

**Senate File 634 - Introduced**

SENATE FILE 634

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1260)

**A BILL FOR**

1 An Act relating to local government budgets and property  
2 taxation by modifying provisions governing the establishment  
3 and approval of county and city budgets, requiring  
4 establishment of a property tax system advisory group,  
5 modifying provisions relating to property tax credits for  
6 persons who have reached sixty-five years of age, modifying  
7 provisions relating to the state appraisal manual, and  
8 including effective date and applicability provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

COUNTY AND CITY BUDGET LIMITATIONS

Section 1. Section 23A.2, subsection 10, paragraph h, Code 2019, is amended to read as follows:

h. The performance of an activity listed in [section 331.424](#), [Code 2019](#), as a service ~~for~~ which a ~~supplemental levy county~~ may be certified include in its budget.

Sec. 2. Section 28M.5, subsections 1 and 2, Code 2019, are amended to read as follows:

1. The commission, with the approval of the board of supervisors of participating counties and the city council of participating cities in the [chapter 28E](#) agreement, may levy annually a tax not to exceed ninety-five cents per thousand dollars of the assessed value of all taxable property in a regional transit district to the extent provided in this section. The chapter 28E agreement may authorize the commission to levy the tax at different rates within the participating cities and counties in amounts sufficient to meet the revenue responsibilities of such cities and counties as allocated in the budget adopted by the commission. However, for a city participating in a regional transit district, the ~~total of all the tax levies levy~~ imposed in the city pursuant to ~~[section 384.12, subsection 10](#)~~, and [this section](#) shall ~~not exceed the aggregate of ninety-five cents per thousand dollars of the assessed value of all taxable property in the participating city~~ reduce the city's maximum amount of property tax dollars under [section 384.1, subsection 3, paragraph "b"](#), and for a county participating in a regional transit district, except as provided in subsection 2, the tax levy imposed in the unincorporated area pursuant to this section shall reduce the county's maximum amount of property tax dollars that may be levied for rural county services under [section 331.423, subsection 3, paragraph "c"](#).

2. If a regional transit district budget allocates revenue responsibilities to the board of supervisors of a

1 participating county, the amount of the regional transit  
2 district levy that is the responsibility of the participating  
3 county shall be deducted from the maximum ~~rates~~ amount of taxes  
4 authorized to be levied by the county pursuant to section  
5 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs "b"  
6 and "c", as applicable, unless the county meets its revenue  
7 responsibilities as allocated in the budget from other  
8 available revenue sources. However, for a regional transit  
9 district that includes a county with a population of less than  
10 three hundred thousand, the amount of the regional transit  
11 district levy that is the responsibility of such participating  
12 county shall be deducted from the maximum ~~rate~~ amount of taxes  
13 authorized to be levied by the county pursuant to section  
14 331.423, ~~subsection 3,~~ paragraph "b".

15 Sec. 3. Section 29C.17, subsection 2, paragraph a, Code  
16 2019, is amended by striking the paragraph and inserting in  
17 lieu thereof the following:

18 a. An appropriation from the county general fund under  
19 section 331.427.

20 Sec. 4. Section 29C.17, subsection 2, paragraph b, Code  
21 2019, is amended to read as follows:

22 b. Per capita allocation funded from city and county general  
23 funds ~~or by a combination of city and county special levies~~  
24 ~~which may be apportioned among the member jurisdictions.~~

25 Sec. 5. Section 123.38, subsection 2, paragraph b, Code  
26 2019, is amended to read as follows:

27 b. For purposes of **this subsection**, any portion of license  
28 or permit fees used for the purposes authorized in section  
29 331.424, subsection 1, paragraph "a", subparagraphs (1) and  
30 (2), Code 2019, and in **section 331.424A**, shall not be deemed  
31 received either by the division or by a local authority.

32 Sec. 6. Section 218.99, Code 2019, is amended to read as  
33 follows:

34 **218.99 Counties to be notified of patients' personal**  
35 **accounts.**

1 The administrator in control of a state institution shall  
2 direct the business manager of each institution under the  
3 administrator's jurisdiction ~~which is mentioned in section~~  
4 ~~331.424, subsection 1, paragraph "a", subparagraphs (1) and~~  
5 ~~(2), and~~ for which services are paid under [section 331.424A](#),  
6 to quarterly inform the county of residence of any patient or  
7 resident who has an amount in excess of two hundred dollars on  
8 account in the patients' personal deposit fund and the amount  
9 on deposit. The administrators shall direct the business  
10 manager to further notify the county of residence at least  
11 fifteen days before the release of funds in excess of two  
12 hundred dollars or upon the death of the patient or resident.  
13 If the patient or resident has no residency in this state or  
14 the person's residency is unknown, notice shall be made to the  
15 director of human services and the administrator in control of  
16 the institution involved.

17 Sec. 7. Section 331.263, subsection 2, Code 2019, is amended  
18 to read as follows:

19 2. The governing body of the community commonwealth  
20 shall have the authority to levy county taxes and shall  
21 have the authority to levy city taxes to the extent the  
22 city tax levy authority is transferred by the charter to  
23 the community commonwealth. A city participating in the  
24 community commonwealth shall transfer a portion of the  
25 city's tax levy authorized under [section 384.1](#) or [384.12](#),  
26 whichever is applicable, to the governing body of the community  
27 commonwealth. The maximum ~~rates~~ amount of taxes authorized to  
28 be levied under ~~sections~~ section 384.1 and the maximum amount  
29 of taxes authorized to be levied under section 384.12 by a city  
30 participating in the community commonwealth shall be reduced  
31 by an amount equal to the rates of the same or similar taxes  
32 levied in the city by the governing body of the community  
33 commonwealth.

34 Sec. 8. Section 331.301, subsection 12, Code 2019, is  
35 amended to read as follows:

1 12. The board of supervisors may credit funds to a reserve  
2 for the purposes authorized by subsection 11 of this section,  
3 ~~section 331.424, subsection 1, paragraph "a", subparagraph~~  
4 ~~(5);~~ and section 331.441, subsection 2, paragraph "b". Moneys  
5 credited to the reserve, and interest earned on such moneys,  
6 shall remain in the reserve until expended for purposes  
7 authorized by subsection 11 of this section; ~~section 331.424,~~  
8 ~~subsection 1, paragraph "a", subparagraph (5);~~ or section  
9 331.441, subsection 2, paragraph "b".

10 Sec. 9. Section 331.421, subsections 1 and 10, Code 2019,  
11 are amended by striking the subsections.

12 Sec. 10. Section 331.422, unnumbered paragraph 1, Code  
13 2019, is amended to read as follows:

14 Subject to this section and sections 331.423 through  
15 331.426, 331.423A, 331.424A, 331.424B, and 331.424C or as  
16 otherwise provided by state law, the board of each county shall  
17 certify property taxes annually at its March session to be  
18 levied for county purposes as follows:

19 Sec. 11. Section 331.423, Code 2019, is amended by striking  
20 the section and inserting in lieu thereof the following:

21 **331.423 Property tax dollars — maximums.**

22 1. Annually, the board shall determine separate property  
23 tax levy limits to pay for general county services and rural  
24 county services in accordance with this section. The property  
25 tax levies separately certified for general county services and  
26 rural county services under section 331.434 shall not raise  
27 property tax dollars that exceed the amounts determined under  
28 this section.

29 2. For purposes of this section, unless the context  
30 otherwise requires:

31 a. "Annual growth factor" means the annual growth percentage  
32 determined under subsection 6 plus one hundred percent.

33 b. "Boundary adjustment" means annexation, severance,  
34 incorporation, or discontinuance as those terms are defined in  
35 section 368.1.

1     *c.* "Budget year" is the fiscal year beginning during the  
2 calendar year in which a budget is certified.

3     *d.* "Current fiscal year" is the fiscal year ending during  
4 the calendar year in which a budget is certified.

5     *e.* "Effective property tax rate" means the property tax  
6 rate per one thousand dollars of assessed value and is equal  
7 to one thousand multiplied by the quotient of the product of  
8 the current fiscal year's actual property tax dollars certified  
9 for levy multiplied by the annual growth factor divided by the  
10 difference of the total assessed value used to calculate taxes  
11 for the budget year minus the net new valuation for the budget  
12 year.

13    *f.* "Net new valuation" means the net increase from the  
14 current fiscal year to the budget year in assessed valuation  
15 due to the following, the amount of each as certified by the  
16 county auditor to the department of management by January  
17 1 preceding the applicable fiscal year, excluding amounts  
18 attributable to a valuation release:

19       (1) New construction.

20       (2) Additions or improvements to existing structures that  
21 are not normal and necessary repairs under section 441.21,  
22 subsection 8.

23       (3) Net boundary adjustment.

24       (4) A municipality no longer dividing tax revenues in an  
25 urban renewal area as provided in section 403.19 or a community  
26 college no longer dividing revenues as provided in section  
27 260E.4.

28       (5) That portion of taxable property located in an urban  
29 revitalization area on which an exemption was allowed and such  
30 exemption has expired.

31       (6) New exemptions for existing properties and the  
32 expiration or removal of property exemptions.

33    *g.* "Net new valuation taxes" means an amount equal to the  
34 effective property tax rate for general county services or for  
35 rural county services, as applicable, multiplied by net new

1 valuation for the budget year.

2 *h.* "Valuation release" means the valuation that is released  
3 in any one year from either a division of revenue under section  
4 260E.4 or an urban renewal area for which taxes were being  
5 divided under section 403.19 if the property for the valuation  
6 being released remains subject to the division of revenue under  
7 section 260E.4 or remains part of the urban renewal area that  
8 is subject to a division of revenue under section 403.19.

9 3. *a.* For the fiscal year beginning July 1, 2020, and  
10 subsequent fiscal years, the maximum amount of property tax  
11 dollars which may be certified for levy by a county for general  
12 county services and rural county services shall be the maximum  
13 property tax dollars calculated under paragraphs "b" and "c",  
14 respectively. The amount of property tax dollars calculated  
15 under this subsection and determined under subsection 4  
16 includes those amounts received by the county as replacement  
17 taxes under chapter 437A or 437B.

18 *b.* The maximum property tax dollars that may be levied for  
19 general county services is an amount equal to the sum of the  
20 following:

21 (1) The annual growth factor times the current fiscal year's  
22 actual property tax dollars certified for levy for general  
23 county services.

24 (2) The amount of net new valuation taxes in the county.

25 *c.* The maximum property tax dollars that may be levied for  
26 rural county services is an amount equal to the sum of the  
27 following minus the amount certified for levy in unincorporated  
28 areas of the county under sections 28E.22 and 28M.5:

29 (1) The annual growth factor times the current fiscal year's  
30 actual property tax dollars certified for levy for rural county  
31 services.

32 (2) The amount of net new valuation taxes in the  
33 unincorporated area of the county.

34 4. *a.* For purposes of calculating maximum property tax  
35 dollars for general county services for the fiscal year

1 beginning July 1, 2020, only, the term "*current fiscal year's*  
2 *actual property tax dollars*" shall mean the total amount of  
3 property tax dollars certified by the county for general county  
4 services for the fiscal year beginning July 1, 2019, or the  
5 fiscal year beginning July 1, 2018, whichever is greater,  
6 including amounts certified under section 331.424, subsection  
7 1, Code 2019, but excluding that portion of the amounts  
8 certified for the payment of benefits under chapter 97B or  
9 other pension or retirement systems that are associated with  
10 salaries for general county services.

11 *b.* For purposes of calculating maximum property tax dollars  
12 for rural county services for the fiscal year beginning July  
13 1, 2020, only, the term "*current fiscal year's actual property*  
14 *tax dollars*" shall mean the total amount of property tax dollars  
15 certified by the county for rural county services plus the  
16 amount certified for levy in the unincorporated areas of the  
17 county under sections 28E.22 and 28M.5 for the fiscal year  
18 beginning July 1, 2019, or the fiscal year beginning July 1,  
19 2018, whichever is greater, including amounts certified under  
20 section 331.424, subsection 2, Code 2019, but excluding that  
21 portion of the amounts certified for the payment of benefits  
22 under chapter 97B or other pension or retirement systems that  
23 are associated with salaries for rural county services.

24 *c.* For purposes of calculating maximum property tax dollars  
25 for a fiscal year beginning on or after July 1, 2021, a county  
26 for which the county's taxes were not certified back by the  
27 department of management under section 24.17 for the current  
28 fiscal year due to an act or omission of the county, the  
29 current fiscal year's actual property tax dollars certified for  
30 levy shall be equal to the amount certified for levy for the  
31 fiscal year immediately preceding the current fiscal year or  
32 the amount under paragraph "*a*" or "*b*", if applicable.

33 5. Property taxes certified for retirement and pension  
34 expenses in section 331.423A, mental health and disabilities  
35 services in section 331.424A, the cemetery levy under section

1 331.424B, the emergency services fund in section 331.424C, the  
2 debt service fund in section 331.430, and any capital projects  
3 fund established by the county for deposit of bond, loan,  
4 or note proceeds are not included in the maximum amount of  
5 property tax dollars that may be certified for a budget year  
6 under subsection 3.

7 6. a. Except as provided in this subsection, the annual  
8 growth percentage for each county for each fiscal year  
9 beginning on or after July 1, 2020, is zero percent.

10 b. The board may, by resolution, annually approve an annual  
11 growth percentage in excess of the percentage in paragraph  
12 "a", but not to exceed two percent, if the board publishes  
13 in accordance with section 331.305 a notice of the proposed  
14 resolution that includes the proposed annual growth percentage,  
15 the purposes for which the additional property tax revenue  
16 will be used, and the time and place of a public meeting at  
17 which the board proposes to take action on the resolution. At  
18 the meeting, and before approval of the resolution, the board  
19 shall receive oral or written objections from any resident or  
20 property owner of the county. After all objections have been  
21 received and considered, the board may either take action on  
22 the resolution or vote to abandon the resolution.

23 c. (1) Following approval of a resolution under paragraph  
24 "b" that establishes an annual growth percentage of two  
25 percent, the board may, by a separate resolution approved  
26 by a two-thirds majority of the board, approve up to one  
27 additional percentage point for the annual growth percentage  
28 if the board publishes in accordance with section 331.305 a  
29 notice of the proposed resolution that includes the proposed  
30 annual growth percentage, the purposes for which the additional  
31 property tax revenue will be used, and the time and place of a  
32 public meeting at which the board proposes to take action on  
33 the resolution. At the meeting, and before approval of the  
34 resolution, the board shall receive oral or written objections  
35 from any resident or property owner of the county. After all

1 objections have been received and considered, the board may  
2 either take action on the resolution or vote to abandon the  
3 resolution.

4 (2) If at any time within twenty days after the meeting  
5 under subparagraph (1), a petition is filed with the county  
6 auditor signed by eligible electors of the county equal in  
7 number to the lesser of one thousand or ten percent of the  
8 persons in the county who voted for the office of president  
9 of the United States at the last preceding general election  
10 that had such office on the ballot, asking that the question of  
11 increasing the annual growth percentage under this paragraph  
12 "c" be submitted to the registered voters of the county, the  
13 board shall either vote to abandon the resolution or shall  
14 direct the county commissioner of elections to call a special  
15 election upon the question. If, however, a valid petition  
16 is filed under this subsection and the notice requirement of  
17 subparagraph (3) cannot be satisfied, the board shall declare  
18 the proposal to be abandoned.

19 (3) The special election, if called, is subject to the  
20 following:

21 (a) The board must give at least thirty-two days' notice  
22 to the county commissioner of elections that the special  
23 election is to be held. In no case, however, shall a notice be  
24 given to the county commissioner of elections after December  
25 31 for an election on a proposition to increase the annual  
26 growth percentage under this paragraph "c" for the fiscal year  
27 beginning in the next calendar year.

28 (b) The proposition is approved if it receives a favorable  
29 majority of the votes cast on the proposition.

30 (c) The canvass shall be held beginning at 1:00 p.m. on  
31 the second day which is not a holiday following the special  
32 election. Notice of the special election shall be published at  
33 least once in a newspaper as specified in section 331.305 prior  
34 to the date of the special election.

35 d. Each notice published under this subsection and the

1 ballot for an election held under paragraph "c" shall include  
2 the applicable property tax levy rate for the current fiscal  
3 year, the applicable property tax levy rate for the budget  
4 year if the annual growth percentage is zero percent, and the  
5 applicable property tax levy rate if the proposed annual growth  
6 percentage is adopted by resolution or approved at election,  
7 as applicable.

8 7. The department of management, in consultation with the  
9 county finance committee, shall adopt rules to administer this  
10 section. The department shall prescribe forms to be used by  
11 counties when making calculations required by this section.

12 Sec. 12. NEW SECTION. 331.423A Retirement system expenses  
13 — levy.

14 1. To the extent that the general county services levy under  
15 section 331.423, subsection 3, paragraph "b", is insufficient  
16 to meet the county's needs for retirement expenses under  
17 chapter 97B or other pension or retirement systems that are  
18 associated with salaries for general county services, the board  
19 may certify a levy each year in an amount necessary to meet  
20 those needs.

21 2. To the extent that the rural county services levy under  
22 section 331.423, subsection 3, paragraph "c", is insufficient  
23 to meet the county's needs for retirement expenses under  
24 chapter 97B or other pension or retirement systems that are  
25 associated with salaries for rural county services, the board  
26 may certify a levy each year in an amount necessary to meet  
27 those needs.

28 3. The amounts certified for levy under this section shall  
29 be credited to the general fund or rural services fund, as  
30 applicable, but are not subject to the limitation on property  
31 tax dollars for general county services or rural county  
32 services under section 331.423.

33 Sec. 13. Section 331.424A, subsection 6, Code 2019, is  
34 amended to read as follows:

35 6. For each fiscal year, the county shall certify a levy

1 for payment of services. For each fiscal year, county revenues  
2 from taxes imposed by the county credited to the county  
3 services fund shall not exceed an amount equal to the county  
4 budgeted amount for the fiscal year. A levy certified under  
5 this section is not subject to ~~the appeal provisions of section~~  
6 ~~331.426 or to any other~~ provision in law authorizing a county  
7 to exceed, increase, or appeal a property tax levy limit.

8 Sec. 14. Section 331.427, subsection 3, paragraph 1, Code  
9 2019, is amended to read as follows:

10 1. Services listed in [section 331.424, subsection 1, Code](#)  
11 [2019](#), and [section 331.554](#).

12 Sec. 15. Section 331.428, subsection 2, paragraph d, Code  
13 2019, is amended to read as follows:

14 d. Services listed under [section 331.424, subsection 2, Code](#)  
15 [2019](#).

16 Sec. 16. Section 331.429, subsection 1, paragraphs a and b,  
17 Code 2019, are amended to read as follows:

18 a. Transfers from the general fund not to exceed in any year  
19 the dollar equivalent of a tax of sixteen and seven-eighths  
20 cents per thousand dollars of assessed value on all taxable  
21 property in the county multiplied by the ratio of current  
22 taxes actually collected and apportioned for the general ~~basie~~  
23 county services levy to the total general ~~basie~~ county services  
24 levy for the current year, and an amount equivalent to the  
25 moneys derived by the general fund from military service tax  
26 credits under [chapter 426A](#), manufactured or mobile home taxes  
27 under [section 435.22](#), and delinquent taxes for prior years  
28 collected and apportioned to the general ~~basie~~ county services  
29 fund in the current year, multiplied by the ratio of sixteen  
30 and seven-eighths cents to three dollars and fifty cents.

31 The limit on transfers in this paragraph applies only to  
32 property tax revenue and is not a limit on transfers of revenue  
33 generated from sources other than property taxes.

34 b. Transfers from the rural services fund not to exceed in  
35 any year the dollar equivalent of a tax of three dollars and

1 three-eighths cents per thousand dollars of assessed value on  
2 all taxable property not located within the corporate limits  
3 of a city in the county multiplied by the ratio of current  
4 taxes actually collected and apportioned for the rural county  
5 services ~~basic~~ levy to the total rural county services ~~basic~~  
6 levy for the current year and an amount equivalent to the  
7 moneys derived by the rural services fund from military service  
8 tax credits under [chapter 426A](#), manufactured or mobile home  
9 taxes under [section 435.22](#), and delinquent taxes for prior  
10 years collected and apportioned to the rural county services  
11 ~~basic~~ fund in the current year, multiplied by the ratio of  
12 three dollars and three-eighths cents to three dollars and  
13 ninety-five cents. The limit on transfers in this paragraph  
14 applies only to property tax revenue and is not a limit on  
15 transfers of revenue generated from sources other than property  
16 taxes.

17 Sec. 17. Section 331.434, unnumbered paragraph 1, Code  
18 2019, is amended to read as follows:

19 Annually, the board of each county, subject to section  
20 331.403, subsection 4, sections 331.423 ~~through 331.426~~,  
21 331.423A, 331.424A, 331.424B, and 331.424C, and other  
22 applicable state law, shall prepare and adopt a budget, certify  
23 taxes, and provide appropriations as follows:

24 Sec. 18. Section 331.434, subsection 7, Code 2019, is  
25 amended to read as follows:

26 7. Taxes levied by a county whose budget is certified after  
27 March 15 shall be limited to the prior year's budget amount.  
28 However, this penalty may be waived by the director of the  
29 department of management if the county demonstrates that the  
30 March 15 deadline was missed because of circumstances beyond  
31 the control of the county or as the result of an election held  
32 under section 331.423, subsection 6.

33 Sec. 19. Section 331.435, unnumbered paragraph 1, Code  
34 2019, is amended to read as follows:

35 The board may amend the adopted county budget, subject to

1 sections 331.423 ~~through 331.426~~, 331.423A, 331.424A, 331.424B,  
2 and 331.424C and other applicable state law, to permit  
3 increases in any class of proposed expenditures contained in  
4 the budget summary published under section 331.434, subsection  
5 3.

6 Sec. 20. Section 364.25, Code 2019, is amended to read as  
7 follows:

8 **364.25 Retiree health care.**

9 A city may provide health or medical insurance coverage or  
10 supplemental health or medical insurance coverage to retired  
11 employees of the city. A city providing health or medical  
12 insurance coverage pursuant to **this section** may establish such  
13 requirements or restrictions concerning the coverage provided  
14 as the city may adopt. If coverage is provided, the cost of the  
15 health or medical insurance coverage may be paid ~~from moneys~~  
16 ~~held in a trust and agency fund established pursuant to section~~  
17 ~~384.6~~, or out of an appropriation from the city general fund  
18 for this purpose.

19 Sec. 21. Section 373.10, Code 2019, is amended to read as  
20 follows:

21 **373.10 Taxing authority.**

22 The metropolitan council shall have the authority to  
23 levy city taxes to the extent the city tax levy authority  
24 is transferred by the charter to the metropolitan council.  
25 A member city shall transfer a portion of the city's tax  
26 levy authorized under **section 384.1** or **384.12**, whichever is  
27 applicable, to the metropolitan council. The maximum ~~rates~~  
28 amount of taxes authorized to be levied under sections section  
29 384.1 and the taxes authorized to be levied under section  
30 **384.12** by a member city shall be reduced by an amount equal to  
31 the rates of the same or similar taxes levied in the city by the  
32 metropolitan council.

33 Sec. 22. Section 384.1, Code 2019, is amended by striking  
34 the section and inserting in lieu thereof the following:

35 **384.1 Property tax dollars — maximum.**

1 1. A city shall certify taxes to be levied by the city  
2 on all taxable property within the city limits, for all city  
3 government purposes. Annually, the city council may certify  
4 a basic levy for city government purposes, subject to the  
5 limitation on property tax dollars provided in this section.

6 2. For purposes of this section, unless the context  
7 otherwise requires:

8 a. "*Annual growth factor*" means the annual growth percentage  
9 determined under subsection 7 plus one hundred percent.

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

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

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

17 e. "*Effective property tax rate*" means the property tax  
18 rate per one thousand dollars of assessed value and is equal  
19 to one thousand multiplied by the quotient of the product of  
20 the current fiscal year's actual property tax dollars certified  
21 for levy multiplied by the annual growth factor divided by the  
22 difference of the total assessed value used to calculate taxes  
23 for the budget year minus the net new valuation for the budget  
24 year.

25 f. "*Net new valuation*" means the net increase from the  
26 current fiscal year to the budget year in assessed valuation  
27 due to the following, the amount of each as certified by the  
28 county auditor to the department of management by January  
29 1 preceding the applicable fiscal year, excluding amounts  
30 attributable to a valuation release:

31 (1) New construction.

32 (2) Additions or improvements to existing structures that  
33 are not normal and necessary repairs under section 441.21,  
34 subsection 8.

35 (3) Net boundary adjustment.

1 (4) A municipality no longer dividing tax revenues in an  
2 urban renewal area as provided in section 403.19 or a community  
3 college no longer dividing revenues as provided in section  
4 260E.4.

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

8 (6) New exemptions for existing properties and the  
9 expiration or removal of property exemptions.

10 *g. "Net new valuation taxes"* means an amount equal to  
11 the effective property tax rate for the city general fund  
12 multiplied by net new valuation for the budget year.

13 *h. "Valuation release"* means the valuation that is released  
14 in any one year from either a division of revenue under section  
15 260E.4 or an urban renewal area for which taxes were being  
16 divided under section 403.19 if the property for the valuation  
17 being released remains subject to the division of revenue under  
18 section 260E.4 or remains part of the urban renewal area that  
19 is subject to a division of revenue under section 403.19.

20 3. *a.* For the fiscal year beginning July 1, 2020, and  
21 subsequent fiscal years, the maximum amount of property  
22 tax dollars which may be certified for levy by a city for  
23 the general fund shall be the maximum property tax dollars  
24 calculated under paragraph "b". The amount of property tax  
25 dollars calculated under this subsection and determined under  
26 subsection 4 includes those amounts received by the city as  
27 replacement taxes under chapter 437A or 437B.

28 *b.* The maximum property tax dollars that may be levied for  
29 deposit in the general fund is an amount equal to the sum of the  
30 following minus the amount certified for levy within the city  
31 under sections 28E.22 and 28M.5:

32 (1) The annual growth factor times the current fiscal year's  
33 actual property tax dollars certified for levy for the general  
34 fund.

35 (2) The amount of net new valuation taxes in the city.

1 4. a. For purposes of calculating maximum property tax  
2 dollars for the city general fund for the fiscal year beginning  
3 July 1, 2020, only, the term "*current fiscal year's actual*  
4 *property tax dollars*" shall mean the sum of the total amount  
5 of property tax dollars certified by the city for the city's  
6 general fund under section 384.1, Code 2019, plus the total  
7 amount of property tax dollars certified for the city's trust  
8 and agency fund under section 384.6, subsection 1, Code 2019,  
9 but excluding that portion of the amounts certified for the  
10 payment of benefits under chapter 97B, chapter 411, chapter  
11 412, or other pension or retirement systems, for the city's  
12 emergency fund under section 384.8, Code 2019, for the levies  
13 authorized under section 384.12, subsections 8, 10, 11, 12, 13,  
14 17, and 21, Code 2019, and certified for levy within the city  
15 under sections 28E.22 and 28M.5 for the fiscal year beginning  
16 July 1, 2018, or the fiscal year beginning July 1, 2019,  
17 whichever is greater.

18 b. For purposes of calculating maximum property tax dollars  
19 for a fiscal year beginning on or after July 1, 2021, a city  
20 for which the city's taxes were not certified back by the  
21 department of management under section 24.17 for the current  
22 fiscal year due to an act or omission of the city, the current  
23 fiscal year's actual property tax dollars certified for levy  
24 shall be equal to the amount certified for levy for the fiscal  
25 year immediately preceding the current fiscal year or the  
26 amount under paragraph "a", if applicable.

27 5. Property taxes certified for retirement and pension  
28 expenses in section 384.3B, deposit in the debt service fund  
29 in section 384.4, capital improvements reserve fund in section  
30 384.7, any capital projects fund established by the city for  
31 deposit of bond, loan, or note proceeds, and property taxes  
32 collected from a levy in section 384.12, are not counted  
33 against the maximum amount of property tax dollars that may be  
34 certified for a budget year under subsection 3.

35 6. Notwithstanding the maximum amount of taxes a city

1 may certify for levy, the tax levied by a city on tracts of  
2 land and improvements on the tracts of land used and assessed  
3 for agricultural or horticultural purposes shall not exceed  
4 three dollars and three-eighths cents per thousand dollars  
5 of assessed value in any year. Improvements located on such  
6 tracts of land and not used for agricultural or horticultural  
7 purposes and all residential dwellings are subject to the same  
8 rate of tax levied by the city on all other taxable property  
9 within the city.

10 7. a. Except as provided in this subsection, the annual  
11 growth percentage for each city for each fiscal year beginning  
12 on or after July 1, 2020, is zero percent.

13 b. The city council may, by resolution, annually approve  
14 an annual growth percentage in excess of the percentage in  
15 paragraph "a", but not to exceed two percent, if the council  
16 publishes in accordance with section 362.3 a notice of the  
17 proposed resolution that includes the proposed annual growth  
18 percentage, the purposes for which the additional property  
19 tax revenue will be used, and the time and place of a public  
20 meeting at which the council proposes to take action on  
21 the resolution. At the meeting, and before approval of  
22 the resolution, the council shall receive oral or written  
23 objections from any resident or property owner of the city.  
24 After all objections have been received and considered, the  
25 council may either take action on the resolution or vote to  
26 abandon the resolution.

27 c. (1) Following approval of a resolution under paragraph  
28 "b" that establishes an annual growth percentage of two percent,  
29 the city council may, by a separate resolution approved  
30 by a two-thirds majority of the council, approve up to one  
31 additional percentage point for the annual growth percentage  
32 if the council publishes in accordance with section 362.3 a  
33 notice of the proposed resolution that includes the proposed  
34 annual growth percentage, the purposes for which the additional  
35 property tax revenue will be used, and the time and place of

1 a public meeting at which the council proposes to take action  
2 on the resolution. At the meeting, and before approval of  
3 the resolution, the council shall receive oral or written  
4 objections from any resident or property owner of the city.  
5 After all objections have been received and considered, the  
6 council may either take action on the resolution or vote to  
7 abandon the resolution.

8 (2) If at any time within twenty days after the meeting  
9 under subparagraph (1), a petition is filed with the city clerk  
10 signed by eligible electors of the city equal in number to the  
11 lesser of one thousand or ten percent of the persons in the  
12 city who voted for the office of president of the United States  
13 at the last preceding general election that had such office on  
14 the ballot, asking that the question of increasing the annual  
15 growth percentage under this paragraph "c" be submitted to the  
16 registered voters of the city, the council shall either vote to  
17 abandon the resolution or shall direct the county commissioner  
18 of elections to call a special election upon the question. If,  
19 however, a valid petition is filed under this subsection and  
20 the notice requirement of subparagraph (3) cannot be satisfied,  
21 the council shall declare the proposal to be abandoned.

22 (3) The special election, if called, is subject to the  
23 following:

24 (a) The city council must give at least thirty-two days'  
25 notice to the county commissioner of elections that the special  
26 election is to be held. In no case, however, shall a notice be  
27 given to the county commissioner of elections after December  
28 31 for an election on a proposition to increase the annual  
29 growth percentage under this paragraph "c" for the fiscal year  
30 beginning in the next calendar year.

31 (b) The proposition is approved if it receives a favorable  
32 majority of the votes cast on the proposition.

33 (c) The canvass shall be held beginning at 1:00 p.m. on  
34 the second day which is not a holiday following the special  
35 election. Notice of the special election shall be published at

1 least once in a newspaper as specified in section 362.3 prior  
2 to the date of the special election.

3 *d.* Each notice published under this subsection and the  
4 ballot for an election held under paragraph "c" shall include  
5 the property tax levy rate per one thousand dollars for  
6 the current fiscal year, the property tax levy rate for the  
7 budget year if the annual growth percentage is zero percent,  
8 and the property tax levy rate if the proposed annual growth  
9 percentage is adopted by resolution or approved at election,  
10 as applicable.

11 8. The department of management, in consultation with the  
12 city finance committee, shall adopt rules to administer this  
13 section. The department shall prescribe forms to be used by  
14 cities when making calculations required by this section.

15 Sec. 23. Section 384.3, Code 2019, is amended to read as  
16 follows:

17 **384.3 General fund.**

18 All moneys received for city government purposes from  
19 taxes and other sources must be credited to the general fund  
20 of the city, except that moneys received for the purposes  
21 of the debt service fund, the trust and agency funds, the  
22 capital improvements reserve fund, ~~the emergency fund~~ and other  
23 funds established by state law must be deposited as otherwise  
24 required or authorized by state law. All moneys received by  
25 a city from the federal government must be reported to the  
26 department of management who shall transmit a copy to the  
27 legislative services agency.

28 Sec. 24. NEW SECTION. **384.3B Retirement system expenses**  
29 **— levy.**

30 1. To the extent that the city's basic levy for city  
31 government purposes under section 384.1, subsection 3, is  
32 insufficient to meet the city's needs for retirement expenses  
33 under chapter 97B, chapter 411, chapter 412, or other pension  
34 or retirement systems that are associated with salaries of the  
35 city's employees, including the types of retirement or pension

1 expenses authorized for payment by cities under section 384.6,  
2 subsection 1, Code 2019, the council may certify a levy each  
3 year in an amount necessary to meet those needs.

4 2. The amounts certified for levy under this section shall  
5 be credited to the general fund of the city, but are not  
6 subject to the city's basic levy limitation on property tax  
7 dollars for city government purposes under section 384.1.

8 Sec. 25. Section 384.6, Code 2019, is amended to read as  
9 follows:

10 **384.6 Trust and agency funds.**

11 A city may establish trust and agency funds for the following  
12 purposes:

13 ~~1. Accounting for pension and related employee benefit  
14 funds as provided by the city finance committee. A city may  
15 certify taxes to be levied for a trust and agency fund in the  
16 amount necessary to meet its obligations.~~

17 ~~a. A city may make contributions to a retirement system  
18 other than the Iowa public employees' retirement system for  
19 its city manager, or city administrator performing the duties  
20 of city manager, in an annual amount not to exceed the amount  
21 that would have been contributed by the employer under section  
22 97B.11.~~

23 ~~b. If a police chief or fire chief has submitted a  
24 written request to the board of trustees to be exempt from  
25 [chapter 411](#), authorized in [section 411.3, subsection 1](#), a  
26 city shall make contributions for the chief, in an amount  
27 not to exceed the amount that would have been contributed by  
28 the city under [section 411.8, subsection 1](#), paragraph "a",  
29 to the international city management association retirement  
30 corporation.~~

31 ~~c. A city which has contracted with another city or  
32 governmental entity for the provision of public safety  
33 services, including but not limited to police protection,  
34 fire protection, ambulance, or hazardous materials response,  
35 may, pursuant to contract, make contributions for pension and~~

~~1 related employee benefits for personnel of the other city or  
2 governmental entity providing such services to the city. The  
3 city may make such contributions in an annual amount not to  
4 exceed the amount of contributions for pension and related  
5 employee benefits that would otherwise be paid by the other  
6 city or governmental entity for such personnel.~~

7 ~~2.~~ 1. Accounting for gifts received by the city for a  
8 particular purpose.

9 ~~3.~~ 2. Accounting for money and property received and  
10 handled by the city as trustee or custodian or in the capacity  
11 of an agent.

12 Sec. 26. Section 384.12, subsections 8, 10, 11, 12, 13, 17,  
13 and 21, Code 2019, are amended by striking the subsections.

14 Sec. 27. Section 384.12, subsection 19, unnumbered  
15 paragraph 1, Code 2019, is amended to read as follows:

16 A tax that exceeds any tax levy limit within this chapter  
17 other than the limitation established pursuant to section  
18 384.1, provided the question has been submitted at a special  
19 levy election and received a simple majority of the votes cast  
20 on the proposition to authorize the enumerated levy limit to be  
21 exceeded for the proposed budget year.

22 Sec. 28. Section 384.15, subsection 1, Code 2019, is amended  
23 to read as follows:

24 1. Promulgate rules relating to budget amendments and the  
25 procedures for transferring moneys between funds, and other  
26 rules necessary or desirable in order to exercise its powers  
27 and perform its duties, including rules necessary to implement  
28 ~~section 384.6, subsection 1~~ 384.3B. The committee's rules are  
29 subject to [chapter 17A](#) as applicable.

30 Sec. 29. Section 384.16, subsection 6, Code 2019, is amended  
31 to read as follows:

32 6. Taxes levied by a city whose budget is certified after  
33 March 15 shall be limited to the prior year's budget amount.  
34 However, this penalty may be waived by the director of the  
35 department of management if the city demonstrates that the

1 March 15 deadline was missed because of circumstances beyond  
2 the control of the city or as the result of an election held  
3 under section 384.1, subsection 7.

4 Sec. 30. Section 384.18, subsection 1, paragraph c, Code  
5 2019, is amended to read as follows:

6 c. To permit transfers from the debt service fund, the  
7 capital improvements reserve fund, ~~the emergency fund,~~ or other  
8 funds established by state law, to any other city fund, unless  
9 specifically prohibited by state law.

10 Sec. 31. Section 384.110, Code 2019, is amended to read as  
11 follows:

12 **384.110 Insurance, self-insurance, and risk pooling funds.**

13 A city may credit funds to a fund or funds for the purposes  
14 authorized by [section 364.4, subsection 5](#); ~~section 384.12,~~  
15 ~~subsection 17;~~ or [section 384.24, subsection 3](#), paragraph "s".  
16 Moneys credited to the fund or funds, and interest earned on  
17 such moneys, shall remain in the fund or funds until expended  
18 for purposes authorized by [section 364.4, subsection 5](#);  
19 ~~section 384.12, subsection 17;~~ or section 384.24, subsection  
20 3, paragraph "s".

21 Sec. 32. Section 386.8, Code 2019, is amended to read as  
22 follows:

23 **386.8 Operation tax.**

24 A city may establish a self-supported improvement district  
25 operation fund, and may certify taxes not to exceed the  
26 rate limitation as established in the ordinance creating the  
27 district, or any amendment thereto, each year to be levied  
28 for the fund against all of the property in the district,  
29 for the purpose of paying the administrative expenses of  
30 the district, which may include but are not limited to  
31 administrative personnel salaries, a separate administrative  
32 office, planning costs including consultation fees, engineering  
33 fees, architectural fees, and legal fees and all other expenses  
34 reasonably associated with the administration of the district  
35 and the fulfilling of the purposes of the district. The taxes

1 levied for this fund may also be used for the purpose of paying  
2 maintenance expenses of improvements or self-liquidating  
3 improvements for a specified length of time with one or more  
4 options to renew if such is clearly stated in the petition  
5 which requests the council to authorize construction of the  
6 improvement or self-liquidating improvement, whether or not  
7 such petition is combined with the petition requesting creation  
8 of a district. Parcels of property which are assessed as  
9 residential property for property tax purposes are exempt from  
10 the tax levied under [this section](#) except residential properties  
11 within a duly designated historic district. A tax levied under  
12 this section is not subject to the ~~levy~~ limitation in section  
13 384.1.

14 Sec. 33. Section 386.9, Code 2019, is amended to read as  
15 follows:

16 **386.9 Capital improvement tax.**

17 A city may establish a capital improvement fund for a  
18 district and may certify taxes, not to exceed the rate  
19 established by the ordinance creating the district, or any  
20 subsequent amendment thereto, each year to be levied for  
21 the fund against all of the property in the district, for  
22 the purpose of accumulating moneys for the financing or  
23 payment of a part or all of the costs of any improvement or  
24 self-liquidating improvement. However, parcels of property  
25 which are assessed as residential property for property tax  
26 purposes are exempt from the tax levied under [this section](#)  
27 except residential properties within a duly designated historic  
28 district. A tax levied under [this section](#) is not subject to  
29 the ~~levy~~ limitations in [section 384.1](#) or [384.7](#).

30 Sec. 34. Section 400.8, subsection 1, Code 2019, is amended  
31 to read as follows:

32 1. The commission, when necessary under the rules,  
33 including minimum and maximum age limits, which shall be  
34 prescribed and published in advance by the commission and  
35 posted in the city hall, shall hold examinations for the

1 purpose of determining the qualifications of applicants  
 2 for positions under civil service, other than promotions,  
 3 which examinations shall be practical in character and shall  
 4 relate to matters which will fairly test the mental and  
 5 physical ability of the applicant to discharge the duties of  
 6 the position to which the applicant seeks appointment. The  
 7 physical examination of applicants for appointment to the  
 8 positions of police officer, police matron, or fire fighter  
 9 shall be held in accordance with medical protocols established  
 10 by the board of trustees of the fire and police retirement  
 11 system established by [section 411.5](#) and shall be conducted  
 12 in accordance with the directives of the board of trustees.  
 13 However, the prohibitions of [section 216.6, subsection 1,](#)  
 14 paragraph "d", regarding tests for the presence of the antibody  
 15 to the human immunodeficiency virus shall not apply to such  
 16 examinations. The board of trustees may change the medical  
 17 protocols at any time the board so determines. In the event of  
 18 a conflict between the medical protocols established under this  
 19 section and the minimum entrance requirements of the Iowa law  
 20 enforcement academy under [section 80B.11](#), the medical protocols  
 21 established under [this section](#) shall control. The physical  
 22 examination of an applicant for the position of police officer,  
 23 police matron, or fire fighter shall be conducted after a  
 24 conditional offer of employment has been made to the applicant.  
 25 An applicant shall not be discriminated against on the basis  
 26 of height, weight, sex, or race in determining physical or  
 27 mental ability of the applicant. Reasonable rules relating to  
 28 strength, agility, and general health of applicants shall be  
 29 prescribed. The costs of the physical examination required  
 30 under [this subsection](#) shall be paid from the ~~trust and agency~~  
 31 general fund of the city.

32 Sec. 35. Section 411.6, subsection 5, paragraph b, Code  
 33 2019, is amended to read as follows:

34 *b.* If a member in service or the chief of the police or  
 35 fire departments becomes incapacitated for duty as a natural

1 or proximate result of an injury or disease incurred in or  
2 aggravated by the actual performance of duty at some definite  
3 time or place or while acting, pursuant to order, outside the  
4 city by which the member is regularly employed, the member,  
5 upon being found to be temporarily incapacitated following a  
6 medical examination as directed by the city, is entitled to  
7 receive the member's full pay and allowances from the city's  
8 general fund ~~or trust and agency fund~~ until reexamined as  
9 directed by the city and found to be fully recovered or until  
10 the city determines that the member is likely to be permanently  
11 disabled. If the temporary incapacity of a member continues  
12 more than sixty days, or if the city expects the incapacity  
13 to continue more than sixty days, the city shall notify the  
14 system of the temporary incapacity. Upon notification by a  
15 city, the system may refer the matter to the medical board for  
16 review and consultation with the member's treating physician  
17 during the temporary incapacity. Except as provided by this  
18 paragraph, the board of trustees of the statewide system has no  
19 jurisdiction over these matters until the city determines that  
20 the disability is likely to be permanent.

21 Sec. 36. Section 411.15, Code 2019, is amended to read as  
22 follows:

23 **411.15 Hospitalization and medical attention.**

24 Cities shall provide hospital, nursing, and medical  
25 attention for the members of the police and fire departments  
26 of the cities, when injured while in the performance of their  
27 duties as members of such department, and shall continue to  
28 provide hospital, nursing, and medical attention for injuries  
29 or diseases incurred while in the performance of their duties  
30 for members receiving a retirement allowance under section  
31 411.6, subsection 6. Cities may fund the cost of the hospital,  
32 nursing, and medical attention required by **this section** through  
33 the purchase of insurance, by self-insuring the obligation, or  
34 through payment of moneys into a local government risk pool  
35 established for the purpose of covering the costs associated

1 with the requirements of **this section**. However, the cost of  
2 the hospital, nursing, and medical attention required by this  
3 section shall not be funded through an employee-paid health  
4 insurance policy. The cost of the hospital, nursing, and  
5 medical attention required by **this section** shall be paid from  
6 ~~moneys held in a trust and agency fund established pursuant~~  
7 ~~to **section 384.6**,~~ the city's general fund or out of the  
8 appropriation for the department to which the injured person  
9 belongs or belonged; provided that any amounts received by  
10 the injured person from any other source for such specific  
11 purposes, shall be deducted from the amount paid by the city  
12 under the provisions of **this section**.

13 Sec. 37. Section 441.45, Code 2019, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 3. The county assessor of each county and  
16 each city assessor shall, at the same time as the transmission  
17 of the abstract to the department of revenue under this  
18 section, transmit to the county auditor an abstract containing  
19 the information required under subsection 1 by taxing district.

20 Sec. 38. REPEAL. Sections 331.424, 331.425, 331.426, and  
21 384.8, Code 2019, are repealed.

22 Sec. 39. APPLICABILITY. This division of this Act applies  
23 to fiscal years beginning on or after July 1, 2020.

24 DIVISION II

25 PROPERTY TAX SYSTEM ADVISORY GROUP

26 Sec. 40. NEW SECTION. **421.1B Property tax system advisory**  
27 **group created — duties.**

28 1. The director of revenue shall establish a property tax  
29 system advisory group to comprehensively analyze the existing  
30 property tax laws, rules, programs, and systems of this state,  
31 including but not limited to the statutory changes contained in  
32 this Act, classification of property, assessment limitations,  
33 property valuation methodologies, property tax credits and  
34 exemptions for low-income and elderly property owners, and the  
35 methodologies of calculating property tax rates. Based on the

1 analysis, the advisory group shall annually provide input,  
2 feedback, and recommendations to the department of revenue and  
3 to the general assembly. Recommendations made by the advisory  
4 group shall focus on reforms that will increase transparency  
5 and fairness and reforms that will simplify property tax  
6 systems. Recommendations of the advisory group may include  
7 statutory changes, administrative rule changes, or governmental  
8 subdivision policy and implementation changes.

9 2. The property tax system advisory group established by  
10 the director of revenue shall include, at a minimum, all of the  
11 following members:

12 a. One member from an association representing Iowa  
13 counties.

14 b. One member from an association representing Iowa cities.

15 c. One member from an association representing boards of  
16 directors of Iowa public schools.

17 d. One member from an association representing agricultural  
18 property taxpayers.

19 e. One member from an association representing industrial  
20 property taxpayers.

21 f. One member who is a residential property taxpayer.

22 g. The director of the department of management or an  
23 employee of the department of management designated by the  
24 director of the department of management.

25 h. The director of revenue or an employee of the department  
26 of revenue designated by the director of revenue.

27 i. The director of the economic development authority or  
28 an employee of the authority designated by the director of the  
29 economic development authority.

30 j. One member from an association representing county and  
31 city assessors of this state.

32 3. a. The department of revenue, in consultation with the  
33 department of management, shall provide staffing assistance to  
34 the advisory group.

35 b. The advisory group shall adopt rules relating to its

1 procedures and meetings under the general supervision of the  
2 director of revenue.

3 4. The activities of the advisory group, including all  
4 recommendations adopted, shall be included in an annual report.  
5 The first such report shall be submitted to the department of  
6 revenue and the general assembly no later than January 1, 2020,  
7 with subsequent reports developed and submitted by January 1  
8 each year thereafter until January 1, 2025.

9 Sec. 41. EFFECTIVE DATE. This division of this Act, being  
10 deemed of immediate importance, takes effect upon enactment.

11 DIVISION III

12 ELDERLY PROPERTY TAX CREDIT

13 Sec. 42. Section 425.1, subsection 1, paragraph a, Code  
14 2019, is amended to read as follows:

15 a. A homestead credit fund is created. There is  
16 appropriated annually from the general fund of the state to  
17 the department of revenue to be credited to the homestead  
18 credit fund, an amount sufficient to implement this ~~chapter~~  
19 subchapter.

20 Sec. 43. Section 425.17, subsection 2, Code 2019, is amended  
21 to read as follows:

22 2. a. "*Claimant*" means ~~either~~ any of the following:

23 (1) A person either filing a claim for credit or  
24 reimbursement under this subchapter who ~~has attained the age~~  
25 ~~of sixty-five years on or before December 31 of the base year~~  
26 ~~or who~~ is totally disabled and was totally disabled on or  
27 before December 31 of the base year or filing a claim for  
28 reimbursement under this subchapter who has attained the age of  
29 sixty-five years on or before December 31 of the base year and  
30 who is domiciled in this state at the time the claim is filed or  
31 at the time of the person's death in the case of a claim filed  
32 by the executor or administrator of the claimant's estate.

33 (2) A person filing a claim for credit or reimbursement  
34 under this subchapter who has attained the age of twenty-three  
35 years on or before December 31 of the base year or was a head

1 of household on December 31 of the base year, as defined in  
 2 the Internal Revenue Code, but has not attained the age or  
 3 disability status described in ~~paragraph "a"~~, subparagraph (1)  
 4 or the age status and eligibility criteria of subparagraph (3),  
 5 and is domiciled in this state at the time the claim is filed or  
 6 at the time of the person's death in the case of a claim filed  
 7 by the executor or administrator of the claimant's estate, and  
 8 was not claimed as a dependent on any other person's tax return  
 9 for the base year.

10 (3) A person filing a claim for credit under this subchapter  
 11 who has attained the age of sixty-five years on or before  
 12 December 31 of the base year, who has a household income of  
 13 less than two hundred fifty percent of the federal poverty  
 14 level, as defined by the most recently revised poverty income  
 15 guidelines published by the United States department of health  
 16 and human services, and is domiciled in this state at the time  
 17 the claim is filed or at the time of the person's death in the  
 18 case of a claim filed by the executor or administrator of the  
 19 claimant's estate.

20 *b. "Claimant" under paragraph "a",* ~~subparagraph (1) or (2),~~  
 21 includes a vendee in possession under a contract for deed and  
 22 may include one or more joint tenants or tenants in common.  
 23 In the case of a claim for rent constituting property taxes  
 24 paid, the claimant shall have rented the property during any  
 25 part of the base year. In the case of a claim for property  
 26 taxes due, the claimant shall have occupied the property during  
 27 any part of the fiscal year beginning July 1 of the base year.  
 28 If a homestead is occupied by two or more persons, and more  
 29 than one person is able to qualify as a claimant, the persons  
 30 may each file a claim based upon each person's income and rent  
 31 constituting property taxes paid or property taxes due.

32 Sec. 44. Section 425.23, subsection 1, Code 2019, is amended  
 33 by adding the following new paragraph:

34 NEW PARAGRAPH. c. The tentative credit for a claimant  
 35 described in section 425.17, subsection 2, paragraph "a",

1 subparagraph (3), shall be the greater of the following:

2 (1) The amount of the credit under the schedule specified in  
3 paragraph "a" of this subsection if the claimant was a claimant  
4 as defined in section 425.17, subsection 2, paragraph "a",  
5 subparagraph (1), filing for a credit under paragraph "a" of  
6 this subsection.

7 (2) The difference between the actual amount of property  
8 taxes due on the homestead during the fiscal year next  
9 following the base year minus the actual amount of property  
10 taxes due on the homestead during the first fiscal year for  
11 which the claimant filed a claim for a credit calculated under  
12 this paragraph "c" and for which the property taxes due on the  
13 homestead were calculated on an assessed valuation that was  
14 not a partial assessment and if the claimant has filed for the  
15 credit calculated under this paragraph "c" for each of the  
16 subsequent fiscal years after the first credit claimed.

17 Sec. 45. Section 425.23, subsection 4, paragraph a, Code  
18 2019, is amended to read as follows:

19 a. For the base year beginning in the 1999 calendar year  
20 and for each subsequent base year, the dollar amounts set  
21 forth in ~~subsections~~ subsection 1, paragraphs "a" and "b", and  
22 subsection 3 shall be multiplied by the cumulative adjustment  
23 factor for that base year. "*Cumulative adjustment factor*" means  
24 the product of the annual adjustment factor for the 1998 base  
25 year and all annual adjustment factors for subsequent base  
26 years. The cumulative adjustment factor applies to the base  
27 year beginning in the calendar year for which the latest annual  
28 adjustment factor has been determined.

29 Sec. 46. Section 425.24, Code 2019, is amended to read as  
30 follows:

31 **425.24 Maximum property tax for purpose of credit or**  
32 **reimbursement.**

33 ~~In~~ For claimants under section 425.17, subsection 2,  
34 paragraph "a", subparagraphs (1) and (2), and for the  
35 calculation under section 425.23, subsection 1, paragraph "c",

1 subparagraph (2), in any case in which property taxes due or  
2 rent constituting property taxes paid for any household exceeds  
3 one thousand dollars, the amount of property taxes due or rent  
4 constituting property taxes paid shall be deemed to have been  
5 one thousand dollars for purposes of this subchapter.

6 Sec. 47. Section 425.39, Code 2019, is amended to read as  
7 follows:

8 **425.39 Fund created — appropriation — priority.**

9 The elderly and disabled property tax credit and  
10 reimbursement fund is created. There is appropriated annually  
11 from the general fund of the state to the department of revenue  
12 to be credited to the elderly and disabled property tax credit  
13 and reimbursement fund, from funds not otherwise appropriated,  
14 an amount sufficient to implement this subchapter for claimants  
15 described in section 425.17, subsection 2, paragraph "a",  
16 subparagraph subparagraphs (1) and (3).

17 Sec. 48. APPLICABILITY. This division of this Act applies  
18 to claims under chapter 425, subchapter II, filed on or after  
19 January 1, 2020.

20 DIVISION IV

21 STATE APPRAISAL MANUAL

22 Sec. 49. Section 421.17, subsection 17, Code 2019, is  
23 amended to read as follows:

24 17. To prepare and issue a state appraisal manual which each  
25 county and city assessor shall use in assessing and valuing all  
26 classes of property in the state. The appraisal manual shall  
27 be continuously revised and the manual and revisions shall be  
28 issued to the county and city assessors in such form and manner  
29 as prescribed by the director. Each county and city assessor  
30 shall use the most recently issued manual in assessing and  
31 valuing all classes of property in the state within two years  
32 of the publication date of the most recently issued manual.  
33 The department may grant an extension of up to two years to  
34 a county or city assessor upon request and demonstration of  
35 substantial hardship by an assessor.

1

EXPLANATION

2

The inclusion of this explanation does not constitute agreement with  
3 the explanation's substance by the members of the general assembly.

3

4 Division I of this bill removes the property tax levy rate  
5 limitations on the general and rural funds for counties and on  
6 the general fund for cities and substitutes a limitation on the  
7 maximum amount of property tax dollars that may be certified  
8 for expenditure by a county or city for those funds for fiscal  
9 years beginning on or after July 1, 2020. The bill specifies  
10 various purposes and funds of the city or county that are not  
11 subject to the new property tax limitations. For the fiscal  
12 year beginning July 1, 2020, and subsequent fiscal years, the  
13 maximum amount of property tax dollars which may be certified  
14 for levy shall generally be an amount equal to the sum of the  
15 prior fiscal year's actual property tax dollars certified by  
16 the county or city multiplied by the annual growth factor,  
17 as defined in the bill, plus the amount of net new valuation  
18 taxes, as defined in the bill.

19 Under the bill, the annual growth factor is determined by  
20 adding the annual growth percentage to 100 percent. Unless a  
21 higher annual growth percentage is approved by the applicable  
22 county or city, the annual growth percentage for each fiscal  
23 year beginning on or after July 1, 2020, is 0 percent. The  
24 governing body of the applicable county or city may, by  
25 resolution, annually approve an annual growth percentage in  
26 excess of 0 but not to exceed 2 percent. Such resolution  
27 must be preceded by notice and a hearing where the governing  
28 board receives and considers public objections. Additionally,  
29 following approval of such a resolution that establishes an  
30 annual growth percentage of 2 percent, the governing body may,  
31 by a separate resolution approved by a two-thirds majority of  
32 the governing body, approve up to one additional percentage  
33 point for the annual growth percentage if the governing body  
34 complies with the notice and meeting requirements similar to  
35 those for the other percentage increase. However, if at any

1 time within 20 days after the meeting, a petition is filed that  
2 is signed by a specified number of eligible electors, asking  
3 that the question of the additional increase in the annual  
4 growth percentage be submitted to the registered voters at  
5 a special election, the governing body, subject to election  
6 notice requirements, is required to either vote to abandon the  
7 resolution or shall direct the county commissioner of elections  
8 to call a special election upon the question. The proposition  
9 is approved if it receives a favorable majority of the votes  
10 cast on the proposition.

11 Division I of the bill also makes conforming amendments to  
12 other provisions of the Code.

13 Division I of the bill applies to fiscal years beginning on  
14 or after July 1, 2020.

15 Division II of the bill directs the director of revenue  
16 to establish a property tax system advisory group to  
17 comprehensively analyze the existing property tax laws, rules,  
18 programs, and systems of this state. Based on the analysis  
19 conducted, the advisory group is required to annually provide  
20 input, feedback, and recommendations to the department of  
21 revenue and to the general assembly. The bill sets the  
22 minimum composition requirements for the advisory group. The  
23 department of revenue, in consultation with the department  
24 of management, is required to provide staffing assistance to  
25 the advisory group. The bill requires the activities of the  
26 advisory group, including all recommendations adopted, to be  
27 included in an annual report. The first such report shall  
28 be submitted to the department of revenue and the general  
29 assembly no later than January 1, 2020, with subsequent reports  
30 developed and submitted by January 1 each year thereafter until  
31 January 1, 2025.

32 Division II of the bill takes effect upon enactment.

33 Division III of the bill modifies the eligibility for and  
34 the calculation of the amount of the property tax credit for  
35 persons ages 65 and older under Code chapter 425, subchapter

1 II.

2 Under the bill, a person filing a claim for the property tax  
3 credit who is at least 65 years of age and who has a household  
4 income of less than 250 percent of the federal poverty level  
5 is eligible to receive a credit against property taxes due on  
6 the claimant's homestead. For such a claimant, the tentative  
7 credit amount is equal to the greater of the following: (1)  
8 the amount of the credit as calculated under the schedule  
9 of credit amounts specified in Code section 425.23(1)(a) as  
10 if the claimant was an eligible claimant for a credit under  
11 that provision; and (2) the difference between the actual  
12 amount of property taxes due on the homestead during the  
13 applicable fiscal year minus the actual amount of property  
14 taxes due on the homestead based on a full assessment during  
15 the first fiscal year for which the claimant filed for a credit  
16 calculated under the bill and if the claimant has filed for the  
17 credit for each of the subsequent fiscal years after the first  
18 credit claimed.

19 Division III of the bill applies to claims under Code chapter  
20 425, subchapter II, filed on or after January 1, 2020.

21 Division IV relates to the state appraisal manual and the  
22 usage of the manual by local assessors. Current law requires  
23 the director of revenue to prepare, issue, and revise a state  
24 appraisal manual which each county and city assessor shall use  
25 in assessing and valuing all classes of property in the state.  
26 The bill requires each county and city assessor to use the most  
27 recently issued manual in assessing and valuing all classes  
28 of property in the state within two years of the publication  
29 date of the most recently issued manual. If requested, the  
30 department of revenue may grant an extension of up to two years  
31 to a county or city assessor upon request and demonstration of  
32 substantial hardship.