

# House File 2516 - Introduced

HOUSE FILE \_\_\_\_\_  
BY RANTS

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

## A BILL FOR

1 An Act relating to property taxation by making the assessment  
2 limitations of certain classes of property mutually dependent,  
3 limiting certain county and city property taxes in certain  
4 fiscal years, and requiring the state to pay any related  
5 property tax increases due to the state percent of growth for  
6 purposes of the state school foundation program, and including  
7 retroactive and other applicability date provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 5634YH 82  
10 sc/rj/5

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1 1 DIVISION I  
1 2 PROPERTY ASSESSMENT LIMITATION (ROLLBACK)  
1 3 Section 1. Section 441.21, subsections 4 and 5, Code 2007,  
1 4 are amended to read as follows:  
1 5 4. For valuations established as of January 1, 1979, the  
1 6 percentage of actual value at which agricultural and  
1 7 residential property shall be assessed shall be the quotient  
1 8 of the dividend and divisor as defined in this section. The  
1 9 dividend for each class of property shall be the dividend as  
1 10 determined for each class of property for valuations  
1 11 established as of January 1, 1978, adjusted by the product  
1 12 obtained by multiplying the percentage determined for that  
1 13 year by the amount of any additions or deletions to actual  
1 14 value, excluding those resulting from the revaluation of  
1 15 existing properties, as reported by the assessors on the  
1 16 abstracts of assessment for 1978, plus six percent of the  
1 17 amount so determined. ~~However, if the difference between the~~  
~~1 18 dividend so determined for either class of property and the~~  
~~1 19 dividend for that class of property for valuations established~~  
~~1 20 as of January 1, 1978, adjusted by the product obtained by~~  
~~1 21 multiplying the percentage determined for that year by the~~  
~~1 22 amount of any additions or deletions to actual value,~~  
~~1 23 excluding those resulting from the revaluation of existing~~  
~~1 24 properties, as reported by the assessors on the abstracts of~~  
~~1 25 assessment for 1978, is less than six percent, the 1979~~  
~~1 26 dividend for the other class of property shall be the dividend~~  
~~1 27 as determined for that class of property for valuations~~  
~~1 28 established as of January 1, 1978, adjusted by the product~~  
~~1 29 obtained by multiplying the percentage determined for that~~  
~~1 30 year by the amount of any additions or deletions to actual~~  
~~1 31 value, excluding those resulting from the revaluation of~~  
~~1 32 existing properties, as reported by the assessors on the~~  
~~1 33 abstracts of assessment for 1978, plus a percentage of the~~  
~~1 34 amount so determined which is equal to the percentage by which~~  
~~2 1 the dividend as determined for the other class of property for~~  
~~2 2 valuations established as of January 1, 1978, adjusted by the~~  
~~2 3 product obtained by multiplying the percentage determined for~~  
~~2 4 that year by the amount of any additions or deletions to~~  
~~2 5 actual value, excluding those resulting from the revaluation~~  
~~2 6 of existing properties, as reported by the assessors on the~~  
~~2 7 abstracts of assessment for 1978, is increased in arriving at~~  
~~2 8 the 1979 dividend for the other class of property. The~~  
2 9 divisor for each class of property shall be the total actual  
2 10 value of all such property in the state in the preceding year,  
2 11 as reported by the assessors on the abstracts of assessment  
2 12 submitted for 1978, plus the amount of value added to said  
2 13 total actual value by the revaluation of existing properties  
2 14 in 1979 as equalized by the director of revenue pursuant to  
2 15 section 441.49. The director shall utilize information  
2 16 reported on abstracts of assessment submitted pursuant to

2 16 section 441.45 in determining such percentage. For valuations  
2 17 established as of January 1, 1980, and each year thereafter,  
2 18 the percentage of actual value as equalized by the director of  
2 19 revenue as provided in section 441.49 at which agricultural  
2 20 and residential property shall be assessed shall be calculated  
2 21 in accordance with the methods provided herein including the  
~~2 22 limitation of increases in agricultural and residential~~  
~~2 23 assessed values to the percentage increase of the other class~~  
~~2 24 of property if the other class increases less than the~~  
~~2 25 allowable limit adjusted to include the applicable and current~~  
~~2 26 values as equalized by the director of revenue in this~~  
~~2 27 subsection, except that any references to six percent in this~~  
~~2 28 subsection shall be four percent. For valuations established~~  
~~2 29 for the assessment year beginning January 1, 2008, and each~~  
~~2 30 year thereafter, the percentage of actual value as equalized~~  
~~2 31 by the director of revenue as provided in section 441.49 at~~  
~~2 32 which agricultural and residential property shall be assessed~~  
~~2 33 shall be calculated in accordance with the methods provided in~~  
~~2 34 this subsection and subsection 5A, except that any references~~  
~~2 35 to six percent in this subsection shall be four percent.~~

3 1 5. For valuations established as of January 1, 1979,  
3 2 commercial property and industrial property, excluding  
3 3 properties referred to in section 427A.1, subsection 8, shall  
3 4 be assessed as a percentage of the actual value of each class  
3 5 of property. The percentage shall be determined for each  
3 6 class of property by the director of revenue for the state in  
3 7 accordance with the provisions of this section. For  
3 8 valuations established as of January 1, 1979, the percentage  
3 9 shall be the quotient of the dividend and divisor as defined  
3 10 in this section. The dividend for each class of property  
3 11 shall be the total actual valuation for each class of property  
3 12 established for 1978, plus six percent of the amount so  
3 13 determined. The divisor for each class of property shall be  
3 14 the valuation for each class of property established for 1978,  
3 15 as reported by the assessors on the abstracts of assessment  
3 16 for 1978, plus the amount of value added to the total actual  
3 17 value by the revaluation of existing properties in 1979 as  
3 18 equalized by the director of revenue pursuant to section  
3 19 441.49. For valuations established as of January 1, 1979,  
3 20 property valued by the department of revenue pursuant to  
3 21 chapters 428, 433, 437, and 438 shall be considered as one  
3 22 class of property and shall be assessed as a percentage of its  
3 23 actual value. The percentage shall be determined by the  
3 24 director of revenue in accordance with the provisions of this  
3 25 section. For valuations established as of January 1, 1979,  
3 26 the percentage shall be the quotient of the dividend and  
3 27 divisor as defined in this section. The dividend shall be the  
3 28 total actual valuation established for 1978 by the department  
3 29 of revenue, plus ten percent of the amount so determined. The  
3 30 divisor for property valued by the department of revenue  
3 31 pursuant to chapters 428, 433, 437, and 438 shall be the  
3 32 valuation established for 1978, plus the amount of value added  
3 33 to the total actual value by the revaluation of the property  
3 34 by the department of revenue as of January 1, 1979. For  
3 35 valuations established as of January 1, 1980, commercial  
4 1 property and industrial property, excluding properties  
4 2 referred to in section 427A.1, subsection 8, shall be assessed  
4 3 at a percentage of the actual value of each class of property.  
4 4 The percentage shall be determined for each class of property  
4 5 by the director of revenue for the state in accordance with  
4 6 the provisions of this section. For valuations established as  
4 7 of January 1, 1980, the percentage shall be the quotient of  
4 8 the dividend and divisor as defined in this section. The  
4 9 dividend for each class of property shall be the dividend as  
4 10 determined for each class of property for valuations  
4 11 established as of January 1, 1979, adjusted by the product  
4 12 obtained by multiplying the percentage determined for that  
4 13 year by the amount of any additions or deletions to actual  
4 14 value, excluding those resulting from the revaluation of  
4 15 existing properties, as reported by the assessors on the  
4 16 abstracts of assessment for 1979, plus four percent of the  
4 17 amount so determined. The divisor for each class of property  
4 18 shall be the total actual value of all such property in 1979,  
4 19 as equalized by the director of revenue pursuant to section  
4 20 441.49, plus the amount of value added to the total actual  
4 21 value by the revaluation of existing properties in 1980. The  
4 22 director shall utilize information reported on the abstracts  
4 23 of assessment submitted pursuant to section 441.45 in  
4 24 determining such percentage. For valuations established as of  
4 25 January 1, 1980, property valued by the department of revenue  
4 26 pursuant to chapters 428, 433, 437, and 438 shall be assessed

4 27 at a percentage of its actual value. The percentage shall be  
4 28 determined by the director of revenue in accordance with the  
4 29 provisions of this section. For valuations established as of  
4 30 January 1, 1980, the percentage shall be the quotient of the  
4 31 dividend and divisor as defined in this section. The dividend  
4 32 shall be the total actual valuation established for 1979 by  
4 33 the department of revenue, plus eight percent of the amount so  
4 34 determined. The divisor for property valued by the department  
4 35 of revenue pursuant to chapters 428, 433, 437, and 438 shall  
5 1 be the valuation established for 1979, plus the amount of  
5 2 value added to the total actual value by the revaluation of  
5 3 the property by the department of revenue as of January 1,  
5 4 1980. For valuations established as of January 1, 1981, and  
5 5 each year thereafter, the percentage of actual value as  
5 6 equalized by the director of revenue as provided in section  
5 7 441.49 at which commercial property and industrial property,  
5 8 excluding properties referred to in section 427A.1, subsection  
5 9 8, shall be assessed shall be calculated in accordance with  
5 10 the methods provided herein in this subsection, except that  
5 11 any references to six percent in this subsection shall be four  
5 12 percent. For valuations established as of January 1, 1981,  
5 13 and each year thereafter, the percentage of actual value at  
5 14 which property valued by the department of revenue pursuant to  
5 15 chapters 428, 433, 437, and 438 shall be assessed shall be  
5 16 calculated in accordance with the methods provided herein,  
5 17 except that any references to ten percent in this subsection  
5 18 shall be eight percent. Beginning with valuations established  
5 19 as of January 1, 1979, and each year thereafter, property  
5 20 valued by the department of revenue pursuant to chapter 434  
5 21 shall also be assessed at a percentage of its actual value  
5 22 which percentage shall be equal to the percentage determined  
5 23 by the director of revenue for commercial property, industrial  
5 24 property, or property valued by the department of revenue  
5 25 pursuant to chapters 428, 433, 437, and 438, whichever is  
5 26 lowest. For valuations established for the assessment year  
5 27 beginning January 1, 2008, and each year thereafter, the  
5 28 percentage of actual value as equalized by the director of  
5 29 revenue as provided in section 441.49 at which commercial and  
5 30 industrial property shall be assessed shall be calculated in  
5 31 accordance with the methods provided in this subsection and  
5 32 subsection 5A, except that any references to six percent in  
5 33 this subsection shall be four percent.

5 34 Sec. 2. Section 441.21, Code 2007, is amended by adding  
5 35 the following new subsection:

6 1 NEW SUBSECTION. 5A. Notwithstanding the limitation of  
6 2 increases for agricultural and residential property in  
6 3 subsection 4 and the limitation of increases for commercial  
6 4 and industrial property in subsection 5, for valuations  
6 5 established for the assessment year beginning January 1, 2008,  
6 6 and each year thereafter, for residential, agricultural, and  
6 7 commercial property, the assessed values of these three  
6 8 classes of property shall be limited to the percentage  
6 9 increase of that class of property that is the lowest  
6 10 percentage increase under the allowable limit adjusted to  
6 11 include the applicable and current values as equalized by the  
6 12 director of revenue. The percentage of actual value at which  
6 13 industrial property shall be assessed shall be equal to the  
6 14 percentage determined by the director of revenue under this  
6 15 subsection for commercial property.

6 16 Sec. 3. RETROACTIVE APPLICABILITY. This division of this  
6 17 Act applies retroactively to January 1, 2008, for assessment  
6 18 years beginning on or after that date.

#### 6 19 DIVISION II

#### 6 20 LIMITATION ON PROPERTY TAXES

6 21 Sec. 4. NEW SECTION. 331.422A LIMITATION ON TAXES  
6 22 CERTIFIED == EQUALIZATION ORDERS.

6 23 1. Notwithstanding any provision in this part to the  
6 24 contrary, if the equalization order issued by the department  
6 25 of revenue to an assessing jurisdiction that is a county,  
6 26 provides, in the aggregate for all classes of property, a  
6 27 percentage increase in assessed values for the assessing  
6 28 jurisdiction, the maximum amount of property tax dollars that  
6 29 may be certified by the county in the fiscal year beginning  
6 30 July 1 of the even-numbered year following issuance of the  
6 31 equalization order shall not exceed the amount certified in  
6 32 the previous fiscal year, unless the board adopts a resolution  
6 33 pursuant to subsection 2.

6 34 2. Not less than thirty-five days before the certification  
6 35 date of the budget for the fiscal year beginning July 1 of the  
7 1 even-numbered year following issuance of an equalization order  
7 2 described in subsection 1, the board may adopt a resolution

7 3 declaring that for such budget the board does not intend to  
7 4 reduce its tax levy rates from the current fiscal year in  
7 5 order to compensate for the increase in property valuations  
7 6 due to the equalization orders issued by the department of  
7 7 revenue. The board shall publish notice of a hearing on the  
7 8 resolution in a newspaper of general circulation in the county  
7 9 not less than four nor more than ten days before the hearing.  
7 10 The notice shall contain a copy of the resolution. After the  
7 11 public hearing, the board may abandon the declaration  
7 12 contained in the resolution or the board may proceed with the  
7 13 declaration contained in the resolution.

7 14 Sec. 5. NEW SECTION. 384.1A LIMITATION ON TAXES  
7 15 CERTIFIED == EQUALIZATION ORDERS.

7 16 1. Notwithstanding any provision in this division to the  
7 17 contrary, if the equalization order issued by the department  
7 18 of revenue to an assessing jurisdiction that is a city,  
7 19 provides, in the aggregate for all classes of property, a  
7 20 percentage increase in assessed values for the assessing  
7 21 jurisdiction, the maximum amount of property tax dollars that  
7 22 may be certified by the city in the fiscal year beginning July  
7 23 1 of the even-numbered year following issuance of the  
7 24 equalization order shall not exceed the amount certified in  
7 25 the previous fiscal year, unless the city council adopts a  
7 26 resolution pursuant to subsection 3.

7 27 2. Notwithstanding any provision in this division to the  
7 28 contrary, if the equalization order issued by the department  
7 29 of revenue to an assessing jurisdiction that is a county,  
7 30 provides, in the aggregate for all classes of property, a  
7 31 percentage increase in assessed values for the assessing  
7 32 jurisdiction, the maximum amount of property tax dollars that  
7 33 may be certified by any city located in that county in the  
7 34 fiscal year beginning July 1 of the even-numbered year  
7 35 following issuance of the equalization order shall not exceed  
8 1 the amount certified in the previous fiscal year, unless the  
8 2 city council adopts a resolution pursuant to subsection 3.

8 3 3. Not less than thirty-five days before the certification  
8 4 date of the budget for the fiscal year beginning July 1 of the  
8 5 even-numbered year following issuance of an equalization order  
8 6 described in subsection 1, the city council may adopt a  
8 7 resolution declaring that for such budget the city council  
8 8 does not intend to reduce its tax levy rates from the current  
8 9 fiscal year in order to compensate for the increase in  
8 10 property valuations due to the equalization orders issued by  
8 11 the department of revenue. The city council shall publish  
8 12 notice of a hearing on the resolution in a newspaper of  
8 13 general circulation in the city not less than four nor more  
8 14 than ten days before the hearing. The notice shall contain a  
8 15 copy of the resolution. After the public hearing, the city  
8 16 council may abandon the declaration contained in the  
8 17 resolution or the city council may proceed with the  
8 18 declaration contained in the resolution.

8 19 Sec. 6. APPLICABILITY DATE. This division of this Act  
8 20 applies to budgets certified for the fiscal year beginning  
8 21 July 1, 2010, and to subsequent fiscal years beginning July 1  
8 22 of the even-numbered year.

8 23 DIVISION III

8 24 ADDITIONAL PROPERTY TAX LEVY AID == ALLOWABLE GROWTH

8 25 Sec. 7. Section 257.4, subsection 1, paragraph a, Code  
8 26 2007, is amended to read as follows:

8 27 a. (1) A school district shall cause an additional  
8 28 property tax to be levied each year. The Subject to  
8 29 subparagraph (2), the rate of the additional property tax levy  
8 30 in a school district shall be determined by the department of  
8 31 management and shall be calculated to raise the difference  
8 32 between the combined district cost for the budget year and the  
8 33 sum of the products of the regular program foundation base per  
8 34 pupil times the weighted enrollment in the district and the  
8 35 special education support services foundation base per pupil  
9 1 times the special education support services weighted  
9 2 enrollment in the district.

9 3 (2) The department of management shall recalculate the  
9 4 additional property tax levy determined under subparagraph (1)  
9 5 by subtracting the amount of additional state aid to be  
9 6 received by the school district under paragraphs "b" and "c".

9 7 Sec. 8. Section 257.4, subsection 1, Code 2007, is amended  
9 8 by adding the following new paragraph:

9 9 NEW PARAGRAPH. c. (1) For the budget year beginning July  
9 10 1, 2009, the department of education shall pay additional  
9 11 state aid to each school district equal to the amount of  
9 12 additional property tax revenue to be generated for the budget  
9 13 year as computed under paragraph "a" that is attributable to

9 14 the allowable growth for the budget year.  
9 15 (2) For the budget year beginning July 1, 2010, and  
9 16 subsequent budget years, the department of education shall pay  
9 17 additional state aid to each school district equal to the sum  
9 18 of the amount of additional property tax revenue to be  
9 19 generated for the budget year as computed under paragraph "a"  
9 20 that is attributable to the allowable growth for the budget  
9 21 year plus the amount of additional state aid paid to the  
9 22 school district for the base year.

9 23 Sec. 9. Section 257.16, subsection 1, Code Supplement  
9 24 2007, is amended to read as follows:

9 25 1. There is appropriated each year from the general fund  
9 26 of the state an amount necessary to pay the foundation aid  
9 27 under this chapter, the preschool foundation aid under chapter  
9 28 256C, additional property tax levy aid under section 257.4,  
9 29 subsection 1, paragraph "c", supplementary aid under section  
9 30 257.4, subsection 2, and adjusted additional property tax levy  
9 31 aid under section 257.15, subsection 4.

9 32 Sec. 10. APPLICABILITY DATE. This division of this Act is  
9 33 applicable for computing state aid under the state school  
9 34 foundation program for school budget years beginning on or  
9 35 after July 1, 2009.

#### EXPLANATION

10 1  
10 2 This bill makes changes relating to property taxation by  
10 3 making the assessment limitations of certain classes of  
10 4 property mutually dependent, limiting certain county and city  
10 5 property taxes in certain fiscal years, and requiring the  
10 6 state to pay any related property tax increases due to the  
10 7 state percent of growth for purposes of the state school  
10 8 foundation program.

10 9 Division I of the bill makes the assessment limitations of  
10 10 residential, agricultural, and commercial property mutually  
10 11 dependent by limiting the percentage increase in all of those  
10 12 classes of property to the percentage increase of that class  
10 13 of property that is the lowest percentage increase under the  
10 14 allowable (4 percent) limit. The division also provides that  
10 15 industrial property shall be assessed at the same percentage  
10 16 as commercial property. This division of the bill applies  
10 17 retroactively to January 1, 2008, for assessment years  
10 18 beginning on or after that date.

10 19 Division II of the bill requires that if an equalization  
10 20 order issued to an assessing jurisdiction that is a city is,  
10 21 in the aggregate, a percentage increase in assessed values,  
10 22 then property taxes certified by the city for the fiscal year  
10 23 beginning July 1 of the even-numbered year following issuance  
10 24 of the equalization order are limited to the amount certified  
10 25 in the previous year, unless the city adopts a resolution  
10 26 declaring that it does not intend to reduce its levy rates to  
10 27 compensate for the increase in valuation due to the  
10 28 equalization orders. If the assessing jurisdiction is a  
10 29 county and the equalization order, in the aggregate, is a  
10 30 percentage increase in assessed values, then property taxes  
10 31 certified by the county and each city in the county for the  
10 32 fiscal year beginning July 1 of the even-numbered year  
10 33 following issuance of the equalization order are limited to  
10 34 the amount certified in the previous year, unless the county  
10 35 or the city, as applicable, adopts a resolution declaring that  
11 1 it does not intend to reduce its levy rates to compensate for  
11 2 the increase in valuation due to the equalization orders.

11 3 The division provides that the board or city council  
11 4 adopting such a resolution shall hold a public hearing on the  
11 5 resolution. After the public hearing, the board or council  
11 6 may abandon the resolution or proceed with the resolution.  
11 7 This division of the bill applies to the fiscal year  
11 8 beginning July 1, 2010, and to subsequent fiscal years  
11 9 beginning July 1 of the even-numbered year.

11 10 Division III of the bill provides that if an increase in  
11 11 allowable growth causes an increase in property taxes the  
11 12 state shall pay that increase rather than property owners.  
11 13 This division of the bill applies to school budget years  
11 14 beginning on or after July 1, 2009.

11 15 LSB 5634YH 82  
11 16 sc/rj/5