

JAN 3 0 2003

WAYS & MEANS CALENDAR

HOUSE FILE 96
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2)

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

A BILL FOR

1 An Act relating to the percentage of property valuation in each
2 county and city that is subject to the ad valorem property tax
3 and providing for the Act's applicability.

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

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HF 96

1 Section 1. NEW SECTION. 443.1A DETERMINATION OF
2 PERCENTAGE OF ADJUSTED TAXABLE VALUE.

3 1. On or before January 15 of each year, the board of
4 supervisors of each county and the city council of each city
5 shall, by resolution, determine the percentage of the adjusted
6 taxable value that will be subject to the ad valorem property
7 tax levy payable in the following fiscal year. The same
8 percentage shall be applied to all classes of property. The
9 board and each city council shall certify such percentage to
10 the county auditor.

11 For purposes of the city levy, the amount of value in
12 section 403.19, subsections 1 and 2, shall be adjusted by the
13 same percentage. For purposes of the county levy, the amount
14 of value in section 403.19, subsections 1 and 2, shall be
15 adjusted by the same percentage.

16 Notice of the percentage of adjusted taxable value subject
17 to the ad valorem property tax levy payable in the following
18 fiscal year for the county and for each city shall be
19 published by the auditor in a newspaper of general circulation
20 in the county on or before the following March 15. The notice
21 shall read as follows:

22 "State law allows the (board of supervisors or city
23 council, as applicable) to set the percentage of the property
24 tax assessed value that will be subject to property tax, after
25 application of the state rollback and equalization. For taxes
26 due and payable in the fiscal year beginning July 1, (year),
27 the percentage of assessed value subject to the (county or
28 city, as applicable) property tax levy will be (insert
29 percentage)."

30 2. For purposes of this section, "adjusted taxable value"
31 means the taxable value after the assessment limitation in
32 section 441.21 has been applied and after the equalization
33 order in section 441.47 has been applied.

34 Sec. 2. Section 443.2, unnumbered paragraph 2, Code 2003,
35 is amended to read as follows:

1 The county auditor shall list the aggregate actual value
2 and the aggregate taxable value of all taxable property within
3 the county and each political subdivision including property
4 subject to the statewide property tax imposed under section
5 437A.18 on the tax list in order that the actual value of the
6 taxable property within the county or a political subdivision
7 may be ascertained and shown by the tax list for the purpose
8 of computing the debt-incurring capacity of the county or
9 political subdivision. As used in this section, "actual
10 value" is the value determined under section 441.21,
11 subsections 1 to 3, prior to the reduction to a percentage of
12 actual value as otherwise provided in section 441.21 and prior
13 to any reduction approved under section 443.1A. "Actual
14 value" of property subject to statewide property tax is the
15 assessed value under section 437A.18.

16 Sec. 3. Section 443.2, Code 2003, is amended by adding the
17 following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. For the county and each city in
19 the county, the auditor shall include, in a separate column,
20 the percentage of adjusted taxable value that will be subject
21 to the ad valorem property tax as that percentage is certified
22 by the board of supervisors and the city council of each city
23 pursuant to section 443.1A.

24 Sec. 4. APPLICABILITY. This Act applies to assessments
25 for taxes due and payable in the fiscal year beginning July 1,
26 2004, and all subsequent fiscal years.

27 EXPLANATION

28 This bill requires the county board of supervisors and the
29 city council to adopt a resolution on or before January 15 of
30 each year indicating the percentage of adjusted taxable value
31 that will be subject to the ad valorem property tax in the
32 following fiscal year. The boards and city councils shall
33 certify the percentage to the county auditor, who is required
34 to publish notice of the percentage in a newspaper of general
35 circulation in the county.

1 The bill defines "adjusted taxable valuation" as the
2 property valuation after the assessment limitation (i.e., the
3 rollback) and any equalization orders have been applied.

4 The bill applies to assessments for taxes due and payable
5 in the fiscal year beginning July 1, 2004, and all subsequent
6 fiscal years.

HOUSE FILE 96

H-1021

1 Amend House File 96 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

1 4 "Section 1. NEW SECTION. 331.404 NOTICE OF
1 5 TAXABLE VALUATION.

1 6 At the next regularly scheduled meeting of the
1 7 board of supervisors following receipt of the annual
1 8 report from the county auditor pursuant to section
1 9 331.510, subsection 4, the board of supervisors shall
1 10 publish, as part of the minutes of that meeting,
1 11 notice of the amount of taxable valuation reported for
1 12 the following fiscal year and the amount of taxable
1 13 valuation reported in the previous year for the
1 14 current fiscal year.

1 15 The following statement shall be published below
1 16 the notice of the amounts of taxable valuation:

1 17 "An increase in taxable valuation of property may
1 18 result in an increase in property taxes due for the
2 19 fiscal year beginning July 1 unless the board of
2 20 supervisors reduces the tax levy for that fiscal
2 21 year."

2 22 Sec. 2. NEW SECTION. 384.22A NOTICE OF TAXABLE
2 23 VALUATION.

2 24 At the next regularly scheduled meeting of the city
2 25 council following receipt of the annual report from
2 26 the county auditor pursuant to section 331.510,
2 27 subsection 4, the city council shall publish, as part
2 28 of the minutes of that meeting, notice of the amount
2 29 of taxable valuation reported for the following fiscal
2 30 year and the amount of taxable valuation reported in
2 31 the previous year for the current fiscal year.

2 32 The following statement shall be published below
2 33 the notice of the amounts of taxable valuation:

2 34 "An increase in taxable valuation of property may
3 35 result in an increase in property taxes due for the
3 36 fiscal year beginning July 1 unless the city council
3 37 reduces the tax levy for that fiscal year."

3 38 2. Title page, by striking lines 1 through 3 and
3 39 inserting the following: "An Act relating to a city
3 40 or county publishing notice of taxable valuation."

By CARROLL of Poweshiek
HUSER of Polk
KUHN of Floyd

H-1021 FILED FEBRUARY 25, 2003

Fiscal Note

HF 96 - Local Vote on Assessments (LSB 1136 HV)

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Fiscal Note Version — Version 1

Description

House File 96 requires the county board of supervisors and the city council to adopt a resolution by January 15 of each year indicating the percentage of adjusted taxable value that will be subject to property tax in the following fiscal year. The boards and councils are to certify the percentage to the county auditor, and the auditor publishes notice of the percentage.

Assumptions

1. Only cities and counties are affected by HF 96. Other taxing authorities, such as school districts, will continue to levy against full taxable valuations.
 2. Counties will incur costs for public notifications of the cities' and county's resolutions by the county auditor. Publication costs vary between \$100 and \$500, yielding a maximum cost to the counties of \$50,000.
 3. New tax forms will need to be printed. The new forms may require larger or odd-size paper, which could result in some increased in printing and mailing costs.
 4. The city, county, and State tax software will need to be modified to accommodate for additional information.
 - Agencies with in-house programming capabilities will experience opportunity costs as they forego other projects and apply resources to the requirements of this Bill.
 - Agencies without programming capabilities will contract for the updates, which the Iowa State Association of Counties estimates could cost up to \$2,000 per county.
 - The Department of Management estimates contract programming for its two systems will cost approximately \$51,000.
 5. Counties have a General Services Levy limit of \$3.50 per \$1,000 taxable valuation and a Rural Services Levy limit of \$3.95 per \$1,000 taxable valuation. Cities have a General Services Levy limit of \$8.10 per \$1,000 taxable valuation. Both cities and counties have the authority for supplemental levies if the above limits are inadequate to pay for such things as employee benefits, insurance for operations or self-insurance, emergency management, and a number of other items. Given the ability to shift costs to supplemental levies, it is not possible to determine how many cities and counties are approaching or have reached their taxing limits.
 6. Under HF 96, cities and counties could reduce the percentage of valuation that is taxed and raise their levies in a budget neutral manner. Since the Homestead Tax Credit is calculated by multiplying \$4,850 in taxable value by the levy rate, it is possible to increase the costs to the State General Fund. It is estimated that 750,000 residents receive the Homestead Tax Credit.
 7. Under HF 96, cities and counties that are at their maximum tax levy limits could set the percentage of valuation in excess of 100.0% and reduce their levy rate accordingly, thus
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Fiscal Impact

The costs for HF 96 cannot be determined. While cities, counties, and the General Fund may experience cost increases, there is insufficient information to provide an estimate.

Sources

Iowa State Association of Counties
Iowa League of Cities
Department of Management
Department of Revenue and Finance

February 5, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
