delivered to the assessors. The department of revenue
11 shall prescribe and the county auditors shall provide on the
12 forms ~~for claiming the homestead credit~~ a statement to the
13 effect that the owner realizes that the owner must give written
14 notice to the assessor when the owner changes the use of the
15 property.

16 Sec. 109. Section 425.11, subsection 1, paragraph d,
17 subparagraph (1), unnumbered paragraph 1, Code 2026, is amended
18 to read as follows:

19 The homestead includes the dwelling house which the owner,
20 in good faith, is occupying as a home on July 1 of the year for
21 which the credit or exemption is claimed and occupies as a home
22 for at least six months during the calendar year in which the
23 fiscal year begins, except as otherwise provided.

24 Sec. 110. Section 425.11, subsection 1, paragraph d,
25 subparagraph (3), Code 2026, is amended to read as follows:

26 (3) It must not embrace more than one dwelling house, but
27 where a homestead has more than one dwelling house situated
28 thereon, the exemption ~~and~~ or credit provided for in this
29 subchapter shall apply to the home and buildings used by the
30 owner, but shall not apply to any other dwelling house and
31 buildings appurtenant.

32 Sec. 111. Section 425.11, subsection 1, paragraph e,
33 subparagraph (2), Code 2026, is amended to read as follows:

34 (2) For the purpose of [this subchapter](#), the word "owner"
35 shall be construed to mean a bona fide owner and not one for

1 the purpose only of availing the person of the benefits of this
2 subchapter. In order to qualify for the homestead tax credit
3 ~~and~~ or exemption, evidence of ownership shall be on file in the
4 office of the clerk of the district court or recorded in the
5 office of the county recorder at the time the owner files with
6 the assessor a verified statement of the homestead claimed by
7 the owner as provided in [section 425.2](#).

8 Sec. 112. Section 483A.24, subsection 20, Code 2026, is
9 amended to read as follows:

10 20. Upon payment of a fee established by rules adopted
11 pursuant to [section 483A.1](#) for a lifetime trout fishing
12 license, the department shall issue a lifetime trout fishing
13 license to a person who is at least sixty-five years of age or
14 to a person who qualifies for the disabled veteran homestead
15 credit under ~~section 425.15~~ [425.1, subsection 2, paragraph "b"](#).
16 The department shall prepare an application to be used by a
17 person requesting a lifetime trout fishing license under this
18 subsection.

19 Sec. 113. REPEAL. Section 425.15, Code 2026, is repealed.

20 Sec. 114. IMPLEMENTATION. Homestead owners who have filed
21 for or that are receiving homestead credits or exemptions under
22 chapter 425, subchapter I, before the effective date of this
23 division of this Act shall continue to receive such credits and
24 exemptions for which the owner is eligible for assessment years
25 beginning on or after January 1, 2026, without refileing, and,
26 if the owner is eligible, shall receive the exemption under
27 section 425.1A, subsection 1A, as enacted in this division of
28 this Act, without filing for such exemption.

29 Sec. 115. RETROACTIVE APPLICABILITY. This division of this
30 Act applies retroactively to assessment years beginning on or
31 after January 1, 2026.>

NORDMAN of Dallas