

House File 671 - Introduced

HOUSE FILE 671

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 9)

A BILL FOR

1 An Act relating to property taxation and school financing by
2 increasing the regular program foundation base, establishing
3 a method for determining property assessment limitations,
4 and including retroactive and other applicability
5 provisions.

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

DIVISION I

EDUCATION FINANCE

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Section 1. Section 257.1, subsection 2, paragraph b, Code 2011, is amended by striking the paragraph and inserting in lieu thereof the following:

b. (1) The regular program foundation base per pupil is the following:

(a) For the budget year commencing July 1, 2011, the regular program foundation base per pupil is eighty-seven and five-tenths percent of the regular program state cost per pupil.

(b) For the budget year commencing July 1, 2012, the regular program foundation base per pupil is eighty-nine and twenty-eight hundredths percent of the regular program state cost per pupil.

(c) For the budget year commencing July 1, 2013, the regular program foundation base per pupil is ninety-one and six hundredths percent of the regular program state cost per pupil.

(d) For the budget year commencing July 1, 2014, the regular program foundation base per pupil is ninety-two and eighty-four hundredths percent of the regular program state cost per pupil.

(e) For the budget year commencing July 1, 2015, the regular program foundation base per pupil is ninety-four and sixty-two hundredths percent of the regular program state cost per pupil.

(f) For the budget year commencing July 1, 2016, the regular program foundation base per pupil is ninety-six and forty hundredths percent of the regular program state cost per pupil.

(g) For the budget year commencing July 1, 2017, the regular program foundation base per pupil is ninety-eight and eighteen hundredths percent of the regular program state cost per pupil.

(h) For the budget year commencing July 1, 2018, and succeeding budget years, the regular program foundation base per pupil is one hundred percent of the regular program state cost per pupil.

(2) For each budget year, the special education support

1 services foundation base is seventy-nine percent of the special
2 education support services state cost per pupil. The combined
3 foundation base is the sum of the regular program foundation
4 base, the special education support services foundation base,
5 the total teacher salary supplement district cost, the total
6 professional development supplement district cost, the total
7 early intervention supplement district cost, the total area
8 education agency teacher salary supplement district cost,
9 and the total area education agency professional development
10 supplement district cost.

11 DIVISION II

12 PROPERTY ASSESSMENT LIMITATION

13 Sec. 2. Section 441.21, subsections 4 and 5, Code 2011, are
14 amended to read as follows:

15 4. For valuations established as of January 1, 1979,
16 the percentage of actual value at which agricultural and
17 residential property shall be assessed shall be the quotient
18 of the dividend and divisor as defined in this section. The
19 dividend for each class of property shall be the dividend
20 as determined for each class of property for valuations
21 established as of January 1, 1978, adjusted by the product
22 obtained by multiplying the percentage determined for that
23 year by the amount of any additions or deletions to actual
24 value, excluding those resulting from the revaluation of
25 existing properties, as reported by the assessors on the
26 abstracts of assessment for 1978, plus six percent of the
27 amount so determined. ~~However, if the difference between the~~
28 ~~dividend so determined for either class of property and the~~
29 ~~dividend for that class of property for valuations established~~
30 ~~as of January 1, 1978, adjusted by the product obtained by~~
31 ~~multiplying the percentage determined for that year by the~~
32 ~~amount of any additions or deletions to actual value, excluding~~
33 ~~those resulting from the revaluation of existing properties,~~
34 ~~as reported by the assessors on the abstracts of assessment~~
35 ~~for 1978, is less than six percent, the 1979 dividend for the~~

1 ~~other class of property shall be the dividend as determined for~~
2 ~~that class of property for valuations established as of January~~
3 ~~1, 1978, adjusted by the product obtained by multiplying~~
4 ~~the percentage determined for that year by the amount of~~
5 ~~any additions or deletions to actual value, excluding those~~
6 ~~resulting from the revaluation of existing properties, as~~
7 ~~reported by the assessors on the abstracts of assessment for~~
8 ~~1978, plus a percentage of the amount so determined which is~~
9 ~~equal to the percentage by which the dividend as determined~~
10 ~~for the other class of property for valuations established~~
11 ~~as of January 1, 1978, adjusted by the product obtained by~~
12 ~~multiplying the percentage determined for that year by the~~
13 ~~amount of any additions or deletions to actual value, excluding~~
14 ~~those resulting from the revaluation of existing properties,~~
15 ~~as reported by the assessors on the abstracts of assessment~~
16 ~~for 1978, is increased in arriving at the 1979 dividend for~~
17 ~~the other class of property. The divisor for each class of~~
18 ~~property shall be the total actual value of all such property~~
19 ~~in the state in the preceding year, as reported by the~~
20 ~~assessors on the abstracts of assessment submitted for 1978,~~
21 ~~plus the amount of value added to said total actual value by~~
22 ~~the revaluation of existing properties in 1979 as equalized~~
23 ~~by the director of revenue pursuant to section 441.49. The~~
24 ~~director shall utilize information reported on abstracts of~~
25 ~~assessment submitted pursuant to section 441.45 in determining~~
26 ~~such percentage. For valuations established as of January~~
27 ~~1, 1980, and each year thereafter, the percentage of actual~~
28 ~~value as equalized by the director of revenue as provided~~
29 ~~in section 441.49 at which agricultural and residential~~
30 ~~property shall be assessed shall be calculated in accordance~~
31 ~~with the methods provided herein including the limitation of~~
32 ~~increases in agricultural and residential assessed values to~~
33 ~~the percentage increase of the other class of property if the~~
34 ~~other class increases less than the allowable limit adjusted~~
35 ~~to include the applicable and current values as equalized by~~

1 ~~the director of revenue~~ in this subsection, except that any
2 references to six percent in this subsection shall be four
3 percent. For valuations established for the assessment year
4 beginning January 1, 2011, and each assessment year thereafter,
5 the percentage of actual value as equalized by the director of
6 revenue as provided in section 441.49 at which agricultural
7 and residential property shall be assessed shall be calculated
8 in accordance with the methods provided in this subsection and
9 subsection 5A, except that any references to six percent in
10 this subsection shall be four percent.

11 5. For valuations established as of January 1, 1979,
12 commercial property and industrial property, excluding
13 properties referred to in section 427A.1, subsection 8, shall
14 be assessed as a percentage of the actual value of each class
15 of property. The percentage shall be determined for each
16 class of property by the director of revenue for the state in
17 accordance with the provisions of this section. For valuations
18 established as of January 1, 1979, the percentage shall be
19 the quotient of the dividend and divisor as defined in this
20 section. The dividend for each class of property shall be the
21 total actual valuation for each class of property established
22 for 1978, plus six percent of the amount so determined. The
23 divisor for each class of property shall be the valuation
24 for each class of property established for 1978, as reported
25 by the assessors on the abstracts of assessment for 1978,
26 plus the amount of value added to the total actual value by
27 the revaluation of existing properties in 1979 as equalized
28 by the director of revenue pursuant to section 441.49. For
29 valuations established as of January 1, 1979, property valued
30 by the department of revenue pursuant to chapters 428, 433,
31 437, and 438 shall be considered as one class of property and
32 shall be assessed as a percentage of its actual value. The
33 percentage shall be determined by the director of revenue in
34 accordance with the provisions of this section. For valuations
35 established as of January 1, 1979, the percentage shall be

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

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

1 beginning January 1, 2011, and each assessment year thereafter,
2 the percentage of actual value as equalized by the director of
3 revenue as provided in section 441.49 at which commercial and
4 industrial property shall be assessed shall be calculated in
5 accordance with the methods provided in this subsection and
6 subsection 5A, except that any references to six percent in
7 this subsection shall be four percent.

8 Sec. 3. Section 441.21, Code 2011, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 5A. Notwithstanding the limitation
11 of increases for agricultural and residential property in
12 subsection 4 and the limitation of increases for commercial and
13 industrial property in subsection 5, for valuations established
14 for the assessment year beginning January 1, 2011, and each
15 assessment year thereafter, for residential, agricultural, and
16 commercial property, the assessed values of these three classes
17 of property shall be limited to the percentage increase of that
18 class of property that is the lowest percentage increase under
19 the allowable limit adjusted to include the applicable and
20 current values as equalized by the director of revenue. The
21 lowest percentage increase determined under this subsection
22 shall also be applied to industrial property in the same manner
23 it is applied to the other three classes of property.

24 Sec. 4. RETROACTIVE APPLICABILITY. This division of this
25 Act applies retroactively to January 1, 2011, for assessment
26 years beginning on or after that date.

27 EXPLANATION

28 This bill makes changes relating to property taxation and
29 school financing.

30 Division I of the bill provides for an increase in the
31 regular program foundation base under the state school
32 foundation program. The foundation base is the specified
33 percentage of the state cost per pupil calculation which is
34 paid as state aid to school districts, above and beyond the
35 uniform property tax levy imposed in Code section 257.3.

1 Beginning with the budget year commencing July 1, 2012, the
2 increase is phased in over a seven-year period in equal annual
3 increments, from the current foundation base level of 87.5
4 percent to the level of 100 percent.

5 Division II of the bill ties together the assessment
6 limitations of residential, agricultural, and commercial
7 property by limiting the percentage increase in all of those
8 classes of property to the percentage increase of that class
9 of property that is the lowest percentage increase under the
10 allowable (4 percent) limit. The division also provides that
11 the lowest percentage increase shall be applied to industrial
12 property in the same manner that it is applied to the other
13 three classes of property.

14 Division II of the bill applies retroactively to January 1,
15 2011, for assessment years beginning on or after that date.