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APR 15 1997

HOUSE FILE 726

BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HSB 240)

Passed House, ^(p. 1382) Date 4.21.97 Passed Senate, Date 4/25/97 (#1453)
Vote: Ayes 98 Nays _____ Vote: Ayes 48 Nays 0

Approved May 15, 1997
[Signature]

A BILL FOR

1 An Act increasing appropriations for the livestock production tax
2 credit; increasing the state's reimbursement for the
3 homestead, military service, and elderly and disabled credits;
4 requiring the state to reimburse new property tax credits and
5 exemptions; providing for local government budget practices
6 and property tax statements; and including applicability date
7 provisions.

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

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HF 726

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DIVISION I

LIVESTOCK PRODUCTION TAX CREDIT

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3 Section 1. Section 422.120, subsection 1, paragraph b,
4 unnumbered paragraph 1, Code 1997, is amended to read as
5 follows:

6 The credit shall be available to an individual or corporate
7 taxpayer who owns livestock~~7-if-all-of-the-following-apply.~~

8 Sec. 2. Section 422.120, subsection 1, paragraph b,
9 subparagraphs (1) and (2), Code 1997, are amended by striking
10 the subparagraphs.

11 Sec. 3. Section 422.120, Code 1997, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 2A. As used in this division, "cow-calf
14 operation" means any of the following:

- 15 a. Mature beef cows bred or for breeding.
- 16 b. Bred yearling heifers.
- 17 c. Breeding bulls.

18 Sec. 4. Section 422.121, Code 1997, is amended to read as
19 follows:

20 422.121 APPROPRIATION.

21 ~~Beginning with~~ For the fiscal year beginning July 1, 1997,
22 there is appropriated ~~annually~~ from the general fund of the
23 state two million dollars to refund the credits allowed under
24 this division. Beginning with the fiscal year beginning July
25 1, 1998, there is appropriated annually from the general fund
26 of the state ten million dollars to refund the credits allowed
27 under this division.

28 Notwithstanding section 422.120, for the tax year beginning
29 on January 1, 1997, the livestock production tax credit shall
30 only be allowed for cow-calf beef operations. Notwithstanding
31 section 422.120, for a tax year beginning on or after January
32 1, 1998, and for each subsequent tax year, the livestock
33 production tax credit shall only be allowed for cow-calf beef
34 operations, farrow-to-feeder pig operations, and dairy cattle
35 operations. This paragraph shall not apply to any tax year

1 for which eleven million dollars or more has been appropriated
2 by the general assembly under this section and otherwise in
3 order to satisfy claims by livestock production operations as
4 provided in section 422.120.

5 DIVISION II
6 HOMESTEAD, MILITARY, LOW-INCOME, ELDERLY AND DISABLED
7 AND OTHER CREDITS AND REIMBURSEMENT CLAIMS

8 Sec. 5. NEW SECTION. 25B.7 FUNDING PROPERTY TAX CREDITS
9 AND EXEMPTIONS.

10 1. Beginning with property taxes due and payable in the
11 fiscal year beginning July 1, 1998, the cost of providing a
12 property tax credit or property tax exemption which is enacted
13 by the general assembly on or after January 1, 1997, shall be
14 fully funded by the state. If a state appropriation made to
15 fund a credit or exemption which is enacted on or after
16 January 1, 1997, is not sufficient to fully fund the credit or
17 exemption, the political subdivision shall be required to
18 extend to the taxpayer only that portion of the credit or
19 exemption estimated by the department of revenue and finance
20 to be funded by the state appropriation. The department of
21 revenue and finance shall determine by June 15 the estimated
22 portion of the credit or exemption which will be funded by the
23 state appropriation.

24 2. The requirement for fully funding and the consequences
25 of not fully funding credits and exemptions under subsection 1
26 also apply to all of the following:

27 a. Homestead tax credit pursuant to sections 425.1 through
28 425.15.

29 b. Low-income property tax credit and elderly and disabled
30 property tax credit pursuant to sections 425.16 through
31 425.40.

32 c. Military service property tax credit and exemption
33 pursuant to chapter 426A and sections 427.3 through 427.7, to
34 the extent of six dollars and seventy-five cents per thousand
35 dollars of assessed value of the exempt property.

1 3. a. For purposes of this subsection, "base
2 reimbursement amount" means the amount in dollars received for
3 the fiscal year beginning July 1, 1996, by a city, county, or
4 school district from the state as a reimbursement for the
5 homestead tax credit, military service property tax credit,
6 low-income property tax credit, or the elderly and disabled
7 property tax credit, as appropriate. The county treasurer
8 shall determine the base reimbursement amount for the cities,
9 county, and school districts for each credit. The treasurer
10 shall notify the department of management of the base
11 reimbursement amounts for each credit of each school district.

12 b. The amount of state reimbursement received for a fiscal
13 year beginning on or after July 1, 1997, by a city, county, or
14 school district for the homestead tax credit, military service
15 property tax credit, low-income property tax credit, or
16 elderly and disabled property tax credit in excess of the base
17 reimbursement amount for that credit shall be used as follows:

18 (1) In the case of a city, at least fifty percent shall be
19 used for property tax relief with the remaining amount used
20 for infrastructure.

21 (2) In the case of a county, at least fifty percent shall
22 be used for property tax relief with the remaining amount used
23 for infrastructure or for paying the expenses incurred in
24 providing the statement and receipt required under section
25 445.5.

26 (3) In the case of a school district, one hundred percent
27 shall be used for property tax relief through the reduction in
28 the additional levy under section 257.4. Each county
29 treasurer shall provide the department of management with the
30 total amount of excess tax credit reimbursement received by
31 each school district in the county.

32 c. The requirements of paragraph "b" do not constitute a
33 state mandate under this chapter.

34 Sec. 6. Section 8.59, Code 1997, is amended to read as
35 follows:

1 8.59 APPROPRIATIONS FREEZE.

2 Notwithstanding contrary provisions of the Code, the
3 amounts appropriated under the applicable sections of the Code
4 for fiscal years commencing on or after July 1, 1993, are
5 limited to those amounts expended under those sections for the
6 fiscal year commencing July 1, 1992. If an applicable section
7 appropriates moneys to be distributed to different recipients
8 and the operation of this section reduces the total amount to
9 be distributed under the applicable section, the moneys shall
10 be prorated among the recipients. As used in this section,
11 "applicable sections" means the following sections: 53.50,
12 229.35, 230.8, 230.11, 405A.8, 411.20, ~~425.17~~-~~425.39~~-~~426A.17~~
13 663.44, and 822.5.

14 Sec. 7. Section 425.2, unnumbered paragraphs 2 and 6, Code
15 1997, are amended to read as follows:

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

1 date on which the use is changed. ~~If the written notice is~~
2 ~~not provided to the assessor by the appropriate July 17, the~~
3 ~~owner forfeits the right to file a belated claim on another~~
4 ~~homestead for the year the notice should have been given. A~~
5 person who sells or transfers a homestead or the personal
6 representative of a deceased person who had a homestead at the
7 time of death, shall provide written notice to the assessor
8 that the property is no longer the homestead of the former
9 claimant.

10 ~~The failure of a person to file a claim under this section~~
11 ~~on or before July 1 of the year for which the person is first~~
12 ~~claiming the credit or to have the evidence of ownership~~
13 ~~recorded in the office of the county recorder does not~~
14 ~~disqualify the claim if the person claiming the credit or~~
15 ~~through whom the credit is claimed is otherwise qualified.~~
16 ~~The belated claim shall be filed with the appropriate assessor~~
17 ~~on or before December 31 of the following calendar year and,~~
18 ~~if approved by the board of supervisors, the county treasurer~~
19 ~~shall submit the belated claim to the director of revenue and~~
20 ~~finance who shall send payment to the claimant. -- The payment~~
21 ~~shall be made from funds appropriated to the homestead credit~~
22 ~~fund.~~

23 Sec. 8. Section 425.39, subsection 1, Code 1997, is
24 amended to read as follows:

25 ~~1.~~ The extraordinary elderly and disabled property tax
26 credit and reimbursement fund is created. There is
27 appropriated annually from the general fund of the state to
28 the department of revenue and finance to be credited to the
29 extraordinary elderly and disabled property tax credit and
30 reimbursement fund, from funds not otherwise appropriated, an
31 amount sufficient to implement this division for claimants
32 described in section 425.17, subsection 2, paragraph "a".

33 Sec. 9. Section 425.39, subsection 2, Code 1997, is
34 amended by striking the subsection.

35 Sec. 10. Section 427.5, unnumbered paragraph 5, Code 1997,

1 is amended by striking the unnumbered paragraph.

2 Sec. 11. Sections 6, 8, and 9 of this division of this Act
3 apply to reimbursements made for property tax credits and to
4 reimbursements for rent constituting property taxes payable on
5 or after July 1, 1997.

6 DIVISION III

7 LOCAL GOVERNMENT BUDGETING PRACTICES

8 Sec. 12. Section 24.9, unnumbered paragraph 1, Code 1997,
9 is amended to read as follows:

10 Each municipality shall file with the secretary or clerk
11 thereof the estimates required to be made in sections 24.3 to
12 24.8, at least twenty days before the date fixed by law for
13 certifying the same to the levying board and shall forthwith
14 fix a date for a hearing thereon, and shall publish such
15 estimates and any annual levies previously authorized as
16 provided in section 76.2, with a notice of the time when and
17 the place where such hearing shall be held ~~at least~~ not less
18 than ten nor more than twenty days before the hearing.

19 Provided that in municipalities of less than two hundred
20 population such estimates and the notice of hearing thereon
21 shall be posted in three public places in the district in lieu
22 of publication.

23 Sec. 13. Section 24.9, Code 1997, is amended by adding the
24 following new unnumbered paragraph:

25 NEW UNNUMBERED PARAGRAPH. The department of management
26 shall prescribe the form for public hearing notices for use by
27 municipalities.

28 Sec. 14. Section 24.17, Code 1997, is amended to read as
29 follows:

30 24.17 BUDGETS CERTIFIED.

31 The local budgets of the various political subdivisions
32 shall be certified by the chairperson of the certifying board
33 or levying board, as the case may be, in duplicate to the
34 county auditor not later than March 15 of each year on blanks
35 forms, and pursuant to instructions, prescribed by the state

1 board, and according to the rules and instruction which shall
2 be furnished all certifying and levying boards in printed form
3 by the state board or city finance committee in the case of
4 cities department of management. However, if a city or county
5 holds a special levy election, the certification shall be not
6 later than fourteen days following the special levy election,
7 and if the political subdivision is a school district, as
8 defined in section 257.2, its budget shall be certified not
9 later than April 15 of each year.

10 One copy of the budget shall be retained on file in the
11 office by the county auditor and the other shall be certified
12 by the county auditor to the state board. The department of
13 management shall certify the local budgets back to the county
14 auditor by June 15.

15 Sec. 15. Section 24.27, Code 1997, is amended to read as
16 follows:

17 24.27 PROTEST TO BUDGET.

18 Not later than March 25 ~~or April 25 if the municipality is~~
19 ~~a school district~~, a number of persons in any municipality
20 equal to one-fourth of one percent of those voting for the
21 office of governor, at the last general election in the
22 municipality, but the number shall not be less than ten, and
23 the number need not be more than one hundred persons, who are
24 affected by any proposed budget, expenditure or tax levy, or
25 by any item thereof, may appeal from any decision of the
26 certifying board or the levying board by filing with the
27 county auditor of the county in which the municipal
28 corporation is located, a written protest setting forth their
29 objections to the budget, expenditure or tax levy, or to one
30 or more items thereof, and the grounds for their objections.
31 If a budget is certified after March 15 ~~or April 15 in the~~
32 ~~case of a school district~~, all appeal time limits shall be
33 extended to correspond to allowances for a timely filing.
34 Upon the filing of a protest, the county auditor shall
35 immediately prepare a true and complete copy of the written

1 protest, together with the budget, proposed tax levy or
2 expenditure to which objections are made, and shall transmit
3 them forthwith to the state board, and shall also send a copy
4 of the protest to the certifying board or to the levying
5 board, as the case may be.

6 Sec. 16. Section 76.2, unnumbered paragraph 2, Code 1997,
7 is amended to read as follows:

8 If the resolution is filed prior to April 1 ~~or May 1, if~~
9 ~~the political subdivision is a school district,~~ the annual
10 levy shall begin with the tax levy for collection commencing
11 July 1 of that year. If the resolution is filed after April 1
12 ~~or May 1, in the case of a school district,~~ the annual levy
13 shall begin with the tax levy for collection in the next
14 succeeding fiscal year. However, the governing authority of a
15 political subdivision may adjust a levy of taxes made under
16 this section for the purpose of adjusting the annual levies
17 and collections for property severed from the political
18 subdivision, subject to the approval of the director of the
19 department of management.

20 Sec. 17. Section 257.19, unnumbered paragraph 2, Code
21 1997, is amended to read as follows:

22 Certification of a board's intent to participate for a
23 budget year, the method of funding, and the amount to be
24 raised shall be made to the department of management not later
25 than ~~April~~ March 15 of the base year. Funding for the
26 instructional support program shall be obtained from
27 instructional support state aid and from local funding using
28 either an instructional support property tax or a combination
29 of an instructional support property tax and an instructional
30 support income surtax.

31 Sec. 18. Section 257.29, unnumbered paragraph 2, Code
32 1997, is amended to read as follows:

33 The educational improvement program shall provide
34 additional revenues each fiscal year equal to a specified
35 percent of the regular program district cost of the district,

1 as determined by the board but not more than the maximum
2 percent authorized by the electors if an election has been
3 held. Certification of a district's participation for a
4 budget year, the method of funding, and the amount to be
5 raised shall be made to the department of management not later
6 than ~~April~~ March 15 of the base year.

7 Sec. 19. Section 275.29, Code 1997, is amended to read as
8 follows:

9 275.29 DIVISION OF ASSETS AND LIABILITIES AFTER
10 REORGANIZATION.

11 Between July 1 and July 20, the board of directors of the
12 newly formed school district shall meet with the boards of the
13 school districts affected by the organization of the new
14 school corporation, including the boards of districts
15 receiving territory of the school districts affected, for the
16 purpose of reaching joint agreement on an equitable division
17 of the assets of the several school corporations or parts of
18 school corporations and an equitable distribution of the
19 liabilities of the affected corporations or parts of
20 corporations. In addition, if outstanding bonds are in
21 existence in any district, the initial board of directors of
22 the newly formed school district shall meet with the boards of
23 all school districts affected prior to ~~April~~ March 15 prior to
24 the school year the reorganization is effective to determine
25 the distribution of the bonded indebtedness between the
26 districts so that the newly formed district may certify its
27 budget under the procedures specified in chapter 24. The
28 boards shall consider the mandatory levy required in section
29 76.2 and shall assure the satisfaction of outstanding
30 obligations of each affected school corporation. If the
31 petition includes plans for the distribution of the bonded
32 indebtedness, the exclusion of territory from the reorganized
33 district does not require action pursuant to this section.

34 Sec. 20. Section 279.54, unnumbered paragraph 1, Code
35 1997, is amended to read as follows:

1 If a majority of those voting in an election approves
2 raising the additional enrichment amount for an asbestos
3 project under section 279.53 and this section, not later than
4 ~~April~~ March 15 of the previous school year the board shall
5 certify to the department of management that the required
6 procedures have been carried out, the method of funding the
7 amount to be raised, and the department of management shall
8 establish the amount of additional enrichment property tax to
9 be levied or the amount of the combination of the enrichment
10 property tax and the amount of enrichment income surtax to be
11 imposed for each school year for which the additional
12 enrichment amount for an asbestos project is authorized. The
13 enrichment property tax and income surtax, if an income surtax
14 is imposed, shall be levied and imposed, collected, and paid
15 to the school district in the manner provided for the
16 instructional support program in sections 257.21 through
17 257.26.

18 Sec. 21. Section 298.2, subsection 2, Code 1997, is
19 amended to read as follows:

20 2. The board of directors of a school district may certify
21 for levy by ~~April~~ March 15 of a school year a tax on all
22 taxable property in the school district for the regular
23 physical plant and equipment levy.

24 Sec. 22. Section 298.2, subsection 3, unnumbered paragraph
25 2, Code 1997, is amended to read as follows:

26 If a combination of a property tax and income surtax is
27 used, by ~~April~~ March 15 of the previous school year, the board
28 shall certify the percent of the income surtax to be imposed
29 and the amount to be raised to the department of management
30 and the department of management shall establish the rate of
31 the property tax and income surtax for the school year. The
32 physical plant and equipment property tax and income surtax
33 shall be levied or imposed, collected, and paid to the school
34 district in the manner provided for the instructional support
35 program in sections 257.21 through 257.26.

1 Sec. 23. Section 298.4, unnumbered paragraph 1, Code 1997,
2 is amended to read as follows:

3 The board of directors of a school district may certify for
4 levy by ~~April~~ March 15 of a school year, a tax on all taxable
5 property in the school district for a district management
6 levy. The revenue from the tax levied in this section shall
7 be placed in the district management levy fund of the school
8 district. The district management levy shall be expended only
9 for the following purposes:

10 Sec. 24. Section 298.10, Code 1997, is amended to read as
11 follows:

12 298.10 LEVY FOR CASH RESERVE.

13 The board of directors of a school district may certify for
14 levy by ~~April~~ March 15 of a school year, a tax on all taxable
15 property in the school district in order to raise an amount
16 for a necessary cash reserve for a school district's general
17 fund. The amount raised for a necessary cash reserve does not
18 increase a school district's authorized expenditures as
19 defined in section 257.7.

20 Sec. 25. Section 300.2, unnumbered paragraph 2, Code 1997,
21 is amended to read as follows:

22 If a majority of the votes cast upon the proposition is in
23 favor of the proposition, the board shall certify the amount
24 required for a fiscal year to the county board of supervisors
25 by ~~April~~ March 15 of the preceding fiscal year. The board of
26 supervisors shall levy the amount certified. The amount shall
27 be placed in the public education and recreation levy fund of
28 the district and shall be used only for the purposes specified
29 in this chapter.

30 Sec. 26. Section 331.403, subsection 1, Code 1997, is
31 amended to read as follows:

32 1. Not later than ~~October~~ December 1 of each year on forms
33 and pursuant to instructions prescribed by the department of
34 management, a county shall prepare an annual financial report
35 showing for each county fund the financial condition as of

1 June 30 and the results of operations for the year then ended.
2 Copies of the report shall be maintained as a public record at
3 the auditor's office and shall be ~~furnished to~~ filed with the
4 director of the department of management and ~~to~~ with the
5 auditor of state by December 1. A summary of the report, in a
6 form prescribed by the director, shall be published by each
7 county not later than ~~October~~ December 1 of each year in one
8 or more newspapers which meet the requirements of section
9 618.14.

10 Sec. 27. Section 331.403, subsection 3, Code 1997, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

13 3. A county that fails to meet the filing deadline imposed
14 by this section shall have withheld from payments to be made
15 to the county pursuant to chapter 405A an amount equal to five
16 cents per capita until the financial report is filed.

17 Sec. 28. Section 331.434, subsection 3, Code 1997, is
18 amended to read as follows:

19 3. The board shall set a time and place for a public
20 hearing on the budget before the final certification date and
21 shall publish notice of the hearing not less than ten nor more
22 than twenty days prior to the hearing in the county newspapers
23 selected under chapter 349. A summary of the proposed budget,
24 in the form prescribed by the director of the department of
25 management, shall be included in the notice. Proof of
26 publication shall be filed with and preserved by the auditor.
27 A levy is not valid unless and until the notice is published
28 and filed. The department of management shall prescribe the
29 form for the public hearing notice for use by counties.

30 Sec. 29. Section 331.434, Code 1997, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 7. Taxes levied by a county whose budget
33 is certified after March 15 shall be limited to the prior
34 year's budget amount. However, this penalty may be waived by
35 the director of the department of management if the county

1 demonstrates that the March 15 deadline was missed because of
2 circumstances beyond the control of the county.

3 Sec. 30. NEW SECTION. 331.434A BUDGET RESERVE.

4 1. For the fiscal year beginning July 1, 1998, and all
5 subsequent fiscal years, the amount of a county's budget
6 reserve for the general basic fund shall not exceed an amount
7 equal to thirty percent of the amount of actual expenditures
8 from the general fund for the previous fiscal year. If the
9 amount of the budget reserve for any fiscal year exceeds an
10 amount equal to thirty percent of the amount of actual
11 expenditures from the general fund for the previous fiscal
12 year, the amount of property taxes to be levied by the county
13 shall be decreased by the amount in excess of thirty percent.

14 2. A county may implement this section in its entirety
15 beginning with the fiscal year commencing July 1, 1998.

16 However, each county shall have implemented this section in
17 its entirety by the fiscal year commencing July 1, 2003.

18 3. For purposes of this section, "budget reserve" means
19 the sum of all unreserved and unencumbered funds, which are
20 not officially designated for specific uses, remaining in the
21 general basic fund of the county on June 30 of the fiscal
22 year, excluding transfers to other county funds. For purposes
23 of this section, "general fund" means as defined in section
24 331.427.

25 Sec. 31. Section 331.439, subsection 1, paragraph a, Code
26 1997, is amended to read as follows:

27 a. The county accurately reported by ~~October-15~~ December 1
28 the county's expenditures for mental health, mental
29 retardation, and developmental disabilities services for the
30 previous fiscal year on forms prescribed by the department of
31 human services.

32 Sec. 32. Section 384.16, subsection 3, Code 1997, is
33 amended to read as follows:

34 3. The council shall set a time and place for public
35 hearing on the budget before the final certification date and

1 shall publish notice of the hearing not less than ten nor more
2 than twenty days before the hearing as-provided-in-section
3 362-3 in a newspaper published at least once weekly and having
4 general circulation in the city. However, if the city has a
5 population of two hundred or less, publication may be made by
6 posting in three public places in the city. A summary of the
7 proposed budget shall be included in the notice. Proof of
8 publication must be filed with the county auditor. The
9 department of management shall prescribe the form for the
10 public hearing notice for use by cities.

11 Sec. 33. Section 384.16, Code 1997, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 6. Taxes levied by a city whose budget is
14 certified after March 15 shall be limited to the prior year's
15 budget amount. However, this penalty may be waived by the
16 director of the department of management if the city
17 demonstrates that the March 15 deadline was missed because of
18 circumstances beyond the control of the city.

19 Sec. 34. Section 445.5, Code 1997, is amended to read as
20 follows:

21 445.5 STATEMENT AND RECEIPT.

22 1. As soon as practicable after receiving the tax list
23 prescribed in chapter 443, the treasurer shall deliver to the
24 taxpayer a statement of taxes due and payable which shall
25 include the following information:

26 a. The year of tax.

27 b. A description of the parcel.

28 c. The assessed value of the parcel, itemized by the value
29 for land, dwellings, and buildings, for the current year and
30 the previous year as valued by the assessor after application
31 of any equalization orders.

32 d. The taxable value of the parcel, itemized by the value
33 for land, dwellings, and buildings, for the current year and
34 the previous year after application of any equalization
35 orders, assessment limitations, and itemized valuation

1 exemptions.

2 e. The complete name of all taxing authorities receiving a
3 tax distribution, the amount of the distribution, and the
4 percentage distribution for each named authority, listed from
5 the highest to the lowest distribution percentage.

6 f. The consolidated levy rate for one thousand dollars of
7 taxable valuation multiplied by the taxable valuation to
8 produce the gross taxes levied before application of credits
9 against levied taxes for the previous and current fiscal
10 years.

11 g. The itemized credits against levied taxes deducted from
12 the gross taxes levied in order to produce the net taxes owned
13 for the previous and current fiscal years.

14 h. The amount of property tax dollars reduced on each
15 parcel as a result of the moneys received from the property
16 tax relief fund pursuant to section 426B.2, subsections 1 and
17 3.

18 i. The total amount of taxes levied by each taxing
19 authority in the previous fiscal year and the current fiscal
20 year, the dollar amount difference between the two amounts,
21 and that same difference expressed as a percentage increase or
22 decrease.

23 If the person receiving the statement is not the
24 titleholder of record or contract holder of record of the
25 parcel, that person shall pay a fee at the rate of two dollars
26 per parcel for each year. The treasurer shall at the same
27 time deliver to the titleholder of record or contract holder
28 of record a copy of the statement.

29 2. The county treasurer shall deliver to the taxpayer a
30 receipt stating the year of tax, date of payment, a
31 description of the parcel, and the amount of taxes, interest,
32 fees, and costs paid except when payment of taxes is made by
33 check, then a receipt shall be issued only upon request. The
34 receipt shall be in full of the first half, second half, or
35 full year amounts unless a payment is made under section

1 445.36A or 435.24, subsection 6.

2 Sec. 35. TAX STATEMENT STUDY COMMITTEE.

3 1. There is established a tax statement study committee
4 comprised of the members of the county finance committee and
5 three county treasurers appointed by the governor in
6 consultation with the Iowa state treasurers association.

7 2. The committee shall study the following:

8 a. The fiscal impact of implementing redesigned property
9 tax statements as required in section 445.5.

10 b. Identification of the impediments involved in requiring
11 the tax statement in section 445.5.

12 c. The technological impact of implementing the property
13 tax statement required in section 445.5.

14 d. The recommended design of the property tax statement
15 required in section 445.5.

16 e. A process by which counties and the state can achieve
17 the goal of providing a uniform tax statement design to be
18 used statewide.

19 3. The committee shall furnish a report of its study to
20 the general assembly in January 1998.

21 Sec. 36. APPLICABILITY DATES. Section 34 of this division
22 of this Act, amending section 445.5, applies to tax statements
23 issued for the fiscal year beginning July 1, 2001. The
24 remainder of this division of this Act applies to budgets
25 prepared for fiscal years beginning on or after July 1, 1998.

26 EXPLANATION

27 Division I amends Code section 422.120 which provides for a
28 state tax credit for livestock production operations located
29 in the state. A \$2 million standing appropriation is used to
30 support the tax credit. The amount of the credit equals 10
31 cents for each corn equivalent consumed by the livestock in
32 the production operation. The section provides that the
33 credit is available to an individual or corporate taxpayer who
34 owns livestock if the total net worth of the taxpayer during
35 the taxpayer's tax year is less than \$1 million and the

1 taxpayer receives, or accrues in the case of an accrual-basis
2 taxpayer, more than one-half of the taxpayer's gross income
3 from farming or ranching operations during the tax year. This
4 division eliminates these net worth and gross income
5 requirements. The division increases the annual standing
6 appropriation to \$10 million beginning with the fiscal year
7 1998-1999. The division provides that for the tax year
8 beginning on January 1, 1997, the tax credit shall only be
9 allowed for cow-calf beef operations. For a tax year
10 beginning on or after January 1, 1998, and for each subsequent
11 tax year, the tax credit is only allowed for cow-calf beef
12 operations, farrow-to-feeder pig operations, and dairy cattle
13 operations, unless for any tax year \$11 million or more is
14 available to support the tax credit.

15 Division II provides that beginning with property taxes
16 payable in the fiscal year beginning July 1, 1998, the cost of
17 providing property tax credits or reimbursements which are
18 enacted on or after January 1, 1997, shall be fully funded by
19 the state. If the state does not fully fund this cost, then
20 the taxpayer will receive only a portion of the credit or
21 exemption to the extent the exemption or credit is funded.
22 The portion the taxpayer would receive is an estimate made by
23 the department of revenue and finance. This also applies to
24 the homestead credit; low-income additional homestead credit;
25 elderly and disabled additional homestead credit; and military
26 service tax credit but only to the extent of \$6.75 per \$1,000
27 of assessed value.

28 State reimbursements to local governments for the homestead
29 credit; the elderly and disabled additional homestead credit
30 and rent reimbursement; and the military service credit were
31 frozen beginning with the fiscal year 1992-1993 at the fiscal
32 year 1991-1992 levels. The division eliminates the freeze and
33 provides for standing unlimited appropriations for these
34 credits and reimbursements. These reimbursements apply to
35 reimbursements made on or after July 1, 1997.

1 Beginning with the fiscal year beginning July 1, 1997, the
2 amount of reimbursements in excess of the dollar amount of
3 reimbursements for the fiscal year 1996-1997 that a school
4 district will receive because of the fully funding of the
5 homestead credit, military service credit, and elderly and
6 disabled credit shall be used entirely for property tax
7 relief. In the case of a city or county at least 50 percent
8 of such excess reimbursements shall be used for property tax
9 relief with any remaining amount to be used for
10 infrastructure. The counties may use the remaining amount to
11 pay expenses incurred in providing tax statements and receipts
12 required under a Code section amended in division III.

13 Division III makes numerous changes relating to property
14 taxes and local budget practices.

15 The division moves the budget certification deadline for
16 schools from April 15 to March 15. The division also provides
17 that cities and counties whose budget is certified after March
18 15 shall be limited to the prior year's certification amount.

19 The division provides that the department of management
20 shall prescribe the forms for budgets certified to the county
21 auditor and for the public hearing notice on the budget for
22 use by cities and counties. The division requires the
23 department of management to certify local budgets back to the
24 county auditor by June 15 of each year.

25 The publication deadline for the county annual financial
26 report is changed from October 1 to December 1. The division
27 also provides that the department of management shall
28 prescribe the form for the annual financial report. The
29 division prescribes a monetary withholding penalty for late
30 filing of the report.

31 The division limits the county's budget reserve for the
32 general basic fund to not more than 30 percent of the previous
33 year's actual expenditures from the general fund. If the
34 budget reserve is in excess of 30 percent, the property tax
35 dollars for the present year are reduced by this excess.

1 These requirements could be implemented beginning with fiscal
2 year 1998-1999 but shall be implemented by fiscal year 2003-
3 2004.

4 The division also requires that a property tax statement be
5 delivered to the taxpayer. The division specifies additional
6 comparative information that must be included on the property
7 tax statement.

8 The division also establishes a tax statement study
9 committee comprised of members of the county finance committee
10 and three county treasurers appointed by the governor. The
11 committee is charged with studying various administrative and
12 fiscal issues involved with implementing use of the new tax
13 statements. The committee is to report to the general
14 assembly in January 1998.

15 The section of the division requiring that a tax statement
16 be prepared and mailed applies to tax statements issued for
17 fiscal year 2001-2002. The remainder of the division applies
18 to budgets prepared for fiscal years beginning on or after
19 July 1, 1998.

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**HOUSE FILE 726
FISCAL NOTE**

A fiscal note for House File 726 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.

House File 726 has three separate Divisions. The changes and impact are as follows:

DIVISION I

Division I permanently changes the Livestock Production Tax Credit so only the cow-calf beef operation is eligible.

FISCAL IMPACT

Division I has no fiscal impact.

DIVISION II

Division II requires new property tax credits or exemptions to be fully funded by the State. If the credit or exemption is not fully funded by the State, the credit or exemption will be prorated to the taxpayer. These requirements also apply to the Homestead Tax Credit, Low-income Property Tax Credit, Elderly and Disabled Property Tax Credit, and Military Service Property Tax Credit. Specifies how cities, counties, and school districts must use the State reimbursement for the Homestead Tax Credit, Low-income Property Tax Credit, Elderly and Disabled Property, and Military Service Property Tax Credit in excess of what was received in FY 1997. Also removes the appropriation freeze on the Homestead Tax Credit, Elderly and Disabled Property Tax Credit, and the Military Service Tax Credit.

ASSUMPTIONS

Claims will remain at the FY 1996 level.

FISCAL IMPACT

Division II is estimated to increase General Fund appropriations by \$21.1 million. The increase consists of \$20.3 million for the Homestead Tax Credit and \$800,000 for the Elderly and Disabled Property Tax Credit. The Military Service Exemption is estimated to be fully funded. The distribution of the excess is unknown for the Elderly and Disabled Credit. The estimated distribution of the excess for the Homestead Tax Credit is as follows:

1. \$6.5 million for cities.
2. \$4.2 million for counties.
3. \$9.3 million for school districts.

-2-

DIVISION III

Division III relates to local government budget practices and property tax statements. Division III includes:

1. Requires the Department of Management to prescribe uniform public hearing notices, budget forms, and financial reports.
2. Requires each county treasurer to deliver to the taxpayers a statement of taxes due and payable. Items to be included within the tax statement are specified.
3. Creates a tax statement study committee.

ASSUMPTIONS

1. The changes to the tax statements are effective for tax statements issued for FY 2002.
2. Counties will collect the required \$2.00 fee for the tax statement when the recipient is not the titleholder or contract holder of record. The \$2.00 fee covers the cost of the copy of the tax statement.

FISCAL IMPACT

Division III has no State General Fund impact. The county's estimated cost of changing the tax statements ranges from \$200 to \$500,000 per county for one-time programming costs. The ongoing costs are estimated to be \$7,600 per county for the first year and \$5,700 per county for the second and succeeding years. The changes to the tax statement are effective for tax statements issued for FY 2002.

SOURCES

Department of Management
Iowa State Association of Counties

(LSB 2763HV.2, JAS)

FILED APRIL 22, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 726
FISCAL NOTE**

A fiscal note for House File 726 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.

House File 726 has three separate Divisions. The changes and impact are as follows:

DIVISION I

Division I changes the eligibility requirements of the Livestock Production Tax Credit and increases the General Fund standing limited appropriation to \$10.0 million in FY 1999. The Division would repeal net worth limitations and would repeal the requirement that one-half of a taxpayer's income be derived from farming.

FISCAL IMPACT

Division I has no fiscal impact in FY 1998 and increases the General Fund standing limited appropriation by \$8.0 million in FY 1999.

DIVISION II

Division II requires new property tax credits or exemptions to be fully funded by the State. If the credit or exemption is not fully funded by the State, the credit or exemption will be prorated to the taxpayer. These requirements also apply to the Homestead Tax Credit, Low-income Property Tax Credit, Elderly and Disabled Property, and Military Service Property Tax Credit. Specifies how cities, counties, and school districts must use the State reimbursement for the Homestead Tax Credit, Low-income Property Tax Credit, Elderly and Disabled Property, and Military Service Property Tax Credit in excess of what was received in FY 1997. Also removes the appropriation freeze on the Homestead Tax Credit, Elderly and Disabled Property Tax Credit, and the Military Service Tax Credit.

ASSUMPTIONS

Claims will remain at the FY 1996 level.

FISCAL IMPACT

Division II is estimated to increase General Fund appropriations by \$21.1 million. The increase consists of \$20.3 million for the Homestead Tax Credit and \$800,000 for the Elderly and Disabled Property Tax Credit. The Military Service Exemption is estimated to be fully funded. The distribution of the excess is unknown for the Elderly and Disabled Credit. The estimated distribution of the excess for the Homestead Tax Credit is as follows:

-2-

1. \$6.5 million for cities.
2. \$4.2 million for counties.
3. \$9.3 million for school districts.

DIVISION III

Division III relates to local government budget practices and property tax statements. Division III includes:

1. Requires the Department of Management to prescribe uniform public hearing notices, budget forms, and financial reports.
2. Changes the date school districts are required to certify budgets and other levies from April 15 to March 15.
3. Requires that a County's budget reserve can not exceed 30.0% of actual expenditures from the previous fiscal year. A county may implement this in FY 1999 but is required to implement by FY 2004.
4. Requires each county treasurer to deliver to the taxpayers a statement of taxes due and payable. Items to be included within the tax statement are specified.
5. Creates a tax statement study committee.

ASSUMPTIONS

1. The date changes specified within the Bill do not have a fiscal impact upon local governments.
2. The changes to the tax statements are effective for tax statements issued for FY 2002.
3. Counties will collect the required \$2.00 fee for the tax statement when the recipient is not the titleholder or contract holder of record. The \$2.00 fee covers the cost of the copy of the tax statement.

FISCAL IMPACT

Division III has no State General Fund impact. The impact to the counties is as follows:

1. The estimated cost of changing the tax statements ranges from \$200 to \$500,000 per county for one-time programming costs. The on-going costs are estimated to be \$7,600 per county for the first year and \$5,700 per county for the second and succeeding years. The changes to the tax statement are effective for tax statements issued for FY 2002.
2. The budget reserve limitation would have minimal impact on counties.

SOURCES

Department of Management
Iowa State Association of Counties

(LSB 2763hv, JAS)

FILED APRIL 21, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 726

H-1806

1 Amend House File 726 as follows:

2 1. Page 1, by inserting after line 2 the
3 following:

4 "Sec. _____. Section 9H.1, Code 1997, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 2A. "Authorized entity" means an
7 authorized farm corporation; authorized trust;
8 authorized limited liability company; or limited
9 partnership, other than a family farm limited
10 partnership, which owns or leases agricultural land.

11 Sec. _____. Section 9H.5, subsection 2, Code 1997,
12 is amended by striking the subsection and inserting in
13 lieu thereof the following:

14 2. a. A person who holds an interest in an
15 authorized entity shall not hold an interest in
16 another authorized entity, if all authorized entities
17 in which the person would hold an interest own or
18 lease a combined total of more than one thousand five
19 hundred acres of agricultural land. If a person holds
20 an interest in more than one authorized entity, all
21 authorized entities in which the person holds an
22 interest shall not own or lease a combined total of
23 more than one thousand five hundred acres of
24 agricultural land.

25 b. As used in this section, an interest in an
26 authorized entity means holding an interest as any of
27 the following:

28 (1) A stockholder of an authorized farm
29 corporation.

30 (2) A beneficiary of an authorized trust.

31 (3) A limited partner in a limited partnership
32 which owns or leases agricultural land, other than a
33 family farm limited partnership.

34 (4) A member of an authorized limited liability
35 company.

36 c. This subsection shall not apply to the extent
37 that an interest in an authorized entity was held on
38 or before July 1, 1988.

39 Sec. _____. Section 9H.5, subsection 3, paragraph a,
40 Code 1997, is amended to read as follows:

41 a. An authorized farm corporation, authorized
42 trust, authorized limited liability company, or
43 limited partnership violating this section shall be
44 assessed a civil penalty of not more than twenty-five
45 thousand dollars and shall divest itself of any land
46 held in violation of this section within one year
47 after judgment. A civil penalty of not more than one
48 thousand dollars may be imposed on a person who
49 becomes holds an interest in an authorized entity by
50 being a stockholder of an authorized farm corporation,

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1 beneficiary of an authorized trust, member of an
 2 authorized limited liability company, or limited
 3 partner in a limited partnership in violation of this
 4 section. The person shall divest the interest held by
 5 the person in the corporation, trust, limited
 6 liability company, or limited partnership to comply
 7 with this section. The court may determine the method
 8 of divesting an interest held by a person found to be
 9 in violation of this chapter. A financial gain
 10 realized by a person who disposes of an interest held
 11 in violation of this chapter shall be forfeited to the
 12 state's general fund. All court costs and fees shall
 13 be paid by the person holding the interest in
 14 violation of this chapter."

15 2. By renumbering as necessary.

By MEYER of Sac

H-1806 FILED APRIL 17, 1997

WITHDRAWN

(P.1387) 4-21-97

HOUSE FILE 726

H-1807

1 Amend House File 726 as follows:
 2 1. Page 1, line 21, by striking the words
 3 "~~Beginning-with For~~" and inserting the following:
 4 "Beginning with".
 5 2. Page 1, line 22, by striking the word
 6 "~~annually~~" and inserting the following: "annually".
 7 3. By striking page 1, line 24, through page 2,
 8 line 4, and inserting the following: "this division.
 9 Notwithstanding section 422.120, for tax years
 10 beginning on or after January 1, 1997, the livestock
 11 production tax credit shall only be allowed for cow-
 12 calf operations."
 13 4. Title page, line 1, by striking the words
 14 "increasing appropriations for" and inserting the
 15 following: "relating to".

By GREIG of Emmet

H-1807 FILED APRIL 17, 1997

(P.1378) adopted 4-21-97

HOUSE FILE 726

H-1805

1 Amend House File 726 as follows:
 2 1. Page 3, line 13, by inserting after the figure
 3 "1997," the following: "and ending on or before June
 4 30, 2002,".
 5 2. Page 3, by inserting after line 33 the
 6 following:
 7 "d. This subsection is repealed June 30, 2002, for
 8 fiscal years beginning after that date."

By GREIG of Emmet

H-1805 FILED APRIL 17, 1997

(P.1378) adopted 4-21-97

HOUSE FILE 726

H-1749

1 Amend House File 726 as follows:
 2 1. Page 13, by striking lines 3 through 24.

By CARROLL of Poweshiek

H-1749 FILED APRIL 15, 1997

(P.1386) adopted 4-21-97

HOUSE FILE 726

H-1822

1 Amend House File 726 as follows:

2 1. Page 5, by inserting before line 23 the
3 following:

4 "Sec. 100. Section 425.23, subsection 1, paragraph
5 a, Code 1997, is amended to read as follows:

6 a. The tentative credit or reimbursement for a
7 claimant described in section 425.17, subsection 2,
8 paragraph "a", ~~and paragraph "b" if no appropriation~~
9 ~~is made to the fund created in section 425.40~~ shall be
10 determined in accordance with the following schedule:

11		Percent of property taxes
12		due or rent constituting
13		property taxes paid
14	If the household	allowed as a credit or
15	income is:	reimbursement:

16	\$	0	--	5,999.99.....	100%
17		6,000	--	6,999.99.....	85
18		7,000	--	7,999.99.....	70
19		8,000	--	9,999.99.....	50
20		10,000	--	11,999.99.....	35
21		12,000	--	13,999.99.....	25

22 Sec. 101. Section 425.23, subsection 1, paragraph
23 b, Code 1997, is amended by striking the paragraph and
24 inserting in lieu thereof the following:

25 b. The tentative credit or reimbursement for a
26 claimant described in section 425.17, subsection 2,
27 paragraph "b", shall be determined in accordance with
28 the following schedule:

29		Percent of property taxes
30		due or rent constituting
31		property taxes paid
32	If the household	allowed as a credit or
33	income is:	reimbursement:

34	\$	0	--	5,999.99.....	100%
35		6,000	--	6,999.99.....	85
36		7,000	--	7,999.99.....	70
37		8,000	--	9,999.99.....	50
38		10,000	--	11,999.99.....	35
39		12,000	--	13,999.99.....	25

40 Sec. 102. Section 425.23, subsection 3, paragraph
41 a, Code 1997, is amended to read as follows:

42 a. A person who is eligible to file a claim for
43 credit for property taxes due and who has a household
44 income of six thousand dollars or less and who has an
45 unpaid special assessment levied against the homestead
46 may file a claim for a special assessment credit with
47 the county treasurer. The department shall provide to
48 the respective treasurers the forms necessary for the
49 administration of this subsection. The claim shall be
50 filed not later than September 30 of each year. Upon

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Page 2

1 the filing of the claim, interest for late payment
2 shall not accrue against the amount of the unpaid
3 special assessment due and payable. The claim filed
4 by the claimant constitutes a claim for credit of an
5 amount equal to the actual amount due upon the unpaid
6 special assessment, plus interest, payable during the
7 fiscal year for which the claim is filed against the
8 homestead of the claimant. However, where the
9 ~~claimant is an individual described in section 425.17,~~
10 ~~subsection 2, paragraph "b", and the tentative credit~~
11 ~~is determined according to the schedule in section~~
12 ~~425.23, subsection 1, paragraph "b", subparagraph (2),~~
13 ~~the claim filed constitutes a claim for credit of an~~
14 ~~amount equal to one-half of the actual amount due and~~
15 ~~payable during the fiscal year.~~ The treasurer shall
16 certify to the director of revenue and finance not
17 later than October 15 of each year the total amount of
18 dollars due for claims allowed. The amount of
19 reimbursement due each county shall be paid by the
20 director of revenue and finance by November 15 of each
21 year, drawn upon warrants payable to the respective
22 treasurer. There is appropriated annually from the
23 general fund of the state to the department of revenue
24 and finance an amount sufficient to carry out the
25 provisions of this subsection. The treasurer shall
26 credit any moneys received from the department against
27 the amount of the unpaid special assessment due and
28 payable on the homestead of the claimant."

29 2. Page 5, by inserting after line 34 the
30 following:

31 "Sec. 105. Section 425.40, subsection 1, Code
32 1997, is amended to read as follows:

33 ~~±~~ A low-income tax credit and reimbursement fund
34 is created. There is appropriated annually from the
35 general fund of the state to the department of revenue
36 and finance to be credited to the low-income tax
37 credit and reimbursement fund, from funds not
38 otherwise appropriated, an amount sufficient to
39 implement this division for claimants described in
40 section 425.17, subsection 2, paragraph "b".

41 Sec. 106. Section 425.40, subsection 2, Code 1997,
42 is amended by striking the subsection."

43 3. Page 6, line 2, by striking the word and
44 figures "8, and 9" and inserting the following: "100,
45 101, 102, 8, 9, 105, and 106".

46 4. Title page, line 3, by inserting after the
47 word "service," the following: "low-income,".

By RICHARDSON of Warren
BELL of Jasper
SCHRADER of Marion
BRAND of Tama
BUKTA of Clinton
BURNETT of Story
CATALDO of Polk
CHAPMAN of Linn
CHIODO of Polk
COHOON of Des Moines
CONNORS of Polk
DODERER of Johnson
DOTZLER of Black Hawk
DREES of Carroll
FALCK of Fayette
FALLON of Polk
FOEGE of Linn
FORD of Polk
FREVERT of Palo Alto
HOLVECK of Polk
HUSER of Polk
JOCHUM of Dubuque
KINZER of Scott

H-1822 FILED APRIL 21, 1997
LOST

(P. 1382)

KOENIGS of Mitchell
KREIMAN of Davis
LARKIN of Lee
MASCHER of Johnson
MAY of Worth
MERTZ of Kossuth
MORELAND of Wapello
MUNDIE of Webster
MURPHY of Dubuque
MYERS of Johnson
O'BRIEN of Boone
OSTERHAUS of Jackson
REYNOLDS-KNIGHT of Van Buren
BERNAU of Story
SCHERRMAN of Dubuque
SHOULTZ of Black Hawk
TAYLOR of Linn
THOMAS of Clayton
WARNSTADT of Woodbury
WEIGEL of Chickasaw
WHITEAD of Woodbury
WISE of Lee
WITT of Black Hawk

HOUSE FILE 726

H-1816

- 1 Amend House File 726 as follows:
- 2 1. Page 3, by striking lines 23 through 25 and
- 3 inserting the following: "for infrastructure."
By RICHARDSON of Warren

H-1816 FILED APRIL 21, 1997
LOST

(P. 1379)

HOUSE FILE 726

H-1817

1 Amend House File 726 as follows:
 2 1. Page 7, line 13, by striking the words "local
 3 budgets" and inserting the following: "taxes".
 4 2. Page 14, by inserting after line 18 the
 5 following:
 6 "Sec. ____ . Section 384.22, Code 1997, is amended
 7 to read as follows:
 8 384.22 ANNUAL REPORT.
 9 Not later than ~~October~~ December 1 of each year, a
 10 city shall publish an annual report as provided in
 11 section 362.3 containing a summary for the preceding
 12 fiscal year of all collections and receipts, all
 13 accounts due the city, and all expenditures, the
 14 current public debt of the city, and the legal debt
 15 limit of the city for the current fiscal year. The
 16 report shall be prepared on forms and pursuant to
 17 instructions prescribed by the auditor of state. A
 18 copy of this report must be furnished to filed with
 19 the auditor of state not later than December 1 of each
 20 year.
 21 A city that fails to meet the filing deadline
 22 imposed by this section shall have withheld from
 23 payments to be made to the city pursuant to chapter
 24 405A an amount equal to five cents per capita until
 25 the annual report is filed with the auditor of state."
 26 3. By renumbering as necessary.

By VANDE HOEF of Osceola
DIX of Butler

H-1817 FILED APRIL 21, 1997
ADOPTED
(P. 1385)

HOUSE FILE 726

H-1818

1 Amend House File 726 as follows:
 2 1. Page 3, line 20, by inserting after the word
 3 "infrastructure." the following: "The county
 4 treasurer shall provide to each city located in the
 5 county the total amount of excess tax credit
 6 reimbursement received by the city."
 7 2. Page 3, line 25, by inserting after the figure
 8 "445.5." the following: "The county treasurer shall
 9 provide the county auditor with the total amount of
 10 excess tax credit reimbursement received by the
 11 county."

By GREIG of Emmet

H-1818 FILED APRIL 21, 1997
ADOPTED
(P. 1379)

H-1823

Page 2

1 the funds so credited until after the semiannual
2 allocations have been received by the county
3 treasurer, as provided in this chapter. Each county
4 treasurer shall show on each tax receipt the amount of
5 credit received from the commercial property credit
6 fund.

7 5. The commercial property tax credit allowed in
8 this chapter shall not exceed the actual amount of
9 taxes payable on the eligible commercial property,
10 exclusive of any special assessments levied against
11 the commercial property.

12 Sec. 302. NEW SECTION. 426C.2 QUALIFYING FOR
13 CREDIT.

14 A person who wishes to qualify for the credit
15 allowed under this chapter shall obtain the
16 appropriate forms for filing for the credit from the
17 assessor. The person claiming the credit shall file a
18 verified statement and designation of commercial
19 property with the assessor for the year for which the
20 person is first claiming the credit. The claim shall
21 be filed not later than July 1 of the year for which
22 the person is claiming the credit. A claim filed
23 after July 1 of the year for which the person is
24 claiming the credit shall be considered as a claim
25 filed for the following year.

26 Upon the filing and allowance of the claim, the
27 claim shall be allowed on that commercial property for
28 successive years without further filing as long as the
29 property is legally or equitably owned and used as
30 commercial property by that person or that person's
31 spouse on July 1 of each of those successive years.
32 When the property is sold or transferred, the buyer or
33 transferee who wishes to qualify shall refile for the
34 credit.

35 Sec. 303. NEW SECTION. 426C.3 FORMS -- RULES.

36 The director of revenue and finance shall prescribe
37 the form for the making of verified statement and
38 designation of commercial property, the form for the
39 supporting affidavits required herein, and such other
40 forms as may be necessary for the proper
41 administration of this chapter. Whenever necessary,
42 the department of revenue and finance shall forward to
43 the county auditors of the several counties in the
44 state the prescribed sample forms, and the county
45 auditors shall furnish blank forms prepared in
46 accordance therewith with the assessment rolls, books,
47 and supplies delivered to the assessors. The
48 department of revenue and finance shall prescribe and
49 the county auditors shall provide on the forms for
50 claiming the commercial property credit a statement to

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Page 3

1 the effect that the owner realizes that the owner must
2 give written notice to the assessor when the owner
3 changes the use of the property.

4 The director of revenue and finance may prescribe
5 rules, not inconsistent with the provisions of this
6 chapter, necessary to carry out and effectuate its
7 purposes."

8 2. Page 6, by inserting after line 5 the
9 following:

10 "Sec. ____ . Sections 301, 302, and 303 of this
11 division of this Act, being deemed of immediate
12 importance, take effect upon enactment.

By WITT of Black Hawk
OSTERHAUS of Jackson

H-1823 FILED APRIL 21, 1997

NOT GERMANE

(P.1384)

HOUSE FILE 726

H-1825

1 Amend House File 726 as follows:

2 1. Page 7, by striking lines 7 through 9 and
3 inserting the following: "and. However, if the
4 political subdivision is a school district, as defined
5 in section 257.2, its budget shall be certified not
6 later than April 15 of each year."

7 2. By striking page 7, line 15, through page 11,
8 line 29.

9 3. By renumbering as necessary.

By GRIES of Crawford
BRUNKHORST of Bremer
GRUNDBERG of Polk

H-1825 FILED APRIL 21, 1997

ADOPTED

(P.1385)

HOUSE FILE 726

H-1826

1 Amend House File 726 as follows:

2 1. Page 14, by inserting after line 18 the
3 following:

4 "Sec. ____ . Section 441.37, subsection 1, Code
5 1997, is amended by adding the following new
6 paragraph:

7 NEW PARAGRAPH. f. That an animal feeding
8 operation, other than a small animal feeding
9 operation, as defined in section 455B.161, is
10 established or expanded within one mile of the
11 assessed property."

By WEIGEL of Chickasaw

H-1826 FILED APRIL 21, 1997

NOT GERMANE

(P.1386)

HOUSE FILE 726

H-1828

- 1 Amend House File 726 as follows:
- 2 1. Page 1, by striking lines 3 through 10.
By GARMAN of Story

H-1828 FILED APRIL 21, 1997

ADOPTED

(P. 1387)

HOUSE FILE 726

H-1823

1 Amend House File 726 as follows:

2 1. Page 5, by inserting after line 34 the
3 following:

4 "Sec. 301. NEW SECTION. 426C.1 COMMERCIAL
5 PROPERTY CREDIT FUND -- APPORTIONMENT -- PAYMENT.

6 1. A commercial property credit fund is created.
7 There is appropriated annually from the general fund
8 of the state to the department of revenue and finance
9 to be credited to the commercial property credit fund,
10 an amount sufficient to implement this chapter.

11 The director of revenue and finance shall issue
12 warrants on the commercial property credit fund
13 payable to the county treasurers of the several
14 counties of the state under this chapter.

15 "Commercial property" as used in this chapter means
16 buildings and land assessed as commercial property
17 which is owned by a person operating a retail business
18 occupying the property and employing ten or fewer
19 full-time equivalent positions.

20 2. The commercial property credit fund shall be
21 apportioned each year so as to give a credit against
22 the tax on each eligible commercial property in the
23 state in an amount equal to the actual levy on the
24 first fifteen thousand dollars of actual value for
25 each eligible commercial property.

26 3. The amount due each county shall be paid in two
27 payments on November 15 and March 15 of each fiscal
28 year, drawn upon warrants payable to the respective
29 county treasurers. The two payments shall be as
30 nearly equal as possible.

31 4. Annually the department of revenue and finance
32 shall estimate the credit not to exceed the actual
33 levy on the first fifteen thousand dollars of actual
34 value of each eligible commercial property, and shall
35 certify to the county auditor of each county the
36 credit and its amount in dollars. Each county auditor
37 shall then enter the credit against the tax levied on
38 each eligible commercial property in each county
39 payable during the ensuing year, designating on the
40 tax lists the credit as being from the commercial
41 property credit fund, and credit shall then be given
42 to the several taxing districts in which eligible
43 commercial properties are located in an amount equal
44 to the credits allowed on the taxes of the commercial
45 properties. The amount of credits shall be
46 apportioned by each county treasurer to the several
47 taxing districts as provided by law, in the same
48 manner as though the amount of the credit had been
49 paid by the owners of the commercial properties.
50 However, the several taxing districts shall not draw

H-1823

5- 4/24/97 Amend/Do Pass
S- 4/25/97 Appropriations
HOUSE FILE 726 S-4/25/97 Do Pass
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 240)

(As Amended and Passed by the House, April 21, 1997)

Passed House, Date 4/28/97 Passed Senate, Date 4/25/97 (p. 1453)
Vote: Ayes 98 Nays 0 Vote: Ayes 48 Nays 0

(p. 1606)
Approved May 15, 1997
Steve Veloso

A BILL FOR

1 An Act relating to the livestock production tax credit;
2 increasing the state's reimbursement for the homestead,
3 military service, and elderly and disabled credits; requiring
4 the state to reimburse new property tax credits and
5 exemptions; providing for local government budget practices
6 and property tax statements; and including applicability date
7 provisions.

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

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House Amendments _____

Deleted Language *

1 DIVISION I

2 LIVESTOCK PRODUCTION TAX CREDIT

* 3 Section 1. Section 422.120, Code 1997, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 2A. As used in this division, "cow-calf
6 operation" means any of the following:

- 7 a. Mature beef cows bred or for breeding.
8 b. Bred yearling heifers.
9 c. Breeding bulls.

10 Sec. 2. Section 422.121, Code 1997, is amended to read as
11 follows:

12 422.121 APPROPRIATION.

13 Beginning with the fiscal year beginning July 1, 1997,
14 there is appropriated annually from the general fund of the
15 state two million dollars to refund the credits allowed under
16 this division. Notwithstanding section 422.120, for tax years
17 beginning on or after January 1, 1997, the livestock
18 production tax credit shall only be allowed for cow-calf
19 operations.

20 DIVISION II

21 HOMESTEAD, MILITARY, LOW-INCOME, ELDERLY AND DISABLED
22 AND OTHER CREDITS AND REIMBURSEMENT CLAIMS

23 Sec. 3. NEW SECTION. 25B.7 FUNDING PROPERTY TAX CREDITS
24 AND EXEMPTIONS.

25 1. Beginning with property taxes due and payable in the
26 fiscal year beginning July 1, 1998, the cost of providing a
27 property tax credit or property tax exemption which is enacted
28 by the general assembly on or after January 1, 1997, shall be
29 fully funded by the state. If a state appropriation made to
30 fund a credit or exemption which is enacted on or after
31 January 1, 1997, is not sufficient to fully fund the credit or
32 exemption, the political subdivision shall be required to
33 extend to the taxpayer only that portion of the credit or
34 exemption estimated by the department of revenue and finance
35 to be funded by the state appropriation. The department of

1 revenue and finance shall determine by June 15 the estimated
2 portion of the credit or exemption which will be funded by the
3 state appropriation.

4 2. The requirement for fully funding and the consequences
5 of not fully funding credits and exemptions under subsection 1
6 also apply to all of the following:

7 a. Homestead tax credit pursuant to sections 425.1 through
8 425.15.

9 b. Low-income property tax credit and elderly and disabled
10 property tax credit pursuant to sections 425.16 through
11 425.40.

12 c. Military service property tax credit and exemption
13 pursuant to chapter 426A and sections 427.3 through 427.7, to
14 the extent of six dollars and seventy-five cents per thousand
15 dollars of assessed value of the exempt property.

16 3. a. For purposes of this subsection, "base
17 reimbursement amount" means the amount in dollars received for
18 the fiscal year beginning July 1, 1996, by a city, county, or
19 school district from the state as a reimbursement for the
20 homestead tax credit, military service property tax credit,
21 low-income property tax credit, or the elderly and disabled
22 property tax credit, as appropriate. The county treasurer
23 shall determine the base reimbursement amount for the cities,
24 county, and school districts for each credit. The treasurer
25 shall notify the department of management of the base
26 reimbursement amounts for each credit of each school district.

27 b. The amount of state reimbursement received for a fiscal
28 year beginning on or after July 1, 1997, and ending on or
29 before June 30, 2002, by a city, county, or school district
30 for the homestead tax credit, military service property tax
31 credit, low-income property tax credit, or elderly and
32 disabled property tax credit in excess of the base
33 reimbursement amount for that credit shall be used as follows:

34 (1) In the case of a city, at least fifty percent shall be
35 used for property tax relief with the remaining amount used

1 for infrastructure. The county treasurer shall provide to
2 each city located in the county the total amount of excess tax
3 credit reimbursement received by the city.

4 (2) In the case of a county, at least fifty percent shall
5 be used for property tax relief with the remaining amount used
6 for infrastructure or for paying the expenses incurred in
7 providing the statement and receipt required under section
8 445.5. The county treasurer shall provide the county auditor
9 with the total amount of excess tax credit reimbursement
10 received by the county.

11 (3) In the case of a school district, one hundred percent
12 shall be used for property tax relief through the reduction in
13 the additional levy under section 257.4. Each county
14 treasurer shall provide the department of management with the
15 total amount of excess tax credit reimbursement received by
16 each school district in the county.

17 c. The requirements of paragraph "b" do not constitute a
18 state mandate under this chapter.

19 d. This subsection is repealed June 30, 2002, for fiscal
20 years beginning after that date.

21 Sec. 4. Section 8.59, Code 1997, is amended to read as
22 follows:

23 8.59 APPROPRIATIONS FREEZE.

24 Notwithstanding contrary provisions of the Code, the
25 amounts appropriated under the applicable sections of the Code
26 for fiscal years commencing on or after July 1, 1993, are
27 limited to those amounts expended under those sections for the
28 fiscal year commencing July 1, 1992. If an applicable section
29 appropriates moneys to be distributed to different recipients
30 and the operation of this section reduces the total amount to
31 be distributed under the applicable section, the moneys shall
32 be prorated among the recipients. As used in this section,
33 "applicable sections" means the following sections: 53.50,
34 229.35, 230.8, 230.11, 405A.8, 411.20, ~~425.17-425.39~~, ~~426A.17~~
35 663.44, and 822.5.

1 Sec. 5. Section 425.2, unnumbered paragraphs 2 and 6, Code
2 1997, are amended to read as follows:

3 Upon the filing and allowance of the claim, the claim shall
4 be allowed on that homestead for successive years without
5 further filing as long as the property is legally or equitably
6 owned and used as a homestead by that person or that person's
7 spouse on July 1 of each of those successive years, and the
8 owner of the property being claimed as a homestead declares
9 residency in Iowa for purposes of income taxation, and the
10 property is occupied by that person or that person's spouse
11 for at least six months in each of those calendar years in
12 which the fiscal year begins. When the property is sold or
13 transferred, the buyer or transferee who wishes to qualify
14 shall refile for the credit. However, when the property is
15 transferred as part of a distribution made pursuant to chapter
16 598, the transferee who is the spouse retaining ownership of
17 the property is not required to refile for the credit.

18 Property divided pursuant to chapter 598 shall not be modified
19 following the division of the property. An owner who ceases
20 to use a property for a homestead or intends not to use it as
21 a homestead for at least six months in a calendar year shall
22 provide written notice to the assessor by July 1 following the
23 date on which the use is changed. ~~If the written notice is~~
24 ~~not provided to the assessor by the appropriate July 1, the~~
25 ~~owner forfeits the right to file a belated claim on another~~
26 ~~homestead for the year the notice should have been given.~~ A
27 person who sells or transfers a homestead or the personal
28 representative of a deceased person who had a homestead at the
29 time of death, shall provide written notice to the assessor
30 that the property is no longer the homestead of the former
31 claimant.

32 ~~The failure of a person to file a claim under this section~~
33 ~~on or before July 1 of the year for which the person is first~~
34 ~~claiming the credit or to have the evidence of ownership~~
35 ~~recorded in the office of the county recorder does not~~

~~1 disqualify the claim if the person claiming the credit or
2 through whom the credit is claimed is otherwise qualified.
3 The belated claim shall be filed with the appropriate assessor
4 on or before December 31 of the following calendar year and,
5 if approved by the board of supervisors, the county treasurer
6 shall submit the belated claim to the director of revenue and
7 finance who shall send payment to the claimant. The payment
8 shall be made from funds appropriated to the homestead credit
9 fund.~~

10 Sec. 6. Section 425.39, subsection 1, Code 1997, is
11 amended to read as follows:

12 ~~1.~~ The extraordinary elderly and disabled property tax
13 credit and reimbursement fund is created. There is
14 appropriated annually from the general fund of the state to
15 the department of revenue and finance to be credited to the
16 extraordinary elderly and disabled property tax credit and
17 reimbursement fund, from funds not otherwise appropriated, an
18 amount sufficient to implement this division for claimants
19 described in section 425.17, subsection 2, paragraph "a".

20 Sec. 7. Section 425.39, subsection 2, Code 1997, is
21 amended by striking the subsection.

22 Sec. 8. Section 427.5, unnumbered paragraph 5, Code 1997,
23 is amended by striking the unnumbered paragraph.

24 Sec. 9. Sections 4, 6, and 7 of this division of this Act
25 apply to reimbursements made for property tax credits and to
26 reimbursements for rent constituting property taxes payable on
27 or after July 1, 1997.

28 DIVISION III

29 LOCAL GOVERNMENT BUDGETING PRACTICES

30 Sec. 10. Section 24.9, unnumbered paragraph 1, Code 1997,
31 is amended to read as follows:

32 Each municipality shall file with the secretary or clerk
33 thereof the estimates required to be made in sections 24.3 to
34 24.8, at least twenty days before the date fixed by law for
35 certifying the same to the levying board and shall forthwith

1 fix a date for a hearing thereon, and shall publish such
2 estimates and any annual levies previously authorized as
3 provided in section 76.2, with a notice of the time when and
4 the place where such hearing shall be held ~~at-least~~ not less
5 than ten nor more than twenty days before the hearing.
6 Provided that in municipalities of less than two hundred
7 population such estimates and the notice of hearing thereon
8 shall be posted in three public places in the district in lieu
9 of publication.

10 Sec. 11. Section 24.9, Code 1997, is amended by adding the
11 following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. The department of management
13 shall prescribe the form for public hearing notices for use by
14 municipalities.

15 Sec. 12. Section 24.17, Code 1997, is amended to read as
16 follows:

17 24.17 BUDGETS CERTIFIED.

18 The local budgets of the various political subdivisions
19 shall be certified by the chairperson of the certifying board
20 or levying board, as the case may be, in duplicate to the
21 county auditor not later than March 15 of each year on ~~blanks~~
22 forms, and pursuant to instructions, prescribed by the state
23 ~~board, and according to the rules and instruction which shall~~
24 ~~be furnished all certifying and levying boards in printed form~~
25 ~~by the state board or city finance committee in the case of~~
26 cities department of management. ~~However, if a city or county~~
27 ~~holds a special levy election, the certification shall be not~~
28 ~~later than fourteen days following the special levy election,~~
29 and. However, if the political subdivision is a school
30 district, as defined in section 257.2, its budget shall be
31 certified not later than April 15 of each year.

32 One copy of the budget shall be retained on file in the
33 office by the county auditor and the other shall be certified
34 by the county auditor to the state board. The department of
35 management shall certify the taxes back to the county auditor

* 1 by June 15.

2 Sec. 13. Section 331.403, subsection 1, Code 1997, is
3 amended to read as follows:

4 1. Not later than ~~October~~ December 1 of each year on forms
5 and pursuant to instructions prescribed by the department of
6 management, a county shall prepare an annual financial report
7 showing for each county fund the financial condition as of
8 June 30 and the results of operations for the year then ended.
9 Copies of the report shall be maintained as a public record at
10 the auditor's office and shall be ~~furnished to~~ filed with the
11 director of the department of management and ~~to~~ with the
12 auditor of state by December 1. A summary of the report, in a
13 form prescribed by the director, shall be published by each
14 county not later than ~~October~~ December 1 of each year in one
15 or more newspapers which meet the requirements of section
16 618.14.

17 Sec. 14. Section 331.403, subsection 3, Code 1997, is
18 amended by striking the subsection and inserting in lieu
19 thereof the following:

20 3. A county that fails to meet the filing deadline imposed
21 by this section shall have withheld from payments to be made
22 to the county pursuant to chapter 405A an amount equal to five
23 cents per capita until the financial report is filed.

24 Sec. 15. Section 331.434, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. The board shall set a time and place for a public
27 hearing on the budget before the final certification date and
28 shall publish notice of the hearing not less than ten nor more
29 than twenty days prior to the hearing in the county newspapers
30 selected under chapter 349. A summary of the proposed budget,
31 in the form prescribed by the director of the department of
32 management, shall be included in the notice. Proof of
33 publication shall be filed with and preserved by the auditor.
34 A levy is not valid unless and until the notice is published
35 and filed. The department of management shall prescribe the

1 form for the public hearing notice for use by counties.

2 Sec. 16. Section 331.434, Code 1997, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 7. Taxes levied by a county whose budget
5 is certified after March 15 shall be limited to the prior
6 year's budget amount. However, this penalty may be waived by
7 the director of the department of management if the county
8 demonstrates that the March 15 deadline was missed because of
9 circumstances beyond the control of the county.

* 10 Sec. 17. Section 331.439, subsection 1, paragraph a, Code
11 1997, is amended to read as follows:

12 a. The county accurately reported by ~~October-15~~ December 1
13 the county's expenditures for mental health, mental
14 retardation, and developmental disabilities services for the
15 previous fiscal year on forms prescribed by the department of
16 human services.

17 Sec. 18. Section 384.16, subsection 3, Code 1997, is
18 amended to read as follows:

19 3. The council shall set a time and place for public
20 hearing on the budget before the final certification date and
21 shall publish notice of the hearing not less than ten nor more
22 than twenty days before the hearing as-provided-in-section
23 362-3 in a newspaper published at least once weekly and having
24 general circulation in the city. However, if the city has a
25 population of two hundred or less, publication may be made by
26 posting in three public places in the city. A summary of the
27 proposed budget shall be included in the notice. Proof of
28 publication must be filed with the county auditor. The
29 department of management shall prescribe the form for the
30 public hearing notice for use by cities.

31 Sec. 19. Section 384.16, Code 1997, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 6. Taxes levied by a city whose budget is
34 certified after March 15 shall be limited to the prior year's
35 budget amount. However, this penalty may be waived by the

1 director of the department of management if the city
2 demonstrates that the March 15 deadline was missed because of
3 circumstances beyond the control of the city.

4 Sec. 20. Section 384.22, Code 1997, is amended to read as
5 follows:

6 384.22 ANNUAL REPORT.

7 Not later than ~~October~~ December 1 of each year, a city
8 shall publish an annual report as provided in section 362.3
9 containing a summary for the preceding fiscal year of all
10 collections and receipts, all accounts due the city, and all
11 expenditures, the current public debt of the city, and the
12 legal debt limit of the city for the current fiscal year. The
13 report shall be prepared on forms and pursuant to instructions
14 prescribed by the auditor of state. A copy of this report
15 must be furnished to filed with the auditor of state not later
16 than December 1 of each year.

17 A city that fails to meet the filing deadline imposed by
18 this section shall have withheld from payments to be made to
19 the city pursuant to chapter 405A an amount equal to five
20 cents per capita until the annual report is filed with the
21 auditor of state.

22 Sec. 21. Section 445.5, Code 1997, is amended to read as
23 follows:

24 445.5 STATEMENT AND RECEIPT.

25 1. As soon as practicable after receiving the tax list
26 prescribed in chapter 443, the treasurer shall deliver to the
27 taxpayer a statement of taxes due and payable which shall
28 include the following information:

29 a. The year of tax.

30 b. A description of the parcel.

31 c. The assessed value of the parcel, itemized by the value
32 for land, dwellings, and buildings, for the current year and
33 the previous year as valued by the assessor after application
34 of any equalization orders.

35 d. The taxable value of the parcel, itemized by the value

1 for land, dwellings, and buildings, for the current year and
2 the previous year after application of any equalization
3 orders, assessment limitations, and itemized valuation
4 exemptions.

5 e. The complete name of all taxing authorities receiving a
6 tax distribution, the amount of the distribution, and the
7 percentage distribution for each named authority, listed from
8 the highest to the lowest distribution percentage.

9 f. The consolidated levy rate for one thousand dollars of
10 taxable valuation multiplied by the taxable valuation to
11 produce the gross taxes levied before application of credits
12 against levied taxes for the previous and current fiscal
13 years.

14 g. The itemized credits against levied taxes deducted from
15 the gross taxes levied in order to produce the net taxes owed
16 for the previous and current fiscal years.

17 h. The amount of property tax dollars reduced on each
18 parcel as a result of the moneys received from the property
19 tax relief fund pursuant to section 426B.2, subsections 1 and
20 3.

21 i. The total amount of taxes levied by each taxing
22 authority in the previous fiscal year and the current fiscal
23 year, the dollar amount difference between the two amounts,
24 and that same difference expressed as a percentage increase or
25 decrease.

26 If the person receiving the statement is not the
27 titleholder of record or contract holder of record of the
28 parcel, that person shall pay a fee at the rate of two dollars
29 per parcel for each year. The treasurer shall at the same
30 time deliver to the titleholder of record or contract holder
31 of record a copy of the statement.

32 2. The county treasurer shall deliver to the taxpayer a
33 receipt stating the year of tax, date of payment, a
34 description of the parcel, and the amount of taxes, interest,
35 fees, and costs paid except when payment of taxes is made by

1 check, then a receipt shall be issued only upon request. The
2 receipt shall be in full of the first half, second half, or
3 full year amounts unless a payment is made under section
4 445.36A or 435.24, subsection 6.

5 Sec. 22. TAX STATEMENT STUDY COMMITTEE.

6 1. There is established a tax statement study committee
7 comprised of the members of the county finance committee and
8 three county treasurers appointed by the governor in
9 consultation with the Iowa state treasurers association.

10 2. The committee shall study the following:

11 a. The fiscal impact of implementing redesigned property
12 tax statements as required in section 445.5.

13 b. Identification of the impediments involved in requiring
14 the tax statement in section 445.5.

15 c. The technological impact of implementing the property
16 tax statement required in section 445.5.

17 d. The recommended design of the property tax statement
18 required in section 445.5.

19 e. A process by which counties and the state can achieve
20 the goal of providing a uniform tax statement design to be
21 used statewide.

22 3. The committee shall furnish a report of its study to
23 the general assembly in January 1998.

24 Sec. 23. APPLICABILITY DATES. Section 21 of this division
25 of this Act, amending section 445.5, applies to tax statements
26 issued for the fiscal year beginning July 1, 2001. The
27 remainder of this division of this Act applies to budgets
28 prepared for fiscal years beginning on or after July 1, 1998.

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HOUSE FILE 726

S-3752

1 Amend House File 726, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 1, by inserting after line 2 the
 4 following:
 5 "Section 1. Section 422.120, subsection 1,
 6 paragraph b, Code 1997, is amended by striking the
 7 paragraph and inserting in lieu thereof the following:
 8 b. (1) The credit shall be available to an
 9 individual or corporate taxpayer if the taxpayer's
 10 federal taxable income is not more than ninety-nine
 11 thousand six hundred dollars for the tax year. In the
 12 case of married taxpayers, their combined federal
 13 taxable income shall be used to determine if they
 14 qualify for the credit.
 15 (2) For each subsequent tax year, the maximum
 16 taxable income amount specified in subparagraph (1)
 17 shall be multiplied by the cumulative index factor for
 18 that tax year. "Cumulative index factor" means the
 19 product of the annual index factor for the 1997
 20 calendar year and all annual index factors for
 21 subsequent calendar years. The cumulative index
 22 factor applies to all tax years beginning on or after
 23 January 1 of the calendar year for which the latest
 24 annual index factor has been determined.
 25 (3) The annual index factor for the 1997 calendar
 26 year is one hundred percent. For each subsequent
 27 calendar year, the annual index factor equals the
 28 annual inflation factor for that calendar year as
 29 computed in section 422.4 for purposes of the
 30 individual income tax."

By COMMITTEE ON WAYS AND MEANS
JoANN DOUGLAS, Chairperson

S-3752 FILED APRIL 24, 1997 *Adapted 4/25/97 (p. 1452)*

HOUSE FILE 726

S-3749

1 Amend House File 726, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. By striking page 2, line 16, through page 3,
 4 line 20.

By WILLIAM D. PALMER

S-3749 FILED APRIL 24, 1997

Asst 4/25/97 (p. 1453)

SENATE AMENDMENT TO HOUSE FILE 726

H-1940

1 Amend House File 726, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 2 the
4 following:

5 "Section 1. Section 422.120, subsection 1,
6 paragraph b, Code 1997, is amended by striking the
7 paragraph and inserting in lieu thereof the following:

8 b. (1) The credit shall be available to an
9 individual or corporate taxpayer if the taxpayer's
10 federal taxable income is not more than ninety-nine
11 thousand six hundred dollars for the tax year. In the
12 case of married taxpayers, their combined federal
13 taxable income shall be used to determine if they
14 qualify for the credit.

15 (2) For each subsequent tax year, the maximum
16 taxable income amount specified in subparagraph (1)
17 shall be multiplied by the cumulative index factor for
18 that tax year. "Cumulative index factor" means the
19 product of the annual index factor for the 1997
20 calendar year and all annual index factors for
21 subsequent calendar years. The cumulative index
22 factor applies to all tax years beginning on or after
23 January 1 of the calendar year for which the latest
24 annual index factor has been determined.

25 (3) The annual index factor for the 1997 calendar
26 year is one hundred percent. For each subsequent
27 calendar year, the annual index factor equals the
28 annual inflation factor for that calendar year as
29 computed in section 422.4 for purposes of the
30 individual income tax."

RECEIVED FROM THE SENATE

H-1940 FILED APRIL 28, 1997

CONCURRED

(P. 1606)

ASB 240

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WAYS AND MEANS

HOUSE FILE 726 BY
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DINKLA)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act increasing appropriations for the livestock production tax
2 credit; increasing the state's reimbursement for the
3 homestead, military service, and elderly and disabled credits;
4 requiring the state to reimburse new property tax credits and
5 exemptions; providing for local government budget practices
6 and property tax statements; and including applicability date
7 provisions.

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

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DIVISION I

LIVESTOCK PRODUCTION TAX CREDIT

Section 1. Section 422.120, subsection 1, paragraph b, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The credit shall be available to an individual or corporate taxpayer who owns livestock, ~~if all of the following apply.~~

Sec. 2. Section 422.120, subsection 1, paragraph b, subparagraphs (1) and (2), Code 1997, are amended by striking the subparagraphs.

Sec. 3. Section 422.120, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. As used in this division, "cow-calf operation" means any of the following:

- a. Mature beef cows bred or for breeding.
- b. Bred yearling heifers.
- c. Breeding bulls.

Sec. 4. Section 422.121, Code 1997, is amended to read as follows:

422.121 APPROPRIATION.

~~Beginning with~~ For the fiscal year beginning July 1, 1997, there is appropriated ~~annually~~ from the general fund of the state two million dollars to refund the credits allowed under this division. Beginning with the fiscal year beginning July 1, 1998, there is appropriated annually from the general fund of the state twelve million dollars to refund the credits allowed under this division.

Notwithstanding section 422.120, for the tax year beginning on January 1, 1997, the livestock production tax credit shall only be allowed for cow-calf beef operations. Notwithstanding section 422.120, for a tax year beginning on or after January 1, 1998, and for each subsequent tax year, the livestock production tax credit shall only be allowed for cow-calf beef operations, farrow-to-feeder pig operations, and dairy cattle operations. This paragraph shall not apply to any tax year

1 for which thirteen million dollars or more has been
2 appropriated by the general assembly under this section and
3 otherwise in order to satisfy claims by livestock production
4 operations as provided in section 422.120.

5 DIVISION II

6 HOMESTEAD, MILITARY, LOW-INCOME, ELDERLY AND DISABLED

7 AND OTHER CREDITS AND REIMBURSEMENT CLAIMS

8 Sec. 5. NEW SECTION. 25B.7 FUNDING PROPERTY TAX CREDITS
9 AND EXEMPTIONS.

10 1. Beginning with property taxes due and payable in the
11 fiscal year beginning July 1, 1998, the cost of providing a
12 property tax credit or property tax exemption which is enacted
13 by the general assembly on or after January 1, 1997, shall be
14 fully funded by the state. If a state appropriation made to
15 fund a credit or exemption which is enacted on or after
16 January 1, 1997, is not sufficient to fully fund the credit or
17 exemption, the political subdivision shall be required to
18 extend to the taxpayer only that portion of the credit or
19 exemption estimated by the department of revenue and finance
20 to be funded by the state appropriation. The department of
21 revenue and finance shall determine by June 15 the estimated
22 portion of the credit or exemption which will be funded by the
23 state appropriation.

24 2. The requirement for fully funding and the consequences
25 of not fully funding credits and exemptions under subsection 1
26 also apply to all of the following:

27 a. Homestead tax credit pursuant to sections 425.1 through
28 425.15.

29 b. Low-income property tax credit and elderly and disabled
30 property tax credit pursuant to sections 425.16 through
31 425.40.

32 c. Military service property tax credit and exemption
33 pursuant to chapter 426A and sections 427.3 through 427.7, to
34 the extent of six dollars and seventy-five cents per thousand
35 dollars of assessed value of the exempt property.

1 3. a. For purposes of this subsection, "base
2 reimbursement amount" means the amount in dollars received for
3 the fiscal year beginning July 1, 1996, by a city, county, or
4 school district from the state as a reimbursement for the
5 homestead tax credit, military service property tax credit,
6 low-income property tax credit, or the elderly and disabled
7 property tax credit, as appropriate. The county treasurer
8 shall determine the base reimbursement amount for the cities,
9 county, and school districts for each credit. The treasurer
10 shall notify the department of management of the base
11 reimbursement amounts for each credit of each school district.

12 b. The amount of state reimbursement received for a fiscal
13 year beginning on or after July 1, 1997, by a city, county, or
14 school district for the homestead tax credit, military service
15 property tax credit, low-income property tax credit, or
16 elderly and disabled property tax credit in excess of the base
17 reimbursement amount for that credit shall be used as follows:

18 (1) In the case of a city, at least fifty percent shall be
19 used for property tax relief with the remaining amount used
20 for infrastructure.

21 (2) In the case of a county, at lease fifty percent shall
22 be used for property tax relief with the remaining amount used
23 for infrastructure or for paying the expenses incurred in
24 providing the statement and receipt required under section
25 445.5.

26 (3) In the case of a school district, one hundred percent
27 shall be used for property tax relief through the reduction in
28 the additional levy under section 257.4. Each county
29 treasurer shall provide the department of management with the
30 total amount of excess tax credit reimbursement received by
31 each school district in the county.

32 c. The requirements of paragraph "b" do not constitute a
33 state mandate under this chapter.

34 Sec. 6. Section 8.59, Code 1997, is amended to read as
35 follows:

1 8.59 APPROPRIATIONS FREEZE.

2 Notwithstanding contrary provisions of the Code, the
3 amounts appropriated under the applicable sections of the Code
4 for fiscal years commencing on or after July 1, 1993, are
5 limited to those amounts expended under those sections for the
6 fiscal year commencing July 1, 1992. If an applicable section
7 appropriates moneys to be distributed to different recipients
8 and the operation of this section reduces the total amount to
9 be distributed under the applicable section, the moneys shall
10 be prorated among the recipients. As used in this section,
11 "applicable sections" means the following sections: 53.50,
12 229.35, 230.8, 230.11, 405A.8, 411.20, ~~425.17-425.397-426A.17~~
13 663.44, and 822.5.

14 Sec. 7. Section 425.2, unnumbered paragraphs 2 and 6, Code
15 1997, are amended to read as follows:

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

31 Property divided pursuant to chapter 598 shall not be modified
32 following the division of the property. An owner who ceases
33 to use a property for a homestead or intends not to use it as
34 a homestead for at least six months in a calendar year shall
35 provide written notice to the assessor by July 1 following the

1 date on which the use is changed. ~~If the written notice is~~
2 ~~not provided to the assessor by the appropriate July 1, the~~
3 ~~owner forfeits the right to file a belated claim on another~~
4 ~~homestead for the year the notice should have been given.~~ A
5 person who sells or transfers a homestead or the personal
6 representative of a deceased person who had a homestead at the
7 time of death, shall provide written notice to the assessor
8 that the property is no longer the homestead of the former
9 claimant.

10 ~~The failure of a person to file a claim under this section~~
11 ~~on or before July 1 of the year for which the person is first~~
12 ~~claiming the credit or to have the evidence of ownership~~
13 ~~recorded in the office of the county recorder does not~~
14 ~~disqualify the claim if the person claiming the credit or~~
15 ~~through whom the credit is claimed is otherwise qualified.~~
16 ~~The belated claim shall be filed with the appropriate assessor~~
17 ~~on or before December 31 of the following calendar year and,~~
18 ~~if approved by the board of supervisors, the county treasurer~~
19 ~~shall submit the belated claim to the director of revenue and~~
20 ~~finance who shall send payment to the claimant. -- The payment~~
21 ~~shall be made from funds appropriated to the homestead credit~~
22 ~~fund.~~

23 Sec. 8. Section 425.39, subsection 1, Code 1997, is
24 amended to read as follows:

25 ~~1.~~ The extraordinary elderly and disabled property tax
26 credit and reimbursement fund is created. There is
27 appropriated annually from the general fund of the state to
28 the department of revenue and finance to be credited to the
29 extraordinary elderly and disabled property tax credit and
30 reimbursement fund, from funds not otherwise appropriated, an
31 amount sufficient to implement this division for claimants
32 described in section 425.17, subsection 2, paragraph "a".

33 Sec. 9. Section 425.39, subsection 2, Code 1997, is
34 amended by striking the subsection.

35 Sec. 10. Section 427.5, unnumbered paragraph 5, Code 1997,

1 board, and according to the rules and instruction which shall
2 be furnished all certifying and levying boards in printed form
3 by the state board or city finance committee in the case of
4 cities department of management. However, if a city or county
5 holds a special levy election, the certification shall be not
6 later than fourteen days following the special levy election,
7 and if the political subdivision is a school district, as
8 defined in section 257.2, its budget shall be certified not
9 later than April 15 of each year.

10 One copy of the budget shall be retained on file in the
11 office by the county auditor and the other shall be certified
12 by the county auditor to the state board. The department of
13 management shall certify the local budgets back to the county
14 auditor by June 15.

15 Sec. 15. Section 24.27, Code 1997, is amended to read as
16 follows:

17 24.27 PROTEST TO BUDGET.

18 Not later than March 25 ~~or April 25 if the municipality is~~
19 ~~a school district~~, a number of persons in any municipality
20 equal to one-fourth of one percent of those voting for the
21 office of governor, at the last general election in the
22 municipality, but the number shall not be less than ten, and
23 the number need not be more than one hundred persons, who are
24 affected by any proposed budget, expenditure or tax levy, or
25 by any item thereof, may appeal from any decision of the
26 certifying board or the levying board by filing with the
27 county auditor of the county in which the municipal
28 corporation is located, a written protest setting forth their
29 objections to the budget, expenditure or tax levy, or to one
30 or more items thereof, and the grounds for their objections.
31 If a budget is certified after March 15 ~~or April 15 in the~~
32 ~~case of a school district~~, all appeal time limits shall be
33 extended to correspond to allowances for a timely filing.
34 Upon the filing of a protest, the county auditor shall
35 immediately prepare a true and complete copy of the written

1 protest, together with the budget, proposed tax levy or
2 expenditure to which objections are made, and shall transmit
3 them forthwith to the state board, and shall also send a copy
4 of the protest to the certifying board or to the levying
5 board, as the case may be.

6 Sec. 16. Section 76.2, unnumbered paragraph 2, Code 1997,
7 is amended to read as follows:

8 If the resolution is filed prior to April 1 ~~or May 17~~ if
9 ~~the political subdivision is a school district~~, the annual
10 levy shall begin with the tax levy for collection commencing
11 July 1 of that year. If the resolution is filed after April 1
12 ~~or May 17 in the case of a school district~~, the annual levy
13 shall begin with the tax levy for collection in the next
14 succeeding fiscal year. However, the governing authority of a
15 political subdivision may adjust a levy of taxes made under
16 this section for the purpose of adjusting the annual levies
17 and collections for property severed from the political
18 subdivision, subject to the approval of the director of the
19 department of management.

20 Sec. 17. Section 257.19, unnumbered paragraph 2, Code
21 1997, is amended to read as follows:

22 Certification of a board's intent to participate for a
23 budget year, the method of funding, and the amount to be
24 raised shall be made to the department of management not later
25 than ~~April~~ March 15 of the base year. Funding for the
26 instructional support program shall be obtained from
27 instructional support state aid and from local funding using
28 either an instructional support property tax or a combination
29 of an instructional support property tax and an instructional
30 support income surtax.

31 Sec. 18. Section 257.29, unnumbered paragraph 2, Code
32 1997, is amended to read as follows:

33 The educational improvement program shall provide
34 additional revenues each fiscal year equal to a specified
35 percent of the regular program district cost of the district,

1 as determined by the board but not more than the maximum
2 percent authorized by the electors if an election has been
3 held. Certification of a district's participation for a
4 budget year, the method of funding, and the amount to be
5 raised shall be made to the department of management not later
6 than ~~April~~ March 15 of the base year.

7 Sec. 19. Section 275.29, Code 1997, is amended to read as
8 follows:

9 275.29 DIVISION OF ASSETS AND LIABILITIES AFTER
10 REORGANIZATION.

11 Between July 1 and July 20, the board of directors of the
12 newly formed school district shall meet with the boards of the
13 school districts affected by the organization of the new
14 school corporation, including the boards of districts
15 receiving territory of the school districts affected, for the
16 purpose of reaching joint agreement on an equitable division
17 of the assets of the several school corporations or parts of
18 school corporations and an equitable distribution of the
19 liabilities of the affected corporations or parts of
20 corporations. In addition, if outstanding bonds are in
21 existence in any district, the initial board of directors of
22 the newly formed school district shall meet with the boards of
23 all school districts affected prior to ~~April~~ March 15 prior to
24 the school year the reorganization is effective to determine
25 the distribution of the bonded indebtedness between the
26 districts so that the newly formed district may certify its
27 budget under the procedures specified in chapter 24. The
28 boards shall consider the mandatory levy required in section
29 76.2 and shall assure the satisfaction of outstanding
30 obligations of each affected school corporation. If the
31 petition includes plans for the distribution of the bonded
32 indebtedness, the exclusion of territory from the reorganized
33 district does not require action pursuant to this section.

34 Sec. 20. Section 279.54, unnumbered paragraph 1, Code
35 1997, is amended to read as follows:

1 If a majority of those voting in an election approves
2 raising the additional enrichment amount for an asbestos
3 project under section 279.53 and this section, not later than
4 ~~April~~ March 15 of the previous school year the board shall
5 certify to the department of management that the required
6 procedures have been carried out, the method of funding the
7 amount to be raised, and the department of management shall
8 establish the amount of additional enrichment property tax to
9 be levied or the amount of the combination of the enrichment
10 property tax and the amount of enrichment income surtax to be
11 imposed for each school year for which the additional
12 enrichment amount for an asbestos project is authorized. The
13 enrichment property tax and income surtax, if an income surtax
14 is imposed, shall be levied and imposed, collected, and paid
15 to the school district in the manner provided for the
16 instructional support program in sections 257.21 through
17 257.26.

18 Sec. 21. Section 298.2, subsection 2, Code 1997, is
19 amended to read as follows:

20 2. The board of directors of a school district may certify
21 for levy by ~~April~~ March 15 of a school year a tax on all
22 taxable property in the school district for the regular
23 physical plant and equipment levy.

24 Sec. 22. Section 298.2, subsection 3, unnumbered paragraph
25 2, Code 1997, is amended to read as follows:

26 If a combination of a property tax and income surtax is
27 used, by ~~April~~ March 15 of the previous school year, the board
28 shall certify the percent of the income surtax to be imposed
29 and the amount to be raised to the department of management
30 and the department of management shall establish the rate of
31 the property tax and income surtax for the school year. The
32 physical plant and equipment property tax and income surtax
33 shall be levied or imposed, collected, and paid to the school
34 district in the manner provided for the instructional support
35 program in sections 257.21 through 257.26.

1 Sec. 23. Section 298.4, unnumbered paragraph 1, Code 1997,
2 is amended to read as follows:

3 The board of directors of a school district may certify for
4 levy by ~~April~~ March 15 of a school year, a tax on all taxable
5 property in the school district for a district management
6 levy. The revenue from the tax levied in this section shall
7 be placed in the district management levy fund of the school
8 district. The district management levy shall be expended only
9 for the following purposes:

10 Sec. 24. Section 298.10, Code 1997, is amended to read as
11 follows:

12 298.10 LEVY FOR CASH RESERVE.

13 The board of directors of a school district may certify for
14 levy by ~~April~~ March 15 of a school year, a tax on all taxable
15 property in the school district in order to raise an amount
16 for a necessary cash reserve for a school district's general
17 fund. The amount raised for a necessary cash reserve does not
18 increase a school district's authorized expenditures as
19 defined in section 257.7.

20 Sec. 25. Section 300.2, unnumbered paragraph 2, Code 1997,
21 is amended to read as follows:

22 If a majority of the votes cast upon the proposition is in
23 favor of the proposition, the board shall certify the amount
24 required for a fiscal year to the county board of supervisors
25 by ~~April~~ March 15 of the preceding fiscal year. The board of
26 supervisors shall levy the amount certified. The amount shall
27 be placed in the public education and recreation levy fund of
28 the district and shall be used only for the purposes specified
29 in this chapter.

30 Sec. 26. Section 331.403, subsection 1, Code 1997, is
31 amended to read as follows:

32 1. Not later than ~~October~~ December 1 of each year on forms
33 and pursuant to instructions prescribed by the department of
34 management, a county shall prepare an annual financial report
35 showing for each county fund the financial condition as of

1 June 30 and the results of operations for the year then ended.
2 Copies of the report shall be maintained as a public record at
3 the auditor's office and shall be ~~furnished-to~~ filed with the
4 director of the department of management and ~~to~~ with the
5 auditor of state by December 1. A summary of the report, in a
6 form prescribed by the director, shall be published by each
7 county not later than ~~October~~ December 1 of each year in one
8 or more newspapers which meet the requirements of section
9 618.14.

10 Sec. 27. Section 331.403, subsection 3, Code 1997, is
11 amended by striking the subsection and inserting in lieu
12 thereof the following:

13 3. A county that fails to meet the filing deadline imposed
14 by this section shall have withheld from payments to be made
15 to the county pursuant to chapter 405A an amount equal to five
16 cents per capita until the financial report is filed.

17 Sec. 28. Section 331.434, subsection 3, Code 1997, is
18 amended to read as follows:

19 3. The board shall set a time and place for a public
20 hearing on the budget before the final certification date and
21 shall publish notice of the hearing not less than ten nor more
22 than twenty days prior to the hearing in the county newspapers
23 selected under chapter 349. A summary of the proposed budget,
24 in the form prescribed by the director of the department of
25 management, shall be included in the notice. Proof of
26 publication shall be filed with and preserved by the auditor.
27 A levy is not valid unless and until the notice is published
28 and filed. The department of management shall prescribe the
29 form for the public hearing notice for use by counties.

30 Sec. 29. Section 331.434, Code 1997, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 7. Taxes levied by a county whose budget
33 is certified after March 15 shall be limited to the prior
34 year's budget amount. However, this penalty may be waived by
35 the director of the department of management if the county

1 demonstrates that the March 15 deadline was missed because of
2 circumstances beyond the control of the county.

3 Sec. 30. NEW SECTION. 331.434A BUDGET RESERVE.

4 1. For the fiscal year beginning July 1, 1998, and all
5 subsequent fiscal years, the amount of a county's budget
6 reserve shall not exceed an amount equal to thirty percent of
7 the amount of property taxes certified for collection for the
8 previous fiscal year. If the amount of the budget reserve for
9 any fiscal year exceeds an amount equal to thirty percent of
10 the amount of property taxes certified for collection for the
11 previous fiscal year, the amount of property taxes to be
12 levied by the county shall be decreased by the amount in
13 excess of thirty percent.

14 2. The county finance committee may waive the application
15 of this section to a county for up to a three-year period, if
16 evidence is presented that substantial progress is being made
17 by the county toward compliance with this section.

18 3. For purposes of this section, "budget reserve" means
19 the sum of all unreserved and unencumbered funds, which are
20 not officially designated for specific uses, remaining in the
21 general fund of the county on June 30 of the fiscal year,
22 excluding transfers to other county funds.

23 Sec. 31. Section 331.439, subsection 1, paragraph a, Code
24 1997, is amended to read as follows:

25 a. The county accurately reported by ~~October-15~~ December 1
26 the county's expenditures for mental health, mental
27 retardation, and developmental disabilities services for the
28 previous fiscal year on forms prescribed by the department of
29 human services.

30 Sec. 32. Section 384.16, subsection 3, Code 1997, is
31 amended to read as follows:

32 3. The council shall set a time and place for public
33 hearing on the budget before the final certification date and
34 shall publish notice of the hearing not less than ten nor more
35 than twenty days before the hearing ~~as-provided-in-section~~

1 362-3 in a newspaper published at least once weekly and having
2 general circulation in the city. However, if the city has a
3 population of two hundred or less, publication may be made by
4 posting in three public places in the city. A summary of the
5 proposed budget shall be included in the notice. Proof of
6 publication must be filed with the county auditor. The
7 department of management shall prescribe the form for the
8 public hearing notice for use by cities.

9 Sec. 33. Section 384.16, Code 1997, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 6. Taxes levied by a city whose budget is
12 certified after March 15 shall be limited to the prior year's
13 budget amount. However, this penalty may be waived by the
14 director of the department of management if the city
15 demonstrates that the March 15 deadline was missed because of
16 circumstances beyond the control of the city.

17 Sec. 34. Section 445.5, Code 1997, is amended to read as
18 follows:

19 445.5 STATEMENT AND RECEIPT.

20 1. As soon as practicable after receiving the tax list
21 prescribed in chapter 443, the treasurer shall deliver to the
22 taxpayer a statement of taxes due and payable which shall
23 include the following information:

24 a. The year of tax.

25 b. A description of the parcel.

26 c. The assessed value of the parcel, itemized by the value
27 for land, dwellings, and buildings, for the current year and
28 the previous year as valued by the assessor after application
29 of any equalization orders.

30 d. The taxable value of the parcel, itemized by the value
31 for land, dwellings, and buildings, for the current year and
32 the previous year after application of any equalization
33 orders, assessment limitations, and itemized valuation
34 exemptions.

35 e. The complete name of all taxing authorities receiving a

1 tax distribution, the amount of the distribution, and the
2 percentage distribution for each named authority, listed from
3 the highest to the lowest distribution percentage.

4 f. The consolidated levy rate for one thousand dollars of
5 taxable valuation multiplied by the taxable valuation to
6 produce the gross taxes levied before application of credits
7 against levied taxes for the previous and current fiscal
8 years.

9 g. The itemized credits against levied taxes deducted from
10 the gross taxes levied in order to produce the net taxes owed
11 for the previous and current fiscal years.

12 h. The amount of property tax dollars reduced on each
13 parcel as a result of the moneys received from the property
14 tax relief fund pursuant to section 426B.2, subsections 1 and
15 3.

16 i. The total amount of taxes levied by each taxing
17 authority in the previous fiscal year and the current fiscal
18 year, the dollar amount difference between the two amounts,
19 and that same difference expressed as a percentage increase or
20 decrease.

21 If the person receiving the statement is not the
22 titleholder of record or contract holder of record of the
23 parcel, that person shall pay a fee at the rate of two dollars
24 per parcel for each year. The treasurer shall at the same
25 time deliver to the titleholder of record or contract holder
26 of record a copy of the statement.

27 2. The county treasurer shall deliver to the taxpayer a
28 receipt stating the year of tax, date of payment, a
29 description of the parcel, and the amount of taxes, interest,
30 fees, and costs paid except when payment of taxes is made by
31 check, then a receipt shall be issued only upon request. The
32 receipt shall be in full of the first half, second half, or
33 full year amounts unless a payment is made under section
34 445.36A or 435.24, subsection 6.

35 Sec. 35. TAX STATEMENT STUDY COMMITTEE.

1 1. There is established a tax statement study committee
2 comprised of the members of the county finance committee and
3 three county treasurers appointed by the governor in
4 consultation with the Iowa state treasurers association.

5 2. The committee shall study the following:

6 a. The fiscal impact of implementing redesigned property
7 tax statements as required in section 445.5.

8 b. Identification of the impediments involved in requiring
9 the tax statement in section 445.5.

10 c. The technological impact of implementing the property
11 tax statement required in section 445.5.

12 d. The recommended design of the property tax statement
13 required in section 445.5.

14 e. A process by which counties and the state can achieve
15 the goal of providing a uniform tax statement design to be
16 used statewide.

17 3. The committee shall furnish a report of its study to
18 the general assembly in January 1998.

19 Sec. 36. APPLICABILITY DATES. Section 34 of this division
20 of this Act, amending section 445.5, applies to tax statements
21 issued for the fiscal year beginning July 1, 2001. The
22 remainder of this division of this Act applies to budgets
23 prepared for fiscal years beginning on or after July 1, 1998.

24 EXPLANATION

25 Division I amends Code section 422.120 which provides for a
26 state tax credit for livestock production operations located
27 in the state. A \$2 million standing appropriation is used to
28 support the tax credit. The amount of the credit equals 10
29 cents for each corn equivalent consumed by the livestock in
30 the production operation. The section provides that the
31 credit is available to an individual or corporate taxpayer who
32 owns livestock if the total net worth of the taxpayer during
33 the taxpayer's tax year is less than \$1 million and the
34 taxpayer receives, or accrues in the case of an accrual-basis
35 taxpayer, more than one-half of the taxpayer's gross income

1 from farming or ranching operations during the tax year. This
2 division eliminates these net worth and gross income
3 requirements. The division increases the annual standing
4 appropriation to \$12 million beginning with the fiscal year
5 1998-1999. The division provides that for the tax year
6 beginning on January 1, 1997, the tax credit shall only be
7 allowed for cow-calf beef operations. For a tax year
8 beginning on or after January 1, 1998, and for each subsequent
9 tax year, the tax credit is only allowed for cow-calf beef
10 operations, farrow-to-feeder pig operations, and dairy cattle
11 operations, unless for any tax year \$13 million or more is
12 available to support the tax credit.

13 Division II provides that beginning with property taxes
14 payable in the fiscal year beginning July 1, 1998, the cost of
15 providing property tax credits or reimbursements which are
16 enacted on or after January 1, 1997, shall be fully funded by
17 the state. If the state does not fully fund this cost, then
18 the taxpayer will receive only a portion of the credit or
19 exemption to the extent the exemption or credit is funded.
20 The portion the taxpayer would receive is an estimate made by
21 the department of revenue and finance. This also applies to
22 the homestead credit; low-income additional homestead credit;
23 elderly and disabled additional homestead credit; and military
24 service tax credit but only to the extent of \$6.75 per \$1,000
25 of assessed value.

26 State reimbursements to local governments for the homestead
27 credit; the elderly and disabled additional homestead credit
28 and rent reimbursement; and the military service credit were
29 frozen beginning with the fiscal year 1992-1993 at the fiscal
30 year 1991-1992 levels. The division eliminates the freeze and
31 provides for standing unlimited appropriations for these
32 credits and reimbursements. These reimbursements apply to
33 reimbursements made on or after July 1, 1997.

34 Beginning with the fiscal year beginning July 1, 1997, the
35 amount of reimbursements in excess of the dollar amount of

1 reimbursements for the fiscal year 1996-1997 that a school
2 district will receive because of the fully funding of the
3 homestead credit, military service credit, and elderly and
4 disabled credit shall be used entirely for property tax
5 relief. In the case of a city or county at least 50 percent
6 of such excess reimbursements shall be used for property tax
7 relief with any remaining amount to be used for
8 infrastructure. The counties may use the remaining amount to
9 pay expenses incurred in providing tax statements and receipts
10 required under a Code section amended in division III.

11 Division III makes numerous changes relating to property
12 taxes and local budget practices.

13 The division moves the budget certification deadline for
14 schools from April 15 to March 15. The division also provides
15 that cities and counties whose budget is certified after March
16 15 shall be limited to the prior year's certification amount.

17 The division provides that the department of management
18 shall prescribe the forms for budgets certified to the county
19 auditor and for the public hearing notice on the budget for
20 use by cities and counties. The division requires the
21 department of management to certify local budgets back to the
22 county auditor by June 15 of each year.

23 The publication deadline for the county annual financial
24 report is changed from October 1 to December 1. The division
25 also provides that the department of management shall
26 prescribe the form for the annual financial report. The
27 division prescribes a monetary withholding penalty for late
28 filing of the report.

29 The division limits the county's budget reserve to not more
30 than 30 percent of the previous year's property taxes. If the
31 budget reserve is in excess of 30 percent, the property tax
32 dollars for the present year is reduced by this excess. These
33 requirements could be waived for up to three years.

34 The division also requires that a property tax statement be
35 delivered to the taxpayer. The division specifies additional

1 comparative information that must be included on the property
2 tax statement.

3 The division also establishes a tax statement study
4 committee comprised of members of the county finance committee
5 and three county treasurers appointed by the governor. The
6 committee is charged with studying various administrative and
7 fiscal issues involved with implementing use of the new tax
8 statements. The committee is to report to the general
9 assembly in January 1998.

10 The section of the division requiring that a tax statement
11 be prepared and mailed applies to tax statements issued for
12 fiscal year 2001-2002. The remainder of the division applies
13 to budgets prepared for fiscal years beginning on or after
14 July 1, 1998.

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OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD
GOVERNOR

May 15, 1997

MAY 15 1997

The Honorable Paul Pate
Secretary of State
State Capitol Building
LOCAL

✓ Dear Mr. Secretary:

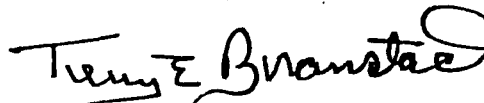
I hereby transmit House File 726, an act relating to the livestock production tax credit; increasing the state's reimbursement for the homestead, military service, and elderly and disabled credits; requiring the state to reimburse new property tax credits and exemptions; providing for local government budget practices and property tax statements; and including applicability date provisions.

House File 726 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the items designated as section 23, in its entirety, and the designated portion of section 24. These items would delay the implementation of comprehensive property tax statements to property owners until the year 2001. With the tax limitation expiring, it is important to provide comprehensive information to the taxpayers relating to changes in their property taxes. The taxpayers should not have to wait four years to get this basic and important information on their annual property tax statements. By vetoing these items, taxpayers will receive the comprehensive information in 1998 for the fiscal years beginning on or after July 1, 1998.

For the above reason, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 726 are hereby approved as of this date.

Sincerely,


Terry E. Branstad
Governor

TEB/ps

cc: Secretary of the Senate
Chief Clerk of the House

Item Veto

HOUSE FILE 726

AN ACT

RELATING TO THE LIVESTOCK PRODUCTION TAX CREDIT; INCREASING THE STATE'S REIMBURSEMENT FOR THE HOMESTEAD, MILITARY SERVICE, AND ELDERLY AND DISABLED CREDITS; REQUIRING THE STATE TO REIMBURSE NEW PROPERTY TAX CREDITS AND EXEMPTIONS; PROVIDING FOR LOCAL GOVERNMENT BUDGET PRACTICES AND PROPERTY TAX STATEMENTS; AND INCLUDING APPLICABILITY DATE PROVISIONS.

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

DIVISION I

LIVESTOCK PRODUCTION TAX CREDIT

Section 1. Section 422.120, subsection 1, paragraph b, Code 1997, is amended by striking the paragraph and inserting in lieu thereof the following:

b. (1) The credit shall be available to an individual or corporate taxpayer if the taxpayer's federal taxable income is not more than ninety-nine thousand six hundred dollars for the tax year. In the case of married taxpayers, their combined federal taxable income shall be used to determine if they qualify for the credit.

(2) For each subsequent tax year, the maximum taxable income amount specified in subparagraph (1) shall be multiplied by the cumulative index factor for that tax year. "Cumulative index factor" means the product of the annual index factor for the 1997 calendar year and all annual index factors for subsequent calendar years. The cumulative index factor applies to all tax years beginning on or after January 1 of the calendar year for which the latest annual index factor has been determined.

(3) The annual index factor for the 1997 calendar year is one hundred percent. For each subsequent calendar year, the annual index factor equals the annual inflation factor for that calendar year as computed in section 422.4 for purposes of the individual income tax.

Sec. 2. Section 422.120, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. As used in this division, "cow-calf operation" means any of the following:

- a. Mature beef cows bred or for breeding.
- b. Bred yearling heifers.
- c. Breeding bulls.

Sec. 3. Section 422.121, Code 1997, is amended to read as follows:

422.121 APPROPRIATION.

Beginning with the fiscal year beginning July 1, 1997, there is appropriated annually from the general fund of the state two million dollars to refund the credits allowed under this division. Notwithstanding section 422.120, for tax years beginning on or after January 1, 1997, the livestock production tax credit shall only be allowed for cow-calf operations.

DIVISION II

HOMESTEAD, MILITARY, LOW-INCOME, ELDERLY AND DISABLED AND OTHER CREDITS AND REIMBURSEMENT CLAIMS

Sec. 4. NEW SECTION. 25B.7 FUNDING PROPERTY TAX CREDITS AND EXEMPTIONS.

1. Beginning with property taxes due and payable in the fiscal year beginning July 1, 1998, the cost of providing a property tax credit or property tax exemption which is enacted by the general assembly on or after January 1, 1997, shall be fully funded by the state. If a state appropriation made to fund a credit or exemption which is enacted on or after January 1, 1997, is not sufficient to fully fund the credit or exemption, the political subdivision shall be required to extend to the taxpayer only that portion of the credit or exemption estimated by the department of revenue and finance to be funded by the state appropriation. The department of revenue and finance shall determine by June 15 the estimated portion of the credit or exemption which will be funded by the state appropriation.

2. The requirement for fully funding and the consequences of not fully funding credits and exemptions under subsection 1 also apply to all of the following:

a. Homestead tax credit pursuant to sections 425.1 through 425.15.

b. Low-income property tax credit and elderly and disabled property tax credit pursuant to sections 425.16 through 425.40.

c. Military service property tax credit and exemption pursuant to chapter 426A and sections 427.3 through 427.7, to the extent of six dollars and seventy-five cents per thousand dollars of assessed value of the exempt property.

3. a. For purposes of this subsection, "base reimbursement amount" means the amount in dollars received for the fiscal year beginning July 1, 1996, by a city, county, or school district from the state as a reimbursement for the homestead tax credit, military service property tax credit, low-income property tax credit, or the elderly and disabled property tax credit, as appropriate. The county treasurer

shall determine the base reimbursement amount for the cities, county, and school districts for each credit. The treasurer shall notify the department of management of the base reimbursement amounts for each credit of each school district.

b. The amount of state reimbursement received for a fiscal year beginning on or after July 1, 1997, and ending on or before June 30, 2002, by a city, county, or school district for the homestead tax credit, military service property tax credit, low-income property tax credit, or elderly and disabled property tax credit in excess of the base reimbursement amount for that credit shall be used as follows:

(1) In the case of a city, at least fifty percent shall be used for property tax relief with the remaining amount used for infrastructure. The county treasurer shall provide to each city located in the county the total amount of excess tax credit reimbursement received by the city.

(2) In the case of a county, at least fifty percent shall be used for property tax relief with the remaining amount used for infrastructure or for paying the expenses incurred in providing the statement and receipt required under section 445.5. The county treasurer shall provide the county auditor with the total amount of excess tax credit reimbursement received by the county.

(3) In the case of a school district, one hundred percent shall be used for property tax relief through the reduction in the additional levy under section 257.4. Each county treasurer shall provide the department of management with the total amount of excess tax credit reimbursement received by each school district in the county.

c. The requirements of paragraph "b" do not constitute a state mandate under this chapter.

d. This subsection is repealed June 30, 2002, for fiscal years beginning after that date.

Sec. 5. Section 8.59, Code 1997, is amended to read as follows:

8.59 APPROPRIATIONS FREEZE.

Notwithstanding contrary provisions of the Code, the amounts appropriated under the applicable sections of the Code for fiscal years commencing on or after July 1, 1993, are limited to those amounts expended under those sections for the fiscal year commencing July 1, 1992. If an applicable section appropriates moneys to be distributed to different recipients and the operation of this section reduces the total amount to be distributed under the applicable section, the moneys shall be prorated among the recipients. As used in this section, "applicable sections" means the following sections: 53.50, 229.35, 230.8, 230.11, 405A.8, 411.20, ~~425.17-425.397-426A.17~~ 663.44, and 822.5.

Sec. 6. Section 425.2, unnumbered paragraphs 2 and 6, Code 1997, are amended to read as follows:

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. 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. 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. ~~if-the-written-notice-is~~

~~not-provided-to-the-assessor-by-the-appropriate-July-17-the owner-forfeits-the-right-to-file-a-belated-claim-on-another homestead-for-the-year-the-notice-should-have-been-given.~~ 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.

~~The-failure-of-a-person-to-file-a-claim-under-this-section on-or-before-July-1-of-the-year-for-which-the-person-is-first claiming-the-credit-or-to-have-the-evidence-of-ownership recorded-in-the-office-of-the-county-recorder-does-not disqualify-the-claim-if-the-person-claiming-the-credit-or through-whom-the-credit-is-claimed-is-otherwise-qualified. The-belated-claim-shall-be-filed-with-the-appropriate-assessor on-or-before-December-31-of-the-following-calendar-year-and, if-approved-by-the-board-of-supervisors, the-county-treasurer shall-submit-the-belated-claim-to-the-director-of-revenue-and finance-who-shall-send-payment-to-the-claimant.--The-payment shall-be-made-from-funds-appropriated-to-the-homestead-credit fund.~~

Sec. 7. Section 425.39, subsection 1, Code 1997, is amended to read as follows:

~~1-~~ The extraordinary elderly and disabled property tax credit and reimbursement fund is created. There is appropriated annually from the general fund of the state to the department of revenue and finance to be credited to the extraordinary elderly and disabled property tax credit and reimbursement fund, from funds not otherwise appropriated, an amount sufficient to implement this division for claimants described in section 425.17, subsection 2, paragraph "a".

Sec. 8. Section 425.39, subsection 2, Code 1997, is amended by striking the subsection.

Sec. 9. Section 427.5, unnumbered paragraph 5, Code 1997, is amended by striking the unnumbered paragraph.

Sec. 10. Sections 5, 7, and 8 of this division of this Act apply to reimbursements made for property tax credits and to reimbursements for rent constituting property taxes payable on or after July 1, 1997.

DIVISION III

LOCAL GOVERNMENT BUDGETING PRACTICES

Sec. 11. Section 24.9, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Each municipality shall file with the secretary or clerk thereof the estimates required to be made in sections 24.3 to 24.8, at least twenty days before the date fixed by law for certifying the same to the levying board and shall forthwith fix a date for a hearing thereon, and shall publish such estimates and any annual levies previously authorized as provided in section 76.2, with a notice of the time when and the place where such hearing shall be held at least not less than ten nor more than twenty days before the hearing. Provided that in municipalities of less than two hundred population such estimates and the notice of hearing thereon shall be posted in three public places in the district in lieu of publication.

Sec. 12. Section 24.9, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department of management shall prescribe the form for public hearing notices for use by municipalities.

Sec. 13. Section 24.17, Code 1997, is amended to read as follows:

24.17 BUDGETS CERTIFIED.

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year on blanks forms, and pursuant to instructions, prescribed by the state board, ~~and according to the rules and instruction which shall~~

~~be furnished all certifying and levying boards in printed form by the state board or city finance committee in the case of cities department of management. However, if a city or county holds a special levy election, the certification shall be not later than fourteen days following the special levy election, and. However,~~ if the political subdivision is a school district, as defined in section 257.2, its budget shall be certified not later than April 15 of each year.

One copy of the budget shall be retained on file in the office by the county auditor and the other shall be certified by the county auditor to the state board. The department of management shall certify the taxes back to the county auditor by June 15.

Sec. 14. Section 331.403, subsection 1, Code 1997, is amended to read as follows:

1. Not later than ~~October~~ December 1 of each year on forms and pursuant to instructions prescribed by the department of management, a county shall prepare an annual financial report showing for each county fund the financial condition as of June 30 and the results of operations for the year then ended. Copies of the report shall be maintained as a public record at the auditor's office and shall be ~~furnished to~~ filed with the director of the department of management and ~~to~~ with the auditor of state by December 1. A summary of the report, in a form prescribed by the director, shall be published by each county not later than ~~October~~ December 1 of each year in one or more newspapers which meet the requirements of section 618.14.

Sec. 15. Section 331.403, subsection 3, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

3. A county that fails to meet the filing deadline imposed by this section shall have withheld from payments to be made to the county pursuant to chapter 405A an amount equal to five cents per capita until the financial report is filed.

Sec. 16. Section 331.434, subsection 3, Code 1997, is amended to read as follows:

3. 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, in the form prescribed by the director of the department of management, shall be included in the notice. Proof of publication shall be filed with and preserved by the auditor. A levy is not valid unless and until the notice is published and filed. The department of management shall prescribe the form for the public hearing notice for use by counties.

Sec. 17. Section 331.434, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Taxes levied by a county whose budget is certified after March 15 shall be limited to the prior year's budget amount. However, this penalty may be waived by the director of the department of management if the county demonstrates that the March 15 deadline was missed because of circumstances beyond the control of the county.

Sec. 18. Section 331.439, subsection 1, paragraph a, Code 1997, is amended to read as follows:

a. The county accurately reported by ~~October-15~~ December 1 the county's expenditures for mental health, mental retardation, and developmental disabilities services for the previous fiscal year on forms prescribed by the department of human services.

Sec. 19. Section 384.16, subsection 3, Code 1997, is amended to read as follows:

3. The council shall set a time and place for 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 before the hearing as-provided-in-section 362-3 in a newspaper published at least once weekly and having

general circulation in the city. However, if the city has a population of two hundred or less, publication may be made by posting in three public places in the city. A summary of the proposed budget shall be included in the notice. Proof of publication must be filed with the county auditor. The department of management shall prescribe the form for the public hearing notice for use by cities.

Sec. 20. Section 384.16, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Taxes levied by a city whose budget is certified after March 15 shall be limited to the prior year's budget amount. However, this penalty may be waived by the director of the department of management if the city demonstrates that the March 15 deadline was missed because of circumstances beyond the control of the city.

Sec. 21. Section 384.22, Code 1997, is amended to read as follows:

384.22 ANNUAL REPORT.

Not later than ~~October~~ December 1 of each year, a city shall publish an annual report as provided in section 362.3 containing a summary for the preceding fiscal year of all collections and receipts, all accounts due the city, and all expenditures, the current public debt of the city, and the legal debt limit of the city for the current fiscal year. The report shall be prepared on forms and pursuant to instructions prescribed by the auditor of state. A copy of this report must be ~~furnished to~~ filed with the auditor of state not later than December 1 of each year.

A city that fails to meet the filing deadline imposed by this section shall have withheld from payments to be made to the city pursuant to chapter 405A an amount equal to five cents per capita until the annual report is filed with the auditor of state.

Sec. 22. Section 445.5, Code 1997, is amended to read as follows:

445.5 STATEMENT AND RECEIPT.

1. As soon as practicable after receiving the tax list prescribed in chapter 443, the treasurer shall deliver to the taxpayer a statement of taxes due and payable which shall include the following information:

- a. The year of tax.
- b. A description of the parcel.
- c. The assessed value of the parcel, itemized by the value for land, dwellings, and buildings, for the current year and the previous year as valued by the assessor after application of any equalization orders.
- d. The taxable value of the parcel, itemized by the value for land, dwellings, and buildings, for the current year and the previous year after application of any equalization orders, assessment limitations, and itemized valuation exemptions.
- e. The complete name of all taxing authorities receiving a tax distribution, the amount of the distribution, and the percentage distribution for each named authority, listed from the highest to the lowest distribution percentage.
- f. The consolidated levy rate for one thousand dollars of taxable valuation multiplied by the taxable valuation to produce the gross taxes levied before application of credits against levied taxes for the previous and current fiscal years.
- g. The itemized credits against levied taxes deducted from the gross taxes levied in order to produce the net taxes owed for the previous and current fiscal years.
- h. The amount of property tax dollars reduced on each parcel as a result of the moneys received from the property tax relief fund pursuant to section 426B.2, subsections 1 and 3.
- i. The total amount of taxes levied by each taxing authority in the previous fiscal year and the current fiscal year, the dollar amount difference between the two amounts, and that same difference expressed as a percentage increase or decrease.

If the person receiving the statement is not the titleholder of record or contract holder of record of the parcel, that person shall pay a fee at the rate of two dollars per parcel for each year. The treasurer shall at the same time deliver to the titleholder of record or contract holder of record a copy of the statement.

2. The county treasurer shall deliver to the taxpayer a receipt stating the year of tax, date of payment, a description of the parcel, and the amount of taxes, interest, fees, and costs paid except when payment of taxes is made by check, then a receipt shall be issued only upon request. The receipt shall be in full of the first half, second half, or full year amounts unless a payment is made under section 445.36A or 435.24, subsection 6.

Sec. 23. TAX STATEMENT STUDY COMMITTEE.

- Veto*
1. There is established a tax statement study committee comprised of the members of the county finance committee and three county treasurers appointed by the governor in consultation with the Iowa state treasurers association.
 2. The committee shall study the following:
 - a. The fiscal impact of implementing redesigned property tax statements as required in section 445.5.
 - b. Identification of the impediments involved in requiring the tax statement in section 445.5.
 - c. The technological impact of implementing the property tax statement required in section 445.5.
 - d. The recommended design of the property tax statement required in section 445.5.
 - e. A process by which counties and the state can achieve the goal of providing a uniform tax statement design to be used statewide.
 3. The committee shall furnish a report of its study to the general assembly in January 1998.

Sec. 24. APPLICABILITY DATES. Section 22 of this division of this Act, amending section 445.5, applies to tax statements

Veto

House File 726, p. 13

Veto issued for the fiscal year beginning July 1, 2001. The remainder of this division of this Act applies to budgets prepared for fiscal years beginning on or after July 1, 1998.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 726, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Item Vetoed
May 15
Approved 1997

TERRY E. BRANSTAD
Governor

HF 726