

JAN 25 1996  
WAYS & MEANS CALENDAR

HOUSE FILE 2112  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 518)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the general fund levy rate limit for cities  
2 and providing effective and applicability date provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2112

1 Section 1. Section 384.1, Code 1995, is amended by adding  
2 the following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. If the total taxable valuation  
4 of all property, after application of any rollbacks or  
5 equalization orders, for property taxes payable in the fiscal  
6 year beginning July 1, 1996, is less than the total taxable  
7 valuation of all property, after application of any rollbacks  
8 or equalization orders, for property taxes payable in the  
9 fiscal year beginning July 1, 1995, the city's tax levy rate  
10 for the general fund under this section is authorized to  
11 exceed eight dollars and ten cents per thousand dollars of  
12 taxable value by not more than the product of eight dollars  
13 and ten cents and the percent change in the price index for  
14 government purchases, as computed pursuant to section 444.25A,  
15 subsection 2, paragraph "e", for the fiscal year beginning  
16 July, 1 1996. This increased levy rate applies only for  
17 property taxes payable in the fiscal year beginning July 1,  
18 1996.

19 NEW UNNUMBERED PARAGRAPH. If the total taxable valuation  
20 of all property, after application of any rollbacks or  
21 equalization orders, for property taxes payable in the fiscal  
22 year beginning July 1, 1997, is less than the total taxable  
23 valuation of all property, after application of any rollbacks  
24 or equalization orders, for property taxes payable in the  
25 fiscal year beginning July 1, 1995, the city's tax levy rate  
26 for the general fund under this section is authorized to  
27 exceed eight dollars and ten cents per thousand dollars of  
28 taxable value by not more than the product of eight dollars  
29 and ten cents and the percent change in the price index for  
30 government purchases, as computed pursuant to section 444.25B,  
31 subsection 2, paragraph "e", for the fiscal year beginning  
32 July 1, 1997. This increased levy rate applies only for  
33 property taxes payable in the fiscal year beginning July 1,  
34 1997.

35 NEW UNNUMBERED PARAGRAPH. A city authorized to exceed the

1 eight dollar and ten cent general fund levy under this section  
2 may do so only upon adoption of a resolution by the city  
3 council. The city shall include in its notices of its budget  
4 public hearings the statement drafted by the department of  
5 management stating that the city is authorized to exceed the  
6 eight dollar and ten cent general fund levy and such  
7 statement, and the resolution adopted by the city council,  
8 shall be read at those budget public hearings.

9 Sec. 2. This Act, being deemed of immediate importance,  
10 takes effect upon enactment and applies to the computation of  
11 city general fund levy rate limits for taxes payable in fiscal  
12 years beginning July 1, 1996, and July 1, 1997.

13 EXPLANATION

14 Under present law the maximum general fund levy for a city  
15 is \$8.10 per \$1,000 of taxable valuation, excluding certain  
16 specifically authorized levies. This bill authorizes a city  
17 to levy in excess of this \$8.10 levy limit if the taxable  
18 valuations, after the rollbacks and equalization orders, for  
19 fiscal years beginning July 1, 1996, or July 1, 1997, are less  
20 than the taxable valuations, after rollbacks and equalization,  
21 for July 1, 1995. The amount the levy may exceed the \$8.10  
22 limit equals an inflation factor which is based upon the  
23 percent change in the price index for government purchases by  
24 type for state and local governments, as computed by an agency  
25 of the federal government.

26 The bill also requires that before a city exceeds the \$8.10  
27 levy limit that a resolution be adopted by the city council  
28 and that in the notice of the budget public hearings the fact  
29 of exceeding the levy limit must be noted. In addition at the  
30 public hearing a statement and the city council's resolution  
31 to the effect that the \$8.10 levy is to be exceeded must be  
32 read.

33 The bill takes effect upon enactment and applies only for  
34 taxes due and payable in the two fiscal years 1996-1997 and  
35 1997-1998.

HOUSE FILE 2112  
FISCAL NOTE

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A fiscal note for House File 2112 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 2112 allows cities whose taxable valuations decreased for FY 1997 to increase their general fund tax levy rate by an inflation factor. The general fund tax levy rate of an eligible city must already be at the maximum of \$8.10 per thousand dollars of taxable valuation. The provision is also extended to cities whose taxable valuation in FY 1998 is less than FY 1996.

FISCAL IMPACT

House File 2112 will have no impact on the General Fund of the State. The Department of Management estimates that more than 300 cities could be affected. The applicable inflation factor for FY 1996 is 3.38%. Compared to current law, the total statewide impact is expected to be an increase in property tax collections by cities of less than \$6.0 million in FY 1997. Residential taxpayers would not receive an increase in property tax collections compared to FY 1996, but their tax reduction attributable to the residential rollback could be less than it would be under current law. Owners of other classes of property, however, may have an increase in tax liability compared to FY 1996.  
(LSB 3526hv, JAM)

FILED JANUARY 30, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

H-5265

1 Amend House File 2112 as follows:

2 1. By striking page 1, line 3, through page 2,  
3 line 8, and inserting the following:

4 "NEW UNNUMBERED PARAGRAPH. For property taxes  
5 payable in the fiscal year beginning July 1, 1996, the  
6 city's tax levy rate for the general fund under this  
7 section is, at the option of the city, eight dollars  
8 and ten cents per thousand dollars of taxable value or  
9 a levy rate that would raise an amount of property  
10 taxes equal to the product of the property taxes  
11 raised under this section during the fiscal year  
12 beginning July 1, 1995, multiplied by the sum of the  
13 inflation factor and the population factor. This  
14 paragraph applies only for property taxes payable in  
15 the fiscal year beginning July 1, 1996.

16 NEW UNNUMBERED PARAGRAPH. For property taxes  
17 payable in the fiscal year beginning July 1, 1997, the  
18 city's tax levy rate for the general fund under this  
19 section is, at the option of the city, eight dollars  
20 and ten cents per thousand dollars of taxable value or  
21 a levy rate that would raise an amount of property  
22 taxes equal to the product of the property taxes  
23 raised under this section during the fiscal year  
24 beginning July 1, 1995, multiplied by the sum of the  
25 inflation factor and the population factor. This  
26 paragraph applies only for property taxes payable in  
27 the fiscal year beginning July 1, 1997.

28 NEW UNNUMBERED PARAGRAPH. For purposes of this  
29 section, "inflation factor" for property taxes payable  
30 in the fiscal year beginning July 1, 1996, means the  
31 percent change in the price index for government  
32 purchases, as computed pursuant to section 444.25A,  
33 subsection 2, paragraph "e", for the fiscal year  
34 beginning July 1, 1996. "Inflation factor" for  
35 property taxes payable in the fiscal year beginning  
36 July 1, 1997, means the inflation factor for the  
37 fiscal year beginning July 1, 1996, plus the percent  
38 change in the price index for government purchases, as  
39 computed pursuant to section 444.25B, subsection 2,  
40 paragraph "e", for the fiscal year beginning July 1,  
41 1997.

42 NEW UNNUMBERED PARAGRAPH. For purposes of this  
43 section, "population factor" for property taxes  
44 payable in the fiscal year beginning July 1, 1996, or  
45 July 1, 1997, means the percent increase, if any, in  
46 the population as of January 1 of the calendar year in  
47 which the fiscal year begins, as determined or  
48 estimated by the United States census bureau, from the  
49 population as determined by the latest preceding  
50 certified federal census.

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1 NEW UNNUMBERED PARAGRAPH. Notwithstanding any  
2 other provision for the fiscal year beginning July 1,  
3 1996, the date for certification of a city's budget  
4 shall be extended to April 15, 1996, and the dates  
5 relating to the protest of budget and appeals and to  
6 other dates relating to budget certification are  
7 extended thirty days."

By DISNEY of Polk  
BLODGETT of Cerro Gordo

H-5265 FILED MARCH 11, 1996

HOUSE FILE 2112

H-5026

1 Amend House File 2112 as follows:

2 1. By striking page 1, line 3, through page 2,  
3 line 8, and inserting the following:

4 "NEW UNNUMBERED PARAGRAPH. For property taxes  
5 payable in the fiscal year beginning July 1, 1996, the  
6 city's tax levy rate for the general fund under this  
7 section is authorized to exceed eight dollars and ten  
8 cents per thousand dollars of taxable value by the  
9 product of eight dollars and ten cents multiplied by  
10 the sum of the inflation factor and the population  
11 factor. This increased levy rate applies only for  
12 property taxes payable in the fiscal year beginning  
13 July 1, 1996.

14 NEW UNNUMBERED PARAGRAPH. For property taxes  
15 payable in the fiscal year beginning July 1, 1997, the  
16 city's tax levy rate for the general fund under this  
17 section is authorized to exceed eight dollars and ten  
18 cents per thousand dollars of taxable value by the  
19 product of eight dollars and ten cents multiplied by  
20 the sum of the inflation factor and the population  
21 factor. This increased levy rate applies only for  
22 property taxes payable in the fiscal year beginning  
23 July 1, 1997.

24 NEW UNNUMBERED PARAGRAPH. For purposes of this  
25 section, "inflation factor" for property taxes payable  
26 in the fiscal year beginning July 1, 1996, means the  
27 percent change in the price index for government  
28 purchases, as computed pursuant to section 444.25A,  
29 subsection 2, paragraph "e", for the fiscal year  
30 beginning July 1, 1996. "Inflation factor" for  
31 property taxes payable in the fiscal year beginning  
32 July 1, 1997, means the inflation factor for the  
33 fiscal year beginning July 1, 1996, plus the percent  
34 change in the price index for government purchases, as  
35 computed pursuant to section 444.25B, subsection 2,  
36 paragraph "e", for the fiscal year beginning July 1,  
37 1997.

38 NEW UNNUMBERED PARAGRAPH. For purposes of this  
39 section, "population factor" for property taxes  
40 payable in the fiscal year beginning July 1, 1996, or  
41 July 1, 1997, means the percent increase, if any, in  
42 the population as of January 1 of the calendar year in  
43 which the fiscal year begins, as determined or  
44 estimated by the United States census bureau, from the  
45 population as determined by the latest preceding  
46 certified federal census.

47 NEW UNNUMBERED PARAGRAPH. Before a city exceeds  
48 the eight dollar and ten cent general fund levy rate  
49 under this section, the governing body shall pass a  
50 resolution authorizing the general fund levy to be in

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1 excess of the eight dollar and ten cent levy rate  
2 limit under this section."

By DISNEY of Polk

H-5026 FILED JANUARY 30, 1996

HOUSE FILE 2112

H-5012

- 1 Amend House File 2112 as follows:  
2 1. Page 1, line 12, by striking the words  
3 "product of eight dollars".  
4 2. Page 1, by striking lines 13 through 15.  
5 3. Page 1, line 16, by striking the word and  
6 figures "July, 1 1996." and inserting the following:  
7 "amount necessary to provide that total property taxes  
8 payable in the fiscal year beginning on July 1, 1996,  
9 shall equal the total property tax revenues that were  
10 received in the previous fiscal year."  
11 4. Page 1, line 28, by striking the words  
12 "product of eight dollars".  
13 5. Page 1, by striking lines 29 through 31.  
14 6. Page 1, line 32, by striking the word and  
15 figures "July 1, 1997." and inserting the following:  
16 "amount necessary to provide that total property taxes  
17 payable in the fiscal year beginning on July 1, 1997,  
18 shall equal the total property tax revenues that were  
19 received in the previous fiscal year."

By BLODGETT of Cerro Gordo

H-5012 FILED JANUARY 25, 1996

HALVORSON, CH  
DINKLA  
BERNAU

HSB 518

WAYS AND MEANS

Succeeded By  
SF 1 E 2112

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON HALVORSON)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the percentage of actual value at which  
2 residential property is assessed for valuations determined  
3 during the 1995 and 1996 assessment years and providing an  
4 effective and retroactive applicability date provision.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 441.21, Code Supplement 1995, is  
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 5A. a. For valuations established as of  
4 January 1, 1995, if the percentage of actual value at which  
5 residential property is to be assessed as computed under  
6 subsection 5 is less than sixty-seven and one-half percent,  
7 the percentage of actual value at which residential property  
8 shall be assessed shall be sixty-seven and one-half percent  
9 notwithstanding the computation under subsection 5.

10 b. For valuations established as of January 1, 1996, if  
11 the percentage of actual value at which residential property  
12 is to be assessed as computed under subsection 5 is less than  
13 sixty-seven and one-half percent, the percentage of actual  
14 value at which residential property shall be assessed shall be  
15 sixty-seven and one-half percent notwithstanding the  
16 computation under subsection 5. For purposes of this  
17 paragraph and subsection 5, in computing the percentage of  
18 actual value at which residential property is to be assessed  
19 for valuations established as of January 1, 1996, the  
20 provisions of paragraph "a" shall not be considered.

21 c. For purposes of computing under subsection 5 the  
22 percentage of actual value at which residential property is to  
23 be assessed for valuations established as of January 1, 1997,  
24 and for subsequent years, the provisions of paragraphs "a" and  
25 "b" shall not be considered in such computation.

26 Sec. 2. This Act, being deemed of immediate importance,  
27 takes effect upon enactment and applies retroactively to  
28 assessment years beginning on or after January 1, 1995, for  
29 establishing valuations of residential property subject to  
30 property taxes payable in fiscal years beginning on or after  
31 July 1, 1996.

32 EXPLANATION

33 The bill sets the percentage (rollback) of the actual value  
34 at which residential property is to be taxed at not less than  
35 67.5 percent for assessment years beginning January 1, 1995,

1 and January 1, 1996. These are the values upon which taxes  
2 payable in fiscal years beginning July 1, 1996, and July 1,  
3 1997, are determined.

4 The bill takes effect upon enactment and has a retroactive  
5 applicability date provision.

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