

JAN 15 2003
WAYS AND MEANS

HOUSE FILE 25
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S. OLSON

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

A BILL FOR

1 An Act relating to a limitation on property taxes for cities and
2 counties.

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

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1 Section 1. NEW SECTION. 444.25 PROPERTY TAX LIMITATIONS
2 FOR 2004-2005 AND 2005-2006 FISCAL YEARS.

3 1. COUNTY LIMITATION. The maximum amount of property tax
4 dollars that may be certified by a county for taxes payable in
5 the fiscal year beginning July 1, 2004, shall not exceed the
6 amount of property tax dollars certified by the county for
7 taxes payable in the fiscal year beginning July 1, 2003, and
8 the maximum amount of property tax dollars that may be
9 certified by a county for taxes payable in the fiscal year
10 beginning July 1, 2005, shall not exceed the amount of
11 property tax dollars certified by the county for taxes payable
12 in the fiscal year beginning July 1, 2004, for each of the
13 levies for the following:

- 14 a. General county services under section 331.422,
15 subsection 1.
- 16 b. Rural county services under section 331.422, subsection
17 2.
- 18 c. Other taxes under section 331.422, subsection 4.

19 The limitation provided in this subsection does not apply
20 to the levies on the increase in taxable valuation due to new
21 construction, additions or improvements to existing
22 structures, remodeling of existing structures for which a
23 building permit is required, annexation, and phasing out of
24 tax exemptions, and on the increase in valuation of taxable
25 property as a result of a comprehensive revaluation by a
26 private appraiser under a contract entered into prior to
27 January 1, 2003, or as a result of a comprehensive revaluation
28 directed or authorized by the conference board prior to
29 January 1, 2003, with documentation of the contract,
30 authorization, or directive on the revaluation provided to the
31 director of revenue and finance, if the levies are equal to or
32 less than the levies for the previous year; levies on that
33 portion of the taxable property located in an urban renewal
34 project the tax revenues from which are no longer divided as
35 provided in section 403.19, subsection 2; or as otherwise

1 provided in this section.

2 2. CITY LIMITATION. The maximum amount of property tax
3 dollars that may be certified by a city for taxes payable in
4 the fiscal year beginning July 1, 2004, shall not exceed the
5 amount in property tax dollars certified by the city for taxes
6 payable in the fiscal year beginning July 1, 2003, and the
7 maximum amount of property tax dollars that may be certified
8 by a city for taxes payable in the fiscal year beginning July
9 1, 2005, shall not exceed the amount of property tax dollars
10 certified by the city for taxes payable in the fiscal year
11 beginning July 1, 2004, for each of the levies for the
12 following:

- 13 a. City government purposes under section 384.1.
- 14 b. Capital improvements reserve fund under section 384.7.
- 15 c. Emergency fund purposes under section 384.8.
- 16 d. Other city government purposes under section 384.12.

17 The limitation provided in this subsection does not apply
18 to the levies on the increase in taxable valuation due to new
19 construction, additions or improvements to existing
20 structures, remodeling of existing structures for which a
21 building permit is required, annexation, and phasing out of
22 tax exemptions, and on the increase in valuation of taxable
23 property as a result of a comprehensive revaluation by a
24 private appraiser under a contract entered into prior to
25 January 1, 2003, or as a result of a comprehensive revaluation
26 directed or authorized by the conference board prior to
27 January 1, 2003, with documentation of the contract,
28 authorization, or directive on the revaluation provided to the
29 director of revenue and finance, if the levies are equal to or
30 less than the levies for the previous year; levies on that
31 portion of the taxable property located in an urban renewal
32 project the tax revenues from which are no longer divided as
33 provided in section 403.19, subsection 2; or as otherwise
34 provided in this section.

35 3. EXCEPTIONS. The limitations provided in subsections 1

1 and 2 do not apply to the levies made for the following:

2 a. Debt service to be deposited into the debt service fund
3 pursuant to section 331.430 or 384.4.

4 b. Taxes approved by a vote of the people which are
5 payable during the fiscal year beginning July 1, 2004, or July
6 1, 2005.

7 c. Hospitals pursuant to chapters 37, 347, and 347A.

8 d. Unusual need for additional moneys to finance existing
9 programs which would provide substantial benefit to city or
10 county residents or compelling need to finance new programs
11 which would provide substantial benefit to city or county
12 residents. The increase in taxes levied under this exception
13 for the fiscal year beginning July 1, 2004, is limited to no
14 more than the product of the total tax dollars levied in the
15 fiscal year beginning July 1, 2003, and the percent change in
16 the price index for government purchases by type for state and
17 local governments computed for calendar year 2003. The
18 increase in taxes levied under this exception for the fiscal
19 year beginning July 1, 2005, is limited to no more than the
20 product of the total tax dollars levied in the fiscal year
21 beginning July 1, 2004, and the percent change in the price
22 index for government purchases by type for state and local
23 governments computed for calendar year 2004. The price index
24 used shall be the state and local government chain-type price
25 index used in the quantity and price indexes for gross
26 domestic product as published by the United States department
27 of commerce. For purposes of this paragraph, tax dollars
28 levied in the fiscal years beginning July 1, 2003, and July 1,
29 2004, shall not include funds levied for the purposes set out
30 in paragraphs "a", "b", and "c".

31 Application of this exception shall require an original
32 publication of the budget and a public hearing and a second
33 publication and a second hearing both in the manner and form
34 prescribed by the director of the department of management,
35 notwithstanding the provisions of sections 331.434, 362.3, and

1 384.16. The publications and hearings prescribed in this
2 paragraph shall be held and the budget certified no later than
3 March 15. The taxes levied for counties and cities whose
4 budgets are certified after March 15, 2004, are limited as
5 provided in section 331.434, subsection 7, and section 384.16,
6 subsection 6.

7 4. APPEAL PROCEDURES. In lieu of the procedures in
8 sections 24.48 and 331.426, which procedures, pursuant to
9 section 444.25B, do not apply for taxes payable in the fiscal
10 years beginning July 1, 2004, and July 1, 2005, if a city or
11 county needs to raise property tax dollars from a tax levy in
12 excess of the limitations imposed by subsection 1 or 2, the
13 following procedures apply:

14 a. Not later than March 1, and after the publication and
15 public hearing on the budget in the manner and form prescribed
16 by the director of the department of management,
17 notwithstanding sections 331.434, 362.3, and 384.16, the city
18 or county shall petition the state appeal board for approval
19 of a property tax increase in excess of the increase provided
20 for in subsection 3, paragraph "d", on forms furnished by the
21 director of the department of management. Applications
22 received after March 1 shall be automatically ineligible for
23 consideration by the board.

24 b. Additional costs incurred by the city or county due to
25 any of the following circumstances shall be the basis for
26 justifying the excess in property tax dollars under this
27 subsection:

28 (1) Natural disaster or other life-threatening
29 emergencies.

30 (2) Unusual need for additional moneys to finance existing
31 programs that would provide substantial benefit to city or
32 county residents or compelling need to finance new programs
33 that would provide substantial benefit to city or county
34 residents.

35 (3) Need for additional moneys for health care, treatment,

1 and facilities, including mental health and mental retardation
2 care and treatment pursuant to section 331.424, subsection 1,
3 paragraphs "a" and "b".

4 (4) Judgments, settlements, and related costs arising out
5 of civil claims against the city or county and its officers,
6 employees, and agents, as defined in chapter 670.

7 c. The state appeal board shall approve, disapprove, or
8 reduce the amount of excess property tax dollars requested.
9 The board shall take into account the intent of this section
10 to provide property tax relief. The decision of the board
11 shall be rendered at a regular or special meeting of the board
12 within twenty days of the board's receipt of an appeal.

13 d. Within seven days of receipt of the decision of the
14 state appeal board, the county or city shall adopt and certify
15 its budget under section 331.434 or 384.16, which budgets may
16 be protested as provided in section 331.436 or 384.19. The
17 budget shall not contain an amount of property tax dollars in
18 excess of the amount approved by the state appeal board.

19 5. COUNTY AUDITOR ADJUSTMENT. In addition to the
20 requirement of the county auditor in section 444.3 to
21 establish a rate of tax which does not exceed the rate
22 authorized by law, the county auditor shall also adjust the
23 rate if the amount of property tax dollars to be raised is in
24 excess of the amount specified in subsection 1 or 2, as may be
25 adjusted pursuant to subsection 4.

26 Sec. 2. NEW SECTION. 444.25A PROPERTY TAX LEVY
27 LIMITATIONS NOT AFFECTED.

28 Section 444.25 shall not be construed as removing or
29 otherwise affecting the property tax limitations otherwise
30 provided by law for any tax levy of the political subdivision,
31 except that, upon an appeal from the political subdivision,
32 the state appeal board may approve a tax levy consistent with
33 the provisions of section 24.48 or 331.426.

34 Sec. 3. NEW SECTION. 444.25B SECTIONS VOID.

35 Sections 24.48 and 331.426 are void for the fiscal years

1 beginning July 1, 2004, and July 1, 2005.

2 EXPLANATION

3 This bill limits, for FY 2004-2005 and FY 2005-2006, the
4 maximum dollar amounts of property tax levies to be imposed by
5 cities and counties to the dollar amounts of the property
6 taxes levied by the cities and counties in FY 2003-2004 and FY
7 2004-2005, with certain exceptions. In addition, current
8 property tax rate limits still apply. The following are
9 exceptions to the limitations: levies on the increase in
10 taxable valuation due to new construction or improvements,
11 annexation, or phasing out of tax exemptions, or due to a
12 comprehensive revaluation authorized before calendar year
13 2003, if equal to or less than the previous year's levies;
14 levies for discontinued tax increment financing areas; other
15 levies for debt service; taxes approved by a vote of the
16 people which are payable during FY 2004-2005 or FY 2005-2006;
17 certain levies for hospitals; and, only after publication and
18 public hearings, tax levies for moneys to permit, in cases of
19 unusual need, additional financing of existing programs
20 providing a substantial benefit or to permit, in cases of
21 compelling need, financing of new programs providing a
22 substantial benefit. If a petition is filed by March 1 and
23 approved by the state appeal board, the limitations may be
24 exceeded for expenditures relating to any of the following:
25 natural disaster or other life-threatening emergencies;
26 unusual need for additional financing of existing programs
27 providing a substantial benefit, or compelling need for
28 financing of new programs providing a substantial benefit;
29 need for additional financing for certain health care,
30 treatment, and facilities; and civil tort claims.

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