

Senate File 2472 - Enrolled

Senate File 2472

AN ACT

RELATING TO STATE AND LOCAL GOVERNMENT TAXES, FEES, FINANCIAL AUTHORITY, AND BUDGETS, BY MODIFYING PROPERTY ASSESSMENT PROVISIONS, DIVISIONS OF REVENUE, AND FUNDING FROM THE SECURE AN ADVANCED VISION FOR EDUCATION FUND, ESTABLISHING A PROGRAM FOR FIRST-TIME HOMEBUYERS, MODIFYING AND MAKING APPROPRIATIONS, AND INCLUDING EFFECTIVE DATE, APPLICABILITY, AND RETROACTIVE APPLICABILITY PROVISIONS.

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

DIVISION I

COUNTY PROPERTY TAXES AND BUDGETS

Section 1. Section 331.423, subsection 1, paragraph b, subparagraph (1), Code 2026, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph (3), the greater of three dollars and fifty cents per thousand

dollars of assessed value used to calculate taxes for general county services for the budget year and the adjusted general county basic levy rate, as adjusted under subparagraph (2), if applicable.

Sec. 2. Section 331.423, subsection 1, paragraph c, Code 2026, is amended to read as follows:

~~c. For each fiscal year beginning on or after July 1, 2028, three dollars and fifty cents per thousand dollars of assessed value.~~ For fiscal years beginning on or after July 1, 2027, but before July 1, 2030, a levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 1 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

Sec. 3. Section 331.423, subsection 1, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* For each fiscal year beginning on or after July 1, 2030, the lesser of:

(1) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 1 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) Three dollars and fifty cents per thousand dollars of assessed value.

Sec. 4. Section 331.423, subsection 2, paragraph b, subparagraph (1), Code 2026, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph (3), the greater of three dollars and ninety-five cents per thousand dollars of assessed value used to calculate taxes for rural county services for the budget year and the adjusted rural county basic levy rate, as adjusted under subparagraph (2), if applicable.

Sec. 5. Section 331.423, subsection 2, paragraph c, Code

2026, is amended to read as follows:

~~c. For each fiscal year beginning on or after July 1, 2028, three dollars and ninety-five cents per thousand dollars of assessed value. For fiscal years beginning on or after July 1, 2027, but before July 1, 2030, a levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 2 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.~~

Sec. 6. Section 331.423, subsection 2, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* For each fiscal year beginning on or after July 1, 2030, the lesser of:

(1) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 2 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) Three dollars and ninety-five cents per thousand dollars of assessed value.

Sec. 7. Section 331.423, subsection 3, Code 2026, is amended by adding the following new paragraph:

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

- (1) New construction.
- (2) Additions or improvements to existing structures that are not normal and necessary repairs under section 441.21, subsection 8.
- (3) Net boundary adjustments, including annexation, severance, incorporation, consolidation, or discontinuance as those terms are defined in section 368.1.

Sec. 8. Section 331.423, Code 2026, is amended by adding the

following new subsection:

NEW SUBSECTION. 2A. The amount of property tax dollars calculated under this section includes those amounts budgeted and received by the county as replacement taxes under chapter 437A or 437B, if applicable.

Sec. 9. EFFECTIVE DATE. This division of this Act takes effect January 1, 2027.

Sec. 10. APPLICABILITY. This division of this Act applies to property taxes and budgets for fiscal years beginning on or after July 1, 2027.

## DIVISION II

### CITY PROPERTY TAXES AND BUDGETS

Sec. 11. Section 384.1, subsection 3, paragraph c, subparagraph (1), Code 2026, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph (3), a city's tax levy for the general fund, except for levies authorized in [section 384.12](#), shall not exceed in any tax year the greater of eight dollars and ten cents per thousand dollars of assessed value used to calculate taxes for the budget year and the adjusted city general fund levy rate, as adjusted under subparagraph (2), if applicable.

Sec. 12. Section 384.1, subsection 3, paragraph d, Code 2026, is amended to read as follows:

~~d. For each fiscal year beginning on or after July 1, 2028, a city's tax levy rate for the general fund, except for levies authorized in [section 384.12](#), shall not exceed eight dollars and ten cents per thousand dollars of assessed value used to calculate taxes in any fiscal year.~~ For fiscal years beginning on or after July 1, 2027, but before July 1, 2030, a city's tax levy rate for the general fund, except for levies authorized in [section 384.12](#), shall not exceed a levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

Sec. 13. Section 384.1, subsection 3, Code 2026, is amended

by adding the following new paragraph:

NEW PARAGRAPH. *e.* For each fiscal year beginning on or after July 1, 2030, a city's tax levy rate for the general fund, except for levies authorized in section 384.12, shall not exceed the lesser of:

(1) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) Eight dollars and ten cents per thousand dollars of assessed value.

Sec. 14. Section 384.1, subsection 4, Code 2026, is amended by adding the following new paragraph:

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

(1) New construction.

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

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

Sec. 15. Section 384.1, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. The amount of property tax dollars calculated under this section includes those amounts budgeted and received by the city as replacement taxes under chapter 437A or 437B, if applicable.

Sec. 16. EFFECTIVE DATE. This division of this Act takes effect January 1, 2027.

Sec. 17. APPLICABILITY. This division of this Act applies to property taxes and budgets for fiscal years beginning on or after July 1, 2027.

DIVISION III

RATE-LIMITED PROPERTY TAX LEVY RATES

Sec. 18. Section 24.48, Code 2026, is amended by adding the following new subsection:

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

Sec. 19. Section 312.2, subsection 5, paragraph a, unnumbered paragraph 1, Code 2026, is amended to read as follows:

The treasurer of state, before making any allotments to counties under [this section](#), shall reduce the allotment to a county for the secondary road fund by the amount by which the total funds that the county transferred or provided during the prior fiscal year under [section 331.429, subsection 1](#), paragraphs "a", "b", "d", and "e", are less than seventy-five fifty-one percent of the sum of the following:

Sec. 20. NEW SECTION. 444.25 **Maximum property tax levy rates — adjustments.**

1. For purposes of this section:

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

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

c. "Rate-limited property tax levy" includes any ad valorem property tax levy limited by law to a specific property tax levy rate for a fiscal year beginning on or after July 1, 2027, expressed in statute as a specific amount of money due other than a calculated amount, per one thousand dollars of assessed value used to calculate taxes. "Rate-limited property tax levy" also includes a levy for a county agricultural extension under section 176A.10. This paragraph shall not be construed to include the school district foundation levy under section 257.3, the county general services levy under section 331.423, subsection 1, the county rural services levy under section 331.423, subsection 2, the city general fund levy under section 384.1, the physical plant and equipment levies under section 298.2, the school district bond tax under section 298.18, any

levy under chapter 28M, a levy under section 384.12, subsection 1, paragraph "b", levied for operation and maintenance of a regional transit district, any levy under chapter 347 or 347A, and any levy under chapter 386. In addition, "rate-limited property tax levy" does not include levy rates used in the calculations under section 312.2, subsection 5, paragraph "a".

2. Except as provided in subsection 3, for the fiscal year beginning July 1, 2027, and each fiscal year thereafter, each rate-limited property tax levy shall, by operation of this section and in addition to any applicable levy rate limitation imposed by another provision of law, be limited to a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for such levy divided by the total assessed value used to calculate such taxes for the budget year.

3. a. For the fiscal year beginning July 1, 2027, and each fiscal year thereafter, if the rate limited property tax levy was not imposed by the governmental entity in the immediately preceding fiscal year, such levy may for the initial year of imposition be imposed at a rate not to exceed the maximum rate for such levy authorized by law.

b. If a budget year includes a voter-approved increase in the authorized rate of a voter-approved rate-limited property tax levy for which the increased rate was not approved for imposition in the current fiscal year, such rate-limited property tax levy may be imposed for that budget year at a rate not to exceed the voter-approved rate without application of subsection 2.

4. The amount of property tax dollars calculated under this section includes those amounts budgeted and received by the governmental entity as replacement taxes under chapter 437A or 437B, if applicable.

**Sec. 21. NEW SECTION. 444.26 Use of bonds and indebtedness for general operations — prohibition.**

1. For purposes of this section:

a. "General operations" means services or activities generally funded from the governmental entity's general fund, which are necessary for the operation of the governmental

entity, including salaries and benefits, or which are for the health and welfare of the governmental entity's citizens or primarily intended to benefit all residents of the governmental entity, but excluding direct and indirect capital expenditures properly allocable under the Internal Revenue Code, as defined in section 422.3, if the governmental entity were a taxpayer, capital leases, and services financed by statutory funds other than a debt service fund.

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

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

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

Sec. 22. EFFECTIVE DATE. The following takes effect January 1, 2027:

The section of this division of this Act amending section 312.2.

Sec. 23. APPLICABILITY. The following applies to fiscal years beginning on or after July 1, 2027:

The section of this division of this Act amending section 312.2.

#### DIVISION IV

#### FIRSTHOME IOWA ACCOUNTS

Sec. 24. Section 12G.2, Code 2026, is amended by adding the following new subsection:

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

Sec. 25. NEW SECTION. 12L.1 FirstHome Iowa program — purpose and definitions.

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

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

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

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

*c. "First-time homebuyer"* means an individual who is a resident of Iowa and who does not own, either individually or jointly, a single-family or multifamily residence, and who has not previously owned or purchased, either individually or jointly, a single-family or multifamily residence prior to the date of the qualified purchase for which the eligible home costs are paid or reimbursed from an account.

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

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

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

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

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

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

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

(1) A down payment or closing costs for the qualified purchase of a single-family residence in Iowa that is to be the homestead, as defined in section 425.11, of the beneficiary if such beneficiary is a first-time homebuyer with respect to such purchase.

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

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

*k. "Qualified purchase"* means the purchase of a single-family residence in Iowa by the account's beneficiary for which the account's beneficiary will use as a homestead, as defined in section 425.11, one year or more after the date the participant first opened the account.

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

*m. "Single-family residence"* means a single-family residence owned and occupied by a beneficiary as the beneficiary's homestead within the meaning of section 425.1, including but not limited to a manufactured home, mobile home, condominium unit, or cooperative.

**Sec. 26. NEW SECTION. 12L.2 Creation of FirstHome Iowa program trust.**

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

1. Make and enter into contracts necessary for the administration of the trust created under this chapter.
2. Enter into agreements with any financial institution, the state, or any federal or other state agency, or other entity as required to implement this chapter.
3. Carry out the duties and obligations of the trust pursuant to this chapter.
4. Accept any grants, gifts, legislative appropriations, and other moneys from the state, any unit of federal, state, or local government, or any other person, firm, partnership, or corporation which the treasurer of state shall deposit into the administrative fund or the program fund.
5. Carry out studies and projections so the treasurer of state may advise participants regarding present and estimated future qualified homebuyer expenses and levels of financial participation in the trust required in order to enable participants to achieve their qualifying purchase objectives.
6. Participate in any federal, state, or local governmental program for the benefit of the trust.
7. Procure insurance against any loss in connection with the property, assets, or activities of the trust.
8. Enter into participation agreements with participants.
9. Make payments to or on behalf of beneficiaries for qualified homebuyer expenses pursuant to participation agreements.
10. Make refunds to participants upon the termination of participation agreements, and partial nonqualified distributions to participants, pursuant to the provisions, limitations, and restrictions set forth in this chapter.
11. Invest moneys from the program fund in any investments which are determined by the treasurer of state to be appropriate.
12. Engage investment advisors, if necessary, to assist in the investment of trust assets.

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

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

15. Administer the funds of the trust.

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

**Sec. 27. NEW SECTION. 12L.3 Participation agreements for trust.**

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

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

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

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

*b.* Participation agreements may otherwise be freely amended

throughout their terms in order to enable participants to increase or decrease the level of participation, change the designation of beneficiaries, and carry out similar matters as authorized by rule.

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

5. A participant may designate a successor in accordance with rules adopted by the treasurer of state. The designated successor shall succeed to the ownership of the account in the event of the death of the participant. In the event a participant dies and has not designated a successor to the account, the following criteria shall apply:

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

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

**Sec. 28. NEW SECTION. 12L.4 FirstHome Iowa program and administrative funds — investment and payments.**

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

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

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

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

2. Moneys accrued by participants in the program fund of the

trust may be used for payments to or on behalf of a beneficiary for qualified homebuyer expenses.

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

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

**Sec. 30. NEW SECTION. 12L.6 Ownership of payments and investment income — transfer of ownership rights.**

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

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

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

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

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

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

**Sec. 31. NEW SECTION. 12L.7 Annual audited financial report to governor and general assembly.**

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

*b.* The annual audit shall be made either by the auditor of state or by an independent certified public accountant designated by the auditor of state and shall include direct and

indirect costs attributable to the use of outside consultants, independent contractors, and any other persons who are not state employees.

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

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

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

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

**Sec. 32. NEW SECTION. 12L.8 Tax considerations.**

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

**Sec. 33. NEW SECTION. 12L.9 Property rights to assets in trust.**

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

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

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

**Sec. 34. NEW SECTION. 12L.10 Construction.**

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

Sec. 35. Section 232D.503, subsection 6, Code 2026, is amended by adding the following new paragraph:

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

Sec. 36. Section 422.7, Code 2026, is amended by adding the following new subsections:

NEW SUBSECTION. 46. *a.* Subtract the contribution that may be deducted for Iowa income tax purposes as a participant in the FirstHome Iowa program trust pursuant to section 12L.3,

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

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

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

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

Sec. 37. Section 541B.4, Code 2026, is amended by adding the following new subsections:

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

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

Sec. 38. Section 627.6, Code 2026, is amended by adding the following new subsection:

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

Sec. 39. Section 633.108, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 40. Section 633.555, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 41. Section 633.678, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 42. Section 633.681, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 43. APPLICABILITY. The following applies to contributions made under chapter 12L on or after July 1, 2026, for tax years ending on or after that date:

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

DIVISION V  
SCHOOL TAXES

Sec. 44. Section 257.3, subsection 1, paragraph a, Code 2026, is amended to read as follows:

a. (1) Except as provided in [subsections 2 and 3](#), a school district shall cause to be levied each budget year beginning before July 1, 2028, for the school general fund, a foundation property tax equal to five dollars and forty cents per thousand dollars of assessed valuation on all taxable property in the district. The county auditor shall spread the foundation levy

over all taxable property in the district.

(2) Except as provided in subsections 2 and 3, a school district shall cause to be levied for the budget year beginning July 1, 2028, for the school general fund, a foundation property tax equal to five dollars and ten cents per thousand dollars of assessed valuation on all taxable property in the district. The county auditor shall spread the foundation levy over all taxable property in the district.

(3) Except as provided in subsections 2 and 3, a school district shall cause to be levied for the budget year beginning July 1, 2029, and each succeeding budget year, for the school general fund, a foundation property tax equal to four dollars and ninety cents per thousand dollars of assessed valuation on all taxable property in the district. The county auditor shall spread the foundation levy over all taxable property in the district.

Sec. 45. Section 257.3, subsection 2, paragraphs a and b, Code 2026, are amended to read as follows:

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

b. In succeeding school years, the foundation property tax levy on that portion shall be increased to the rate ~~of four dollars and ninety~~ fifty cents per thousand dollars of assessed valuation less than the rate applicable to the budget year under subsection 1, paragraph "a", for the first succeeding year, ~~five dollars and fifteen~~ twenty-five cents per thousand dollars of assessed valuation less than the rate applicable to the budget year under subsection 1, paragraph "a", for the second succeeding year, and ~~five dollars and forty cents~~ per

~~thousand dollars of assessed valuation~~ the rate applicable to the budget year under subsection 1, paragraph "a", for the third succeeding year and each year thereafter.

Sec. 46. Section 425A.3, subsection 1, Code 2026, is amended to read as follows:

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

Sec. 47. Section 425A.5, Code 2026, is amended to read as follows:

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

The family farm tax credit allowed each year shall be computed as follows: On or before April 1, the county auditor shall list by school districts all tracts of agricultural land which are entitled to credit, the taxable value for the previous year, the budget from each school district for the previous year, and the tax rate determined for the general fund of the school district in the manner prescribed in section 444.3 for the previous year, and if the tax rate is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", the auditor shall multiply the tax levy which is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3,

subsection 1, paragraph "a", by the total taxable value of the agricultural land entitled to credit in the school district, and on or before April 1, certify the total amount of credit and the total number of acres entitled to the credit to the department of revenue.

Sec. 48. Section 426.3, Code 2026, is amended to read as follows:

**426.3 Where credit given.**

The agricultural land credit fund shall be apportioned each year in the manner hereinafter provided so as to give a credit against the tax on each tract of agricultural lands within the several school districts of the state in which the levy for the general school fund exceeds ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a"; the amount of such credit on each tract of such lands shall be the amount the tax levied for the general school fund exceeds the amount of tax which would be levied on said tract of such lands were the levy for the general school fund ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", for the previous year, except in the case of a deficiency in the agricultural land credit fund to pay said credits in full, in which case the credit on each eligible tract of such lands in the state shall be proportionate and shall be applied as hereinafter provided.

Sec. 49. Section 426.6, subsection 1, Code 2026, is amended to read as follows:

1. The agricultural land tax credit allowed each year shall be computed as follows: On or before April 1, the county auditor shall list by school districts all tracts of agricultural lands which are entitled to credit, together with the taxable value for the previous year, together with the budget from each school district for the previous year, and the tax rate determined for the general fund of the district in the manner prescribed in [section 444.3](#) for the previous year, and if such tax rate is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", the auditor shall multiply the tax levy which is in excess of ~~five dollars~~

~~and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", by the total taxable value of the agricultural lands entitled to credit in the district, and on or before April 1, certify the amount to the department of revenue.

Sec. 50. ADJUSTMENT OF CALCULATIONS. For property tax credits under chapters 425A and 426 for property taxes due and payable in the fiscal year beginning July 1, 2027, the tax rate determined for the general fund of the school district in the manner prescribed in section 444.3 for the previous year shall be determined using the appropriate property tax levy rate under section 257.3, as amended in this division of this Act.

Sec. 51. APPLICABILITY. This division of this Act applies to fiscal years and school budget years beginning on or after July 1, 2027.

#### DIVISION VI

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

Sec. 52. Section 423.2, subsection 12, Code 2026, is amended to read as follows:

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

Sec. 53. Section 423.2A, subsection 2, paragraph c, Code 2026, is amended to read as follows:

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

Sec. 54. Section 423.5, subsection 4, Code 2026, is amended to read as follows:

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

Sec. 55. Section 423.43, subsection 1, paragraph b, Code 2026, is amended to read as follows:

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

Sec. 56. Section 423F.2, subsection 3, paragraph b, subparagraph (2), subparagraph division (b), Code 2026, is amended to read as follows:

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

Sec. 57. Section 423F.2, subsection 3, paragraph b, subparagraph (2), subparagraph division (c), Code 2026, is amended by striking the subparagraph division and inserting in lieu thereof the following:

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

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

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

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

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

Sec. 58. Section 423F.6, Code 2026, is amended to read as follows:

**423F.6 Repeal.**

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

Sec. 59. SCHOOL DISTRICT FUNDING RECONCILIATION.  
For amounts allocated under section 423F.2 for fiscal years beginning on or after July 1, 2026, the department of management shall adjust or reconcile actual amounts to be received by school districts in the fiscal year immediately

following the fiscal year during which the revenues were collected.

DIVISION VII

ELDERLY AND DISABLED PROPERTY TAX CREDIT AND RENT REIMBURSEMENT

Sec. 60. Section 425.24, Code 2026, is amended to read as follows:

**425.24 Maximum property tax for purpose of credit or reimbursement.**

For claimants under [section 425.17, subsection 2](#), paragraph "a", subparagraphs (1) and (2), and for the calculation under section 425.23, subsection 1, paragraph "c", subparagraph (1), in any case in which property taxes due or rent constituting property taxes paid for any household exceeds one thousand five hundred dollars, the amount of property taxes due or rent constituting property taxes paid shall be deemed to have been one thousand five hundred dollars for purposes of this subchapter.

Sec. 61. APPLICABILITY.

1. This division of this Act applies to claims under chapter 425, subchapter II, for credits against property taxes due and payable in fiscal years beginning on or after July 1, 2027.

2. This division of this Act applies to claims under chapter 425, subchapter II, for reimbursement for rent constituting property taxes paid in base years beginning on or after January 1, 2026.

DIVISION VIII

PROPERTY CLASSIFICATIONS AND ASSESSMENT LIMITATIONS

Sec. 62. Section 386.8, Code 2026, is amended to read as follows:

**386.8 Operation tax.**

A city may establish a self-supported improvement district operation fund, and may certify taxes not to exceed the rate limitation as established in the ordinance creating the district, or any amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of paying the administrative expenses of the district, which may include but are not limited to administrative personnel salaries, a separate administrative office, planning costs including consultation fees, engineering

fees, architectural fees, and legal fees and all other expenses reasonably associated with the administration of the district and the fulfilling of the purposes of the district. The taxes levied for this fund may also be used for the purpose of paying maintenance expenses of improvements or self-liquidating improvements for a specified length of time with one or more options to renew if such is clearly stated in the petition which requests the council to authorize construction of the improvement or self-liquidating improvement, whether or not such petition is combined with the petition requesting creation of a district. Parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under [this section](#) except residential properties within a duly designated historic district or property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph "a", subparagraph ~~(6)~~ (5). A tax levied under [this section](#) is not subject to the levy limitation in [section 384.1](#).

Sec. 63. Section 386.9, Code 2026, is amended to read as follows:

**386.9 Capital improvement tax.**

A city may establish a capital improvement fund for a district and may certify taxes, not to exceed the rate established by the ordinance creating the district, or any subsequent amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of accumulating moneys for the financing or payment of a part or all of the costs of any improvement or self-liquidating improvement. However, parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under [this section](#) except residential properties within a duly designated historic district or property classified as ~~residential~~ multiresidential property under [section 441.21, subsection 14 13](#), paragraph "a", subparagraph ~~(6)~~ (5). A tax levied under [this section](#) is not subject to the levy limitations in [section 384.1](#) or [384.7](#).

Sec. 64. Section 386.10, Code 2026, is amended to read as follows:

**386.10 Debt service tax.**

A city shall establish a self-supported municipal improvement district debt service fund whenever any self-supported municipal improvement district bonds are issued and outstanding, other than revenue bonds, and shall certify taxes to be levied against all of the property in the district for the debt service fund in the amount necessary to pay interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all self-supported municipal improvement district bonds as authorized in [section 386.11](#), issued by the city. However, parcels of property which are assessed as residential property for property tax purposes at the time of the issuance of the bonds are exempt from the tax levied under [this section](#) until the parcels are no longer assessed as residential property or until the residential properties are designated as a part of a historic district or property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph *"a"*, subparagraph ~~(6)~~ (5).

Sec. 65. Section 404.2, subsection 2, paragraph f, Code 2026, is amended to read as follows:

*f.* A statement specifying whether the revitalization is applicable to none, some, or all of the property assessed as residential, multiresidential, agricultural, commercial, or industrial property within the designated area or a combination thereof and whether the revitalization is for rehabilitation and additions to existing buildings or new construction or both. If revitalization is made applicable only to some property within an assessment classification, the definition of that subset of eligible property must be by uniform criteria which further some planning objective identified in the plan. The city shall state how long it is estimated that the area shall remain a designated revitalization area which time shall be longer than one year from the date of designation and shall state any plan by the city to issue revenue bonds for revitalization projects within the area. For a county, a revitalization area shall include only property which will be used as industrial property, commercial property, multiresidential property, or residential property. However, a county shall not provide a tax exemption under [this chapter](#) to

commercial property, multiresidential property, or residential property which is located within the limits of a city.

Sec. 66. Section 404.3, subsection 4, paragraph a, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

a. All qualified real estate assessed as any of the following is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements:

(1) Residential property.

(2) Commercial property if the commercial property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes.

(3) Multiresidential property if the multiresidential property consists of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes.

Sec. 67. Section 404.3A, Code 2026, is amended to read as follows:

**404.3A Residential development area exemption.**

Notwithstanding the schedules provided for in [section 404.3](#), all qualified real estate assessed as residential property or multiresidential property, excluding property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph "a", subparagraph ~~(6)~~ (5), in an area designated under [section 404.1, subsection 5](#), is eligible to receive an exemption from taxation on the first seventy-five thousand dollars of actual value added by the improvements. The exemption is for a period of five years.

Sec. 68. Section 404.3D, Code 2026, is amended to read as follows:

**404.3D Exemptions for residential and multiresidential property.**

For revitalization areas established under [this chapter](#) on or after July 1, 2024, and for first-year exemption applications for property located in a revitalization area in existence on July 1, 2024, filed on or after July 1, 2024, an exemption authorized under [this chapter](#) for property that is

residential property or multiresidential property shall not apply to property tax levies imposed by a school district.

Sec. 69. Section 441.21, subsection 2, Code 2026, is amended to read as follows:

2. In the event market value of the property being assessed cannot be readily established in the foregoing manner, then the assessor may determine the value of the property using the other uniform and recognized appraisal methods including its productive and earning capacity, if any, industrial conditions, its cost, physical and functional depreciation and obsolescence and replacement cost, and all other factors which would assist in determining the fair and reasonable market value of the property but the actual value shall not be determined by use of only one such factor. The following shall not be taken into consideration: Special value or use value of the property to its present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property. In addition, for assessment years beginning on or after January 1, 2018, and unless otherwise required for property valued by the department of revenue pursuant to [chapters 428](#), [437](#), and [438](#), the assessor shall not take into consideration and shall not request from any person sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business operating in whole or in part on the property if the property is both classified as commercial or industrial property and owned and used by the owner of the business. However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall, unless the owner elects to withdraw the property from the assessment procedures for section 42 property, use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to

the property in determining the assessed value. The property owner shall notify the assessor when property is withdrawn from section 42 eligibility under the Internal Revenue Code or if the owner elects to withdraw the property from the assessment procedures for section 42 property under this subsection. The property shall not be subject to section 42 assessment procedures for the assessment year for which section 42 eligibility is withdrawn or an election is made. This notification must be provided to the assessor no later than March 1 of the assessment year or the owner will be subject to a penalty of five hundred dollars for that assessment year. The penalty shall be collected at the same time and in the same manner as regular property taxes. An election to withdraw from the assessment procedures for section 42 property is irrevocable. Property that is withdrawn from the assessment procedures for section 42 property shall be classified and assessed as ~~residential~~ multiresidential property unless the property otherwise fails to meet the requirements of subsection ~~14~~ 13. Upon adoption of uniform rules by the department of revenue or succeeding authority covering assessments and valuations of such properties, the valuation on such properties shall be determined in accordance with such rules and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time for assessment purposes to assure uniformity, but such rules, forms, and guidelines shall not be inconsistent with or change the foregoing means of determining the actual, market, taxable, and assessed values.

Sec. 70. Section 441.21, subsection 4, paragraph a, subparagraph (3), Code 2026, is amended to read as follows:

(3) For valuations established for assessment years beginning on or after January 1, 2022, but before January 1, 2027, the calculation of the dividend for residential property under this subsection shall exclude the value of all property described in subsection 14, paragraph "a", subparagraphs (2), (3), (4), (5), and (6), Code 2026, and the property described in subsection 14, paragraph "a", subparagraph (7), Code 2026, that contains three or more separate dwelling units.

Sec. 71. Section 441.21, subsection 4, paragraph b,

subparagraph (2), Code 2026, is amended to read as follows:

(2) For valuations established for assessment years beginning on or after January 1, 2022, but before January 1, 2027, the calculation of the divisor for residential property under this subsection shall exclude the value of all property described in subsection 14, paragraph "a", subparagraphs (2), (3), (4), (5), and (6), Code 2026, and the property described in subsection 14, paragraph "a", subparagraph (7), Code 2026, that contains three or more separate dwelling units.

Sec. 72. Section 441.21, subsection 5, paragraph f, subparagraph (2), Code 2026, is amended to read as follows:

(2) "Parcel" means the same as defined in section 445.1. "Parcel" also means that portion of a parcel assigned a classification of commercial property or industrial property pursuant to ~~section 441.21~~, subsection 13, paragraph "c", or subsection 14, paragraph "b", Code 2026, as applicable.

Sec. 73. Section 441.21, subsection 8, paragraph b, Code 2026, is amended to read as follows:

b. Notwithstanding paragraph "a", any construction or installation of a solar energy system on property classified as agricultural, residential, multiresidential, commercial, or industrial property shall not increase the actual, assessed, and taxable values of the property for five full assessment years.

Sec. 74. Section 441.21, subsections 9 and 10, Code 2026, are amended to read as follows:

9. Not later than November 1, ~~1979~~ 2026, and November 1 of each subsequent year, the director shall certify to the county auditor of each county the percentages of actual value at which ~~residential property, agricultural property, commercial property, industrial property, property valued by the department of revenue pursuant to chapters 428 and 438, property valued by the department of revenue pursuant to chapter 434, and property valued by the department of revenue pursuant to chapter 437~~ in each assessing jurisdiction in the county each classification of property shall be assessed for taxation, ~~including for assessment years beginning on or after January 1, 2022, the percentages used to apply the assessment limitations under subsection 5, paragraphs "b"~~

and “e”. The county auditor shall proceed to determine the assessed values of ~~agricultural property, residential property, commercial property, industrial property, property valued by the department of revenue pursuant to chapters 428 and 438, property valued by the department of revenue pursuant to chapter 434, and property valued by the department of revenue pursuant to chapter 437~~ by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

10. The percentages of actual value ~~computed~~ determined by the department of revenue for ~~agricultural property, residential property, commercial property, industrial property, property valued by the department of revenue pursuant to chapters 428 and 438, property valued by the department of revenue pursuant to chapter 434, and property valued by the department of revenue pursuant to chapter 437, including for assessment years beginning on or after January 1, 2022, the percentages used to apply the assessment limitations under subsection 5, paragraphs “b” and “c”, and under this section~~ and used to determine assessed values of those classes of property do not constitute a rule as defined in section 17A.2, subsection 11.

Sec. 75. Section 441.21, subsection 13, paragraph a, unnumbered paragraph 1, Code 2026, is amended to read as follows:

Beginning with valuations established on or after January 1, ~~2016~~ 2027, ~~but before January 1, 2022~~, all of the following shall be valued as a separate class of property known as multiresidential property and, excluding properties referred to in section 427A.1, subsection 9, shall be assessed at a percentage of its actual value, as determined in this subsection:

Sec. 76. Section 441.21, subsection 13, paragraph b, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

b. (1) For valuations established for the assessment year beginning January 1, 2027, the percentage of actual value as

equalized by the department of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be the percentage of actual value determined by the department of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4 plus three percent, but not to exceed one hundred percent.

(2) For valuations established for the assessment year beginning January 1, 2028, and each assessment year thereafter, the percentage of actual value as equalized by the department of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be the percentage of actual value determined by the department of revenue at which property assessed as residential property is assessed for the same assessment year under subsection 4 plus six percent, but not to exceed one hundred percent.

Sec. 77. Section 441.21, subsection 13, paragraph c, Code 2026, is amended to read as follows:

c. Beginning with valuations established on or after January 1, ~~2016~~ 2027, ~~but before January 1, 2022~~, for parcels for which a portion of the parcel satisfies the requirements for classification as multiresidential property pursuant to paragraph "a", subparagraph (5) or (6), the assessor shall assign to that portion of the parcel the classification of multiresidential property and to such other portions of the parcel the property classification for which such other portions qualify.

Sec. 78. Section 441.21, subsection 13, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *0e.* For purposes of equalization under sections 441.47 through 441.49, multiresidential property shall be considered residential property.

Sec. 79. Section 441.21, subsection 14, Code 2026, is amended to read as follows:

14. ~~a-~~ Beginning with valuations established on or after January 1, ~~2022~~ 2027, all of the following property primarily used or intended for human habitation containing two or fewer dwelling units shall be classified and valued as residential property.

~~(1) Property primarily used or intended for human habitation containing two or fewer dwelling units.~~

~~(2) Mobile home parks.~~

~~(3) Manufactured home communities.~~

~~(4) Land-leased communities.~~

~~(5) Assisted living facilities.~~

~~(6) A parcel primarily used or intended for human habitation containing three or more separate dwelling units. If a portion of such a parcel is used or intended for a purpose that, if the primary use, would be classified as commercial property or industrial property, each such portion, including a proportionate share of the land included in the parcel, if applicable, shall be assigned the appropriate classification pursuant to paragraph "b".~~

~~(7) For a parcel that is primarily used or intended for use as commercial property or industrial property, that portion of the parcel that is used or intended for human habitation, regardless of the number of dwelling units contained on the parcel, including a proportionate share of the land included in the parcel, if applicable. The portion of such a parcel used or intended for use as commercial property or industrial property, including a proportionate share of the land included in the parcel, if applicable, shall be assigned the appropriate classification pursuant to paragraph "b".~~

~~b. Beginning with valuations established on or after January 1, 2022, for parcels for which a portion of the parcel satisfies the requirements for classification as residential property pursuant to paragraph "a", subparagraph (6) or (7), the assessor shall assign to that portion of the parcel the classification of residential property and to such other portions of the parcel the property classification for which such other portions qualify.~~

~~c. Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, and that has not been withdrawn from section 42 assessment procedures under [subsection 2](#) of this section, or a hotel, motel, inn, or other building where rooms or dwelling units are usually rented for less than one month shall not be classified as residential property under this~~

subsection.

~~d. As used in this subsection:~~

~~(1) "Assisted living facility" means property for providing assisted living as defined in section 231C.2. "Assisted living facility" also includes a health care facility, as defined in section 135C.1, an elder group home, as defined in section 231B.1, a child foster care facility under chapter 237, or property used for a hospice program as defined in section 135J.1.~~

~~(2) "Dwelling unit" means an apartment, group of rooms, or single room which is occupied as separate living quarters or, if vacant, is intended for occupancy as separate living quarters, in which a tenant can live and sleep separately from any other persons in the building.~~

~~(3) "Land-leased community" means the same as defined in sections 335.30A and 414.28A.~~

~~(4) "Manufactured home community" means the same as a land-leased community.~~

~~(5) "Mobile home park" means the same as defined in section 435.1.~~

Sec. 80. Section 558.46, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. For the purposes of this section, "residential property" includes multiresidential property.

Sec. 81. EFFECTIVE DATE. The following take effect January 1, 2027:

1. The section of this division of this Act amending section 386.8.

2. The section of this division of this Act amending section 386.9.

3. The section of this division of this Act amending section 386.10.

4. The section of this division of this Act amending section 404.2, subsection 2, paragraph "f".

5. The section of this division of this Act amending section 404.3, subsection 4, paragraph "a".

6. The section of this division of this Act amending section 404.3A.

7. The section of this division of this Act amending section

404.3D.

8. The section of this division of this Act amending section 441.21, subsection 2.

9. The section of this division of this Act amending section 441.21, subsection 8, paragraph "b".

10. The sections of this division of this Act amending section 441.21, subsection 13.

11. The section of this division of this Act amending section 441.21, subsection 14.

12. The section of this division of this Act amending section 558.46.

Sec. 82. APPLICABILITY. The following apply to assessment years beginning on or after January 1, 2027:

1. The section of this division of this Act amending section 386.8.

2. The section of this division of this Act amending section 386.9.

3. The section of this division of this Act amending section 386.10.

4. The section of this division of this Act amending section 404.2, subsection 2, paragraph "f".

5. The section of this division of this Act amending section 404.3, subsection 4, paragraph "a".

6. The section of this division of this Act amending section 404.3A.

7. The section of this division of this Act amending section 404.3D.

8. The section of this division of this Act amending section 441.21, subsection 2.

9. The section of this division of this Act amending section 441.21, subsection 8, paragraph "b".

10. The sections of this division of this Act amending section 441.21, subsection 13.

11. The section of this division of this Act amending section 441.21, subsection 14.

12. The section of this division of this Act amending section 558.46.

Sec. 83. Section 422D.1, subsection 1, paragraph a, subparagraph (2), Code 2026, is amended to read as follows:

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

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

DIVISION X

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

Sec. 84. Section 257.7, Code 2026, is amended by adding the following new subsection:

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

Sec. 85. Section 257.13, Code 2026, is amended to read as follows:

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

1. a. For the school budget year beginning July 1, 2001, and succeeding budget years beginning before July 1, 2026, if a district's actual enrollment for the budget year, determined under [section 257.6](#), is greater than its budget enrollment for

the budget year, the district shall be eligible to receive an on-time ~~funding~~ budget adjustment. The adjustment shall be in an amount equal to the difference between the actual enrollment for the budget year and the budget enrollment for the budget year, multiplied by the district cost per pupil.

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

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

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

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

**Sec. 86. NEW SECTION. 279.63A Unspent balance — policy.**

1. The board of directors of each school district shall establish a policy that defines a targeted range and maximum amount of unspent balance of authorized expenditures, determined by a percent of authorized expenditures under

section 257.7 or other methodology specified in the policy. The policy shall also state the date the policy was adopted and the date the policy was most recently reviewed or revised under subsection 2. The targeted range and maximum amount established in the policy shall be made with the intent to equalize educational opportunity, provide a good education for all the children of the school district, provide property tax relief, decrease the percentage of school costs paid from property taxes, and to provide reasonable control of school costs.

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

Sec. 87. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

#### DIVISION XI

##### GENERAL FUND RESERVES

Sec. 88. Section 11.11, Code 2026, is amended to read as follows:

#### **11.11 Scope of audits.**

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

Sec. 89. Section 24.34, Code 2026, is amended to read as follows:

**24.34 Unliquidated obligations.**

A city, county, or other political subdivision governmental entity, as defined in section 24.35, may establish an encumbrance system for any obligation not liquidated at the close of the fiscal year in which the obligation has been encumbered assigned, committed, restricted, or specified as nonspendable. The encumbered obligations may be retained upon the books of the city, county, or other political subdivision governmental entity, as defined in section 24.35, until liquidated, all in accordance with generally accepted governmental accounting practices principles, as established by the governmental accounting standards board.

Sec. 90. NEW SECTION. **24.35 General fund reserves — limitations.**

1. For purposes of this section:

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

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

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

*d.* "Governmental entity" means any unit of government or other public body or public corporation, including any intergovernmental entity, that has the power to impose or certify a property tax levy. "Governmental entity" does not include a school district or a governmental entity within the meaning of this paragraph if the governmental entity has a bond rating for the budget year that is the highest classification, as established by at least one of the standard rating services approved by the superintendent of banking by rule adopted under chapter 17A.

*e.* "Unassigned" means funds that are not restricted, committed, assigned, or nonspendable within the meaning of generally accepted accounting principles, as established by the

governmental accounting standards board.

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

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

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

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

Sec. 91. Section 176A.8, subsection 13, Code 2026, is amended by striking the subsection.

#### DIVISION XII

#### PROPERTY PARCEL INFORMATION

Sec. 92. Section 331.510, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 5. *a.* An annual report not later than September 1 to the department of management containing parcel-level property data, including parcel identification

information, location, size, valuation, classification, types of structures and improvements, exemptions, credits, and reporting year amounts of property taxes due and payable.

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

c. The first annual report under this subsection shall be due not later than September 1, 2027.

DIVISION XIII

URBAN RENEWAL

Sec. 93. Section 15A.1, subsection 1, paragraph b, Code 2026, is amended to read as follows:

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

Sec. 94. Section 15A.1, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 95. Section 331.403, subsection 3, paragraph b, subparagraph (19), Code 2026, is amended by striking the subparagraph.

Sec. 96. Section 384.22, subsection 2, paragraph b, subparagraph (19), Code 2026, is amended by striking the subparagraph.

Sec. 97. Section 403.17, subsection 10, Code 2026, is amended to read as follows:

10. "*Economic development area*" means an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families, including single or multifamily housing. ~~If an urban renewal plan for an urban renewal area is~~

~~based upon a finding that the area is an economic development area and that no part contains slum or blighted conditions, then the division of revenue provided in [section 403.19](#) and stated in the plan shall be limited to twenty years from the calendar year following the calendar year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in [section 403.19](#).~~ Such designated area shall not include agricultural land, including land which is part of a century farm, unless the owner of the agricultural land or century farm agrees to include the agricultural land or century farm in the urban renewal area. For the purposes of [this subsection](#), "century farm" means a farm in which at least forty acres of such farm have been held in continuous ownership by the same family for one hundred years or more.

Sec. 98. Section 403.17, subsection 14, Code 2026, is amended to read as follows:

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

Sec. 99. Section 403.17, Code 2026, is amended by adding the following new subsection:

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

Sec. 100. Section 403.19, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of [section 403.9, subsection 1](#), incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to

provide assistance for low and moderate income family housing as provided in [section 403.22](#). However, except as provided in paragraph "b", taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to [section 298.2](#); and taxes for the instructional support program of a school district imposed pursuant to [section 257.19](#); taxes for the payment of bonds and interest of each taxing district; foundation property taxes of a school district imposed under section 257.3 levied against property located in an incorporated area and subject to an ordinance providing for a division of revenue adopted on or after January 1, 2027; foundation property taxes of a school district imposed under section 257.3 levied against property subject to a division of revenue subject to the sixty percent limitation under paragraph "e" for the applicable fiscal year; and taxes imposed under [section 346.27, subsection 22](#), related to joint county-city buildings shall be collected against all taxable property within the taxing district without limitation by the provisions of [this subsection](#).

Sec. 101. Section 403.19, subsection 2, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. For urban renewal areas for which an ordinance providing for a division of revenue in effect on the effective date of this division of this Act that is not limited in duration under [section 403.17, subsection 10](#), Code 2026, after twenty years following the effective date of this division of this Act or after twenty years from the calendar year following the calendar year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue, whichever is later, the amount determined under paragraph "a" that may be paid into the municipality's special fund shall not exceed sixty percent of the amount otherwise determined under paragraph "a" but for this paragraph and such excess amounts shall be allocated and paid to the respective taxing districts in the same manner as amounts under subsection 1. The municipality may exceed the limitation in this paragraph to the extent necessary for payments of bonds or other indebtedness incurred before the

effective date of this division of this Act, but in such event the municipality shall not issue bonds or other indebtedness payable from such division of revenue while exceeding the limitation and the municipality shall not be eligible to utilize school district foundation property taxes imposed under section 257.3. This paragraph shall not apply to divisions of revenue established by community colleges under chapter 260E or rural improvement zones under chapter 357H.

Sec. 102. Section 403.19, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. An ordinance providing for a division of revenue under this section that is adopted on or after the effective date of this division of this Act shall be limited to twenty-three years from the calendar year following the calendar year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds that qualify for payment from the division of revenue provided for in this section. The ordinance shall terminate and be of no further force and effect following the twenty-three-year period provided in this subsection. This subsection shall not apply to divisions of revenue established by community colleges under chapter 260E or rural improvement zones under chapter 357H.

Sec. 103. Section 403.19, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 12. For any fiscal year beginning on or after July 1, 2027, following written request filed with the county auditor and the board of directors of the school district, a school district may approve by resolution of the board of directors the payment from the school district's general fund to the municipality for deposit in the special fund under this section all or a portion of the school district foundation property taxes under section 257.3 levied against property located in an incorporated area and subject to an ordinance providing for a division of revenue adopted on or after January 1, 2027, for one or more applicable fiscal years. If approved, the board of directors shall file such resolution with the county auditor. Payments approved under this subsection are voluntary and a school district is not required

to pay over the revenue to the municipality unless approved by resolution. Amounts paid by a school district under this subsection shall continue to be considered foundation property taxes levied under section 257.3 and such payment shall not result in the adjustment of state foundation aid or other amounts under chapter 257.

Sec. 104. REPEAL. Section 403.22, Code 2026, is repealed.

Sec. 105. IMPLEMENTATION. For a division of revenue in effect on the effective date of this division of this Act that was subject to the duration limitation of section 403.22, subsection 5, prior to the effective date of this division of this Act, such division of revenue shall continue to be subject to the duration limitation otherwise applicable to an urban renewal area established upon the determination that the area is an economic development area, as provided in section 403.17, subsection 10, Code 2026.

Sec. 106. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 107. APPLICABILITY. The following applies to property taxes due and payable in fiscal years beginning on or after July 1, 2028:

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

Sec. 108. APPLICABILITY. The following applies to urban renewal areas in existence on or established on or after the effective date of this division of this Act:

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

#### DIVISION XIV

##### ASSESSMENT PROCEDURES

Sec. 109. Section 441.21, subsection 3, Code 2026, is amended to read as follows:

3. a. "Actual value", "taxable value", or "assessed value" as used in other sections of the Code in relation to assessment of property for taxation shall mean the valuations as determined by [this section](#); however, other provisions of the Code providing special methods or formulas for assessing or valuing specified property shall remain in effect, but this

section shall be applicable to the extent consistent with such provisions. The assessor and department of revenue shall disclose at the written request of the taxpayer all information in any formula or method used to determine the actual value of the taxpayer's property. In addition, for assessment years beginning on or after January 1, 2027, if the taxpayer's residential property has increased in actual value by ten percent or more as compared to either of the two immediately preceding assessment years, the assessor shall provide the taxpayer with a statement of the reasons for the increase in actual value, information specifying the portion of actual value increase attributable to a change in classification, revaluation, new construction, improvements, or renovations to the property, and all information in any formula or method used to determine the actual value.

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

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

~~(3) (2) If the classification of a property has been previously adjudicated by the property assessment appeal board or a court as part of an appeal under [this chapter](#), there is a presumption that the classification of the property has not changed for each of the four subsequent assessment years, unless a subsequent such adjudication of the classification of~~

the property has occurred, and the burden of demonstrating a change in use shall be upon the person asserting a change to the property's classification.

(3) For assessment years beginning on or after January 1, 2027, for residential property, if the taxpayer's property actual value increased by ten percent or more as compared to either of the two immediately preceding assessment years, including an increase as the result of an equalization order, and the property did not change classification or primary use and the increase in actual value is not the result of new construction, improvements, or renovations to the property, the actual value so determined by the assessor is not presumed to be the actual value and in any protest or appeal the assessor shall have the burden of proof that the valuation is not excessive, inadequate, inequitable, or capricious.

Sec. 110. Section 441.33, Code 2026, is amended by adding the following new subsection:

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

#### DIVISION XV

#### VALUATIONS — ABNORMAL TRANSACTIONS — REAL ESTATE TRANSFER TAX FORMS

Sec. 111. Section 428A.7, Code 2026, is amended to read as follows:

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

The director of revenue shall prescribe the form of the declaration of value and shall include an appropriate place for the inclusion of special facts and circumstances relating to the actual sales price in real estate transfers including but not limited to factors that distort market value such as built-to-suit sales, sale-leaseback sales, leased fee sales, and the abnormal transactions identified in section 441.21, subsection 1, paragraph "b", subparagraph (1). The director shall provide an adequate number of the declaration of value forms to each county recorder in the state. If the declaration of value form requires or provides for the inclusion of the social security number or federal tax identification number of a seller or buyer, the department shall provide that the social security number or federal tax identification number remains

confidential and cannot be obtained by public examination.

Sec. 112. Section 441.21, subsection 1, paragraph b, subparagraph (1), Code 2026, is amended to read as follows:

(1) The actual value of all property subject to assessment and taxation shall be the fair and reasonable market value of such property except as otherwise provided in [this section](#). "Market value" is defined as the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property. Sale prices of the property or comparable property in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property, shall be taken into consideration in arriving at its market value. In arriving at market value, sale prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including but not limited to built-to-suit construction, sale-leaseback transactions, leased fee sales, sales to immediate family of the seller between related parties, foreclosure or other forced sales, contract sales, discounted purchase transactions or purchase of adjoining land or other land to be operated as a unit.

Sec. 113. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to assessment years beginning on or after January 1, 2026.

#### DIVISION XVI

##### AGRICULTURAL EXTENSION LEVY

Sec. 114. Section 176A.10, Code 2026, is amended to read as follows:

#### **176A.10 County agricultural extension education tax.**

1. The extension council of each extension district shall, at a meeting held before April 30, estimate the amount of money required to be raised by taxation for financing the county agricultural extension education program authorized in this chapter. The annual tax levy and the amount of money to be raised from the levy for the county agricultural extension

education fund shall not exceed the ~~following~~ amount levied for the immediately preceding fiscal year plus any allowable increase under section 444.25.

~~a. (1) Except as provided in subparagraph (2), for an extension district having a population of less than thirty thousand, an annual levy of twenty and one-fourth cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of seventy thousand dollars for the fiscal year commencing July 1, 1985, and seventy-five thousand dollars for each subsequent fiscal year.~~

~~(2) For an extension district having a population of less than thirty thousand and as provided in [subsection 2](#), an annual levy of thirty cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of eighty-seven thousand dollars payable during the fiscal year commencing July 1, 1992, and an increase of six thousand dollars in the amount payable during each subsequent fiscal year.~~

~~b. (1) Except as provided in subparagraph (2), for an extension district having a population of thirty thousand or more but less than fifty thousand, an annual levy of twenty and one-fourth cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of eighty-four thousand dollars for the fiscal year commencing July 1, 1985, and ninety thousand dollars for each subsequent fiscal year.~~

~~(2) For an extension district having a population of thirty thousand or more but less than fifty thousand and as provided in [subsection 2](#), an annual levy of twenty and one-fourth cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of one hundred four thousand dollars payable during the fiscal year commencing July 1, 1992, and an increase of seven thousand dollars in the amount payable during each subsequent fiscal year.~~

~~c. (1) Except as provided in subparagraph (2), for an extension district having a population of fifty thousand or more but less than ninety-five thousand, an annual levy of thirteen and one-half cents per thousand dollars of the assessed valuation of the taxable property in the district~~

~~up to a maximum of one hundred five thousand dollars for the fiscal year commencing July 1, 1985, and one hundred twelve thousand five hundred dollars for each subsequent fiscal year.~~

~~(2) For an extension district having a population of fifty thousand or more but less than ninety thousand and as provided in [subsection 2](#), an annual levy of thirteen and one-half cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of one hundred thirty thousand five hundred dollars payable during the fiscal year commencing July 1, 1992, and an increase of nine thousand dollars in the amount payable during each subsequent fiscal year.~~

~~d. (1) Except as provided in subparagraph (2), for an extension district having a population of ninety-five thousand or more, an annual levy of thirteen and one-half cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of one hundred forty thousand dollars for the fiscal year commencing July 1, 1985, and one hundred fifty thousand dollars for each subsequent fiscal year.~~

~~(2) For an extension district having a population of ninety thousand or more but less than two hundred thousand and as provided in [subsection 2](#), an annual levy of thirteen and one-half cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of one hundred eighty thousand dollars payable during the fiscal year commencing July 1, 1992, and an increase of fifteen thousand dollars in the amount payable during each subsequent fiscal year.~~

~~e. For an extension district having a population of two hundred thousand or more and as provided in [subsection 2](#), an annual levy of five cents per thousand dollars of the assessed valuation of the taxable property in the district up to a maximum of two hundred thousand dollars payable during the fiscal year commencing July 1, 1992, and an increase of twenty-five thousand dollars in the amount payable during each subsequent fiscal year.~~

~~2. An extension council of an extension district may choose to be subject to the levy and revenue limits specified~~

~~in subsection 1, paragraph "a", subparagraph (2), paragraph "b", subparagraph (2), paragraph "c", subparagraph (2), and paragraph "d", subparagraph (2), and subsection 1, paragraph "e", for the purpose of the annual levy for the fiscal year commencing July 1, 1991, which levy is payable in the fiscal year beginning July 1, 1992. Before an extension district may be subject to the levy and revenue limits specified in subsection 1, paragraph "a", subparagraph (2), paragraph "b", subparagraph (2), paragraph "c", subparagraph (2), and paragraph "d", subparagraph (2), and subsection 1, paragraph "e", for fiscal years beginning on or after July 1, 1992, which levy is payable in fiscal years beginning on or after July 1, 1993, the question of whether the district shall be subject to the levy and revenue limits as specified in such paragraphs must be submitted to the registered voters of the district. The question shall be submitted at the time of a general election. If the question is approved by a majority of those voting on the question the levy and revenue limits specified in subsection 1, paragraph "a", subparagraph (2), paragraph "b", subparagraph (2), paragraph "c", subparagraph (2), and paragraph "d", subparagraph (2), and subsection 1, paragraph "e", shall thereafter apply to the extension district. The question need only be approved at one general election. If a majority of those voting on the question vote against the question, the district may continue to submit the question at subsequent general elections until approved.~~

~~3. 2.~~ The extension council in each extension district shall comply with [chapter 24](#).

Sec. 115. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2027.

#### DIVISION XVII

#### CHAPTER 404 — SCHOOL TAXES

Sec. 116. Section 404.3D, Code 2026, is amended to read as follows:

#### **404.3D Exemptions for residential property.**

1. For revitalization areas established under this chapter on or after July 1, 2024, and for first-year exemption applications for property located in a revitalization area in

existence on July 1, 2024, filed on or after July 1, 2024, an exemption authorized under [this chapter](#) for property that is residential property shall not apply to property tax levies imposed by a school district.

2. In addition to the inapplicability of the exemption to school district property tax levies specified under subsection 1, for property taxes due and payable in fiscal years beginning on or after July 1, 2027, if such a property receiving an exemption is located in both a revitalization area and an urban renewal area, the school district property taxes on the property shall not be subject to the division of revenue under section 403.19 and when collected shall be paid to the school district.

Sec. 117. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

#### DIVISION XVIII

##### UTILITY REPLACEMENT TAX TASK FORCE

Sec. 118. Section 437A.15, subsection 7, paragraph b, Code 2026, is amended to read as follows:

b. The task force shall study the accuracy of the taxes imposed under this chapter and chapter 437B, ways to modernize the administration of such taxes, methods of simplifying administration of the replacement taxes, elimination of property taxes imposed under this chapter or chapter 437B, simplification of thresholds for replacement tax rate adjustments while retaining tax stability, the effects of the replacement such taxes under [this chapter](#) and chapter 437B on local taxing authorities, local taxing districts, consumers, and taxpayers through ~~January 1, 2024~~ December 31, 2026, including ways to maintain continuity for local taxing districts and consumers and ways to provide a competitive and equitable tax environment for taxpayers. If the task force recommends modifications to the replacement ~~tax that will further the purposes of tax neutrality for local taxing authorities, local taxing districts, taxpayers, and consumers, consistent with the stated purposes of [this chapter](#) taxes,~~ the department of management shall transmit those recommendations to the general assembly.

Sec. 119. EFFECTIVE DATE. This division of this Act, being

deemed of immediate importance, takes effect upon enactment.

DIVISION XIX

PAYMENTS IN LIEU OF PROPERTY TAXES — TASK FORCE

Sec. 120. PAYMENTS IN LIEU OF PROPERTY TAXES TASK FORCE — REPORT.

1. By January 10, 2027, the department of revenue shall prepare and submit a report approved by the task force created under subsection 2, including recommended legislative actions, to the general assembly regarding the establishment of a program under which counties may implement a program for the collection of payments in lieu of property taxes from owners of property that is exempt, in whole or in part, from ad valorem property taxes, but excluding government-owned property.

2. The department shall convene a task force consisting of at least all of the following persons:

- a. The director of revenue, or the director's designee.
- b. The director of the department of management, or the director's designee.
- c. All members of the Polk county board of supervisors.
- d. One mayor from a city located, in whole or in part, within Polk county, selected by the director of revenue.
- e. Three representatives from tax-exempt entities located in Polk county of varying sizes, selected by the director of revenue.
- f. One private property owner, selected by the director of revenue.
- g. Four ex officio, nonvoting legislative members consisting of the following:

(1) Two state senators, one appointed by the president of the senate after consultation with the majority leader of the senate and one appointed by the minority leader of the senate from their respective parties.

(2) Two state representatives, one appointed by the speaker and one appointed by the minority leader of the house of representatives from their respective parties.

3. Task force meetings shall be open to the public.

4. The task force shall compile and analyze at least all of the following prior to preparation of the department's report under subsection 1:

- a. An inventory of tax-exempt property.
- b. Interest and feasibility of county participation in such a program.
- c. Feasible program structures.
- d. Possible methods for calculation of program payment amounts, not to exceed the proportionate amount of a county's budget for law enforcement, fire protection, and public works services.
- e. Implementation timelines and procedures.

DIVISION XX

HOMESTEAD CREDITS AND EXEMPTIONS

Sec. 121. Section 10A.518, subsection 2, paragraph b, Code 2026, is amended to read as follows:

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

Sec. 122. Section 10A.518, subsection 3, paragraph b, Code 2026, is amended to read as follows:

b. The rules shall require the installation of carbon monoxide alarms in existing single-family rental units and multiple-unit residential buildings that have a fuel-fired heater or appliance, a fireplace, or an attached garage. Existing single-family dwellings that have a fuel-fired heater or appliance, a fireplace, or an attached garage shall be equipped with approved carbon monoxide alarms. For purposes of this paragraph, "*approved carbon monoxide alarm*" means a carbon monoxide alarm that meets the standards established by the underwriters' laboratories or is approved by the director as established by rule under [subsection 5](#). A person who files for a homestead credit or exemption pursuant to [chapter 425](#),

subchapter I, shall certify that the single-family dwelling for which the credit or exemption is filed and that has a fuel-fired heater or appliance, a fireplace, or an attached garage, has carbon monoxide alarms installed in compliance with this section, or that such alarms will be installed within thirty days of the date the filing for the credit or exemption is made. The director shall adopt rules and establish appropriate procedures to administer [this subsection](#).

Sec. 123. Section 25B.7, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. Homestead tax credit pursuant to [section 425.1](#), and sections 425.2 through 425.13, ~~and [section 425.15](#)~~.

Sec. 124. Section 103.22, subsection 7, Code 2026, is amended to read as follows:

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

Sec. 125. Section 105.11, subsection 3, Code 2026, is amended to read as follows:

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

Sec. 126. Section 216.12, subsection 1, paragraph e, Code 2026, is amended to read as follows:

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

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

Sec. 127. Section 321.1, subsection 6C, Code 2026, is amended to read as follows:

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

Sec. 128. Section 331.401, subsection 1, paragraphs e and f, Code 2026, are amended to read as follows:

e. Adopt resolutions authorizing the county assessor to provide forms for homestead tax exemption and credit claimants as provided in ~~section 425.2~~ chapter 425, subchapter I, and military service tax exemptions as provided in section 426A.14.

f. Examine and allow or disallow claims for homestead tax exemption and credit in accordance with ~~section 425.3~~ chapter 425, subchapter I, and claims for military service tax exemption in accordance with chapter 426A. The board, by a single resolution, may allow or disallow the exemptions recommended by the assessor.

Sec. 129. Section 331.512, subsection 3, Code 2026, is amended to read as follows:

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

Sec. 130. Section 331.559, subsection 11, Code 2026, is amended to read as follows:

11. Carry out duties relating to the administration of the homestead tax exemption and credit and other credits as provided in ~~sections 425.4, 425.5, 425.7, 425.9, 425.10, and 425.25~~ chapter 425.

Sec. 131. Section 404.3, subsection 1, Code 2026, is amended to read as follows:

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

Sec. 132. Section 425.1, subsection 2, Code 2026, is amended by striking the subsection and inserting in lieu thereof the following:

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

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

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

(b) A veteran as defined in section 35.1 with a permanent service-connected disability rating of one hundred percent, as certified by the United States department of veterans affairs, or a permanent and total disability rating based on individual unemployability that is compensated at the one hundred percent disability rate, as certified by the United States department of veterans affairs.

(c) A former member of the national guard of any state who otherwise meets the service requirements of section 35.1, subsection 2, paragraph "b", subparagraph (2) or (7), with a permanent service-connected disability rating of one hundred

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

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

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

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

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

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

(5) (a) Except as provided in subparagraph division (b), the list of the names and addresses of individuals allowed a credit under this paragraph and maintained by the county recorder, county treasurer, county assessor, city assessor, or other government body is confidential information and shall not be disseminated to any person unless otherwise ordered by a court or released by the lawful custodian of the records pursuant to state or federal law. The county recorder, county treasurer, county assessor, city assessor, or other government body responsible for maintaining the names and addresses of individuals allowed a credit under this paragraph may

display such credit on individual paper records and individual electronic records, including display on an internet site.

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

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

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

(7) For purposes of this paragraph, "*permanent and total disability rating based on individual unemployability*" means a condition under which a person has either a permanent service-connected disability rating of sixty percent or two or more permanent service-connected disability conditions in which one of the conditions has at least a forty percent rating and the combined rating for all the conditions is at least seventy percent, and the person has an administrative adjustment added to the service-connected disability rating, due to individual unemployability, such that the United States department of veterans affairs rates the veteran permanently and totally disabled for purposes of disability compensation.

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

(2) For the assessment year beginning January 1, 2026, and each assessment year thereafter, unless eligible under paragraph "b", a claim for the homestead credit under this paragraph "c" shall not be allowed.

Sec. 133. Section 425.1A, subsection 1, Code 2026, is amended to read as follows:

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

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

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

Sec. 134. Section 425.1A, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. For the assessment year beginning January 1, 2026, and each assessment year thereafter, an exemption from taxation of ten percent of the taxable value, but not less than an exemption of five thousand five hundred dollars in taxable value and not to exceed an exemption of twenty thousand dollars in taxable value, shall be allowed on each eligible homestead.

b. (1) For the assessment year beginning January 1, 2027, and for each subsequent assessment year, the maximum exemption amount under paragraph "a" shall be multiplied by the cumulative adjustment factor for that assessment year. "*Cumulative adjustment factor*" means the product of the annual adjustment factor for the assessment year beginning January 1, 2026, and all annual adjustment factors for subsequent assessment years. The cumulative adjustment factor applies to the assessment year beginning in the calendar year for which the latest annual adjustment factor has been determined.

(2) The annual adjustment factor for the assessment year beginning January 1, 2026, is one hundred percent. For each subsequent assessment year, the annual adjustment factor equals the annual inflation factor for the calendar year, in which the assessment year begins, as computed in section 422.4 for purposes of the individual income tax.

(3) The cumulative adjustment factor shall be determined annually by the department of revenue.

Sec. 135. Section 425.1A, subsection 2, Code 2026, is amended to read as follows:

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

Sec. 136. Section 425.2, subsections 1 and 2, Code 2026, are amended to read as follows:

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

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

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

Sec. 137. Section 425.2, subsection 4, Code 2026, is amended by striking the subsection.

Sec. 138. Section 425.2, subsections 5 and 6, Code 2026, are amended to read as follows:

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

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

Sec. 139. Section 425.8, subsection 1, Code 2026, is amended to read as follows:

1. The director of revenue shall prescribe the form for the making of a verified statement and designation of homestead, the form for the supporting affidavits required herein, and such other forms as may be necessary for the proper administration of [this subchapter](#). Whenever necessary, the department of revenue shall forward to the county auditors of

the several counties in the state the prescribed sample forms, and the county auditors shall furnish blank forms prepared in accordance therewith with the assessment rolls, books, and supplies delivered to the assessors. The department of revenue shall prescribe and the county auditors shall provide on the forms ~~for claiming the homestead credit~~ a statement to the effect that the owner realizes that the owner must give written notice to the assessor when the owner changes the use of the property.

Sec. 140. Section 425.11, subsection 1, paragraph d, subparagraph (1), unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 141. Section 425.11, subsection 1, paragraph d, subparagraph (3), Code 2026, is amended to read as follows:

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

Sec. 142. Section 425.11, subsection 1, paragraph e, subparagraph (2), Code 2026, is amended to read as follows:

(2) For the purpose of **this subchapter**, the word "owner" shall be construed to mean a bona fide owner and not one for the purpose only of availing the person of the benefits of this subchapter. In order to qualify for the homestead tax credit ~~and~~ or exemption, evidence of ownership shall be on file in the office of the clerk of the district court or recorded in the office of the county recorder at the time the owner files with the assessor a verified statement of the homestead claimed by the owner as provided in **section 425.2**.

Sec. 143. **NEW SECTION. 425.50 Homestead credit replacement funding — replacement claims.**

1. *a.* For the fiscal year beginning July 1, 2027, and

each fiscal year thereafter beginning before July 1, 2029, there is appropriated from the general fund of the state to the department of revenue an amount necessary for the payment of all homestead credit replacement claims under this section for the fiscal year.

*b.* Moneys appropriated by the general assembly to the department of revenue under this subsection are not subject to a uniform reduction in appropriations in accordance with section 8.31.

2. For each fiscal year beginning on or after July 1, 2027, but before July 1, 2029, each county treasurer shall be paid by the department of revenue an amount equal to the sum of the homestead credit replacement claims for all taxing authorities located in the county, as calculated in subsection 3. The county treasurer shall pay to each taxing authority the taxing authority's homestead credit replacement claim as calculated in subsection 3. As used in this section, "*taxing authority*" means a city, county, school district, or other governmental entity or political subdivision in this state authorized to certify a levy on property located within such authority.

3. *a.* Subject to paragraph "*b*", for fiscal years beginning on or after July 1, 2027, but before July 1, 2029, the amount of each taxing authority's replacement claim is as follows:

(1) For the fiscal year beginning July 1, 2027, two-thirds of the amount received by the taxing authority from payments made from the homestead credit fund under section 425.1 for the fiscal year beginning July 1, 2026, excluding amounts attributable to the payment of homestead credits under section 425.15, Code 2026.

(2) For the fiscal year beginning July 1, 2028, one-third of the amount received by the taxing authority from payments made from the homestead credit fund under section 425.1 for the fiscal year beginning July 1, 2026, excluding amounts attributable to the payment of homestead credits under section 425.15, Code 2026.

*b.* For a taxing authority that is a school district, the amount received by the school district from payments made from the homestead credit fund under section 425.1 for the fiscal year beginning July 1, 2026, used to calculate the school

district's replacement claim shall be reduced by that portion of such amount attributable to homestead credits against property taxes levied by the school district under section 257.3 for the fiscal year beginning July 1, 2026.

4. *a.* For fiscal years beginning on or after July 1, 2027, but before July 1, 2029, each taxing authority's replacement claim calculated under subsection 3 shall be paid to the appropriate county treasurer, as provided in subsection 2, in equal installments in September and March of each year.

*b.* After payment by the county treasurer to the taxing authority, the taxing authority's replacement claim shall be apportioned and credited by the governing body of the taxing authority among the taxing authority's tax levies in the same proportion that each property tax levy bears to the total of all property tax levies imposed by the taxing authority for the fiscal year for which the payment is received, but excluding a school district's property tax levy under section 257.3, as applicable. The amounts received under this section shall be considered property taxes in the same manner as though the amount had been paid as credits under the provisions of section 425.1 and shall be used for the purposes of the taxing authority's applicable property tax levies.

5. This section is repealed July 1, 2030.

Sec. 144. Section 483A.24, subsection 20, Code 2026, is amended to read as follows:

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

Sec. 145. REPEAL. Section 425.15, Code 2026, is repealed.

Sec. 146. CODE EDITOR DIRECTIVE. The Code editor is directed to create a new subchapter III in chapter 425, entitled "Homestead Credit Replacement Funding" and include section 425.50.

Sec. 147. IMPLEMENTATION. Homestead owners who have filed for or that are receiving homestead credits or exemptions under chapter 425, subchapter I, before the effective date of this division of this Act shall continue to receive such credits and exemptions for which the owner is eligible for assessment years beginning on or after January 1, 2026, without refiling, and, if the owner is eligible, shall receive the exemption under section 425.1A, subsection 1A, as enacted in this division of this Act, without filing for such exemption.

Sec. 148. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to assessment years beginning on or after January 1, 2026.

#### DIVISION XXI

##### LOCAL GOVERNMENT BUDGET STATEMENTS

Sec. 149. Section 24.2A, subsection 1, paragraph c, Code 2026, is amended by striking the paragraph.

Sec. 150. Section 24.2A, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. On or before 4:00 p.m. on March 5 of each year, each political subdivision shall file with the department of management a report containing all necessary information for the department of management to compile and calculate amounts required to be included in the statements mailed under paragraph "b" or provided under paragraph "c". If a county or city fails to file all necessary information with the department of management by 4:00 p.m. on March 5, taxes levied by the county or city shall be limited to the prior year's budget amount.

Sec. 151. Section 24.2A, subsection 2, paragraph b, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

b. Not later than March 15, the county auditor, using information compiled and calculated by the department of management under paragraph "a", shall send to each property owner or taxpayer within the county by regular mail or post under paragraph "c" a statement, identified as not being a property tax bill and indicating the approximate date when a property tax bill will be delivered, but containing a minimum of all of the following, including the information

in subparagraphs (3) and (4) for each of the political subdivisions comprising the owner's or taxpayer's taxing district:

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

(2) A comparison of the combined amount of property taxes due on the owner's or taxpayer's property for the city, if applicable, county, and school district for the current fiscal year and the combined proposed amount of property taxes due on the owner's or taxpayer's property for the city, if applicable, county, and school district for the budget year, including the percentage in change in such amounts.

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

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

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

Sec. 152. Section 24.2A, subsection 2, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* For budgets for fiscal years beginning on or after July 1, 2027, statements under paragraph "b", in lieu of regular mail, may be provided by posting the statement not later than March 15 as a link on the county's internet site for public viewing. Additionally, if the political subdivision maintains a social media account on one or more social media applications, the statement or an electronic link to the statement shall be posted on each such account on a date no later than March 15.

Sec. 153. Section 24.2A, subsection 3, Code 2026, is amended to read as follows:

3. The department of management shall prescribe the form for the report required under [subsection 2](#), paragraph "a"; following consultation with the Iowa league of cities and the Iowa state association of counties, the statements required to be mailed under [subsection 2](#), paragraph "b", or provided under subsection 2, paragraph "c"; and the public hearing notice required under [subsection 4](#), paragraph "b". The statements required under subsection 2, paragraph "b", shall be clear, concise, written in plain language, and may be presented using tables, written narrative, and graphic representations and shall contain the internet site, if applicable, and a telephone number for each political subdivision that owners and taxpayers may call if they have questions related to the statement.

Sec. 154. Section 24.2A, subsection 4, paragraph b, subparagraph (4), subparagraph division (a), Code 2026, is amended to read as follows:

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

Sec. 155. Section 24.3, unnumbered paragraph 1, Code 2026, is amended to read as follows:

A municipality shall not certify or levy in any fiscal year any tax on property subject to taxation unless and until the following estimates have been made, filed, and considered, and for school districts, the ~~individual~~ statements have been mailed or posted, as applicable, and public hearings held, as provided in [this chapter](#):

Sec. 156. Section 331.434, subsection 3, Code 2026, is amended to read as follows:

3. Following, and not until, the requirements of section 24.2A are completed, the board shall set a time and place for a public hearing on the budget before the final certification date and shall publish notice of the hearing not less than ten nor more than twenty days prior to the hearing in the county newspapers selected under [chapter 349](#). A summary of the proposed budget and a description of the procedure for protesting the county budget under [section 331.436](#), in the form prescribed by the director of the department of management,

shall be included in the notice. Proof of publication of the notice under [this subsection 3](#) shall be filed with and preserved by the county auditor. A levy is not valid unless and until the notice is published and ~~individual~~ statements under [section 24.2A](#) are mailed or posted. The department of management shall prescribe the form for the public hearing notice for use by counties.

Sec. 157. Section 331.435, subsection 2, Code 2026, is amended to read as follows:

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

Sec. 158. Section 384.17, Code 2026, is amended to read as follows:

**384.17 Levy by county.**

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

Sec. 159. Section 384.18, subsection 2, Code 2026, is amended to read as follows:

2. A budget amendment must be prepared and adopted in the same manner as the original budget, as provided in section

384.16, excluding the requirement for the mailing of individual statements under section 24.2A, and is subject to protest as provided in section 384.19, except that the committee may by rule provide that amendments of certain types or up to certain amounts may be made without public hearing and without being subject to protest. A city budget shall be amended by May 31 of the current fiscal year to allow time for a protest hearing to be held and a decision rendered before June 30. The amendment of a budget after May 31, which is properly appealed but without adequate time for hearing and decision before June 30 is void.

Sec. 160. IMPLEMENTATION OF DIVISION OF ACT. Section 25B.2, subsection 3, shall not apply to this division of this Act.

Sec. 161. APPLICABILITY. This division of this Act applies to political subdivision budgets for fiscal years beginning on or after July 1, 2027.

#### DIVISION XXII

##### HOSPITAL PROPERTY TAX LEVIES

Sec. 162. Section 347.7, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. a. For fiscal years beginning on or after July 1, 2027, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred four percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

b. The amount of property tax dollars calculated under this subsection includes those amounts budgeted by the hospital as replacement taxes under chapter 437A or 437B, if applicable.

c. For purposes of this subsection, "budget year", "current fiscal year", and "new valuation" mean the same as defined in section 331.423.

Sec. 163. Section 347A.3, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. *a.* For fiscal years beginning on or after July 1, 2027, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred four percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

*b.* The amount of property tax dollars calculated under this subsection includes those amounts budgeted by the hospital as replacement taxes under chapter 437A or 437B, if applicable.

*c.* For purposes of this subsection, "budget year", "current fiscal year", and "new valuation" mean the same as defined in section 331.423.

DIVISION XXIII  
TRANSIT TAXES

Sec. 164. Section 28M.5, subsection 1, Code 2026, is amended to read as follows:

1. *a.* The commission, with the approval of the board of supervisors of participating counties and the city council of participating cities in the [chapter 28E](#) agreement, may, subject to paragraph "b", levy annually a tax not to exceed ninety-five cents per thousand dollars of the assessed value of all taxable property in a regional transit district to the extent provided in [this section](#). The [chapter 28E](#) agreement may authorize the commission to levy the tax at different rates within the participating cities and counties in amounts sufficient to meet the revenue responsibilities of such cities and counties as allocated in the budget adopted by the commission. However, for a city participating in a regional transit district, the total of all the tax levies imposed in the city pursuant to section 384.12, subsection 1, paragraph "b", and [this section](#) shall not exceed the aggregate of ninety-five cents per thousand dollars of the assessed value of all taxable property in the participating city.

*b.* (1) For each fiscal year beginning on or after July 1,

2027, the sum of property tax dollars levied for the regional transit district under this subsection and property tax dollars received by the regional transit district from participating cities and counties shall not exceed an amount equal to one hundred three percent of the sum of property tax dollars levied for the regional transit district under this subsection for the immediately preceding fiscal year and property tax dollars received by the regional transit district from participating cities and counties for the immediately preceding fiscal year.

(2) The amount of property tax dollars calculated under this paragraph includes those amounts budgeted by the district as replacement taxes under chapter 437A or 437B, if applicable.

Sec. 165. Section 384.12, subsection 1, Code 2026, is amended to read as follows:

1. a. A tax for the operation and maintenance of a municipal transit system ~~or for operation and maintenance of a regional transit district,~~ and for the creation of a reserve fund for the system ~~or district,~~ in an amount not to exceed ninety-five cents per thousand dollars of assessed value each year, when the revenues from the transit system ~~or district~~ are insufficient for such purposes.

b. (1) A tax for the operation and maintenance of a regional transit district, and for the creation of a reserve fund for the district under chapter 28M, in an amount not to exceed ninety-five cents per thousand dollars of assessed value each year, when the revenues from the district are insufficient for such purposes. In addition to the levy rate limitation, for each fiscal year beginning on or after July 1, 2027, the sum of property tax dollars levied for the regional transit district by the city under this paragraph shall not exceed an amount equal to one hundred three percent of the sum of property tax dollars levied by the city for the regional transit district under this paragraph for the immediately preceding fiscal year.

(2) The amount of property tax dollars calculated under this paragraph includes those amounts budgeted by the city as replacement taxes under chapter 437A or 437B, if applicable.

DIVISION XXIV

COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

Sec. 166. Section 441.21, subsection 5, paragraph e, Code 2026, is amended to read as follows:

e. (1) ~~For the fiscal year beginning July 1, 2023, there is appropriated from the general fund of the state to the department of revenue the sum of one hundred twenty-two million three hundred fifty thousand dollars to be used for payments under this paragraph calculated as a result of the assessment limitations imposed under paragraph "b", subparagraph (2), subparagraph division (a), and paragraph "c", subparagraph (2), subparagraph division (a).~~ For each fiscal year beginning on or after July 1, 2024, but before July 1, 2027, there is appropriated from the general fund of the state to the department of revenue the sum of one hundred twenty-five million dollars to be used for payments under this paragraph calculated as a result of the assessment limitations imposed under paragraph "b", subparagraph (2), subparagraph division (a), and paragraph "c", subparagraph (2), subparagraph division (a).

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

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

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

taxing district in the county:

(a) The product of the portion of the total actual value of all commercial property, industrial property, and property valued by the department under [chapter 434](#) in the county that is subject to the assessment limitations imposed under paragraph "b", subparagraph (2), subparagraph division (a), and paragraph "c", subparagraph (2), subparagraph division (a), for the applicable assessment year used to calculate taxes which are due and payable in the applicable fiscal year multiplied by the difference, stated as a percentage, between ninety percent and the assessment limitation percentage applicable to residential property under [subsection 4](#) for the applicable assessment year.

(b) The tax levy rate per one thousand dollars of assessed value for each taxing district for the applicable fiscal year.

(c) The amount of the payment for each county is equal to the amount determined pursuant to subparagraph division (a), multiplied by the tax rate specified in subparagraph division (b), and then divided by one thousand dollars.

(5) The county auditor shall certify and forward one copy of the statement described in subparagraph (4) to the department of revenue not later than September 1 of each applicable fiscal year.

(6) The amounts determined under this paragraph shall be paid by the department to the county treasurers in equal installments in September and March of each applicable year. The county treasurer shall apportion the payments among the eligible taxing districts in the county and the amounts received by each taxing authority shall be treated the same as property taxes paid.

#### DIVISION XXV

#### IOWA ECONOMIC EMERGENCY FUND — TAXPAYER RELIEF FUND

Sec. 167. GENERAL FUND EXPENDITURE LIMITATION — FY 2027-2028. For the fiscal year beginning July 1, 2027, and ending June 30, 2028, the state general fund expenditure limitation calculated under section 8.54 for the fiscal year shall be reduced by \$125,000,000.

Sec. 168. DISTRIBUTIONS OF IOWA ECONOMIC EMERGENCY FUND EXCESS — TAXPAYER RELIEF FUND — FY 2028-2029. Notwithstanding section 8.55, subsection 2, paragraphs "a" and "b", for the fiscal year beginning July 1, 2028, and ending June 30, 2029, moneys in excess of the maximum balance of the Iowa economic emergency fund created in section 8.55 shall be distributed as follows:

1. The difference between the actual net revenue for the general fund of the state for the fiscal year and the adjusted revenue estimate for the fiscal year shall be transferred to the taxpayer relief fund created in section 8.57E.

2. Of the remaining moneys in excess of the maximum balance of the Iowa economic emergency fund, if any, \$125,000,000 shall be transferred to the taxpayer relief fund.

3. After the transfer pursuant to subsection 2, the remaining moneys in excess of the maximum balance of the Iowa economic emergency fund, if any, shall be transferred to the general fund of the state.

#### DIVISION XXVI

##### LOCAL EMERGENCY MANAGEMENT PROPERTY TAXES

Sec. 169. Section 29C.17, subsection 2, unnumbered paragraph 1, Code 2026, is amended to read as follows:

For purposes consistent with [this chapter](#), the local emergency management agency's approved budget shall be funded by one or any combination of the following options, as determined by the commission and subject to subsection 7:

Sec. 170. Section 29C.17, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 7. For each fiscal year beginning on or after July 1, 2027, and in addition to any applicable property tax levy rate limitations provided by law, the sum of the property tax dollars levied by all governmental entities for the purpose of funding the services and operation of the emergency management agency and commission shall not exceed an amount equal to one hundred three percent of the sum of property tax dollars levied by all governmental entities for the purpose of funding the services and operation of the emergency management agency and commission for the immediately preceding fiscal year. The amount of property tax dollars

determined under this subsection includes those amounts received as replacement taxes under chapter 437A or 437B, if applicable.

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AMY SINCLAIR  
President of the Senate

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PAT GRASSLEY  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2472, Ninety-first General Assembly.

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W. CHARLES SMITHSON  
Secretary of the Senate

Approved \_\_\_\_\_, 2026

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KIM REYNOLDS  
Governor