

Senate File 2472

H-8394

1 Amend Senate File 2472, as amended, passed, and reprinted by  
2 the Senate, as follows:

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

5 <DIVISION I

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

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

10 **11.11 Scope of audits.**

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

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

31 **24.34 Unliquidated obligations.**

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

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

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

10 1. For purposes of this section:

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

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

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

20 d. "*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. "*Governmental entity*" does not  
24 include a school district.

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

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

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

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

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

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

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

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

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

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

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

1     *b. "Current fiscal year"* is the fiscal year ending during  
2 the calendar year in which a budget for the budget year is  
3 certified.

4     *c. "Governmental entity"* means any unit of government  
5 or other public body or public corporation, including any  
6 intergovernmental entity or special purpose district, that  
7 has the power to impose or certify a property tax levy.  
8 "*Governmental entity*" does not include a school district.

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

14     (1) New construction.

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

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

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

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

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

1 equal to the sum of one hundred two percent of the aggregate  
2 amount of property tax dollars certified for levy by the  
3 governmental entity among all property tax levies imposed by  
4 the governmental entity for the current fiscal year.

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

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

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

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

1 with this section.

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

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

9 1. For purposes of this section:

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

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

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

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

35

DIVISION II



1 before September 30.

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

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

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

18 DIVISION III

19 SCHOOL TAXES

20 Sec. 11. Section 257.3, subsection 1, paragraph a, Code  
21 2026, is amended to read as follows:

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

29 (2) Except as provided in subsections 2 and 3, a school  
30 district shall cause to be levied for the budget year beginning  
31 July 1, 2027, and each succeeding budget year, for the school  
32 general fund, a foundation property tax equal to five dollars  
33 per thousand dollars of assessed valuation on all taxable  
34 property in the district. The county auditor shall spread the  
35 foundation levy over all taxable property in 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  
5 after July 1, 2027, shall cause a foundation property tax of  
6 four dollars ~~and forty cents~~ per thousand dollars of assessed  
7 valuation to be levied on all taxable property which, in the  
8 year preceding a reorganization, was within a school district  
9 affected by the reorganization as defined in section 275.1,  
10 or in the year preceding a dissolution was a part of a school  
11 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~~ fifty cents per thousand dollars of assessed valuation  
19 the first succeeding year, ~~five~~ four dollars and ~~fifteen~~  
20 seventy-five cents per thousand dollars of assessed valuation  
21 the second succeeding year, and five dollars ~~and forty cents~~  
22 per thousand dollars of assessed valuation the third succeeding  
23 year and each year thereafter under subsection 1, paragraph "a".

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

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

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

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

11 **425A.5 Computation by county auditor.**

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

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

32 **426.3 Where credit given.**

33 The agricultural land credit fund shall be apportioned each  
34 year in the manner hereinafter provided so as to give a credit  
35 against the tax on each tract of agricultural lands within the

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

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

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

34 Sec. 17. ADJUSTMENT OF CALCULATIONS. For property tax  
35 credits under chapters 425A and 426 for property taxes due and

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

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

9 DIVISION IV

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

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

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

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

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

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

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

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

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

33 Sec. 23. Section 423F.2, subsection 3, paragraph b,  
34 subparagraph (2), subparagraph division (b), Code 2026, is  
35 amended to read as follows:

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

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

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

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

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

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

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

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

30 **423F.6 Repeal.**

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

32 **Sec. 26. SCHOOL DISTRICT FUNDING RECONCILIATION.**

33 For amounts allocated under section 423F.2 for fiscal  
34 years beginning on or after July 1, 2026, the department of  
35 management shall adjust or reconcile actual amounts to be

1 received by school districts in the fiscal year immediately  
2 following the fiscal year during which the revenues were  
3 collected.

4 DIVISION V

5 PROPERTY PARCEL INFORMATION

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

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

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

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

27 DIVISION VI

28 URBAN RENEWAL

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

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

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

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

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

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

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

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

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

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

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

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

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

16     a. That portion of the taxes each year in excess of such  
17 amount shall be allocated to and when collected be paid into a  
18 special fund of the municipality to pay the principal of and  
19 interest on loans, moneys advanced to, or indebtedness, whether  
20 funded, refunded, assumed, or otherwise, including bonds  
21 issued under the authority of [section 403.9, subsection 1](#),  
22 incurred by the municipality to finance or refinance, in whole  
23 or in part, an urban renewal project within the area, and to  
24 provide ~~assistance for~~ low and moderate income family housing  
25 ~~as provided in [section 403.22](#)~~. However, except as provided  
26 in paragraph “b”, taxes for the regular and voter-approved  
27 physical plant and equipment levy of a school district imposed  
28 pursuant to [section 298.2](#); and taxes for the instructional  
29 support program of a school district imposed pursuant to  
30 [section 257.19](#); taxes for the payment of bonds and interest of  
31 each taxing district; foundation property taxes of a school  
32 district imposed under section 257.3 levied against property  
33 located in an incorporated area and subject to an ordinance  
34 providing for a division of revenue adopted on or after January  
35 1, 2027; taxes for emergency medical services imposed pursuant

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

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

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

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

33 NEW SUBSECTION. 3A. An ordinance providing for a division  
34 of revenue under this section that is adopted on or after the  
35 effective date of this division of this Act shall be limited

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

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

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

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

34 Sec. 40. EFFECTIVE DATE. This division of this Act, being  
35 deemed of immediate importance, takes effect upon enactment.

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

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

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

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

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

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

19 DIVISION VII

20 ASSESSMENT PROCEDURES

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

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

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

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

17 ~~(2) (1) For assessment years beginning on or after January~~  
18 ~~1, 2018, the Except as provided in subparagraph (3), the burden~~  
19 ~~of proof shall be upon any complainant attacking such valuation~~  
20 ~~as excessive, inadequate, inequitable, or capricious. However,~~  
21 ~~in protest or appeal proceedings when the complainant offers~~  
22 ~~competent evidence that the market value of the property is~~  
23 ~~different than the market value determined by the assessor,~~  
24 ~~the burden of proof thereafter shall be upon the officials or~~  
25 ~~persons seeking to uphold such valuation to be assessed.~~

26 ~~(3) (2) If the classification of a property has been~~  
27 ~~previously adjudicated by the property assessment appeal board~~  
28 ~~or a court as part of an appeal under [this chapter](#), there~~  
29 ~~is a presumption that the classification of the property has~~  
30 ~~not changed for each of the four subsequent assessment years,~~  
31 ~~unless a subsequent such adjudication of the classification of~~  
32 ~~the property has occurred, and the burden of demonstrating a~~  
33 ~~change in use shall be upon the person asserting a change to~~  
34 ~~the property's classification.~~

35 (3) For assessment years beginning on or after January 1,

1 2027, if the taxpayer's property actual value increased by ten  
2 percent or more from the immediately preceding assessment year,  
3 including an increase as the result of an equalization order,  
4 and the property did not change classification or primary use  
5 and the increase in actual value is not the result of new  
6 construction, improvements, or renovations to the property, the  
7 actual value so determined by the assessor is not presumed to  
8 be the actual value and in any protest or appeal the assessor  
9 shall have the burden of proof that the valuation is not  
10 excessive, inadequate, inequitable, or capricious.

11 Sec. 45. Section 441.33, Code 2026, is amended by adding the  
12 following new subsection:

13 NEW SUBSECTION. 3. Ex parte communications with board of  
14 review members are prohibited in protests before the board.

15 DIVISION VIII

16 LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM

17 Sec. 46. NEW SECTION. 28E.20 Local government efficiency  
18 grant program.

19 1. A local government efficiency grant fund is created  
20 and established as a separate and distinct fund in the state  
21 treasury under the control of the Iowa economic development  
22 authority. For purposes of this section, "local government"  
23 means a county, city, township, or any special-purpose district  
24 or authority.

25 2. a. There is appropriated from the general fund of  
26 the state to the local government efficiency grant fund for  
27 the fiscal year beginning July 1, 2026, and ending July 1,  
28 2027, ten million dollars. In addition to moneys deposited  
29 in the local government efficiency grant fund pursuant to  
30 appropriations made by the general assembly, the Iowa economic  
31 development authority or the commission established under  
32 paragraph "c" may accept gifts, grants, bequests, and other  
33 private contributions, as well as state or federal funds, and  
34 shall deposit the moneys in the fund to be used for purposes  
35 of this section. Moneys in the fund are appropriated to

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

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

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

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

34  
35

DIVISION IX  
FIRSTHOME IOWA ACCOUNTS



1 single-family or multifamily residence for a period of three  
2 years prior to the date of the qualified purchase for which the  
3 eligible home costs are paid or reimbursed from an account.

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

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

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

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

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

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

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

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

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

33 (3) Any United States veterans administration funding  
34 fee incurred by, or charged or assigned to, a beneficiary in  
35 connection with a veterans administration home loan guaranty

1 program.

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

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

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

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

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

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

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

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

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

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

1 6. Participate in any federal, state, or local governmental  
2 program for the benefit of the trust.

3 7. Procure insurance against any loss in connection with the  
4 property, assets, or activities of the trust.

5 8. Enter into participation agreements with participants.

6 9. Make payments to or on behalf of beneficiaries for  
7 qualified homebuyer expenses pursuant to participation  
8 agreements.

9 10. Make refunds to participants upon the termination  
10 of participation agreements, and partial nonqualified  
11 distributions to participants, pursuant to the provisions,  
12 limitations, and restrictions set forth in this chapter.

13 11. Invest moneys from the program fund in any investments  
14 which are determined by the treasurer of state to be  
15 appropriate.

16 12. Engage investment advisors, if necessary, to assist in  
17 the investment of trust assets.

18 13. Contract for goods and services and engage personnel  
19 as necessary, including consultants, actuaries, managers,  
20 legal counsel, and auditors for the purpose of rendering  
21 professional, managerial, and technical assistance and advice  
22 to the treasurer of state regarding trust administration and  
23 operation.

24 14. Establish, impose, and collect administrative fees  
25 and charges in connection with transactions of the trust for  
26 deposit in the administrative fund and provide for reasonable  
27 service charges.

28 15. Administer the funds of the trust.

29 16. Adopt rules pursuant to chapter 17A for the  
30 administration of the trust.

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

33 The trust may enter into participation agreements with  
34 participants on behalf of beneficiaries pursuant to the  
35 following terms and agreements:

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

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

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

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

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

31 5. A participant may designate a successor in accordance  
32 with rules adopted by the treasurer of state. The designated  
33 successor shall succeed to the ownership of the account in  
34 the event of the death of the participant. In the event a  
35 participant dies and has not designated a successor to the

1 account, the following criteria shall apply:

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

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

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

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

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

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

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

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

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

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

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

35     1. *a.* A participant retains ownership of all payments

1 made under a participation agreement up to the date of  
2 utilization for payment of qualified homebuyer expenses for the  
3 beneficiary.

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

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

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

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

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

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

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

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

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

35 *a.* Any related studies or evaluations prepared in the

1 preceding year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34     NEW SUBSECTION. 6. *No new accounts.* New accounts shall not  
35 be established under this chapter on or after July 1, 2026.



1 follows:

2 **428A.7 Forms provided by director of revenue.**

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

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

20 (1) The actual value of all property subject to assessment  
21 and taxation shall be the fair and reasonable market value of  
22 such property except as otherwise provided in [this section](#).

23 "Market value" is defined as the fair and reasonable exchange  
24 in the year in which the property is listed and valued between  
25 a willing buyer and a willing seller, neither being under any  
26 compulsion to buy or sell and each being familiar with all  
27 the facts relating to the particular property. Sale prices  
28 of the property or comparable property in normal transactions  
29 reflecting market value, and the probable availability  
30 or unavailability of persons interested in purchasing the  
31 property, shall be taken into consideration in arriving at  
32 its market value. In arriving at market value, sale prices  
33 of property in abnormal transactions not reflecting market  
34 value shall not be taken into account, or shall be adjusted to  
35 eliminate the effect of factors which distort market value,

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

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

10

#### DIVISION XI

11

#### LOCAL GOVERNMENT BUDGET STATEMENTS

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

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

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

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

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

35 Sec. 73. Section 24.2A, subsection 2, paragraph b, Code

1 2026, is amended by striking the paragraph and inserting in  
2 lieu thereof the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 provided in [this chapter](#):

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

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

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

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

35 Sec. 80. Section 384.17, Code 2026, is amended to read as

1 follows:

2 **384.17 Levy by county.**

3 At the time required by law, the county board of supervisors  
4 shall levy the taxes necessary for each city fund for the  
5 following fiscal year. The levy must be as shown in the  
6 adopted city budget and as certified by the clerk, subject to  
7 any changes made after a protest hearing, and any additional  
8 tax rates approved at a city election. A city levy is not valid  
9 until proof of publication or posting of notice of a budget  
10 hearing under [section 384.16, subsection 3](#), is filed with the  
11 county auditor and ~~individual~~ statements are mailed or posted  
12 under [section 24.2A](#).

13 Sec. 81. Section 384.18, subsection 2, Code 2026, is amended  
14 to read as follows:

15 2. A budget amendment must be prepared and adopted in the  
16 same manner as the original budget, as provided in section  
17 384.16, excluding the requirement for ~~the mailing of individual~~  
18 statements under [section 24.2A](#), and is subject to protest as  
19 provided in [section 384.19](#), except that the committee may by  
20 rule provide that amendments of certain types or up to certain  
21 amounts may be made without public hearing and without being  
22 subject to protest. A city budget shall be amended by May  
23 31 of the current fiscal year to allow time for a protest  
24 hearing to be held and a decision rendered before June 30. The  
25 amendment of a budget after May 31, which is properly appealed  
26 but without adequate time for hearing and decision before June  
27 30 is void.

28 Sec. 82. IMPLEMENTATION OF DIVISION OF ACT. Section 25B.2,  
29 subsection 3, shall not apply to this division of this Act.

30 Sec. 83. APPLICABILITY. This division of this Act applies  
31 to political subdivision budgets for fiscal years beginning on  
32 or after July 1, 2027.

33

DIVISION XII

34

ELECTION DATES — BONDS

35

Sec. 84. Section 39.2, subsection 4, paragraph d, Code 2026,

1 is amended to read as follows:

2 *d.* For any political subdivision of this state, if the  
3 special election is in whole or in part for the question of  
4 issuing bonds or other indebtedness, the first Tuesday after  
5 the first Monday in June or the first Tuesday after the first  
6 Monday in November. However, a political subdivision shall  
7 not hold an election on the question of issuing bonds or other  
8 indebtedness on two consecutive election dates authorized under  
9 this paragraph.

10 DIVISION XIII

11 EMERGENCY MEDICAL SERVICES LEVY

12 Sec. 85. Section 422D.1, subsection 1, paragraph a,  
13 subparagraph (2), Code 2026, is amended to read as follows:

14 (2) (a) ~~An~~ For fiscal years beginning before July 1, 2027,  
15 an ad valorem property tax not to exceed seventy-five cents per  
16 one thousand dollars of assessed value on all taxable property  
17 within the county.

18 (b) For fiscal years beginning on or after July 1, 2027,  
19 an ad valorem property tax not to exceed one dollar and fifty  
20 cents per one thousand dollars of assessed value on all taxable  
21 property within the county. However, for counties authorized  
22 to impose the ad valorem property tax under this subparagraph  
23 for the fiscal year beginning July 1, 2026, the maximum levy  
24 rate for such county shall not exceed a rate of seventy-five  
25 cents per one thousand dollars of assessed value unless a rate  
26 in excess thereof, not to exceed one dollar and fifty cents  
27 per one thousand dollars of assessed value, is approved at an  
28 election held on or after July 1, 2026.

29 DIVISION XIV

30 SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME FUNDING AND  
31 MODIFIED SUPPLEMENTAL AMOUNTS

32 Sec. 86. Section 257.7, Code 2026, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 3. *Unspent balances.* For school budget  
35 years beginning on or after July 1, 2026, a school district's

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

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

11 **257.13 On-time ~~funding~~ budget adjustment.**

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

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

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

1 year, multiplied by the district cost per pupil.

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

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

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

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

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

34 Sec. 89. EFFECTIVE DATE. This division of this Act, being  
35 deemed of immediate importance, takes effect upon enactment.

1 DIVISION XV

2 HOMESTEAD CREDITS AND EXEMPTIONS

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

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

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

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

1 thirty days of the date the filing for the credit or exemption  
2 is made. The director shall adopt rules and establish  
3 appropriate procedures to administer this subsection.

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

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

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

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

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

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

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

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

1 the owner qualifies for the homestead tax credit or exemption  
2 under ~~section 425.1~~ chapter 425, subchapter I.

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

5 6C. "*Bona fide residence*" or "*bona fide address*" means the  
6 current street or highway address of an individual's residence.  
7 The bona fide residence of a person with more than one dwelling  
8 is the dwelling for which the person claims a homestead  
9 tax credit or exemption under chapter 425, subchapter I, if  
10 applicable. The bona fide residence of a homeless person is a  
11 primary nighttime residence meeting one of the criteria listed  
12 in [section 48A.2, subsection 3](#).

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

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

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

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

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

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

33 11. Carry out duties relating to the administration of  
34 the homestead tax exemption and credit and other credits as  
35 provided in ~~sections 425.4, 425.5, 425.7, 425.9, 425.10, and~~

1 ~~425.25~~ chapter 425.

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

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

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

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

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

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

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

1 unemployability that is compensated at the one hundred percent  
2 disability rate, as certified by the United States department  
3 of veterans affairs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 2. Section 25B.7, subsection 1, shall not apply to the

1 property tax ~~exemption~~ exemptions provided in [this section](#).

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

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

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

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

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

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

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

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

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

35 1. The director of revenue shall prescribe the form

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

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

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

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

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

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

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

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

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

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

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

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

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

31 2. Title page, by striking lines 1 through 5 and inserting  
32 <An Act relating to state and local government taxes, budgets,  
33 and authority, by modifying provisions relating to the  
34 assessment and taxation of property, funding from the secure  
35 an advanced vision for education fund, urban renewal areas,

1 establishing a program for certain first-time homebuyers,  
2 establishing a local government efficiency grant fund, making  
3 appropriations, and including effective date, applicability and  
4 retroactive applicability provisions.>

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COMMITTEE ON WAYS AND MEANS  
NORDMAN of Dallas, Chairperson