

MAR 14 2000

WAYS AND MEANS

HOUSE FILE 2544
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HF 2299)

(P. 929)
Passed House, Date 3/22/00

Passed Senate, Date _____

Vote: Ayes 56 Nays 43

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the limitation on property taxes for cities
2 and counties and providing an effective date and providing for
3 the Act's applicability.

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

5

6

HOUSE FILE 2544

7

H-8379

8

1 Amend House File 2544 as follows:

9

2 1. Page 19, by inserting after line 31 the
3 following:

10

4 "Sec. ____ . Section 566.35, subsection 1, Code
5 Supplement 1999, is amended to read as follows:

11

6 1. If a person notifies a governmental subdivision
7 or agency of the existence within the jurisdiction of
8 the governmental subdivision or agency of a burial
9 site of the person's ancestor on property owned by
10 another person, the owner of the property shall permit
11 the person or any caretaker reasonable ingress and
12 egress for the purposes of visiting or maintaining the
13 burial site, and the governmental subdivision or
14 agency shall notify the owner of this obligation."

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By BRAUNS of Muscatine

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HF 2544

1 Section 1. Section 23A.2, subsection 10, paragraph h, Code
2 Supplement 1999, is amended by striking the paragraph.

3 Sec. 2. Section 25B.2, subsection 3, Code 1999, is amended
4 by striking the subsection.

5 Sec. 3. Section 25B.3, subsection 1, Code 1999, is amended
6 to read as follows:

7 1. "Political subdivision" means a city, county, township,
8 community college, area education agency, or school district.

9 Sec. 4. NEW SECTION. 25B.5A UNFUNDED STATE MANDATES --
10 EFFECT.

11 1. If, on or after July 1, 2000, a state mandate is
12 enacted by the general assembly, or otherwise imposed, on a
13 political subdivision and the state mandate requires a
14 political subdivision to engage in any new activity, to
15 provide a new service, or to provide any service beyond that
16 required by any law enacted prior to July 1, 2000, and the
17 state does not appropriate moneys to fully fund the cost of
18 the state mandate as identified pursuant to section 25B.5,
19 subsections 1 and 2, the political subdivision is not required
20 to perform the activity or provide the service and the
21 political subdivision shall not be subject to any liabilities
22 imposed by the state or the imposition of any fines or
23 penalties for the failure to comply with the state mandate.
24 However, this subsection does not apply to any requirement
25 imposed on a political subdivision relating to public employee
26 retirement systems under chapters 97B, 410, and 411 or to the
27 enforcement of chapter 321J or the Iowa criminal code pursuant
28 to chapters 701 to 728.

29 2. For the purposes of subsection 1, any requirement
30 originating from the federal government and administered,
31 implemented, or enacted by the state, or any allocation of
32 federal moneys conditioned upon the enactment of state law or
33 rule, is not a state mandate.

34 Sec. 5. Section 123.38, unnumbered paragraph 2, Code 1999,
35 is amended to read as follows:

1 Any licensee or permittee, or the licensee's or permittee's
2 executor or administrator, or any person duly appointed by the
3 court to take charge of and administer the property or assets
4 of the licensee or permittee for the benefit of the licensee's
5 or permittee's creditors, may voluntarily surrender a license
6 or permit to the division. When a license or permit is
7 surrendered the division shall notify the local authority, and
8 the division or the local authority shall refund to the person
9 surrendering the license or permit, a proportionate amount of
10 the fee received by the division or the local authority for
11 the license or permit as follows: if a license or permit is
12 surrendered during the first three months of the period for
13 which it was issued, the refund shall be three-fourths of the
14 amount of the fee; if surrendered more than three months but
15 not more than six months after issuance, the refund shall be
16 one-half of the amount of the fee; if surrendered more than
17 six months but not more than nine months after issuance, the
18 refund shall be one-fourth of the amount of the fee. No
19 refund shall be made, however, for any special liquor permit,
20 nor for a liquor control license, wine permit, or beer permit
21 surrendered more than nine months after issuance. For
22 purposes of this paragraph, any portion of license or permit
23 fees used for the purposes authorized in section 331-424,
24 ~~subsection 17-paragraphs "a" and "b", and in section 331.424A~~
25 shall not be deemed received either by the division or by a
26 local authority. No refund shall be made to any licensee or
27 permittee, upon the surrender of the license or permit, if
28 there is at the time of surrender, a complaint filed with the
29 division or local authority, charging the licensee or
30 permittee with a violation of this chapter. If upon a hearing
31 on a complaint the license or permit is not revoked or
32 suspended, then the licensee or permittee is eligible, upon
33 surrender of the license or permit, to receive a refund as
34 provided in this section; but if the license or permit is
35 revoked or suspended upon hearing the licensee or permittee is

1 not eligible for the refund of any portion of the license or
2 permit fee.

3 Sec. 6. Section 218.99, Code 1999, is amended to read as
4 follows:

5 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL
6 ACCOUNTS.

7 The administrator of a division of the department of human
8 services in control of a state institution shall direct the
9 business manager of each institution under the administrator's
10 jurisdiction ~~which is mentioned in section 331.4247, subsection~~
11 ~~17, paragraphs "a" and "b" and~~ for which services are paid
12 under section 331.424A to quarterly inform the county of legal
13 settlement's entity designated to perform the county's single
14 entry point process of any patient or resident who has an
15 amount in excess of two hundred dollars on account in the
16 patients' personal deposit fund and the amount on deposit.
17 The administrators shall direct the business manager to
18 further notify the entity designated to perform the county's
19 single entry point process at least fifteen days before the
20 release of funds in excess of two hundred dollars or upon the
21 death of the patient or resident. If the patient or resident
22 has no county of legal settlement, notice shall be made to the
23 director of human services and the administrator of the
24 division of the department in control of the institution
25 involved.

26 Sec. 7. Section 331.301, subsection 12, Code Supplement
27 1999, is amended to read as follows:

28 12. The board of supervisors may credit funds to a reserve
29 for the purposes authorized by subsection 11 of this section,
30 ~~section 331.4247, subsection 17, paragraph "f"~~, and section
31 331.441, subsection 2, paragraph "b". Moneys credited to the
32 reserve, and interest earned on such moneys, shall remain in
33 the reserve until expended for purposes authorized by
34 subsection 11 of this section, ~~section 331.4247, subsection 17~~
35 ~~paragraph "f"~~, or section 331.441, subsection 2, paragraph

1 "b".

2 Sec. 8. Section 331.325, Code 1999, is amended to read as
3 follows:

4 331.325 CONTROL AND MAINTENANCE OF PIONEER CEMETERIES --
5 CEMETERY COMMISSION.

6 1. As used in this section, "pioneer cemetery" means a
7 cemetery where there have been six or fewer burials in the
8 preceding fifty years.

9 2. Each county board of supervisors may adopt an ordinance
10 assuming jurisdiction and control of pioneer cemeteries in the
11 county. The board shall exercise the powers and duties of
12 township trustees relating to the maintenance and repair of
13 cemeteries in the county as provided in sections 359.28
14 through 359.41 except that the board shall not certify a tax
15 levy pursuant to section 359.30 or 359.33 and except that the
16 maintenance and repair of all cemeteries under the
17 jurisdiction of the county including pioneer cemeteries shall
18 be paid from the ~~county-general~~ cemetery fund. The
19 maintenance and improvement program for a pioneer cemetery may
20 include restoration and management of native prairie grasses
21 and wildflowers.

22 3. In lieu of management of the cemeteries, the board of
23 supervisors may create, by ordinance, a cemetery commission to
24 assume jurisdiction and management of the pioneer cemeteries
25 in the county. The ordinance shall delineate the number of
26 commissioners, the appointing authority, the term of office,
27 officers, employees, organizational matters, rules of
28 procedure, compensation and expenses, and other matters deemed
29 pertinent by the board. The board may delegate any power and
30 duties relating to cemeteries which may otherwise be exercised
31 by township trustees pursuant to sections 359.28 through
32 359.41 to the cemetery commission except the commission shall
33 not certify a tax levy pursuant to section 359.30 or 359.33
34 and except that the expenses of the cemetery commission shall
35 be paid from the ~~county-general~~ cemetery fund.

1 4. Notwithstanding sections 359.30 and 359.33, the costs
2 of management, repair, and maintenance of pioneer cemeteries
3 shall be paid from the county-general cemetery fund.

4 Sec. 9. Section 331.421, subsections 5 and 6, Code 1999,
5 are amended by striking the subsections.

6 Sec. 10. Section 331.423, Code 1999, is amended by
7 striking the section and inserting in lieu thereof the
8 following:

9 331.423 PROPERTY TAX DOLLARS -- MAXIMUMS.

10 1. Annually, the board shall certify property tax levies
11 for general county services and rural county services, subject
12 to the limitation on property tax dollars provided in this
13 section.

14 2. For purposes of this section and section 331.423A:

15 a. "Annual price index" means the percent change, computed
16 to two decimal places, between the preliminary price index for
17 the third quarter of the calendar year preceding the calendar
18 year in which the fiscal year starts and the revised price
19 index for the third quarter of the calendar year prior to that
20 as published in the same issue in which such preliminary price
21 index is first published. The price index used shall be the
22 state and local government chain-type price index used in the
23 quantity and price indexes for gross domestic product. The
24 annual price index shall not be less than one hundred percent.

25 b. "Local sales and services taxes" means local sales and
26 services taxes imposed under the authority of chapter 422B.

27 c. "Maximum general tax rate" means the maximum property
28 tax dollars for general county services, as calculated in this
29 section, divided by the previous fiscal year's taxable
30 valuation in the county.

31 d. "Maximum rural tax rate" means the maximum property tax
32 dollars for rural services, as calculated in this section,
33 divided by the previous fiscal year's taxable valuation in the
34 unincorporated area of the county.

35 e. "Net new valuation taxes" means the amount of property

1 tax dollars equal to the previous fiscal year's maximum
2 general tax rate for purposes of the general fund, or the
3 maximum rural rate for purposes of the rural services fund,
4 times the increase from the previous fiscal year in taxable
5 valuation due to the following:

- 6 (1) Net new construction.
- 7 (2) Additions or improvements to existing structures.
- 8 (3) Remodeling of existing structures for which a building
9 permit is required.
- 10 (4) A municipality no longer dividing tax revenues in an
11 urban renewal area as provided in section 403.19, to the
12 extent that the incremental valuation released is due to new
13 construction or revaluation on property newly constructed
14 after the division of revenue begins.
- 15 (5) That portion of taxable property located in an urban
16 revitalization area on which an exemption was allowed and such
17 exemption has expired.

18 f. "Property tax replacement dollars" means revenues
19 received under sections 427B.17 through 427B.19D and revenues
20 received under chapter 437A, subchapter II.

21 g. "Unused taxing authority" means the difference between
22 the maximum amount of property tax dollars calculated under
23 subsection 3 for the fiscal year and the amount actually
24 levied under this section in that fiscal year. Unused taxing
25 authority may be carried forward to successive fiscal years.
26 However, the amount of unused taxing authority which may be
27 carried forward shall not exceed twenty-five percent of the
28 maximum taxes available in the fiscal year.

29 3. a. Beginning with the fiscal year beginning July 1,
30 2002, the maximum amount of property tax dollars which may be
31 certified by a county for general county services shall be an
32 amount equal to the sum of the following, adjusted by the
33 amounts in paragraphs "c", "d", and "e":

- 34 (1) The prior year's maximum property tax dollars for
35 general county services minus the prior year's unused taxing

1 authority times the annual price index.

2 (2) The amount of net new valuation taxes.

3 (3) The amount of unused taxing authority.

4 b. Beginning with the fiscal year beginning July 1, 2002,
5 the maximum amount of property tax dollars which may be
6 certified by a county for rural county services shall be an
7 amount equal to the sum of the following, adjusted by the
8 amounts in paragraphs "c", "d", and "e":

9 (1) The prior year's maximum property tax dollars for
10 rural county services minus the prior year's unused taxing
11 authority times the annual price index.

12 (2) The amount of net new valuation taxes.

13 (3) The amount of unused taxing authority.

14 c. Subtract the amount of property tax replacement dollars
15 received for the previous fiscal year in the proportion that
16 such replacement dollars were deposited in the general fund
17 and the rural services fund.

18 d. Subtract the amount of local sales and services taxes
19 for property tax relief estimated by the department of revenue
20 and finance to be received for the fiscal year for which the
21 maximum property tax dollars are being calculated in the
22 proportion that such local sales and services taxes will be
23 deposited in the general fund and the rural services fund.

24 e. If territory within a county is annexed by a city, the
25 county shall subtract from the rural services fund maximum for
26 the year in which the annexation takes effect an amount equal
27 to the last year's maximum rural tax rate times the taxable
28 valuation in the territory. If territory within a county is
29 severed from a city, or if a city is discontinued, the county
30 shall add to the rural services fund maximum for the year in
31 which the severance or discontinuance takes effect an amount
32 equal to the last year's maximum rural tax rate times the
33 taxable valuation in the territory which is the subject of the
34 severance or discontinuance.

35 4. Property taxes certified for deposit in the mental

1 health fund in section 331.424A, the cemetery fund in section
 2 331.424B, and the debt service fund in section 331.430, any
 3 capital projects fund established by the county for deposit of
 4 bond, loan, or note proceeds, any temporary increase approved
 5 pursuant to section 331.424, and the trust and agency funds
 6 established in section 331.425 are not counted against the
 7 maximum amount of property tax dollars that may be certified
 8 for a fiscal year under subsection 3.

9 5. For purposes of the fiscal year beginning July 1, 2002,
 10 the prior year's maximum property tax dollars is the amount
 11 computed under section 331.423A.

12 6. The county finance committee established under chapter
 13 333A shall adopt rules to administer this section and section
 14 331.423A.

15 Sec. 11. NEW SECTION. 331.423A BASE YEAR MAXIMUM
 16 PROPERTY TAX DOLLARS.

17 1. a. For purposes of section 331.423, for fiscal years
 18 beginning on or after July 1, 2002, the maximum amount of
 19 property tax dollars for general county services for taxes
 20 payable in the fiscal year beginning July 1, 2001, shall be an
 21 amount equal to the sum of the following, divided by three,
 22 and adjusted by the amounts in paragraphs "b" and "c":

23 (1) The sum of the amount of property taxes levied for
 24 general county services and the amount of property tax
 25 replacement dollars received and the amount of local sales and
 26 services tax revenues received as property tax relief and
 27 deposited in the general fund, all for the fiscal year
 28 beginning July 1, 1997, times one and sixty-eight thousandths.

29 (2) The sum of the amount of property taxes levied for
 30 general county services and the amount of property tax
 31 replacement dollars received and the amount of local sales and
 32 services tax revenues received as property tax relief and
 33 deposited in the general fund, all for the fiscal year
 34 beginning July 1, 1998, times one and forty-seven thousandths.

35 (3) The sum of the amount of property taxes levied for

1 general county services and the amount of property tax
2 replacement dollars received and the amount of local sales and
3 services tax revenues received as property tax relief and
4 deposited in the general fund, all for the fiscal year
5 beginning July 1, 1999, times one and three hundredths.

6 b. The amount in paragraph "a" shall be adjusted by
7 subtracting the amount of the ending fund balance differential
8 for general county services as provided in this paragraph.
9 The ending fund balance differential for general county
10 services is the difference between the general fund's ending
11 balance for the fiscal year beginning July 1, 1999, and the
12 general fund's ending balance for the fiscal year beginning
13 July 1, 1996, divided by three.

14 c. For purposes of this subsection, "general county
15 services" does not include taxes levied pursuant to section
16 331.423, subsection 1, Code 1999, for deposit in the mental
17 health fund, the debt service fund, or the cemetery fund.

18 2. a. For purposes of section 331.423, for fiscal years
19 beginning on or after July 1, 2002, the maximum amount of
20 property tax dollars for rural county services for taxes
21 payable in the fiscal year beginning July 1, 2001, shall be an
22 amount equal to the sum of the following, divided by three,
23 and adjusted by the amounts in paragraphs "b" and "c":

24 (1) The sum of the amount of property taxes levied for
25 rural county services and the amount of property tax
26 replacement dollars received and the amount of local sales and
27 services tax revenues received as property tax relief and
28 deposited in the rural services fund, all for the fiscal year
29 beginning July 1, 1997, times one and sixty-eight thousandths.

30 (2) The sum of the amount of property taxes levied for
31 rural county services and the amount of property tax
32 replacement dollars received and the amount of local sales and
33 services tax revenues received as property tax relief and
34 deposited in the rural services fund, all for the fiscal year
35 beginning July 1, 1998, times one and forty-seven thousandths.

1 (3) The sum of the amount of property taxes levied for
2 rural county services and the amount of property tax
3 replacement dollars received and the amount of local sales and
4 services tax revenues received as property tax relief and
5 deposited in the rural services fund, all for the fiscal year
6 beginning July 1, 1999, times one and three hundredths.

7 b. The amount in paragraph "a" shall be adjusted by
8 subtracting the amount of the ending fund balance differential
9 for rural county services as provided in this paragraph. The
10 ending fund balance differential for rural county services is
11 the difference between the rural services fund's ending
12 balance for the fiscal year beginning July 1, 1999, and the
13 rural services fund's ending balance for the fiscal year
14 beginning July 1, 1996.

15 c. For purposes of this subsection, "rural county
16 services" does not include taxes levied pursuant to section
17 331.423, subsection 1, Code 1999, for deposit in the mental
18 health fund, the debt service fund, or the cemetery fund.

19 Sec. 12. NEW SECTION. 331.423B STATE PROPERTY TAX
20 RELIEF.

21 It is the intent of the general assembly that the maximum
22 amount of property tax dollars which may be certified, as
23 calculated pursuant to section 331.423, shall be reduced by
24 the amount appropriated by the general assembly for property
25 tax relief first enacted for fiscal years beginning on or
26 after July 1, 2000.

27 Sec. 13. NEW SECTION. 331.423C BEGINNING CASH BALANCE
28 LIMITATION.

29 Beginning with the fiscal year beginning July 1, 2004, the
30 beginning fund balance for general county services and the
31 beginning fund balance for rural county services shall not
32 exceed an amount equal to fifty percent of the amount budgeted
33 for each of those funds for the fiscal year.

34 Sec. 14. Section 331.424, Code 1999, is amended by
35 striking the section and inserting in lieu thereof the

1 following:

2 331.424 AUTHORITY TO LEVY BEYOND MAXIMUM PROPERTY TAX
3 DOLLARS.

4 1. The board may certify additions to the maximum amount
5 of property tax dollars to be levied for a period of time not
6 to exceed ten years if the proposition has been submitted at a
7 special levy election and received a favorable majority of the
8 votes cast on the proposition. However, a county may not
9 proceed under this section if the additional property tax
10 dollars being sought are to fund a general county purpose or
11 an essential county purpose for which general obligation bonds
12 may be issued under section 331.442 or 331.443.

13 2. Such special election is subject to the following:

14 a. The board must give at least thirty days' notice to the
15 county commissioner of elections that the special election is
16 to be held.

17 b. The special election shall be conducted by the county
18 commissioner of elections in accordance with the law.

19 c. The proposition to be submitted shall be substantially
20 in the following form:

21 "Vote "yes" or "no" on the following:

22 Shall the county of _____ levy for an additional \$ _____
23 each year for _____ years beginning July 1 in excess of the
24 statutory limits otherwise applicable for the (general county
25 services or rural services) fund?"

26 d. The canvass shall be held beginning at one p.m. on the
27 second day which is not a holiday following the special
28 election.

29 e. Notice of the proposed special election shall be
30 published at least twice in a newspaper as specified in
31 section 331.305 prior to the date of the special election.
32 The first notice shall appear as early as practicable after
33 the board has decided to seek additional property tax dollars.

34 3. All persons eligible to vote in the county may vote on
35 the proposition, for increases in property taxes under section

1 331.423, subsection 3, paragraph "a", for the general fund.
2 Persons residing outside of the corporate limits of the cities
3 in the county and otherwise eligible to vote may vote on the
4 proposition to increase property taxes in excess of the
5 statutory limits under section 331.423, subsection 3,
6 paragraph "b".

7 Sec. 15. Section 331.424B, Code 1999, is amended to read
8 as follows:

9 331.424B CEMETERY LEVY.

10 The board may levy annually a tax not to exceed six and
11 three-fourths cents per thousand dollars of the assessed value
12 of all taxable property in the county to repair and maintain
13 all cemeteries under the jurisdiction of the board including
14 pioneer cemeteries and to pay other expenses of the board or
15 the cemetery commission as provided in section 331.325. The
16 proceeds of the tax levy shall be credited to the county
17 ~~general cemetery~~ fund. ~~Sections-444-25A-and-444-25B-do-not~~
18 ~~apply-to-the-property-tax-levied-or-expended-for-cemeteries~~
19 ~~pursuant-to-section-331-325-~~

20 Sec. 16. Section 331.425, Code 1999, is amended by
21 striking the section and inserting in lieu thereof the
22 following:

23 331.425 TRUST AND AGENCY FUNDS.

24 A county may establish trust and agency funds for the
25 following purposes:

26 1. Accounting for pension and related employee benefit
27 funds as provided by the county finance committee. A county
28 may certify taxes to be levied for a trust and agency fund in
29 the amount necessary to meet its obligations.

30 2. Accounting for gifts received by the county for a
31 particular purpose.

32 3. Accounting for money and property received and handled
33 by the county as trustee or custodian or in the capacity of an
34 agent.

35 4. Accounting for tort liability insurance, property

1 insurance, and any other insurance that may be necessary in
2 the operation of the county, costs of a self-insurance
3 program, costs of a local government risk pool, and amounts
4 payable under any insurance agreements to provide or procure
5 such insurance, self-insurance program, or local government
6 risk pool.

7 Sec. 17. Section 331.427, subsection 2, paragraph 1, Code
8 1999, is amended to read as follows:

9 1. Services listed in ~~section-331-424,--subsection-1-and~~
10 section 331.554.

11 Sec. 18. Section 331.428, subsection 2, paragraph d, Code
12 1999, is amended by striking the paragraph.

13 Sec. 19. Section 331.429, subsection 1, Code 1999, is
14 amended by adding the following new paragraph:

15 NEW PARAGRAPH. f. Notwithstanding paragraphs "a" and "b",
16 transfers from the general fund or rural services fund in
17 accordance with this paragraph. The board may transfer
18 additional funds from the general fund or rural services fund
19 in excess of the amounts in paragraphs "a" and "b" if the
20 proposition has been submitted at a special election and
21 received a favorable majority of the votes cast on the
22 proposition. The board shall direct the county commissioner
23 of elections to submit the question to the eligible voters for
24 the proposition thirty days prior to the date set by the board
25 for the election. For a transfer from the general fund, all
26 eligible voters residing in the county may vote on the
27 proposition. For a transfer from the rural services fund,
28 eligible voters residing outside the corporate limits of a
29 city within the county may vote on the proposition. The
30 proposition to be submitted shall be substantially in the
31 following form:

32 "Vote "yes" or "no" on the following question:

33 Shall the county of _____ transfer an additional \$ _____
34 each year for two years beginning July 1, _____, from the
35 (general fund or rural services fund) to the secondary road

1 fund?"

2 Upon approval of a majority of voters voting on the
3 proposition, the board shall certify the results of the
4 election to the department of management and transfer the
5 approved amount to the secondary road fund in the appropriate
6 fiscal year. The state appeal board in the department of
7 management shall not overturn the election results but may
8 interpret or enforce them in their review of a budget protest
9 under section 331.436.

10 Sec. 20. Section 384.1, Code 1999, is amended by striking
11 the section and inserting in lieu thereof the following:

12 384.1 PROPERTY TAX DOLLARS -- MAXIMUMS.

13 1. A city shall certify taxes to be levied by the city on
14 all taxable property within the city limits, for all city
15 government purposes. Annually, the city council may certify
16 basic levies for city government purposes, subject to the
17 limitation on property tax dollars provided in this section.

18 2. For purposes of this section:

19 a. "Annual price index" means the percent change, computed
20 to two decimal places, between the preliminary price index for
21 the third quarter of the calendar year preceding the calendar
22 year in which the fiscal year starts and the revised price
23 index for the third quarter of the calendar year prior to that
24 as published in the same issue in which such preliminary price
25 index is first published. The price index used shall be the
26 state and local government chain-type price index used in the
27 quantity and price indexes for gross domestic product. The
28 annual price index shall not be less than one hundred percent.

29 b. "Local sales and services taxes" means local sales and
30 services taxes imposed under the authority of chapter 422B.

31 c. "Maximum tax rate" means the previous fiscal year's
32 maximum property tax dollars, as calculated in section 384.1,
33 divided by the prior fiscal year's taxable valuation in the
34 city.

35 d. "Net new valuation taxes" means the amount of property

1 tax dollars equal to the previous fiscal year's maximum tax
2 rate for city government purposes times the increase from the
3 previous year in taxable valuation due to the following:

4 (1) Net new construction.

5 (2) Additions or improvements to existing structures.

6 (3) Remodeling of existing structures for which a building
7 permit is required.

8 (4) A municipality no longer dividing tax revenues in an
9 urban renewal area as provided in section 403.19, to the
10 extent that the incremental valuation released is due to new
11 construction or revaluation on property newly constructed
12 after the division of revenue begins.

13 (5) That portion of taxable property located in an urban
14 revitalization area on which an exemption was allowed and such
15 exemption has expired.

16 e. "Property tax replacement dollars" means revenues
17 received under sections 427B.17 through 427B.19D and revenues
18 received under chapter 437A, subchapter II.

19 f. "Unused taxing authority" means the difference between
20 the maximum amount of property tax dollars calculated under
21 subsection 3 for the fiscal year and the amount actually
22 levied under this section in that fiscal year. Unused taxing
23 authority may be carried forward to successive fiscal years.
24 However, the amount of unused taxing authority which may be
25 carried forward shall not exceed twenty-five percent of the
26 maximum taxes available in the fiscal year.

27 3. a. Beginning with the fiscal year beginning July 1,
28 2002, the maximum amount of property tax dollars which may be
29 certified by a city for city government purposes shall be an
30 amount equal to the sum of the following, adjusted by the
31 amounts in paragraphs "b", "c", and "d":

32 (1) The prior year's maximum property tax dollars for city
33 government purposes minus the prior year's unused taxing
34 authority times the annual price index.

35 (2) The amount of net new valuation taxes.

1 (3) The amount of unused taxing authority.

2 b. Subtract the amount of property tax replacement dollars
3 received and deposited in the city general fund for the
4 previous fiscal year.

5 c. Subtract the amount of local sales and services taxes
6 estimated by the department of revenue and finance to be
7 received for property tax relief for the fiscal year for which
8 the maximum property tax dollars are being calculated in the
9 proportion that such local sales and services taxes will be
10 deposited in the city general fund.

11 d. If territory within a county is annexed by a city, the
12 city shall add to its maximum property taxes for the year in
13 which the annexation takes effect an amount equal to the last
14 year's maximum tax rate times the taxable valuation in the
15 territory. If territory within a county is severed from a
16 city, or if a city is discontinued, the city shall subtract
17 from its maximum property taxes for the year in which the
18 severance or discontinuance takes effect an amount equal to
19 the last year's maximum tax rate times the taxable valuation
20 in the territory which is the subject of the severance or
21 discontinuance.

22 4. Property taxes certified for deposit in the debt
23 service fund in section 384.4, trust and agency funds in
24 section 384.6, capital improvements reserve fund in section
25 384.7, the emergency fund in section 384.8, any capital
26 projects fund established by the city for deposit of bond,
27 loan, or note proceeds, any temporary increase approved
28 pursuant to section 384.12A and property taxes collected from
29 a voted levy in section 384.12, are not counted against the
30 maximum amount of property tax dollars that may be certified
31 for a fiscal year under this subsection.

32 5. Notwithstanding the maximum amount of taxes a city may
33 certify for levy, the tax levied by a city on tracts of land
34 and improvements thereon used and assessed for agricultural or
35 horticultural purposes shall not exceed three dollars and

1 three-eighths cents per thousand dollars of assessed value in
2 any year. Improvements located on such tracts of land and not
3 used for agricultural or horticultural purposes and all
4 residential dwellings are subject to the same rate of tax
5 levied by the city on all other taxable property within the
6 city.

7 6. For the purposes of the fiscal year beginning July 1,
8 2002, the prior year's maximum property tax dollars is the
9 amount computed under section 384.1A.

10 7. The city finance committee established under section
11 384.13 shall adopt rules to administer this section and
12 section 384.1A.

13 Sec. 21. NEW SECTION. 384.1A BASE YEAR MAXIMUM TAXES.

14 1. a. For purposes of section 384.1, for fiscal years
15 beginning on or after July 1, 2002, the maximum amount of
16 property tax dollars which may be certified by a city for city
17 government purposes for taxes payable in the fiscal year
18 beginning July 1, 2001, shall be an amount equal to the sum of
19 the following, divided by three, and adjusted by the amounts
20 in paragraphs "b" and "c":

21 (1) The sum of the amount of property taxes levied for
22 city government purposes and the amount of property tax
23 replacement dollars received and the amount of local sales and
24 services tax revenues received as property tax relief
25 deposited in the city general fund all for the fiscal year
26 beginning July 1, 1997, times one and sixty-eight thousandths.

27 (2) The sum of the amount of property taxes levied for
28 city government purposes and the amount of property tax
29 replacement dollars received and the amount of local sales and
30 services tax revenues received as property tax relief
31 deposited in the city general fund all for the fiscal year
32 beginning July 1, 1998, times one and forty-seven thousandths.

33 (3) The sum of the amount of property taxes levied for
34 city government purposes and the amount of property tax
35 replacement dollars received and the amount of local sales and

1 services tax revenues received as property tax relief
2 deposited in the city general fund all for the fiscal year
3 beginning July 1, 1999, times one and three hundredths.
4 b. The amount in paragraph "a" shall be adjusted by
5 subtracting the amount of the ending fund balance differential
6 for city government purposes as provided in this paragraph.
7 The ending fund balance differential for city government
8 purposes is the difference between the city general fund's
9 ending balance for the fiscal year beginning July 1, 1999, and
10 the city general fund's ending balance for the fiscal year
11 beginning July 1, 1996, divided by three.

12 c. For purposes of this subsection, "city government
13 purposes" does not include taxes levied for deposit in the
14 debt service fund, trust and agency funds, capital
15 improvements reserve fund, the emergency fund, any capital
16 projects fund established by the city for deposit of bond,
17 loan, or note proceeds, and any voted levies under section
18 384.12.

19 Sec. 22. NEW SECTION. 384.1B STATE PROPERTY TAX RELIEF.

20 It is the intent of the general assembly that the maximum
21 amount of property tax dollars which may be certified, as
22 calculated pursuant to section 384.1, shall be reduced by the
23 amount appropriated by the general assembly for property tax
24 relief first enacted for fiscal years beginning on or after
25 July 1, 2000.

26 Sec. 23. NEW SECTION. 384.12A AUTHORITY TO LEVY BEYOND
27 MAXIMUM PROPERTY TAX DOLLARS.

28 1. The city council may certify additions to the maximum
29 amount of property tax dollars to be levied for a period of
30 time not to exceed ten years if the proposition has been
31 submitted at a special levy election and received a favorable
32 majority of the votes cast on the proposition. However, a
33 city may not proceed under this section if the additional
34 property tax dollars being sought are to fund a general city
35 purpose or an essential city purpose for which general

1 obligation bonds may be issued under section 384.25 or 384.26.

2 2. Such special election is subject to the following:

3 a. The city council must give at least thirty days' notice
4 to the county commissioner of elections that the special
5 election is to be held.

6 b. The special election shall be conducted by the county
7 commissioner of elections in accordance with the law.

8 c. The proposition to be submitted shall be substantially
9 in the following form:

10 "Vote "yes" or "no" on the following:

11 Shall the city of _____ levy for an additional \$ _____
12 each year for _____ years beginning next July 1 in excess of
13 the statutory limits otherwise applicable for the city general
14 fund?"

15 d. The canvass shall be held beginning at one p.m. on the
16 second day which is not a holiday following the special
17 election.

18 e. Notice of the proposed special election shall be
19 published at least twice in a newspaper as specified in
20 section 362.3 prior to the date of the special election. The
21 first notice shall appear as early as practicable after the
22 city council has decided to seek additional property tax
23 dollars.

24 Sec. 24. NEW SECTION. 384.12B BEGINNING CASH BALANCE
25 LIMITATION.

26 Beginning with the fiscal year beginning July 1, 2004, the
27 beginning fund balance for the city general fund shall not
28 exceed an amount equal to fifty percent of the amount budgeted
29 for the fund for the fiscal year.

30 Sec. 25. Section 384.12, subsection 20, Code 1999, is
31 amended by striking the subsection.

32 Sec. 26. INTERIM STUDY REQUEST. The legislative council
33 shall establish a legislative interim study committee to meet
34 during the 2000 interim comprised of members of the general
35 assembly to study the property tax system in Iowa and related

1 topics deemed appropriate by the committee. The committee
2 shall study the role of property taxes as the primary source
3 of revenue for local governments, including how such revenue
4 is spent and the effectiveness of property tax relief
5 measures. The committee shall study alternative forms of
6 financing costs and expenses presently financed by property
7 taxes and shall explore economies and efficiencies that could
8 be realized by cities and counties through increased joint
9 local government efforts and increased state assumption of
10 local government costs.

11 The committee shall study all aspects of the property tax
12 system, including, but not limited to, classification of
13 property, assessment of property, property tax exemptions and
14 credits, economic development tools involving property taxes,
15 and property tax collection, delinquency, and redemption.

16 The committee shall study current and proposed limitations
17 on property tax collections, including levy rate limits,
18 limitations on growth in assessments, and limitations on the
19 amount of property tax dollars collected per year by cities
20 and counties.

21 As part of its duties, the committee shall review this Act.

22 The committee shall report to the general assembly by
23 January 15, 2001. The report shall include recommendations
24 pertaining to this Act.

25 Sec. 27. Sections 331.426 and 403.20, Code 1999, are
26 repealed.

27 Sec. 28. Section 26 of this Act, being deemed of immediate
28 importance, takes effect upon enactment. The remainder of
29 this Act shall not take effect until the interim committee
30 established pursuant to section 26 of this Act files its final
31 report with the majority leader of the senate and speaker of
32 the house of representatives.

33 Sec. 29. APPLICABILITY DATE. This Act applies to the
34 fiscal year beginning July 1, 2002, and all subsequent fiscal
35 years.

EXPLANATION

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2 This bill relates to the limitation on property taxes for
3 cities and counties by removing the property tax rate
4 limitations on cities and counties and substituting a
5 limitation on property tax dollars and by providing for state
6 funding of certain mandates imposed on political subdivisions.

7 The bill provides that if a new state mandate is imposed on
8 or after July 1, 2000, which requires engaging in a new
9 activity, providing a new service, or expanding a service
10 beyond what was required before July 1, 2000, the state
11 mandate must be fully funded. If the state mandate is not
12 fully funded, the affected political subdivisions are not
13 required to comply or implement the state mandate. Also, no
14 fines or penalties may be imposed on a political subdivision
15 for failure to comply or carry out an unfunded state mandate.

16 However, requirements relating to public employee
17 retirement systems under Code chapters 97B, 410, and 411, or
18 to the enforcement of Code chapter 321J or to the criminal
19 code pursuant to Code chapters 701 to 728, are not considered
20 state mandates. Also, requirements originating from the
21 federal government and administered, implemented, or enacted
22 by state law or rule are not considered state mandates.

23 This bill strikes Code section 25B.2, subsection 3, and
24 rewrites it as a new section outside the intent section of
25 Code chapter 25B. The rewritten section removes a qualifying
26 phrase which limits the circumstances under which a political
27 subdivision may fail to carry out an unfunded state mandate.
28 Community college and area education agency are added to the
29 definition of "political subdivision" as had been provided in
30 Code section 25B.2, subsection 3, which was stricken.

31 The bill removes the property tax rate limitations on
32 cities and counties and substitutes a limitation on the
33 maximum amount of property tax dollars which may be certified
34 by a city or county.

35 The bill requires each city and county to compute a maximum

1 property tax dollars base based on averages of three fiscal
2 years' worth of tax askings by the city or county multiplied
3 by a growth factor, i.e., price index, for each of the three
4 years. Adjustments are made for ending fund balance
5 differentials between the three years, amount of property tax
6 replacement dollars received for the three years, and amount
7 of local sales and services taxes received for the three
8 years, if applicable. Computation of this base year for a
9 county does not include taxes levied for deposit in the mental
10 health fund, the debt service fund, and the cemetery fund, and
11 for a city does not include taxes levied for deposit in the
12 debt service fund, trust and agency funds, capital
13 improvements reserve fund, the emergency fund, capital
14 projects fund, and property taxes collected from a voted
15 supplemental levy.

16 The bill provides that the base year calculation shall be
17 the maximum property tax base for the fiscal year beginning
18 July 1, 2002, as adjusted by the growth factor. Each year,
19 property tax replacement dollars to be received and local
20 sales and services taxes to be received are subtracted from
21 the amount of property taxes for the fiscal year to reach the
22 maximum amount of property taxes authorized to be levied for
23 the fiscal year. "Property tax replacement dollars" is
24 defined to mean revenues received from the utility delivery,
25 generation, and transmission taxes and the machinery and
26 equipment reimbursements to cities and counties.

27 The bill provides that a city or county that has not levied
28 at its maximum for a year may carry forward the unused taxing
29 authority from year to year in an amount not to exceed 25
30 percent of the budget for the year. The bill also provides
31 that taxes from new valuation be added in separately.

32 The bill allows a city or county to exceed its maximum tax
33 authority for up to 10 years at a time if approved by the
34 voters at a special election. The bill also allows the
35 secondary road fund levy limits to be exceeded if approved by

1 the voters at a special election.

2 The bill provides that the beginning fund balance for the
3 city general fund or for the county general and rural funds
4 shall not exceed 50 percent of the budget for the fiscal year.

5 The bill repeals the supplemental levy for counties and the
6 sections of the Code that currently allow cities and counties
7 to exceed their levy rate limitations. The bill gives
8 counties authority to establish a cemetery fund and trust and
9 agency funds.

10 The bill repeals the section of the Code that requires that
11 the property assessment limitation rollback for an entire
12 urban renewal area be applied to the base valuation only.

13 The bill provides that the legislative council establish a
14 legislative study committee to study property taxes and to
15 study and make recommendations on this bill. The committee is
16 to report to the general assembly by January 15, 2001. This
17 portion of the bill takes effect immediately. The remainder
18 of the bill takes effect when the final report of the interim
19 study committee is filed with the majority leader of the
20 senate and the speaker of the house of representatives.

21 The bill applies to fiscal years beginning July 1, 2002,
22 and all subsequent fiscal years.

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