

Senate File 199 - Introduced

SENATE FILE 199

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A BILL FOR

1 An Act establishing a limitation on the amount of property tax
2 dollars that may be certified by a county or a city and
3 including effective date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 331.422A Property tax dollars —
2 maximums.

3 1. a. The maximum amount in property tax dollars which may
4 be certified by a county for taxes shall not exceed the amount
5 of property tax dollars determined under subsection 3.

6 b. This section shall not be construed as removing or
7 otherwise affecting the property tax limitations otherwise
8 provided by law for any tax levy of the county, except that,
9 upon an appeal from the county, the state appeal board may
10 approve a tax levy consistent with the provisions of section
11 24.48 or 331.426.

12 2. For purposes of this section:

13 a. "*Boundary adjustment*" means annexation, severance,
14 incorporation, or discontinuance as those terms are defined in
15 section 368.1.

16 b. "*Budget year*" is the fiscal year beginning during the
17 calendar year in which a budget is certified.

18 c. "*Current fiscal year*" is the fiscal year ending during
19 the calendar year in which a budget is certified.

20 d. "*Inflation rate*" means the average of the preceding
21 twelve-month percentage change, which shall be computed on
22 a monthly basis, in the consumer price index for all urban
23 consumers, not seasonally adjusted, published by the United
24 States department of labor, bureau of labor statistics,
25 calculated for the calendar year ending six months after the
26 beginning of the current fiscal year.

27 e. "*Net new valuation taxes*" means the amount of property
28 tax dollars equal to the sum of all the current fiscal year's
29 levy rates certified by the county multiplied by the increase
30 from the current fiscal year to the budget year in taxable
31 valuation due to the following:

32 (1) New construction.

33 (2) Additions or improvements to existing structures.

34 (3) Remodeling of existing structures for which a building
35 permit is required.

1 (4) Net boundary adjustment.

2 (5) A municipality no longer dividing tax revenues in
3 an urban renewal area as provided in section 403.19, to the
4 extent that the incremental valuation released is due to new
5 construction or revaluation of property newly constructed,
6 additions or improvements to existing property, net boundary
7 adjustment, or expiration of tax abatements or exemptions, all
8 occurring after the division of revenue begins.

9 (6) That portion of taxable property located in an urban
10 revitalization area on which an exemption was allowed and such
11 exemption has expired.

12 3. For the budget year beginning July 1, 2012, and
13 subsequent budget years, the maximum amount of property tax
14 dollars which may be certified for levy by a county shall be an
15 amount equal to the sum of the following:

16 a. The current fiscal year's total property tax dollars
17 certified by the county.

18 b. The amount of net new valuation taxes in the county.

19 c. Any additional amount of property tax dollars certified
20 by the board under subsection 5.

21 4. Property taxes certified for deposit in the debt service
22 fund in section 331.430 or any other property taxes resulting
23 from a property tax levy approved at election are not included
24 in the maximum amount of property tax dollars that may be
25 certified for a budget year under subsection 3.

26 5. The board may certify and levy an additional amount of
27 property tax dollars to finance existing programs which would
28 provide substantial benefit to the county in an amount not to
29 exceed the current fiscal year's total property tax dollars
30 multiplied by the inflation rate.

31 6. The department of management, in consultation with the
32 county finance committee, shall adopt rules to administer this
33 section.

34 Sec. 2. NEW SECTION. 384.1A Property tax dollars —
35 maximums.

1 1. *a.* The maximum amount in property tax dollars which may
2 be certified by a city for taxes shall not exceed the amount of
3 property tax dollars determined under subsection 3.

4 *b.* This section shall not be construed as removing or
5 otherwise affecting the property tax limitations otherwise
6 provided by law for any tax levy of the city, except that, upon
7 an appeal from the city, the state appeal board may approve a
8 tax levy consistent with the provisions of section 24.48.

9 2. For purposes of this section:

10 *a.* "*Boundary adjustment*" means annexation, severance,
11 incorporation, or discontinuance as those terms are defined in
12 section 368.1.

13 *b.* "*Budget year*" is the fiscal year beginning during the
14 calendar year in which a budget is certified.

15 *c.* "*Current fiscal year*" is the fiscal year ending during
16 the calendar year in which a budget is certified.

17 *d.* "*Inflation rate*" means the average of the preceding
18 twelve-month percentage change, which shall be computed on
19 a monthly basis, in the consumer price index for all urban
20 consumers, not seasonally adjusted, published by the United
21 States department of labor, bureau of labor statistics,
22 calculated for the calendar year ending six months after the
23 beginning of the current fiscal year.

24 *e.* "*Net new valuation taxes*" means the amount of property
25 tax dollars equal to the sum of all the current fiscal year's
26 levy rates certified by the city multiplied by the increase
27 from the current fiscal year to the budget year in taxable
28 valuation due to the following:

29 (1) New construction.

30 (2) Additions or improvements to existing structures.

31 (3) Remodeling of existing structures for which a building
32 permit is required.

33 (4) Net boundary adjustment.

34 (5) A municipality no longer dividing tax revenues in
35 an urban renewal area as provided in section 403.19, to the

1 extent that the incremental valuation released is due to new
2 construction or revaluation of property newly constructed,
3 additions or improvements to existing property, net boundary
4 adjustment, or expiration of tax abatements or exemptions, all
5 occurring after the division of revenue begins.

6 (6) That portion of taxable property located in an urban
7 revitalization area on which an exemption was allowed and such
8 exemption has expired.

9 3. For the budget year beginning July 1, 2012, and
10 subsequent budget years, the maximum amount of property tax
11 dollars which may be certified for levy by a city shall be an
12 amount equal to the sum of the following:

13 a. The current fiscal year's total property tax dollars
14 certified by the city.

15 b. The amount of net new valuation taxes in the city.

16 c. Any additional amount of property tax dollars certified
17 by the city under subsection 5.

18 4. Property taxes certified for deposit in the debt service
19 fund in section 384.4 or any other property taxes resulting
20 from a property tax levy approved at election are not included
21 in the maximum amount of property tax dollars that may be
22 certified for a budget year under subsection 3.

23 5. The city may certify an additional amount of property
24 tax dollars to be levied to finance existing programs which
25 would provide substantial benefit to the city in an amount
26 not to exceed the current fiscal year's property tax dollars
27 multiplied by the inflation rate.

28 6. The department of management, in consultation with the
29 city finance committee, shall adopt rules to administer this
30 section.

31 Sec. 3. APPLICABILITY. This Act applies to budget years
32 beginning on or after July 1, 2012.

33 EXPLANATION

34 This bill establishes limitations on the amount of property
35 tax dollars that may be certified by a county or by a city.

1 For the budget year beginning July 1, 2012, and subsequent
2 budget years, the maximum amount of property tax dollars which
3 may be certified for levy by a county shall be an amount
4 equal to the sum of the current fiscal year's total property
5 tax dollars certified by the county, the amount of net new
6 valuation taxes in the county, and any additional amount of
7 taxes certified by the board of supervisors. The additional
8 amount of property tax dollars that may be certified by the
9 county must be used to finance existing programs which would
10 provide substantial benefit to the county in an amount not to
11 exceed the current fiscal year's total property tax dollars
12 multiplied by the inflation rate.

13 The bill also establishes a similar limitation for property
14 tax dollars certified by a city.

15 The bill does not remove or otherwise affect the property
16 tax limitations otherwise provided by law for any tax levy
17 of the county or the city, except that, upon an appeal, the
18 state appeal board may approve a tax levy consistent with other
19 provisions of law.

20 The bill establishes several definitions including
21 definitions for "inflation rate" and "net new valuation taxes".

22 The bill excludes property taxes certified for deposit in a
23 city or a county debt service fund or any other property taxes
24 resulting from a property tax levy approved at election from
25 inclusion in the maximum dollar limitations established in the
26 bill.

27 The department of management, in consultation with the
28 county finance committee and the city finance committee, are
29 directed to adopt rules to administer the bill.

30 The bill applies to budget years beginning on or after July
31 1, 2012.