

**Senate Study Bill 1125 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act relating to state and local revenue and finances by  
2 modifying sales and use taxes, the charitable conservation  
3 contribution tax credit available against individual and  
4 corporate income taxes, the water service tax, property  
5 taxes, transit funding, and local option taxes, crediting  
6 moneys to the natural resources and outdoor recreation trust  
7 fund, making appropriations, and including effective date,  
8 retroactive applicability, and applicability provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

SALES AND USE TAX RATES AND DISTRIBUTION

Section 1. Section 423.2, subsection 1, unnumbered paragraph 1, Code 2023, is amended to read as follows:

There is imposed a tax ~~of six percent~~ at the rate specified in subsection 12 upon the sales price of all sales of tangible personal property, sold at retail in the state to consumers or users except as otherwise provided in [this subchapter](#).

Sec. 2. Section 423.2, subsections 2 and 3, Code 2023, are amended to read as follows:

2. A tax ~~of six percent~~ at the rate specified in subsection 12 is imposed upon the sales price of the sale or furnishing of gas, electricity, water, heat, pay television service, and communication service, including the sales price from such sales by any municipal corporation or joint water utility furnishing gas, electricity, water, heat, pay television service, and communication service to the public in its proprietary capacity, except as otherwise provided in this subchapter, when sold at retail in the state to consumers or users.

3. A tax ~~of six percent~~ at the rate specified in subsection 12 is imposed upon the sales price of all sales of tickets or admissions to places of amusement, fairs, and athletic events except those of elementary and secondary educational institutions. A tax ~~of six percent~~ at the rate specified in subsection 12 is imposed on the sales price of an entry fee or like charge imposed solely for the privilege of participating in an activity at a place of amusement, fair, or athletic event unless the sales price of tickets or admissions charges for observing the same activity are taxable under [this subchapter](#). A tax ~~of six percent~~ at the rate specified in subsection 12 is imposed upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

Sec. 3. Section 423.2, subsection 4, paragraph a, Code 2023,

1 is amended to read as follows:

2     a. ~~A tax of six percent~~ at the rate specified in subsection  
3 12 is imposed upon the sales price derived from the operation  
4 of all forms of amusement devices and games of skill, games of  
5 chance, raffles, and bingo games as defined in [chapter 99B](#), and  
6 card game tournaments conducted under [section 99B.27](#), that are  
7 operated or conducted within the state, the tax to be collected  
8 from the operator in the same manner as for the collection of  
9 taxes upon the sales price of tickets or admission as provided  
10 in [this section](#). Nothing in [this subsection](#) shall legalize any  
11 games of skill or chance or slot-operated devices which are now  
12 prohibited by law.

13     Sec. 4. Section 423.2, subsection 5, Code 2023, is amended  
14 to read as follows:

15     5. There is imposed a tax ~~of six percent~~ at the rate  
16 specified in subsection 12 upon the sales price from the  
17 furnishing of services as defined in [section 423.1](#).

18     Sec. 5. Section 423.2, subsection 7, paragraph a,  
19 unnumbered paragraph 1, Code 2023, is amended to read as  
20 follows:

21     A tax ~~of six percent~~ at the rate specified in subsection 12  
22 is imposed upon the sales price from the sales, furnishing, or  
23 service of solid waste collection and disposal service.

24     Sec. 6. Section 423.2, subsection 8, paragraph a, Code 2023,  
25 is amended to read as follows:

26     a. ~~A tax of six percent~~ at the rate specified in subsection  
27 12 is imposed on the sales price from sales of bundled  
28 transactions. For the purposes of [this subsection](#), a "*bundled*  
29 *transaction*" is the retail sale of two or more distinct and  
30 identifiable products, except real property and services to  
31 real property, which are sold for one nonitemized price. A  
32 "*bundled transaction*" does not include the sale of any products  
33 in which the sales price varies, or is negotiable, based on  
34 the selection by the purchaser of the products included in the  
35 transaction.

1     Sec. 7. Section 423.2, subsection 9, Code 2023, is amended  
2 to read as follows:

3     9. A tax ~~of six percent~~ at the rate specified in  
4 subsection 12 is imposed upon the sales price from any mobile  
5 telecommunications service, including all paging services,  
6 that this state is allowed to tax pursuant to the provisions  
7 of the federal Mobile Telecommunications Sourcing Act, Pub.  
8 L. No. 106-252, 4 U.S.C. §116 et seq. For purposes of this  
9 subsection, taxes on mobile telecommunications service, as  
10 defined under the federal Mobile Telecommunications Sourcing  
11 Act that are deemed to be provided by the customer's home  
12 service provider, shall be paid to the taxing jurisdiction  
13 whose territorial limits encompass the customer's place of  
14 primary use, regardless of where the mobile telecommunications  
15 service originates, terminates, or passes through and  
16 shall in all other respects be taxed in conformity with  
17 the federal Mobile Telecommunications Sourcing Act. All  
18 other provisions of the federal Mobile Telecommunications  
19 Sourcing Act are adopted by the state of Iowa and incorporated  
20 into [this subsection](#) by reference. With respect to mobile  
21 telecommunications service under the federal Mobile  
22 Telecommunications Sourcing Act, the director shall, if  
23 requested, enter into agreements consistent with the provisions  
24 of the federal Act.

25     Sec. 8. Section 423.2, subsection 10, paragraph a, Code  
26 2023, is amended to read as follows:

27     a. A tax ~~of six percent~~ at the rate specified in subsection  
28 12 is imposed on the sales price of specified digital products  
29 sold at retail in the state. The tax applies whether the  
30 purchaser obtains permanent use or less than permanent use of  
31 the specified digital product, whether the sale is conditioned  
32 or not conditioned upon continued payment from the purchaser,  
33 and whether the sale is on a subscription basis or is not on a  
34 subscription basis.

35     Sec. 9. Section 423.2, subsection 12, Code 2023, is amended

1 by striking the subsection and inserting in lieu thereof the  
2 following:

3 12. a. For the period beginning January 1, 2025, through  
4 December 31, 2050, the sales tax rate is seven percent.

5 b. Beginning January 1, 2051, the sales tax rate is six  
6 percent.

7 Sec. 10. Section 423.2A, subsection 2, paragraphs a, b, and  
8 c, Code 2023, are amended to read as follows:

9 a. (1) Transfer For the period beginning January 1,  
10 2025, through December 31, 2027, transfer twenty-eight  
11 one-hundred-fortieths of the revenues collected under deposited  
12 into the general fund of the state under subsection 1 to the  
13 appropriate county accounts under chapter 423B for the counties  
14 from which the tax was collected.

15 (2) For the period beginning January 1, 2028, through  
16 December 31, 2028, transfer twenty-seven one-hundred-fortieths  
17 of the revenues deposited into the general fund of the state  
18 under subsection 1 to the appropriate county accounts under  
19 chapter 423B for the counties from which the tax was collected.

20 (3) For the period beginning January 1, 2029, through  
21 December 31, 2029, transfer twenty-six one-hundred-fortieths of  
22 the revenues deposited into the general fund of the state under  
23 subsection 1 to the appropriate county accounts under chapter  
24 423B for the counties from which the tax was collected.

25 (4) For the period beginning January 1, 2030, through  
26 December 31, 2050, transfer twenty-five one-hundred-fortieths  
27 of the revenues deposited into the general fund of the state  
28 under subsection 1 to the appropriate county accounts under  
29 chapter 423B for the counties from which the tax was collected.

30 (5) Beginning January 1, 2051, transfer five twenty-fourths  
31 of the revenues deposited into the general fund of the state  
32 under subsection 1 to the appropriate county accounts under  
33 chapter 423B for the counties from which the tax was collected.

34 b. Transfer from the remaining revenues the amounts required  
35 under Article VII, section 10, of the Constitution of the State

1 of Iowa to the natural resources and outdoor recreation trust  
2 fund created in [section 461.31](#), ~~if applicable~~.

3 *c.* Transfer ~~one-sixth of~~ from the remaining revenues an  
4 amount equal to one-seventh of the revenues deposited into the  
5 general fund of the state under subsection 1 to the secure an  
6 advanced vision for education fund created in [section 423F.2](#).  
7 This paragraph “*c*” is repealed January 1, 2051.

8 Sec. 11. Section 423.5, subsection 1, unnumbered paragraph  
9 1, Code 2023, is amended to read as follows:

10 Except as provided in paragraph “*b*”, an excise tax at the  
11 ~~rate of six percent~~ specified in subsection 4 of the purchase  
12 price or installed purchase price is imposed on the following:

13 Sec. 12. Section 423.5, subsection 4, Code 2023, is amended  
14 by striking the subsection and inserting in lieu thereof the  
15 following:

16 4. *a.* For the period beginning January 1, 2025, through  
17 December 31, 2050, the use tax rate is seven percent.

18 *b.* Beginning January 1, 2051, the use tax rate is six  
19 percent.

20 Sec. 13. Section 423.43, subsection 1, paragraph b, Code  
21 2023, is amended by striking the paragraph and inserting in  
22 lieu thereof the following:

23 *b.* Subsequent to the deposit into the general fund of  
24 the state the department shall do the following in the order  
25 prescribed:

26 (1) (a) For the period beginning January 1, 2025, through  
27 December 31, 2043, transfer one-seventh of such revenues to the  
28 local use tax supplement fund, under section 423B.1A.

29 (b) For the period beginning January 1, 2044, through  
30 December 31, 2050, transfer one-seventh of such revenues to the  
31 appropriate county accounts under chapter 423B for the counties  
32 from which the tax was paid.

33 (c) Beginning January 1, 2051, transfer one-sixth of such  
34 revenues to the appropriate county accounts under chapter 423B  
35 for the counties from which the tax was paid.

1 (2) Transfer one-sixth of such remaining revenues to the  
2 secure an advanced vision for education fund created in section  
3 423F.2. This subparagraph is repealed January 1, 2051.

4 Sec. 14. EFFECTIVE DATE. This division of this Act takes  
5 effect January 1, 2025.

6 DIVISION II

7 WATER SERVICE TAX

8 Sec. 15. Section 423G.3, Code 2023, is amended to read as  
9 follows:

10 **423G.3 Water service tax.**

11 An excise tax at ~~the a rate of six percent~~ equal to the rate  
12 being imposed under section 423.2, subsection 12, is imposed on  
13 the sales price from the sale or furnishing by a water utility  
14 of a water service in the state to consumers or users.

15 Sec. 16. Section 423G.6, subsection 2, Code 2023, is amended  
16 by striking the subsection.

17 Sec. 17. REPEAL. Chapter 423G.7, Code 2023, is repealed.

18 Sec. 18. EFFECTIVE DATE. This division of this Act takes  
19 effect January 1, 2025.

20 DIVISION III

21 LOCAL OPTION TAXES

22 Sec. 19. Section 15J.7, subsection 2, Code 2023, is amended  
23 to read as follows:

24 2. In addition to the moneys received pursuant to section  
25 15J.6, a municipality may deposit in the reinvestment project  
26 fund any other moneys lawfully at the municipality's disposal,  
27 including but not limited to ~~local sales and services tax~~  
28 ~~receipts collected~~ revenues received under [chapter 423B](#) if such  
29 use is a purpose authorized for the municipality under chapter  
30 423B.

31 Sec. 20. Section 28A.17, Code 2023, is amended to read as  
32 follows:

33 **28A.17 Local sales and services tax.**

34 1. If an authority is established as provided in section  
35 28A.6 and after approval of a referendum by a simple majority

1 of votes cast in each metropolitan area in favor of the sales  
2 and services tax, the governing board of a county in this state  
3 within a metropolitan area which is part of the authority shall  
4 impose, at the request of the authority, a local sales and  
5 services tax at the rate of one-fourth of one percent on the  
6 sales price taxed by this state under [section 423.2](#), within  
7 the metropolitan area located in this state. The referendum  
8 shall be called by resolution of the board and shall be held  
9 as provided in [section 28A.6](#) to the extent applicable. The  
10 ballot proposition shall contain a statement as to the specific  
11 purpose or purposes for which the revenues shall be expended  
12 and the date of expiration of the tax. The local sales and  
13 services tax shall be imposed on the same basis, with the same  
14 exceptions, and following the same administrative procedures as  
15 provided for a county under [sections 423B.5 and 423B.6, Code](#)  
16 [2023](#). The amount of the sale, for the purposes of determining  
17 the amount of the local sales and services tax under this  
18 section, does not include the amount of any local sales and  
19 services tax imposed under [sections 423B.5 and 423B.6, Code](#)  
20 [2023](#).

21 2. The treasurer of state shall credit the local sales  
22 and services tax receipts and interest and penalties to the  
23 authority's account. Moneys in this account shall be remitted  
24 quarterly to the authority. The proceeds of the tax imposed  
25 under [this section](#) shall be used only for the construction,  
26 reconstruction, or repair of metropolitan facilities as  
27 specified in the referendum. The local sales and services tax  
28 imposed under [this section](#) may be suspended for not less than  
29 a fiscal quarter or more than one year by action of the board.  
30 The suspension may be renewed or continued by the board, but  
31 the board shall act on the suspension at least annually.  
32 The local sales and services tax may also be repealed by a  
33 petition and favorable referendum following the procedures and  
34 requirements of [sections 28A.5 and 28A.6](#) as applicable. The  
35 board shall give the department of revenue at least forty days'



1 notice of the repeal, suspension, or reinstatement of the tax  
2 and the effective dates for imposition, suspension, or repeal  
3 of the tax shall be as provided in [section 423B.6](#), Code 2023.

4 3. A local sales and services tax authorized under this  
5 section shall not be imposed or collected on or after January  
6 1, 2025.

7 Sec. 21. Section 76.4, Code 2023, is amended to read as  
8 follows:

9 **76.4 Permissive application of funds.**

10 Whenever the governing authority of such political  
11 subdivision shall have on hand funds derived from any other  
12 source than taxation which may be appropriated to the payment  
13 either of interest or principal, or both principal and interest  
14 of such bonds, such funds may be so appropriated and used  
15 and the levy for the payment of the bonds correspondingly  
16 reduced. [This section](#) shall not restrict the authority of a  
17 political subdivision to apply ~~sales and services~~ tax receipts  
18 ~~collected~~ received pursuant to [chapter 423B](#) for such purpose.  
19 Notwithstanding [section 423F.3](#), a school district may apply tax  
20 receipts received pursuant to [chapter 423F](#) for the purposes of  
21 this section.

22 Sec. 22. Section 99B.1, subsection 23, Code 2023, is amended  
23 to read as follows:

24 23. "*Net receipts*" means gross receipts less amounts awarded  
25 as prizes and less state ~~and local~~ sales tax paid upon the  
26 gross receipts.

27 Sec. 23. Section 99B.14, subsection 1, Code 2023, is amended  
28 to read as follows:

29 1. A licensed qualified organization shall certify  
30 that the receipts from all charitable gambling conducted  
31 by the organization under [this chapter](#), less reasonable  
32 expenses, charges, fees, taxes, and deductions, either will  
33 be distributed as prizes to participants or will be dedicated  
34 and distributed for educational, civic, public, charitable,  
35 patriotic, or religious uses. Reasonable expenses, charges,

1 fees, taxes other than the state ~~and local~~ sales tax, and  
2 deductions allowed by the department shall not exceed forty  
3 percent of net receipts.

4 Sec. 24. Section 99G.4, subsection 2, Code 2023, is amended  
5 to read as follows:

6 2. The income and property of the authority shall be exempt  
7 from all state and local taxes, and the sale of lottery tickets  
8 and shares issued and sold by the authority and its retail  
9 licensees shall be exempt from all state ~~and local~~ sales taxes.

10 Sec. 25. Section 99G.30A, subsection 2, paragraph a, Code  
11 2023, is amended to read as follows:

12 a. The director of revenue shall administer the monitor  
13 vending machine excise tax as nearly as possible in conjunction  
14 with the administration of state sales tax laws. ~~The director~~  
15 ~~shall provide appropriate forms or provide appropriate entries~~  
16 ~~on the regular state tax forms for reporting local sales and~~  
17 ~~services tax liability.~~

18 Sec. 26. Section 279.63, subsection 2, paragraph a, Code  
19 2023, is amended to read as follows:

20 a. All property tax levies, and income surtaxes, ~~and local~~  
21 ~~option sales taxes~~ in place in the school district, listed by  
22 type of levy, rate, amount, duration, and notification of the  
23 maximum rate and amount limitations permitted by statute.

24 Sec. 27. Section 321.40, subsection 5, Code 2023, is amended  
25 by striking the subsection.

26 Sec. 28. Section 321.130, Code 2023, is amended to read as  
27 follows:

28 **321.130 Fees in lieu of taxes.**

29 The registration fees imposed by [this chapter](#) upon private  
30 passenger motor vehicles or semitrailers are in lieu of all  
31 state and local taxes, ~~except local vehicle taxes~~, to which  
32 motor vehicles or semitrailers are subject.

33 Sec. 29. Section 418.13, subsection 2, Code 2023, is amended  
34 to read as follows:

35 2. In addition to the moneys received pursuant to section

1 418.10 or 418.12, a governmental entity may deposit in the  
2 flood project fund any other moneys lawfully received by the  
3 governmental entity, including but not limited to ~~local sales~~  
4 ~~and services tax receipts collected~~ amounts received under  
5 chapter 423B.

6 Sec. 30. Section 421.26, Code 2023, is amended to read as  
7 follows:

8 **421.26 Personal liability for tax due.**

9 If a licensee or other person under section 452A.65, a  
10 retailer or purchaser under chapter 423A, ~~423B~~, 423C, 423D, or  
11 423E, or section 423.14, 423.14A, 423.29, 423.31, or 423.33,  
12 or a user under section 423.34, or a permit holder or licensee  
13 under section 453A.13, 453A.16, or 453A.44 fails to pay a tax  
14 under those sections when due, an officer of a corporation  
15 or association, notwithstanding section 489.304, a member or  
16 manager of a limited liability company, or a partner of a  
17 partnership, having control or supervision of or the authority  
18 for remitting the tax payments and having a substantial legal  
19 or equitable interest in the ownership of the corporation,  
20 association, limited liability company, or partnership, who has  
21 intentionally failed to pay the tax is personally liable for  
22 the payment of the tax, interest, and penalty due and unpaid.  
23 However, this section shall not apply to taxes on accounts  
24 receivable. The dissolution of a corporation, association,  
25 limited liability company, or partnership shall not discharge a  
26 person's liability for failure to remit the tax due.

27 Sec. 31. Section 421.28, Code 2023, is amended to read as  
28 follows:

29 **421.28 Exceptions to successor liability.**

30 The immediate successor to a licensee's or retailer's  
31 business or stock of goods under chapter 423A ~~or 423B~~, or  
32 section 423.33 or 452A.65, is not personally liable for  
33 the amount of delinquent tax, interest, or penalty due and  
34 unpaid if the immediate successor shows that the purchase of  
35 the business or stock of goods was made in good faith that

1 no delinquent tax, interest, or penalty was due and unpaid.  
2 For purposes of [this section](#) the immediate successor shows  
3 good faith by evidence that the department had provided  
4 the immediate successor with a certified statement that  
5 no delinquent tax, interest, or penalty is unpaid, or that  
6 the immediate successor had taken in good faith a certified  
7 statement from the licensee, retailer, or seller that no  
8 delinquent tax, interest, or penalty is unpaid. When requested  
9 to do so by a person with whom the licensee or retailer is  
10 negotiating the sale of the business or stock of goods, the  
11 director of revenue shall, upon being satisfied that such  
12 a situation exists, inform that person as to the amount of  
13 unpaid delinquent tax, interest, or penalty due by the licensee  
14 or the retailer. The giving of the information under this  
15 circumstance is not a violation of [section 422.20](#), [422.72](#), or  
16 [452A.63](#).

17 Sec. 32. Section 421.60, subsection 2, paragraph m,  
18 subparagraphs (1) and (2), Code 2023, are amended to read as  
19 follows:

20 (1) The director may abate unpaid state sales and use  
21 ~~taxes and local sales and services taxes~~ owed by a retailer  
22 in the event that the retailer failed to collect tax from the  
23 purchaser as a result of erroneous written advice issued by  
24 the department that was specially directed to the retailer  
25 by the department and the retailer is unable to collect the  
26 tax, interest, or penalties from the purchaser. Before the  
27 tax, interest, and penalties shall be abated on the basis of  
28 erroneous written advice, the retailer must present a copy of  
29 the retailer's request for written advice to the department and  
30 a copy of the department's reply. The department shall not  
31 maintain a position against the retailer that is inconsistent  
32 with the erroneous written advice, except on the basis of  
33 subsequent written advice sent by the department to that  
34 retailer, or a change in state or federal law, a reported  
35 court case to the contrary, a contrary rule adopted by the

1 department, a change in material facts or circumstances  
2 relating to the retailer, or the retailer's misrepresentation  
3 or incomplete or inadequate representation of material facts  
4 and circumstances in requesting the written advice.

5 (2) (a) The director shall abate the unpaid state sales  
6 and use taxes ~~and any local sales and services taxes~~ owed by a  
7 retailer where the retailer failed to collect the tax from the  
8 purchaser on the charges paid for access to on-line computer  
9 services as a result of erroneous written advice issued by the  
10 department regarding the taxability of charges paid for access  
11 to on-line computer services. To qualify for the abatement  
12 under this subparagraph, the erroneous written advice shall  
13 have been issued by the department prior to July 1, 1999, and  
14 shall have been specially directed to the retailer by the  
15 department.

16 (b) If an abatement of unpaid state sales and use taxes ~~and~~  
17 ~~any local sales and services taxes~~ is granted to the retailer  
18 by the director pursuant to this subparagraph, the department  
19 is precluded from collecting from the purchaser any unpaid  
20 state sales and use taxes ~~and any local sales and services~~  
21 ~~taxes~~ which were abated.

22 Sec. 33. Section 422.72, subsection 6, paragraph a, Code  
23 2023, is amended to read as follows:

24 a. The department may enter into a written informational  
25 exchange agreement for tax administration purposes with a city  
26 or county which is entitled to receive funds due to a local  
27 hotel and motel tax ~~or a local sales and services tax~~. The  
28 written informational exchange agreement shall designate no  
29 more than two paid city or county employees that have access to  
30 actual return information relating to that city's or county's  
31 receipts from a local hotel and motel tax ~~or a local sales and~~  
32 ~~services tax~~.

33 Sec. 34. Section 423.4, subsection 2, paragraph d, Code  
34 2023, is amended by striking the paragraph.

35 Sec. 35. Section 423.4, subsection 5, paragraph f, Code

1 2023, is amended to read as follows:

2 *f.* Notwithstanding the state sales tax imposed in section  
3 423.2, a rebate issued pursuant to [this subsection](#) shall not  
4 exceed an amount equal to five percent of the sales price  
5 of the tangible personal property or services furnished to  
6 purchasers at the automobile racetrack facility. ~~Any local  
7 option taxes paid and collected shall not be subject to rebate  
8 under [this subsection](#).~~

9 Sec. 36. Section 423.4, subsection 7, paragraph f, Code  
10 2023, is amended to read as follows:

11 *f.* ~~The refund in [this subsection](#) applies only to state  
12 sales and use tax paid and does not apply to local option  
13 sales and services taxes imposed pursuant to [chapter 423B](#).~~  
14 Notwithstanding the state sales tax imposed in [section 423.2](#),  
15 a refund issued pursuant to [this section](#) shall not exceed  
16 an amount equal to five percent of the sales price of the  
17 fuel used to create heat, power, and steam for processing  
18 or generating electrical current or from the sale price  
19 of electricity consumed by computers, machinery, or other  
20 equipment for operation of the data center business facility.

21 Sec. 37. Section 423.4, subsection 8, paragraph g, Code  
22 2023, is amended to read as follows:

23 *g.* ~~The refund in [this subsection](#) applies only to state  
24 sales and use tax paid and does not apply to local option  
25 sales and services taxes imposed pursuant to [chapter 423B](#).~~  
26 Notwithstanding the state sales tax imposed in [section 423.2](#),  
27 a refund issued pursuant to [this section](#) shall not exceed an  
28 amount equal to five percent of the sales price of the items  
29 listed in paragraph "a", subparagraphs (1), (2), and (3).

30 Sec. 38. Section 423.14A, subsection 2, Code 2023, is  
31 amended to read as follows:

32 2. In addition to and not in lieu of any application of  
33 this chapter to sellers who are retailers and sellers who are  
34 retailers maintaining a place of business in this state, any  
35 person described in [subsection 3](#), or the person's agents,

1 shall be considered a retailer in this state and a retailer  
2 maintaining a place of business in this state for purposes of  
3 this chapter on or after January 1, 2019, and shall be subject  
4 to all requirements of [this chapter](#) imposed on retailers and  
5 retailers maintaining a place of business in this state,  
6 including but not limited to the requirement to collect and  
7 remit sales and use taxes pursuant to [sections 423.14](#) and  
8 [423.29](#), ~~and local option taxes under [chapter 423B](#).~~

9     Sec. 39. Section 423.33, subsection 1, paragraph c, Code  
10 2023, is amended to read as follows:

11     c. If the retailer fails to collect sales tax at the time  
12 of the transaction, the retailer shall thereafter remit the  
13 applicable sales tax, or the purchaser thereafter shall remit  
14 the applicable use tax. ~~If the purchaser remits all applicable~~  
15 ~~use tax, the retailer remains liable for any local sales and~~  
16 ~~services tax under [chapter 423B](#) that the retailer failed to~~  
17 ~~collect.~~

18     Sec. 40. Section 423.34A, unnumbered paragraph 1, Code  
19 2023, is amended to read as follows:

20     A purchaser is relieved of liability for payment of state  
21 sales or use tax, ~~for payment of any local option sales tax,~~  
22 for payment of interest, or for payment of any penalty for  
23 nonpayment of tax which nonpayment is not fraudulent, willful,  
24 or intentional, under the following circumstances:

25     Sec. 41. Section 423.36, subsection 9, paragraph a, Code  
26 2023, is amended to read as follows:

27     a. Except as provided in paragraph "b", purchasers, users,  
28 and consumers of tangible personal property, specified digital  
29 products, or enumerated services taxed pursuant to subchapter  
30 II or III of [this chapter](#) ~~or [chapter 423B](#)~~ may be authorized,  
31 pursuant to rules adopted by the director, to remit tax owed  
32 directly to the department instead of the tax being collected  
33 and paid by the seller. To qualify for a direct pay tax permit,  
34 the purchaser, user, or consumer must accrue a tax liability  
35 of more than four thousand dollars in tax under subchapters

1 II and III in a semimonthly period and make deposits and file  
2 returns pursuant to section 423.31. This authority shall not  
3 be granted or exercised except upon application to the director  
4 and then only after issuance by the director of a direct pay  
5 tax permit.

6 Sec. 42. Section 423B.1, Code 2023, is amended by striking  
7 the section and inserting in lieu thereof the following:

8 **423B.1 Use of revenues deposited in the local sales and use**  
9 **tax fund — revenue purpose statement.**

10 1. *a.* Revenues credited to and deposited in each county's  
11 account within the local sales and use tax fund shall be  
12 expended by each recipient county and city as required by the  
13 revenue purpose statement, subject to the requirements of  
14 section 423B.7, subsection 7, and approved under this section  
15 for the city or for the county for the unincorporated areas of  
16 the county, or as required by subsection 3.

17 *b.* A revenue purpose statement for the use of local option  
18 sales and services tax revenue under this chapter approved at  
19 election prior to January 1, 2025, and in effect on or set  
20 to take effect on or after January 1, 2025, and the use of  
21 revenues received under this chapter for purposes authorized  
22 under section 423B.10 for ordinances in effect and approved  
23 before January 1, 2025, shall continue in effect for revenues  
24 received under this chapter until the expiration of the revenue  
25 purpose statement or ordinance, if applicable, or until the  
26 county board of supervisors or city council, as applicable,  
27 adopts a new revenue purpose statement under subsection 2 or  
28 repeals or amends the ordinance for the use of revenues under  
29 section 423B.10.

30 2. The board of supervisors of each county and the city  
31 council of each city may adopt by resolution a revenue purpose  
32 statement for the expenditure of funds received under this  
33 chapter.

34 3. Each city and county without a valid revenue purpose  
35 statement shall expend the revenues received for the following



1 purposes in the order prescribed in this subsection, except  
2 that the payment of bonds for which the revenues have been  
3 pledged shall be paid first:

4 a. Reduction of the county's basic levies under section  
5 331.423 or reduction of the city general fund levy under  
6 section 384.1, as applicable.

7 b. Reduction of any debt service levy of the county or city,  
8 as applicable.

9 c. Reduction of the city's additional taxes levied under  
10 section 384.12 or the county's supplemental levies under  
11 section 331.424, as applicable.

12 d. Reduction of any other property tax levy of the county  
13 or city, as applicable.

14 Sec. 43. NEW SECTION. **423B.1A Local use tax supplement**  
15 **fund.**

16 1. A local use tax supplement fund is created in the state  
17 treasury under the control of the department of revenue. The  
18 fund shall consist of all moneys transferred under section  
19 423.43, subsection 1, paragraph "b", subparagraph (1),  
20 subparagraph division (a), and moneys appropriated to the fund.

21 2. Moneys in the local use tax supplement fund are annually  
22 appropriated to the department of revenue and shall be used for  
23 supplement payments to cities and counties under this section.

24 3. For each year during the period beginning January 1,  
25 2025, through December 31, 2043, each city or county for the  
26 unincorporated portion of the county, shall receive a local  
27 use tax supplement payment equal to the difference, but not  
28 less than zero between the amount of revenue received by the  
29 city or county under section 423B.7, Code 2023, for the period  
30 beginning January 1, 2024, and ending December 31, 2024, minus  
31 the amount that would have been received by that city or county  
32 for that period if all cities and the county were eligible for  
33 distributions of such revenues under section 423B.7, Code 2023.  
34 If moneys in the fund are insufficient to pay all supplement  
35 amounts for the year, the director of revenue shall prorate the

1 payment of the supplement payments and shall notify the cities  
2 and counties of the pro rata percentage.

3 4. The supplement payment calculated under subsection 3  
4 shall be paid to each city or county for the unincorporated  
5 area of the county and shall be combined with and be used in the  
6 same manner and be subject to the same requirements as moneys  
7 received by the city or county under section 423B.7 for that  
8 year.

9 5. Notwithstanding section 12C.7, subsection 2, interest or  
10 earnings on moneys deposited in the local use tax supplement  
11 fund shall be credited to the local use tax supplement fund.  
12 Notwithstanding section 8.33, moneys credited to the local use  
13 tax supplement fund shall not revert at the close of a fiscal  
14 year.

15 6. This section is repealed January 1, 2044. Moneys in the  
16 fund upon the repeal of this section shall be transferred to  
17 the appropriate county accounts under section 423B.7 for the  
18 counties from which the tax was paid.

19 Sec. 44. Section 423B.7, subsection 1, Code 2023, is amended  
20 to read as follows:

21 1. *a.* Except as provided in ~~paragraphs~~ paragraph "b" and  
22 "c", the director shall credit the local sales and services tax  
23 receipts ~~and interest and penalties from a county imposed tax~~  
24 as specified in section 423.2A, subsection 2, paragraph "a",  
25 including any interest and penalties, to the county's account  
26 in the local sales and ~~services~~ use tax fund for the county ~~in~~  
27 from which the tax was collected. The director shall credit  
28 the use tax receipts as specified in section 423.43, subsection  
29 1, paragraph "b", subparagraph (1), subparagraph divisions (b)  
30 and (c), including any interest and penalties, to the county's  
31 account in the local sales and use tax fund for the county  
32 from which the use tax was paid. If the director is unable to  
33 determine from which county any of the receipts were collected  
34 or paid, as applicable, those receipts shall be allocated among  
35 the possible counties based on allocation rules adopted by the

1 director.

2     *b.* The director shall credit the designated amount of the  
3 increase in ~~local~~ sales and services tax receipts, as computed  
4 in [section 423B.10](#), collected in an urban renewal area of an  
5 eligible city that has adopted an ordinance pursuant to section  
6 423B.10, subsection 2, into a special city account in the local  
7 sales and ~~services~~ use tax fund.

8     ~~*c.* The director shall credit the local sales and services~~  
9 ~~tax receipts and interest and penalties from a city-imposed tax~~  
10 ~~under [section 423B.1, subsection 2](#), to the city's account in~~  
11 ~~the local sales and services tax fund.~~

12     Sec. 45. Section 423B.7, subsections 2, 3, and 4, Code 2023,  
13 are amended to read as follows:

14     2. The director of revenue by the last day of each  
15 month shall transfer to each city or county ~~where the local~~  
16 ~~option tax is imposed~~ the amount of tax moneys remitted to  
17 the department attributable to each city or county from the  
18 preceding month.

19     3. Seventy-five percent of each county's account shall be  
20 remitted on the basis of the county's population residing in  
21 the unincorporated area ~~where the tax was imposed~~ and those the  
22 incorporated areas ~~where the tax was imposed~~ as follows:

23     *a.* To the board of supervisors a pro rata share based upon  
24 the percentage of the above population of the county residing  
25 in the unincorporated area of the county ~~where the tax was~~  
26 ~~imposed~~ according to the most recent certified federal census.

27     *b.* To each city in the county ~~where the tax was imposed~~  
28 a pro rata share based upon the percentage of the city's  
29 population residing in the county to the above population of  
30 the county according to the most recent certified federal  
31 census.

32     *c.* If a subsequent certified census exists which modifies  
33 that most recent certified federal census for a ~~participating~~  
34 jurisdiction under paragraphs "a" and "b", the computations  
35 under paragraphs "a" and "b" shall utilize the subsequent

1 certified census in the distribution formula under rules  
2 established by the director of revenue.

3 4. Twenty-five percent of each county's account shall  
4 be remitted based on the sum of property tax dollars levied  
5 by the board of supervisors ~~if the tax was imposed~~ in the  
6 unincorporated areas and by each city in the county ~~where the~~  
7 ~~tax was imposed~~ during the three-year period beginning July 1,  
8 1982, and ending June 30, 1985, as follows:

9 a. To the board of supervisors a pro rata share based upon  
10 the percentage of the total property tax dollars levied by the  
11 board of supervisors during the above three-year period.

12 b. To each city council ~~where the tax was imposed~~ a pro rata  
13 share based upon the percentage of property tax dollars levied  
14 by the city during the above three-year period of the above  
15 total property tax dollars levied by the board of supervisors  
16 and each city where the tax was imposed during the above  
17 three-year period.

18 Sec. 46. Section 423B.7, subsection 5, Code 2023, is amended  
19 by striking the subsection.

20 Sec. 47. Section 423B.7, subsections 6 and 7, Code 2023, are  
21 amended to read as follows:

22 6. From each special city account under subsection 1,  
23 paragraph "b", the sales and services tax revenues shall be  
24 remitted to the city council for deposit in the special fund  
25 created in section 403.19, subsection 2, to be used by the city  
26 as provided in section 423B.10. The distribution from the  
27 special city account is not subject to the distribution formula  
28 provided in subsections 3~~7~~ and 4~~7~~ and 5.

29 7. a. Subject to the requirement of paragraph "b" and the  
30 requirements under section 423B.1, subsection 3, ~~local sales~~  
31 ~~and services tax moneys~~ amounts received by a city or county  
32 under this chapter may be expended for any lawful purpose of  
33 the city or county, including but not limited to expenses  
34 related to providing emergency medical services within the  
35 applicable city or county.

1     ~~b. Each city located in whole or in part in a qualified~~  
2 ~~county and each qualified county for the unincorporated area~~  
3 ~~for which the imposition of the local sales and services tax~~  
4 ~~in the city or portion thereof or the unincorporated area, as~~  
5 ~~applicable, was revenue purpose statement approved at election~~  
6 ~~on or after January 1, 2019~~ 2025, shall require the use of  
7 not less than fifty percent of the moneys received from the  
8 qualified county's account in the local sales and services  
9 tax fund applicable county under this chapter for property  
10 tax relief. However, for a county with a population of four  
11 hundred thousand or more, a revenue purpose statement governing  
12 the use of revenues for the unincorporated area of the county  
13 approved on or after January 1, 2025, shall require the use of  
14 seventy-five percent of the moneys received by the county under  
15 this chapter for property tax relief.

16     c. For purposes of this subsection, property tax relief  
17 includes payments under a chapter 28E agreement for purposes of  
18 a regional transit district if such payments are used to reduce  
19 the regional transit district levy under section 28M.5. For a  
20 city located in whole or in part in a county with a population  
21 of four hundred thousand or more, the use of revenues received  
22 under this chapter for the purposes of this paragraph shall  
23 not exceed ten percent of the amount received and for a county  
24 with a population of four hundred thousand or more, for the  
25 unincorporated area, shall not exceed twenty-five percent of  
26 the amount received under this chapter.

27     Sec. 48. Section 423B.9, subsection 1, paragraphs b and c,  
28 Code 2023, are amended to read as follows:

29     b. "Designated portion" means the portion of the local  
30 option sales and services tax revenues received under this  
31 chapter which is authorized to be expended for one or a  
32 combination of purposes under an adopted public measure.

33     c. "Secondary recipient" means a political subdivision of  
34 the state which is to receive revenues amounts from a local  
35 option sales and services tax revenues under this chapter

1 over a period of years pursuant to the terms of a [chapter 28E](#)  
2 agreement with one or more cities or counties.

3 Sec. 49. Section 423B.9, subsections 2 and 3, Code 2023, are  
4 amended to read as follows:

5 2. An issuer of public bonds which is a recipient of  
6 revenues ~~from a local option sales and services tax imposed~~  
7 pursuant to [this chapter](#) may issue bonds in anticipation of  
8 the collection of one or more designated portions of the  
9 ~~local option sales and services tax~~ such revenues and may  
10 pledge irrevocably an amount of the revenue derived from the  
11 designated portions for each of the years the bonds remain  
12 outstanding to the payment of the bonds. Bonds may be issued  
13 only for one or more of the purposes set forth ~~on the ballot~~  
14 ~~proposition concerning the imposition of the local option sales~~  
15 ~~and services tax~~ in the revenue purpose statement, except bonds  
16 shall not be issued which are payable from that portion of tax  
17 revenues designated for property tax relief. The bonds may be  
18 issued in accordance with the procedures set forth in either  
19 subsection 3 or 4.

20 3. The governing body of an issuer may authorize the  
21 issuance of bonds which are payable from the designated portion  
22 of the revenues ~~of the local option sales and services tax~~  
23 received under this chapter, and not from property tax, by  
24 following the authorization procedures set forth for cities  
25 in [section 384.83](#). Bonds may be issued for the purpose of  
26 refunding outstanding and previously issued bonds under this  
27 subsection without otherwise complying with the provisions of  
28 this subsection.

29 Sec. 50. Section 423B.9, subsection 4, paragraph b, Code  
30 2023, is amended to read as follows:

31 *b.* The provisions of [chapter 76](#) apply to the bonds payable  
32 as provided in [this subsection](#), except that the mandatory levy  
33 to be assessed pursuant to [section 76.2](#) shall be at a rate  
34 to generate an amount which together with the receipts from  
35 the pledged designated portion of the ~~local option sales and~~

1 ~~services tax~~ revenues received under this chapter is sufficient  
2 to pay the interest and principal on the bonds. All amounts  
3 collected as a result of the levy assessed pursuant to section  
4 76.2 and paid out in the first instance for bond principal  
5 and interest shall be repaid to the bond issuer which levied  
6 the tax from the first available designated portion of ~~local~~  
7 ~~option sales and services tax collections~~ revenues received  
8 under this chapter in excess of the requirement for the payment  
9 of the principal and interest of the bonds and when repaid  
10 shall be applied in reduction of property taxes. The amount  
11 of bonds which may be issued under [section 76.3](#) shall be the  
12 amount which could be retired from the actual collections of  
13 the designated portions of the ~~local option sales and services~~  
14 ~~tax~~ revenues received under this chapter for the last four  
15 calendar quarters, as certified by the director of revenue.  
16 The amount of tax revenues pledged jointly by other cities or  
17 counties may be considered for the purpose of determining the  
18 amount of bonds which may be issued. If the ~~local option sales~~  
19 ~~and services tax has been in effect~~ revenues have been received  
20 under this chapter for less than four calendar quarters, the  
21 ~~tax collected~~ revenues received within the shorter period may  
22 be adjusted to project the ~~collections~~ amount of the designated  
23 portion for the full year for the purpose of determining the  
24 amount of the bonds which may be issued. The provisions of  
25 this section constitute separate authorization for the issuance  
26 of bonds and shall prevail in the event of conflict with  
27 any other provision of the Code limiting the amount of bonds  
28 which may be issued or the source of payment of the bonds.  
29 Bonds issued under [this section](#) shall not limit or restrict  
30 the authority of the bond issuer to issue bonds under other  
31 provisions of the Code.

32 Sec. 51. Section 423B.9, subsection 5, Code 2023, is amended  
33 to read as follows:

34 5. A city or county, jointly with one or more other  
35 political subdivisions as provided in [chapter 28E](#), may pledge

1 irrevocably any amount derived from the designated portions  
2 of the revenues ~~of the local option sales and services tax~~  
3 received under this chapter to the support or payment of bonds  
4 of an issuer, issued for one or more purposes set forth ~~on~~  
5 ~~the ballot proposition concerning the imposition of the local~~  
6 ~~option sales and services tax~~ in the revenue purpose statement  
7 or a political subdivision may apply the proceeds of its bonds  
8 to the support of any such purpose.

9 Sec. 52. Section 423B.10, subsection 1, paragraph b, Code  
10 2023, is amended to read as follows:

11 *b.* *"Eligible city"* means a city in which a ~~local sales and~~  
12 ~~services tax imposed by the county applies or a city described~~  
13 ~~in section 423B.1, subsection 2, paragraph "a", and in which an~~  
14 urban renewal area has been designated.

15 Sec. 53. Section 423B.10, subsections 2, 3, 5, and 6, Code  
16 2023, are amended to read as follows:

17 2. *a.* Upon approval by the board of supervisors of each  
18 applicable county pursuant to paragraph *"b"*, an eligible city  
19 may by ordinance of the city council provide for the use of a  
20 designated amount of the increased ~~local~~ sales and services  
21 tax revenues ~~collected~~ received under this chapter which are  
22 attributable to retail establishments in an urban renewal  
23 area to fund urban renewal projects located in the area. The  
24 designated amount may be all or a portion of such increased  
25 revenues.

26 *b.* A city shall not adopt an ordinance under paragraph  
27 *"a"* unless the board of supervisors of each county where the  
28 urban renewal area from which such ~~local~~ sales and services  
29 tax revenues are to be collected and used to fund urban  
30 renewal projects is located first adopts a resolution approving  
31 the ~~collection and~~ use of such ~~local~~ sales and services tax  
32 revenues.

33 3. To determine the revenue increase for purposes of  
34 subsection 2, revenue amounts shall be calculated by the  
35 department of revenue as follows:





1     Sec. 58. Section 100.18, subsection 2, paragraph b, Code  
2 2023, is amended to read as follows:

3     **b.** The rules shall require the installation of smoke  
4 detectors in existing single-family rental units and  
5 multiple-unit residential buildings. Existing single-family  
6 dwelling units shall be equipped with approved smoke detectors.  
7 A person who files for a homestead tax exemption and credit  
8 pursuant to [chapter 425](#) shall certify that the single-family  
9 dwelling unit for which the credit is filed has a smoke  
10 detector installed in compliance with [this section](#), or that one  
11 will be installed within thirty days of the date the filing  
12 for the credit is made. The state fire marshal shall adopt  
13 rules and establish appropriate procedures to administer this  
14 subsection.

15     Sec. 59. Section 100.18, subsection 3, paragraph b, Code  
16 2023, is amended to read as follows:

17     **b.** The rules shall require the installation of carbon  
18 monoxide alarms in existing single-family rental units and  
19 multiple-unit residential buildings that have a fuel-fired  
20 heater or appliance, a fireplace, or an attached garage.  
21 Existing single-family dwellings that have a fuel-fired heater  
22 or appliance, a fireplace, or an attached garage shall be  
23 equipped with approved carbon monoxide alarms. For purposes  
24 of this paragraph, "*approved carbon monoxide alarm*" means a  
25 carbon monoxide alarm that meets the standards established by  
26 the underwriters' laboratories or is approved by the state fire  
27 marshal as established by rule under [subsection 5](#). A person  
28 who files for a homestead tax exemption and credit pursuant  
29 to [chapter 425](#) shall certify that the single-family dwelling  
30 for which the credit is filed and that has a fuel-fired heater  
31 or appliance, a fireplace, or an attached garage, has carbon  
32 monoxide alarms installed in compliance with [this section](#),  
33 or that such alarms will be installed within thirty days of  
34 the date the filing for the credit is made. The state fire  
35 marshal shall adopt rules and establish appropriate procedures

1 to administer [this subsection](#).

2 Sec. 60. Section 103.22, subsection 7, Code 2023, is amended  
3 to read as follows:

4 7. Prohibit an owner of property from performing work on the  
5 owner's principal residence, if such residence is an existing  
6 dwelling rather than new construction and is not an apartment  
7 that is attached to any other apartment or building, as those  
8 terms are defined in [section 499B.2](#), and is not larger than a  
9 single-family dwelling, or require such owner to be licensed  
10 under [this chapter](#). In order to qualify for inapplicability  
11 pursuant to [this subsection](#), a residence shall qualify for the  
12 homestead tax exemption and credit.

13 Sec. 61. Section 105.11, subsection 3, Code 2023, is amended  
14 to read as follows:

15 3. Prohibit an owner of property from performing work on the  
16 owner's principal residence, if such residence is an existing  
17 dwelling rather than new construction and is not larger than a  
18 single-family dwelling, or farm property, excluding commercial  
19 or industrial installations or installations in public use  
20 buildings or facilities, or require such owner to be licensed  
21 under [this chapter](#). In order to qualify for inapplicability  
22 pursuant to [this subsection](#), a residence shall qualify for the  
23 homestead tax exemption and credit.

24 Sec. 62. Section 216.12, subsection 1, paragraph e, Code  
25 2023, is amended to read as follows:

26 e. The rental or leasing of a housing accommodation in a  
27 building which contains housing accommodations for not more  
28 than four families living independently of each other, if the  
29 owner resides in one of the housing accommodations for which  
30 the owner qualifies for the homestead tax exemption and credit  
31 under [section 425.1](#).

32 Sec. 63. Section 321.1, subsection 6C, Code 2023, is amended  
33 to read as follows:

34 6C. "Bona fide residence" or "bona fide address" means the  
35 current street or highway address of an individual's residence.

1 The bona fide residence of a person with more than one dwelling  
2 is the dwelling for which the person claims a homestead tax  
3 exemption and credit under [chapter 425](#), if applicable. The  
4 bona fide residence of a homeless person is a primary nighttime  
5 residence meeting one of the criteria listed in section 48A.2,  
6 subsection 3.

7 Sec. 64. Section 321.1A, subsection 1, paragraph a, Code  
8 2023, is amended to read as follows:

9 a. The person has filed for a homestead tax exemption and  
10 credit on property in this state.

11 Sec. 65. Section 331.401, subsection 1, paragraphs e and f,  
12 Code 2023, are amended to read as follows:

13 e. Adopt resolutions authorizing the county assessor  
14 to provide forms for homestead tax exemption and credit  
15 claimants as provided in [section 425.2](#) and military service tax  
16 exemptions as provided in [section 426A.14](#).

17 f. Examine and allow or disallow claims for homestead tax  
18 exemption and credit in accordance with [section 425.3](#) and  
19 claims for military service tax exemption in accordance with  
20 chapter 426A. The board, by a single resolution, may allow or  
21 disallow the exemptions recommended by the assessor.

22 Sec. 66. Section 331.512, subsection 3, Code 2023, is  
23 amended to read as follows:

24 3. Carry out duties relating to the homestead tax exemption  
25 and credit and agricultural land tax credit as provided in  
26 chapters 425 and [426](#).

27 Sec. 67. Section 331.559, subsection 12, Code 2023, is  
28 amended to read as follows:

29 12. Carry out duties relating to the administration of  
30 the homestead tax exemption and credit and other credits as  
31 provided in [sections 425.4, 425.5, 425.7, 425.9, 425.10, and](#)  
32 [425.25](#).

33 Sec. 68. Section 404.3, subsection 1, Code 2023, is amended  
34 to read as follows:

35 1. All qualified real estate assessed as residential

1 property is eligible to receive an exemption from taxation  
2 based on the actual value added by the improvements. The  
3 exemption is for a period of ten years. The amount of the  
4 exemption is equal to a percent of the actual value added by  
5 the improvements, determined as follows: One hundred fifteen  
6 percent of the value added by the improvements. However, the  
7 amount of the actual value added by the improvements which  
8 shall be used to compute the exemption shall not exceed twenty  
9 thousand dollars and the granting of the exemption shall not  
10 result in the actual value of the qualified real estate being  
11 reduced below the actual value on which the homestead ~~credit~~  
12 exemption is computed under [section 425.1](#).

13 Sec. 69. Section 425.1, subsection 1, paragraph a, Code  
14 2023, is amended to read as follows:

15 a. A homestead credit fund is created. There For fiscal  
16 years beginning before July 1, 2028, there is appropriated  
17 annually from the general fund of the state to the department  
18 of revenue to be credited to the homestead credit fund, an  
19 amount sufficient to implement [this subchapter](#).

20 Sec. 70. Section 425.1, subsection 1, Code 2023, is amended  
21 by adding the following new paragraph:

22 NEW PARAGRAPH. c. All moneys in the homestead credit fund  
23 at the end of the fiscal year beginning July 1, 2028, shall be  
24 transferred by the department of revenue for deposit in the  
25 general fund of the state.

26 Sec. 71. Section 425.1, subsections 2, 4, and 5, Code 2023,  
27 are amended to read as follows:

28 2. a. For fiscal years beginning before July 1, 2028, the  
29 moneys in the homestead credit fund shall be apportioned each  
30 year so as to give a credit against the tax on each eligible  
31 homestead in the state, but not more than the amount under  
32 paragraph "b".

33 b. (1) The For assessment years beginning before July  
34 1, 2025, the homestead credit fund shall be apportioned each  
35 year so as to give a credit against the tax on each eligible

1 homestead in the state in an amount equal to the actual levy on  
2 the first four thousand eight hundred fifty dollars of actual  
3 value for each homestead.

4 (2) For property taxes due and payable in the fiscal year  
5 beginning July 1, 2025, the homestead credit fund shall be  
6 apportioned each year so as to give a credit against the tax  
7 on each eligible homestead in the state in an amount equal  
8 to the actual levy on the first three thousand six hundred  
9 forty dollars of actual value for each homestead exempted under  
10 section 425.1A.

11 (3) For property taxes due and payable in the fiscal year  
12 beginning July 1, 2026, the homestead credit fund shall be  
13 apportioned each year so as to give a credit against the tax  
14 on each eligible homestead in the state in an amount equal to  
15 the actual levy on the first two thousand four hundred thirty  
16 dollars of actual value for each homestead exempted under  
17 section 425.1A.

18 (4) For property taxes due and payable in the fiscal year  
19 beginning July 1, 2027, the homestead credit fund shall be  
20 apportioned each year so as to give a credit against the tax  
21 on each eligible homestead in the state in an amount equal to  
22 the actual levy on the first one thousand two hundred twenty  
23 dollars of actual value for each homestead exempted under  
24 section 425.1A.

25 4. Annually For fiscal years beginning before July 1, 2028,  
26 annually the department of revenue shall certify to the county  
27 auditor of each county the credit and its amount in dollars.  
28 Each county auditor shall then enter the credit against the  
29 tax levied on each eligible homestead in each county payable  
30 during the ensuing year, designating on the tax lists the  
31 credit as being from the homestead credit fund, and credit  
32 shall then be given to the several taxing districts in which  
33 eligible homesteads are located in an amount equal to the  
34 credits allowed on the taxes of the homesteads. The amount of  
35 credits shall be apportioned by each county treasurer to the

1 several taxing districts as provided by law, in the same manner  
2 as though the amount of the credit had been paid by the owners  
3 of the homesteads. However, the several taxing districts shall  
4 not draw the funds so credited until after the semiannual  
5 allocations have been received by the county treasurer, as  
6 provided in [this subchapter](#). Each county treasurer shall show  
7 on each tax receipt the amount of credit received from the  
8 homestead credit fund.

9     5. ~~If~~ For property taxes due and payable in fiscal years  
10 beginning before July 1, 2028, if the homestead tax credit  
11 computed under [this section](#) is less than sixty-two dollars  
12 and fifty cents, the amount of homestead tax credit on that  
13 eligible homestead shall be sixty-two dollars and fifty cents  
14 subject to the limitation imposed in [this section](#).

15     Sec. 72. NEW SECTION. 425.1A Homestead tax exemption.

16     The following exemptions from taxation shall be allowed:

17     1. For the assessment year beginning January 1, 2024, the  
18 eligible homestead, not to exceed two thousand five hundred  
19 dollars in actual value.

20     2. For the assessment year beginning January 1, 2025, the  
21 eligible homestead, not to exceed five thousand dollars in  
22 actual value.

23     3. For the assessment year beginning January 1, 2026, the  
24 eligible homestead, not to exceed seven thousand five hundred  
25 dollars in actual value.

26     4. For the assessment year beginning January 1, 2027, and  
27 each succeeding assessment year, the eligible homestead, not to  
28 exceed ten thousand dollars in actual value.

29     Sec. 73. Section 425.2, subsections 1, 2, 4, and 5, Code  
30 2023, are amended to read as follows:

31     1. A person who wishes to qualify for the homestead  
32 exemption and credit allowed under [this subchapter](#) shall  
33 obtain the appropriate forms for filing for the exemption and  
34 credit from the assessor. The person claiming the exemption  
35 and credit shall file a verified statement and designation of

1 homestead with the assessor for the year for which the person  
2 is first claiming the exemption and credit. The claim shall be  
3 filed not later than July 1 of the year for which the person is  
4 claiming the exemption and credit. A claim filed after July 1  
5 of the year for which the person is claiming the exemption and  
6 credit shall be considered as a claim filed for the following  
7 year.

8 2. Upon the filing and allowance of the claim, the claim  
9 shall be allowed on that homestead for successive years without  
10 further filing as long as the property is legally or equitably  
11 owned and used as a homestead by that person or that person's  
12 spouse on July 1 of each of those successive years, and the  
13 owner of the property being claimed as a homestead declares  
14 residency in Iowa for purposes of income taxation, and the  
15 property is occupied by that person or that person's spouse  
16 for at least six months in each of those calendar years in  
17 which the fiscal year begins. When the property is sold or  
18 transferred, the buyer or transferee who wishes to qualify  
19 shall refile for the exemption and credit. However, when the  
20 property is transferred as part of a distribution made pursuant  
21 to [chapter 598](#), the transferee who is the spouse retaining  
22 ownership of the property is not required to refile for the  
23 exemption and credit. Property divided pursuant to [chapter 598](#)  
24 shall not be modified following the division of the property.  
25 An owner who ceases to use a property for a homestead or  
26 intends not to use it as a homestead for at least six months in  
27 a calendar year shall provide written notice to the assessor  
28 by July 1 following the date on which the use is changed. A  
29 person who sells or transfers a homestead or the personal  
30 representative of a deceased person who had a homestead at the  
31 time of death, shall provide written notice to the assessor  
32 that the property is no longer the homestead of the former  
33 claimant.

34 4. Any person sixty-five years of age or older or any person  
35 who is disabled may request, in writing, from the appropriate



1 assessor forms for filing for homestead tax exemption and  
2 credit. Any person sixty-five years of age or older or who is  
3 disabled may complete the form, which shall include a statement  
4 of homestead, and mail or return it to the appropriate  
5 assessor. The signature of the claimant on the statement shall  
6 be considered the claimant's acknowledgment that all statements  
7 and facts entered on the form are correct to the best of the  
8 claimant's knowledge.

9 5. Upon adoption of a resolution by the county board of  
10 supervisors, any person may request, in writing, from the  
11 appropriate assessor forms for the filing for homestead tax  
12 exemption and credit. The person may complete the form, which  
13 shall include a statement of homestead, and mail or return it  
14 to the appropriate assessor. The signature of the claimant on  
15 the statement of homestead shall be considered the claimant's  
16 acknowledgment that all statements and facts entered on the  
17 form are correct to the best of the claimant's knowledge.

18 Sec. 74. Section 425.3, subsection 4, Code 2023, is amended  
19 to read as follows:

20 4. The county auditor shall forward the claims to the board  
21 of supervisors. The board shall allow or disallow the claims.  
22 If the board disallows a claim, it shall send written notice,  
23 by mail, to the claimant at the claimant's last known address.  
24 The notice shall state the reasons for disallowing the claim  
25 ~~for the credit~~. The board is not required to send notice that  
26 a claim is disallowed if the claimant voluntarily withdraws the  
27 claim.

28 Sec. 75. Section 425.4, Code 2023, is amended to read as  
29 follows:

30 **425.4 Certification to treasurer.**

31 All claims which have been allowed by the board of  
32 supervisors shall be certified on or before August 1, in each  
33 year, by the county auditor to the county treasurer, which  
34 certificates shall list the total amount of dollars, listed by  
35 taxing district in the county, due for homestead tax exemptions

1 and credits claimed and allowed. The county treasurer shall  
2 ~~forthwith~~ then certify to the department of revenue the total  
3 amount of dollars, listed by taxing district in the county, due  
4 for homestead tax exemptions and credits claimed and allowed.

5 Sec. 76. Section 425.6, Code 2023, is amended to read as  
6 follows:

7 **425.6 Waiver by neglect.**

8 If a person fails to file a claim or to have a claim on file  
9 with the assessor for the credits provided in [this subchapter](#),  
10 the person is deemed to have waived the homestead exemption  
11 and credit for the year in which the person failed to file the  
12 claim or to have a claim on file with the assessor.

13 Sec. 77. Section 425.7, subsection 3, Code 2023, is amended  
14 to read as follows:

15 3. *a.* If the department of revenue determines that a claim  
16 for homestead exemption and credit has been allowed by the  
17 board of supervisors which is not justifiable under the law  
18 and not substantiated by proper facts, the department may, at  
19 any time within thirty-six months from July 1 of the year in  
20 which the claim is allowed, set aside the allowance. Notice  
21 of the disallowance shall be given to the county auditor of  
22 the county in which the claim has been improperly granted and  
23 a written notice of the disallowance shall also be addressed  
24 to the claimant at the claimant's last known address. The  
25 claimant or board of supervisors may appeal to the director  
26 of revenue within thirty days from the date of the notice of  
27 disallowance. The director shall grant a hearing and if, upon  
28 the hearing, the director determines that the disallowance was  
29 incorrect, the director shall set aside the disallowance. The  
30 director shall notify the claimant and the board of supervisors  
31 of the result of the hearing. The claimant or the board of  
32 supervisors may seek judicial review of the action of the  
33 director of revenue in accordance with [chapter 17A](#).

34 *b.* If a claim is disallowed by the department of revenue  
35 and not appealed to the director of revenue or appealed to

1 the director of revenue and thereafter upheld upon final  
2 resolution, including any judicial review, any amounts of  
3 exemptions allowed and credits allowed and paid from the  
4 homestead credit fund including the penalty, if any, become a  
5 lien upon the property on which the exemption and credit was  
6 originally granted, if still in the hands of the claimant,  
7 and not in the hands of a bona fide purchaser, and any amount  
8 so erroneously paid including the penalty, if any, shall be  
9 collected by the county treasurer in the same manner as other  
10 taxes and the collections shall be returned to the department  
11 of revenue and credited to the homestead credit fund. The  
12 director of revenue may institute legal proceedings against a  
13 homestead credit claimant for the collection of payments made  
14 on disallowed credits and the penalty, if any. If a person  
15 makes a false claim or affidavit with fraudulent intent to  
16 obtain the homestead exemption and credit, the person is guilty  
17 of a fraudulent practice and the claim shall be disallowed in  
18 full. If the credit has been paid, the amount of the credit  
19 plus a penalty equal to twenty-five percent of the amount of  
20 credit plus interest, at the rate in effect under section  
21 421.7, from the time of payment shall be collected by the  
22 county treasurer in the same manner as other property taxes,  
23 penalty, and interest are collected and when collected shall  
24 be paid to the director of revenue. If a homestead exemption  
25 and credit is disallowed and the claimant failed to give  
26 written notice to the assessor as required by [section 425.2](#)  
27 when the property ceased to be used as a homestead by the  
28 claimant, a civil penalty equal to five percent of the amount  
29 of the disallowed exemption or credit is assessed against the  
30 claimant.

31 Sec. 78. Section 425.8, subsection 1, Code 2023, is amended  
32 to read as follows:

33 1. The director of revenue shall prescribe the form  
34 for the making of a verified statement and designation of  
35 homestead, the form for the supporting affidavits required

1 herein, and such other forms as may be necessary for the proper  
2 administration of [this subchapter](#). Whenever necessary, the  
3 department of revenue shall forward to the county auditors of  
4 the several counties in the state the prescribed sample forms,  
5 and the county auditors shall furnish blank forms prepared  
6 in accordance therewith with the assessment rolls, books,  
7 and supplies delivered to the assessors. The department of  
8 revenue shall prescribe and the county auditors shall provide  
9 on the forms for claiming the homestead exemption and credit a  
10 statement to the effect that the owner realizes that the owner  
11 must give written notice to the assessor when the owner changes  
12 the use of the property.

13 Sec. 79. Section 425.9, subsections 2, 3, and 4, Code 2023,  
14 are amended to read as follows:

15 2. If any claim for exemption and credit ~~made hereunder~~  
16 has been denied by the board of supervisors, and such action  
17 is subsequently reversed on appeal, the exemption and credit  
18 shall be allowed on the homestead involved in said appeal, and  
19 the director of revenue, the county auditor, and the county  
20 treasurer shall make such exemption and credit and change their  
21 books and records accordingly.

22 3. In the event the appealing taxpayer has paid one or both  
23 of the installments of the tax payable in the year or years in  
24 question on such homestead valuation, remittance shall be made  
25 to such taxpayer of the amount of such credit or exemption.

26 4. The amount of such credit shall be allocated and paid  
27 from the surplus redeposited in the homestead credit fund  
28 provided for in [subsection 1](#). The amount of such exemption not  
29 covered by the credit shall be allowed as a credit on future  
30 taxes due and payable.

31 Sec. 80. Section 425.10, Code 2023, is amended to read as  
32 follows:

33 **425.10 Reversal of allowed claim.**

34 In the event any claim is allowed, and subsequently reversed  
35 on appeal, any exemption and credit made under the claim

1 shall be void. The amount of the erroneous exemption and  
2 credit shall be charged against the property in question, and  
3 the director of revenue, the county auditor, and the county  
4 treasurer are authorized and directed to correct their books  
5 and records accordingly. The amount of the erroneous credit,  
6 when collected, shall be returned by the county treasurer to  
7 the homestead credit fund to be reallocated the following year  
8 as provided in [this subchapter](#).

9 Sec. 81. Section 425.11, subsection 1, paragraph d,  
10 subparagraph (1), unnumbered paragraph 1, Code 2023, is amended  
11 to read as follows:

12 The homestead includes the dwelling house which the owner,  
13 in good faith, is occupying as a home on July 1 of the year for  
14 which the exemption and credit is claimed and occupies as a  
15 home for at least six months during the calendar year in which  
16 the fiscal year begins, except as otherwise provided.

17 Sec. 82. Section 425.11, subsection 1, paragraph d,  
18 subparagraph (3), Code 2023, is amended to read as follows:

19 (3) It must not embrace more than one dwelling house, but  
20 where a homestead has more than one dwelling house situated  
21 thereon, the exemption and credit provided for in this  
22 subchapter shall apply to the home and buildings used by the  
23 owner, but shall not apply to any other dwelling house and  
24 buildings appurtenant.

25 Sec. 83. Section 425.11, subsection 1, paragraph e, Code  
26 2023, is amended to read as follows:

27 e. "Owner" means the person who holds the fee simple  
28 title to the homestead, and in addition shall mean the person  
29 occupying as a surviving spouse or the person occupying under  
30 a contract of purchase which contract has been recorded in  
31 the office of the county recorder of the county in which the  
32 property is located; or the person occupying the homestead  
33 under devise or by operation of the inheritance laws where  
34 the whole interest passes or where the divided interest is  
35 shared only by persons related or formerly related to each

1 other by blood, marriage or adoption; or the person occupying  
2 the homestead is a shareholder of a family farm corporation  
3 that owns the property; or the person occupying the homestead  
4 under a deed which conveys a divided interest where the divided  
5 interest is shared only by persons related or formerly related  
6 to each other by blood, marriage or adoption; or where the  
7 person occupying the homestead holds a life estate with the  
8 reversion interest held by a nonprofit corporation organized  
9 under [chapter 504](#), provided that the holder of the life estate  
10 is liable for and pays property tax on the homestead; or where  
11 the person occupying the homestead holds an interest in a  
12 horizontal property regime under [chapter 499B](#), regardless  
13 of whether the underlying land committed to the horizontal  
14 property regime is in fee or as a leasehold interest, provided  
15 that the holder of the interest in the horizontal property  
16 regime is liable for and pays property tax on the homestead;  
17 or where the person occupying the homestead is a member of a  
18 community land trust as defined in 42 U.S.C. §12773, regardless  
19 of whether the underlying land is in fee or as a leasehold  
20 interest, provided that the member of the community land trust  
21 is occupying the homestead and is liable for and pays property  
22 tax on the homestead. For the purpose of [this subchapter](#),  
23 the word "owner" shall be construed to mean a bona fide owner  
24 and not one for the purpose only of availing the person of  
25 the benefits of [this subchapter](#). In order to qualify for the  
26 homestead tax exemption and credit, evidence of ownership shall  
27 be on file in the office of the clerk of the district court  
28 or recorded in the office of the county recorder at the time  
29 the owner files with the assessor a verified statement of the  
30 homestead claimed by the owner as provided in [section 425.2](#).

31 Sec. 84. Section 425.12, Code 2023, is amended to read as  
32 follows:

33 **425.12 Indian land.**

34 Each forty acres of land, or fraction thereof, occupied by  
35 a member or members of the Sac and Fox Indians in Tama county,

1 which land is held in trust by the secretary of the interior of  
2 the United States for said Indians, shall be given a homestead  
3 tax exemption and credit within the meaning and under the  
4 provisions of [this subchapter](#). Application for such homestead  
5 tax exemption and credit shall be made to the county auditor of  
6 Tama county and may be made by a representative of the tribal  
7 council.

8 Sec. 85. Section 425.13, Code 2023, is amended to read as  
9 follows:

10 **425.13 Conspiracy to defraud.**

11 If any two or more persons conspire and confederate together  
12 with fraudulent intent to obtain the exemption and credit  
13 provided for under the terms of [this subchapter](#) by making a  
14 false deed, or a false contract of purchase, they are guilty of  
15 a fraudulent practice.

16 Sec. 86. Section 425.15, subsection 1, unnumbered paragraph  
17 1, Code 2023, is amended to read as follows:

18 If the owner of a homestead allowed a an exemption and credit  
19 under [this subchapter](#) is any of the following, the exemption  
20 shall be the total actual value of the homestead and, for  
21 fiscal years for which credits are paid, the credit allowed  
22 on the homestead from the homestead credit fund shall be the  
23 entire amount of the tax levied on the homestead:

24 Sec. 87. Section 425.15, subsections 2, 3, and 4, Code 2023,  
25 are amended to read as follows:

26 2. a. For an owner described in [subsection 1](#), paragraph  
27 "a", "b", or "c", the exemption and credit allowed shall be  
28 continued to the estate of an owner who is deceased or the  
29 surviving spouse and any child, as defined in [section 234.1](#),  
30 who are the beneficiaries of a deceased owner, so long as the  
31 surviving spouse remains unmarried.

32 b. An individual described in [subsection 1](#), paragraph  
33 "d", is no longer eligible for the exemption and credit upon  
34 termination of dependency and indemnity compensation under 38  
35 U.S.C. §1301 et seq.

1 3. An owner or a beneficiary of an owner who elects to  
2 secure the exemption and credit provided in [this section](#) is not  
3 eligible for any other real property tax exemption provided by  
4 law for veterans of military service.

5 4. If an owner acquires a different homestead, the exemption  
6 and credit allowed under [this section](#) may be claimed on the new  
7 homestead unless the owner fails to meet the other requirements  
8 of [this section](#).

9 Sec. 88. Section 425.15, subsection 5, paragraph a, Code  
10 2023, is amended to read as follows:

11 a. Except as provided in paragraph "b", the list of the  
12 names and addresses of individuals allowed a an exemption  
13 and credit under [this section](#) and maintained by the county  
14 recorder, county treasurer, county assessor, city assessor, or  
15 other government body is confidential information and shall  
16 not be disseminated to any person unless otherwise ordered by  
17 a court or released by the lawful custodian of the records  
18 pursuant to state or federal law. The county recorder, county  
19 treasurer, county assessor, city assessor, or other government  
20 body responsible for maintaining the names and addresses of  
21 individuals allowed a an exemption and credit under this  
22 section may display such exemption and credit on individual  
23 paper records and individual electronic records, including  
24 display on an internet site.

25 Sec. 89. Section 425.17, subsection 8, Code 2023, is amended  
26 to read as follows:

27 8. "*Property taxes due*" means property taxes including any  
28 special assessments, but exclusive of delinquent interest and  
29 charges for services, due on a claimant's homestead in this  
30 state, but includes only property taxes for which the claimant  
31 is liable and which will actually be paid by the claimant.  
32 However, if the claimant is a person whose property taxes have  
33 been suspended under [sections 427.8](#) and [427.9](#), "*property taxes*  
34 *due*" means property taxes including any special assessments,  
35 but exclusive of delinquent interest and charges for services,



1 due on a claimant's homestead in this state, but includes only  
2 property taxes for which the claimant is liable and which  
3 would have to be paid by the claimant if the payment of the  
4 taxes has not been suspended pursuant to [sections 427.8](#) and  
5 [427.9](#). "*Property taxes due*" shall be computed with no deduction  
6 for any credit under [this subchapter](#) or for any homestead  
7 exemption or credit allowed under [section 425.1](#). Each claim  
8 shall be based upon the taxes due during the fiscal year next  
9 following the base year. If a homestead is owned by two or  
10 more persons as joint tenants or tenants in common, and one or  
11 more persons are not members of claimant's household, "*property*  
12 *taxes due*" is that part of property taxes due on the homestead  
13 which equals the ownership percentage of the claimant and the  
14 claimant's household. The county treasurer shall include with  
15 the tax receipt a statement that if the owner of the property  
16 is eighteen years of age or over, the person may be eligible  
17 for the credit allowed under [this subchapter](#). If a homestead  
18 is an integral part of a farm, the claimant may use the total  
19 property taxes due for the larger unit. If a homestead is an  
20 integral part of a multidwelling or multipurpose building the  
21 property taxes due for the purpose of [this subsection](#) shall be  
22 prorated to reflect the portion which the value of the property  
23 that the household occupies as its homestead is to the value  
24 of the entire structure. For purposes of [this subsection](#),  
25 "*unit*" refers to that parcel of property covered by a single tax  
26 statement of which the homestead is a part.

27 Sec. 90. Section 425.23, subsection 2, Code 2023, is amended  
28 to read as follows:

29 2. The actual credit for property taxes due shall be  
30 determined by subtracting from the tentative credit the amount  
31 of the tax reduction resulting from the homestead exemption  
32 and credit under section sections 425.1 which is allowed  
33 as a credit and 425.1A against property taxes due in the  
34 fiscal year next following the base year by the claimant or  
35 any person of the claimant's household. If the subtraction

1 produces a negative amount, there shall be no credit but  
2 no refund shall be required. The actual reimbursement for  
3 rent constituting property taxes paid shall be equal to the  
4 tentative reimbursement.

5 Sec. 91. Section 435.26, subsection 1, paragraph a, Code  
6 2023, is amended to read as follows:

7 a. A mobile home or manufactured home which is located  
8 outside a manufactured home community or mobile home park shall  
9 be converted to real estate by being placed on a permanent  
10 foundation and shall be assessed for real estate taxes. A  
11 home, after conversion to real estate, is eligible for the  
12 homestead tax exemption and credit and the military service tax  
13 exemption as provided in [sections 425.2](#) and [426A.11](#). A taxable  
14 mobile home or manufactured home which is located outside  
15 of a manufactured home community or mobile home park as of  
16 January 1, 1995, is also exempt from the permanent foundation  
17 requirements of [this chapter](#) until the home is relocated.

18 Sec. 92. Section 435.26A, subsection 3, Code 2023, is  
19 amended to read as follows:

20 3. After the surrender of a manufactured home's certificate  
21 of title under [this section](#), the manufactured home shall  
22 continue to be taxed under [section 435.22](#) and is not eligible  
23 for the homestead tax exemption and credit or the military  
24 service tax exemption and credit. A foreclosure action on a  
25 manufactured home whose title has been surrendered under this  
26 section shall be conducted as a real estate foreclosure. A tax  
27 lien and its priority shall remain the same on a manufactured  
28 home after its certificate of title has been surrendered.

29 Sec. 93. Section 483A.24, subsection 19, Code 2023, is  
30 amended to read as follows:

31 19. Upon payment of a fee established by rules adopted  
32 pursuant to [section 483A.1](#) for a lifetime trout fishing  
33 license, the department shall issue a lifetime trout fishing  
34 license to a person who is at least sixty-five years of age or  
35 to a person who qualifies for the disabled veteran homestead

1 exemption and credit under section 425.15. The department  
2 shall prepare an application to be used by a person requesting  
3 a lifetime trout fishing license under this subsection.

4 Sec. 94. Section 499A.14, Code 2023, is amended to read as  
5 follows:

6 **499A.14 Taxation.**

7 The real estate shall be taxed in the name of the  
8 cooperative, and each member of the cooperative shall pay  
9 that member's proportionate share of the tax in accordance  
10 with the proration formula set forth in the bylaws, and each  
11 member occupying an apartment as a residence shall receive  
12 that member's proportionate homestead tax exemption and credit  
13 and each veteran of the military services of the United States  
14 identified as such under the laws of the state of Iowa or the  
15 United States shall receive as a credit that member's veterans  
16 tax benefit as prescribed by the laws of the state of Iowa.

17 Sec. 95. EXISTING HOMESTEAD CLAIMS. Homestead credit  
18 claims approved under chapter 425, subchapter I, prior to and  
19 valid on the effective date of this division of this Act shall  
20 result in a homestead exemption under chapter 425, subchapter  
21 I, as enacted in this division of this Act, without further  
22 filing by the claimant.

23 Sec. 96. IMPLEMENTATION. Section 25B.7, subsection 1,  
24 shall not apply to the property tax exemption provided in this  
25 division of this Act.

26 Sec. 97. APPLICABILITY. This division of this Act applies  
27 to assessment years beginning on or after January 1, 2024.

28 DIVISION V

29 ELDERLY PROPERTY TAX CREDIT

30 Sec. 98. Section 425.17, subsection 2, paragraph a,  
31 subparagraph (3), Code 2023, is amended to read as follows:

32 (3) A person filing a claim for credit under this subchapter  
33 who has attained the age of seventy years on or before December  
34 31 of the base year, who has a household income of less than ~~two~~  
35 three hundred ~~fifty~~ percent of the federal poverty level, as

1 defined by the most recently revised poverty income guidelines  
2 published by the United States department of health and human  
3 services, and is domiciled in this state at the time the claim  
4 is filed or at the time of the person's death in the case of a  
5 claim filed by the executor or administrator of the claimant's  
6 estate.

7 Sec. 99. Section 425.23, subsection 1, paragraph c,  
8 subparagraph (2), Code 2023, is amended to read as follows:

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

19 Sec. 100. Section 425.23, subsection 2, Code 2023, is  
20 amended to read as follows:

21 2. a. The Except as provided in paragraph "b", the  
22 actual credit for property taxes due shall be determined  
23 by subtracting from the tentative credit the amount of the  
24 homestead credit under [section 425.1](#) which is allowed as a  
25 credit against property taxes due in the fiscal year next  
26 following the base year by the claimant or any person of  
27 the claimant's household. If the subtraction produces a  
28 negative amount, there shall be no credit but no refund shall  
29 be required. The actual reimbursement for rent constituting  
30 property taxes paid shall be equal to the tentative  
31 reimbursement.

32 b. If the claimant's tentative credit is the amount  
33 determined under subsection 1, paragraph "c", subparagraph (2),  
34 the actual credit amount shall be equal to the tentative credit  
35 amount.



1 exemption in the state, if the property were subject to  
2 taxation, the amount of the credit to be not more than six  
3 dollars and ninety-two cents per thousand dollars of assessed  
4 value of property, not to exceed nine hundred forty-five  
5 dollars, which would be subject to the tax, except for the  
6 military service tax exemption.

7 Sec. 107. Section 426A.11, subsections 1 and 2, Code 2023,  
8 are amended to read as follows:

9 1. The property, not to exceed two thousand seven hundred  
10 seventy-eight dollars in taxable value for assessment years  
11 beginning before January 1, 2024, of any veteran, as defined in  
12 section 35.1, of World War I.

13 2. a. The property, not to exceed one thousand eight  
14 hundred fifty-two dollars in taxable value for assessment years  
15 beginning before January 1, 2024, of an honorably separated,  
16 retired, furloughed to a reserve, placed on inactive status,  
17 or discharged veteran, as defined in section 35.1, subsection  
18 2, paragraph "a" or "b".

19 b. The property, not to exceed two thousand fifty-five  
20 dollars in taxable value for the assessment year beginning  
21 January 1, 2024, of an honorably separated, retired, furloughed  
22 to a reserve, placed on inactive status, or discharged veteran,  
23 as defined in section 35.1, subsection 2, paragraph "a" or "b".

24 c. The property, not to exceed four thousand dollars in  
25 taxable value for assessment years beginning on or after  
26 January 1, 2025, of an honorably separated, retired, furloughed  
27 to a reserve, placed on inactive status, or discharged veteran,  
28 as defined in section 35.1, subsection 2, paragraph "a" or "b".

29 Sec. 108. IMPLEMENTATION. Section 25B.7, subsection 1,  
30 shall not apply to the property tax exemption provided in this  
31 Act.

32 Sec. 109. APPLICABILITY. This division of this Act applies  
33 to assessment years beginning on or after January 1, 2024.

34 DIVISION VII

35 PROPERTY TAX ASSESSMENT LIMITATIONS

1     Sec. 110. Section 441.21, subsections 5, 9, and 10, Code  
2 2023, are amended to read as follows:

3     5. *a.* (1) For valuations established as of January 1,  
4 1979, property valued by the department of revenue pursuant  
5 to chapters 428, 433, and 437, ~~and 438~~ shall be considered as  
6 one class of property and shall be assessed as a percentage  
7 of its actual value. The percentage shall be determined by  
8 the director of revenue in accordance with the provisions of  
9 this section. For valuations established as of January 1,  
10 1979, the percentage shall be the quotient of the dividend and  
11 divisor as defined in this section. The dividend shall be the  
12 total actual valuation established for 1978 by the department  
13 of revenue, plus ten percent of the amount so determined.  
14 The divisor for property valued by the department of revenue  
15 pursuant to chapters 428, 433, and 437, ~~and 438~~ shall be the  
16 valuation established for 1978, plus the amount of value added  
17 to the total actual value by the revaluation of the property  
18 by the department of revenue as of January 1, 1979. For  
19 valuations established as of January 1, 1980, property valued  
20 by the department of revenue pursuant to chapters 428, 433, and  
21 437, ~~and 438~~ shall be assessed at a percentage of its actual  
22 value. The percentage shall be determined by the director of  
23 revenue in accordance with the provisions of this section. For  
24 valuations established as of January 1, 1980, the percentage  
25 shall be the quotient of the dividend and divisor as defined in  
26 this section. The dividend shall be the total actual valuation  
27 established for 1979 by the department of revenue, plus eight  
28 percent of the amount so determined. The divisor for property  
29 valued by the department of revenue pursuant to chapters 428,  
30 433, and 437, ~~and 438~~ shall be the valuation established for  
31 1979, plus the amount of value added to the total actual  
32 value by the revaluation of the property by the department of  
33 revenue as of January 1, 1980. For valuations established  
34 as of January 1, 1981, and each year thereafter beginning  
35 before January 1, 2025, the percentage of actual value at

1 which property valued by the department of revenue pursuant to  
2 chapters 428, 433, and 437, ~~and 438~~ shall be assessed shall  
3 be calculated in accordance with the methods provided herein,  
4 except that any references to ten percent in this subsection  
5 shall be eight percent. ~~For valuations established on or after~~  
6 ~~January 1, 2013, property valued by the department of revenue~~  
7 ~~pursuant to chapter 434 shall be assessed at a portion of its~~  
8 ~~actual value determined in the same manner at which property~~  
9 ~~assessed as commercial property is assessed under paragraph "b"~~  
10 ~~for the same assessment year. For valuations established for~~  
11 ~~the assessment year beginning January 1, 2025, the percentage~~  
12 ~~of actual value at which property valued by the department of~~  
13 ~~revenue pursuant to chapter 438 shall be assessed shall be~~  
14 ~~ninety-five percent. For valuations established for assessment~~  
15 ~~years beginning on or after January 1, 2026, the percentage~~  
16 ~~of actual value at which property valued by the department of~~  
17 ~~revenue pursuant to chapter 438 shall be assessed shall be~~  
18 ~~ninety percent.~~

19 (2) (a) For valuations established for the assessment year  
20 beginning January 1, 2025, the percentage of actual value at  
21 which property valued by the department of revenue pursuant to  
22 chapters 428 and 437 shall be assessed shall be ninety-seven  
23 and one-half percent.

24 (b) For valuations established for the assessment year  
25 beginning January 1, 2026, the percentage of actual value at  
26 which property valued by the department of revenue pursuant to  
27 chapters 428 and 437 shall be assessed shall be ninety-five  
28 percent.

29 (c) For valuations established for the assessment year  
30 beginning January 1, 2027, the percentage of actual value at  
31 which property valued by the department of revenue pursuant to  
32 chapters 428 and 437 shall be assessed shall be ninety-two and  
33 one-half percent.

34 (d) For valuations established for the assessment year  
35 beginning January 1, 2028, and each assessment year thereafter,



1 the percentage of actual value at which property valued by the  
2 department of revenue pursuant to chapters 428 and 437 shall be  
3 assessed shall be ninety percent.

4     *b.* For valuations established on or after January 1, 2013,  
5 commercial property, excluding properties referred to in  
6 section 427A.1, subsection 9, shall be assessed at a portion  
7 of its actual value, as determined in this paragraph "*b*". For  
8 valuations established on or after January 1, 2013, property  
9 valued by the department of revenue pursuant to chapter 434  
10 shall be assessed at a portion of its actual value determined  
11 in the same manner at which property assessed as commercial  
12 property is assessed for the same assessment year.

13     (1) For valuations established for the assessment year  
14 beginning January 1, 2013, the percentage of actual value  
15 as equalized by the department of revenue as provided in  
16 section 441.49 at which commercial property shall be assessed  
17 shall be ninety-five percent. For valuations established  
18 for the assessment year beginning January 1, 2014, and each  
19 assessment year thereafter beginning before January 1, 2022,  
20 the percentage of actual value as equalized by the department  
21 of revenue as provided in [section 441.49](#) at which commercial  
22 property shall be assessed shall be ninety percent.

23     (2) For valuations established for the assessment year  
24 beginning January 1, 2022, and each assessment year thereafter,  
25 the portion of actual value at which each property unit of  
26 commercial property shall be assessed shall be the sum of the  
27 following:

28     (a) An amount equal to the product of the assessment  
29 limitation percentage applicable to residential property under  
30 subsection 4 for that assessment year multiplied by the actual  
31 value of the property that exceeds zero dollars but does not  
32 exceed one hundred fifty thousand dollars.

33     (b) (i) An For the assessment years beginning January 1,  
34 2022, January 1, 2023, and January 1, 2024, an amount equal  
35 to ninety percent of the actual value of the property for

1 that assessment year that exceeds one hundred fifty thousand  
2 dollars.

3 (ii) For the assessment year beginning January 1, 2025,  
4 an amount equal to eighty-five percent of the actual value of  
5 the property for that assessment year that exceeds one hundred  
6 fifty thousand dollars.

7 (iii) For the assessment year beginning January 1, 2026,  
8 and each assessment year thereafter, an amount equal to eighty  
9 percent of the actual value of the property for that assessment  
10 year that exceeds one hundred fifty thousand dollars.

11 c. For valuations established on or after January 1, 2013,  
12 industrial property, excluding properties referred to in  
13 section 427A.1, subsection 9, shall be assessed at a portion of  
14 its actual value, as determined in this paragraph "c".

15 (1) For valuations established for the assessment year  
16 beginning January 1, 2013, the percentage of actual value  
17 as equalized by the department of revenue as provided in  
18 section 441.49 at which industrial property shall be assessed  
19 shall be ninety-five percent. For valuations established  
20 for the assessment year beginning January 1, 2014, and each  
21 assessment year thereafter beginning before January 1, 2022,  
22 the percentage of actual value as equalized by the department  
23 of revenue as provided in [section 441.49](#) at which industrial  
24 property shall be assessed shall be ninety percent.

25 (2) For valuations established for the assessment year  
26 beginning January 1, 2022, and each assessment year thereafter,  
27 the portion of actual value at which each property unit of  
28 industrial property shall be assessed shall be the sum of the  
29 following:

30 (a) An amount equal to the product of the assessment  
31 limitation percentage applicable to residential property under  
32 subsection 4 for that assessment year multiplied by the actual  
33 value of the property that exceeds zero dollars but does not  
34 exceed one hundred fifty thousand dollars.

35 (b) (i) ~~An~~ For the assessment years beginning January 1,

1 2022, January 1, 2023, and January 1, 2024, an amount equal  
2 to ninety percent of the actual value of the property for  
3 that assessment year that exceeds one hundred fifty thousand  
4 dollars.

5 (ii) For the assessment year beginning January 1, 2025,  
6 an amount equal to eighty-five percent of the actual value of  
7 the property for that assessment year that exceeds one hundred  
8 fifty thousand dollars.

9 (iii) For the assessment year beginning January 1, 2026,  
10 and each assessment year thereafter, an amount equal to eighty  
11 percent of the actual value of the property for that assessment  
12 year that exceeds one hundred fifty thousand dollars.

13 *d.* For valuations established for the assessment year  
14 beginning January 1, 2019, and each assessment year thereafter,  
15 the percentages or portions of actual value at which property  
16 is assessed, as determined under [this subsection](#), shall not be  
17 applied to the value of wind energy conversion property valued  
18 under [section 427B.26](#) the construction of which is approved by  
19 the Iowa utilities board on or after July 1, 2018.

20 *e.* (1) For each fiscal year beginning on or after July 1,  
21 2023, there is appropriated from the general fund of the state  
22 to the department of revenue the sum of one hundred twenty-five  
23 million dollars to be used for payments under this paragraph  
24 calculated as a result of the assessment limitations imposed  
25 under paragraph "b", subparagraph (2), subparagraph division  
26 (a), and paragraph "c", subparagraph (2), subparagraph division  
27 (a).

28 (2) For fiscal years beginning on or after July 1, 2023,  
29 each county treasurer shall be paid by the department of  
30 revenue an amount calculated under subparagraph (4). If an  
31 amount appropriated for the fiscal year is insufficient to make  
32 all payments as calculated under subparagraph (4), the director  
33 of revenue shall prorate the payments to the county treasurers  
34 and shall notify the county auditors of the pro rata percentage  
35 on or before September 30.

1 (3) On or before July 1 of each fiscal year, the assessor  
2 shall report to the county auditor that portion of the total  
3 actual value of all commercial property and industrial property  
4 in the county that is subject to the assessment limitations  
5 imposed under paragraph "b", subparagraph (2), subparagraph  
6 division (a), and paragraph "c", subparagraph (2), subparagraph  
7 division (a), for the assessment year used to calculate the  
8 taxes due and payable in that fiscal year.

9 (4) On or before September 1 of each fiscal year, the county  
10 auditor shall prepare a statement, based on the report received  
11 in subparagraph (3) and information transmitted to the county  
12 auditor under [chapter 434](#), listing for each taxing district in  
13 the county:

14 (a) The product of the portion of the total actual value  
15 of all commercial property, industrial property, and property  
16 valued by the department under [chapter 434](#) in the county  
17 that is subject to the assessment limitations imposed under  
18 paragraph "b", subparagraph (2), subparagraph division (a),  
19 and paragraph "c", subparagraph (2), subparagraph division  
20 (a), for the applicable assessment year used to calculate  
21 taxes which are due and payable in the applicable fiscal year  
22 multiplied by the difference, stated as a percentage, between  
23 ninety percent the percentage under paragraph "b", subparagraph  
24 (2), subparagraph division (b), for the applicable assessment  
25 year and the assessment limitation percentage applicable to  
26 residential property under [subsection 4](#) for the applicable  
27 assessment year.

28 (b) The tax levy rate per one thousand dollars of assessed  
29 value for each taxing district for the applicable fiscal year.

30 (c) The amount of the payment for each county is equal to  
31 the amount determined pursuant to subparagraph division (a),  
32 multiplied by the tax rate specified in subparagraph division  
33 (b), and then divided by one thousand dollars.

34 (5) The county auditor shall certify and forward one copy of  
35 the statement described in subparagraph (4) to the department

1 of revenue not later than September 1 of each fiscal year.

2 (6) The amounts determined under this paragraph shall  
3 be paid by the department to the county treasurers in equal  
4 installments in September and March of each year. The county  
5 treasurer shall apportion the payments among the eligible  
6 taxing districts in the county and the amounts received by each  
7 taxing authority shall be treated the same as property taxes  
8 paid.

9 f. For the purposes of [this subsection](#), unless the context  
10 otherwise requires:

11 (1) "*Contiguous parcels*" means any of the following:

12 (a) Parcels that share a common boundary.

13 (b) Parcels within the same building or structure  
14 regardless of whether the parcels share a common boundary.

15 (c) Permanent improvements to the land that are situated  
16 on one or more parcels of land that are assessed and taxed  
17 separately from the permanent improvements if the parcels of  
18 land upon which the permanent improvements are situated share  
19 a common boundary.

20 (2) "*Parcel*" means the same as defined in [section 445.1](#).

21 "*Parcel*" also means that portion of a parcel assigned a  
22 classification of commercial property or industrial property  
23 pursuant to [section 441.21, subsection 14](#), paragraph "b".

24 (3) "*Property unit*" means a parcel or contiguous parcels  
25 all of which are located within the same county, with the same  
26 property tax classification, are owned by the same person, and  
27 are operated by that person for a common use and purpose.

28 9. Not later than November 1, 1979, and November 1 of each  
29 subsequent year, the director shall certify to the county  
30 auditor of each county the percentages of actual value at  
31 which residential property, agricultural property, commercial  
32 property, industrial property, property valued by the  
33 department of revenue pursuant to [chapter 434](#), property valued  
34 by the department pursuant to chapter 438, and property valued  
35 by the department of revenue pursuant to [chapters 428, 433](#),

1 and 437, and 438 in each assessing jurisdiction in the county  
2 shall be assessed for taxation, including for assessment years  
3 beginning on or after January 1, 2022, the percentages used to  
4 apply the assessment limitations under subsection 5, paragraphs  
5 "b" and "c". The county auditor shall proceed to determine the  
6 assessed values of agricultural property, residential property,  
7 commercial property, industrial property, property valued by  
8 the department of revenue pursuant to chapter 434, property  
9 valued by the department pursuant to chapter 438, and property  
10 valued by the department of revenue pursuant to chapters 428,  
11 433, and 437, and 438 by applying such percentages to the  
12 current actual value of such property, as reported to the  
13 county auditor by the assessor, and the assessed values so  
14 determined shall be the taxable values of such properties upon  
15 which the levy shall be made.

16 10. The percentages of actual value computed by the  
17 department of revenue for agricultural property, residential  
18 property, commercial property, industrial property, property  
19 valued by the department of revenue pursuant to chapter 434,  
20 property valued by the department pursuant to chapter 438,  
21 and property valued by the department of revenue pursuant to  
22 chapters 428, 433, and 437, and 438, including for assessment  
23 years beginning on or after January 1, 2022, the percentages  
24 used to apply the assessment limitations under subsection 5,  
25 paragraphs "b" and "c", and used to determine assessed values of  
26 those classes of property do not constitute a rule as defined  
27 in section 17A.2, subsection 11.

28 Sec. 111. EFFECTIVE DATE. This division of this Act takes  
29 effect July 1, 2024.

30 DIVISION VIII

31 NATURAL RESOURCES AND OUTDOOR RECREATION TRUST FUND

32 Sec. 112. Section 461.32, subsection 2, paragraph a, Code  
33 2023, is amended to read as follows:

34 a. The establishment, restoration, ~~or~~ enhancement, and  
35 management of state parks, state preserves, state forests,

1 wildlife areas, wildlife habitats, native prairies, and  
2 wetlands.

3 Sec. 113. Section 461.32, subsection 2, Code 2023, is  
4 amended by adding the following new paragraphs:

5 NEW PARAGRAPH. *g.* The construction, maintenance, or  
6 expansion of roads on state-owned land under the jurisdiction  
7 of the department of natural resources.

8 NEW PARAGRAPH. *h.* Salaries and employee benefits paid to  
9 support conservation officer, park ranger, or park manager  
10 positions within the department of natural resources.

11 Sec. 114. Section 461.33, subsection 2, paragraph a, Code  
12 2023, is amended to read as follows:

13 *a.* (1) Soil conservation and watershed protection,  
14 including by supporting the division of soil conservation  
15 and water quality within the department of agriculture and  
16 land stewardship and soil and water conservation district  
17 commissioners. The department may provide for the ~~installation~~  
18 establishment of conservation practices, management practices  
19 to control soil erosion on row cropped land, and watershed  
20 protection improvements as provided in chapters 161A, 161C,  
21 461A, and 466.

22 (2) Each fiscal year, at least ten percent of the moneys  
23 allocated to the account shall be used to support the planting  
24 and maintenance of cover crops as provided in section 161A.73.

25 Sec. 115. EFFECTIVE DATE. This division of this Act takes  
26 effect January 1, 2025.

27 DIVISION IX

28 CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

29 Sec. 116. Section 2.48, subsection 3, paragraph e,  
30 subparagraph (6), Code 2023, is amended by striking the  
31 subparagraph.

32 Sec. 117. Section 422.11W, Code 2023, is amended by adding  
33 the following new subsection:

34 NEW SUBSECTION. 5. Commencing with tax years beginning  
35 on or after January 1, 2025, a charitable conservation

1 contribution tax credit shall not be claimed against taxes as  
2 provided in this section, except for tax credits claimed for  
3 qualified real property interests conveyed prior to January 1,  
4 2025.

5 Sec. 118. Section 422.33, subsection 25, Code 2023, is  
6 amended by striking the subsection and inserting in lieu  
7 thereof the following:

8 25. The taxes imposed under this subchapter shall be reduced  
9 by a charitable conservation contribution tax credit as allowed  
10 under section 422.11W for each tax year the taxpayer has  
11 credit, in excess of tax liability, for qualified real property  
12 interests conveyed prior to January 1, 2025.

13 Sec. 119. PRESERVATION OF EXISTING RIGHTS. This division  
14 of this Act is not intended to and shall not limit, modify, or  
15 otherwise adversely affect any amount of tax credit issued,  
16 awarded, or allowed prior to January 1, 2025, nor shall it  
17 limit, modify, or otherwise adversely affect a taxpayer's right  
18 to claim or redeem a tax credit issued, awarded, or allowed  
19 prior to January 1, 2025, including but not limited to any tax  
20 credit carryforward amount.

21 Sec. 120. EFFECTIVE DATE. This division of this Act takes  
22 effect January 1, 2025.

23 Sec. 121. APPLICABILITY. This division of this Act applies  
24 to tax years beginning on or after January 1, 2025.

25 DIVISION X

26 PROPERTY TAX BENEFITS AND INCENTIVES

27 Sec. 122. NEW SECTION. **404.3C Assessment agreements —**  
28 **commercial property.**

29 1. For revitalization areas established under this chapter  
30 on or after the effective date of this division of this Act  
31 and for first-year exemption applications for property located  
32 in a revitalization area in existence on the effective date  
33 of this division of this Act filed on or after the effective  
34 date of this division of this Act, commercial property shall  
35 not receive a tax exemption under this chapter unless the city



1 or county, as applicable, and the owner of the qualified real  
2 estate enter into a written assessment agreement specifying a  
3 minimum actual value until a specified termination date for the  
4 duration of the exemption period.

5 2. a. The assessment agreement shall be presented to the  
6 appropriate assessor. The assessor shall review the plans and  
7 specifications for the improvements to be made to the property  
8 and if the minimum actual value contained in the assessment  
9 agreement appears to be reasonable, the assessor shall execute  
10 the following certification upon the agreement:

11 The undersigned assessor, being legally responsible for the  
12 assessment of the above described property upon completion of  
13 the improvements to be made on it, certifies that the actual  
14 value assigned to that land and improvements upon completion  
15 shall not be less than \$.....

16 b. The assessment agreement with the certification of  
17 the assessor and a copy of this subsection shall be filed in  
18 the office of the county recorder of the county where the  
19 property is located. Upon completion of the improvements,  
20 the assessor shall value the property as required by law,  
21 except that the actual value shall not be less than the minimum  
22 actual value contained in the assessment agreement. This  
23 subsection does not prohibit the assessor from assigning a  
24 higher actual value to the property or prohibit the owner  
25 from seeking administrative or legal remedies to reduce the  
26 actual value assigned except that the actual value shall not  
27 be reduced below the minimum actual value contained in the  
28 assessment agreement. An assessor, county auditor, board of  
29 review, director of revenue, or court of this state shall not  
30 reduce or order the reduction of the actual value below the  
31 minimum actual value in the agreement during the term of the  
32 agreement regardless of the actual value which may result from  
33 the incomplete construction of improvements, destruction or  
34 diminution by any cause, insured or uninsured, except in the  
35 case of acquisition or reacquisition of the property by a

1 public entity. Recording of an assessment agreement complying  
2 with this subsection constitutes notice of the assessment  
3 agreement to a subsequent purchaser or encumbrancer of the land  
4 or any part of it, whether voluntary or involuntary, and is  
5 binding upon a subsequent purchaser or encumbrancer.

6 Sec. 123. NEW SECTION. **404.3D Exemptions for residential**  
7 **property.**

8 For revitalization areas established under this chapter on  
9 or after the effective date of this division of this Act and  
10 for first-year exemption applications for property located in a  
11 revitalization area in existence on the effective date of this  
12 division of this Act filed on or after the effective date of  
13 this division of this Act, an exemption otherwise authorized  
14 under this chapter shall not be authorized for or approved by a  
15 city or county, as applicable, for property that is residential  
16 property.

17 Sec. 124. **EFFECTIVE DATE.** This division of this Act takes  
18 effect July 1, 2024.

19 **DIVISION XI**

20 **TAX INCREMENT FINANCING**

21 Sec. 125. Section 403.19, subsection 2, paragraph a, Code  
22 2023, is amended to read as follows:

23 *a.* That portion of the taxes each year in excess of such  
24 amount shall be allocated to and when collected be paid into  
25 a special fund of the municipality to pay the principal of  
26 and interest on loans, moneys advanced to, or indebtedness,  
27 whether funded, refunded, assumed, or otherwise, including  
28 bonds issued under the authority of section 403.9, subsection  
29 1, incurred by the municipality to finance or refinance, in  
30 whole or in part, an urban renewal project within the area,  
31 and to provide assistance for low and moderate income family  
32 housing as provided in [section 403.22](#). However, except  
33 as provided in paragraph "b", taxes for the regular and  
34 voter-approved physical plant and equipment levy of a school  
35 district imposed pursuant to [section 298.2](#) and taxes for the

1 instructional support program of a school district imposed  
2 pursuant to [section 257.19](#), taxes for the payment of bonds  
3 and interest of each taxing district, and taxes imposed under  
4 section 346.27, subsection 22, related to joint county-city  
5 buildings shall be collected against all taxable property  
6 within the taxing district without limitation by the provisions  
7 of [this subsection](#). Additionally, for property taxes due and  
8 payable in fiscal years beginning on or after July 1, 2025,  
9 if the portion of the urban renewal area that is subject to a  
10 division of revenue under this section contains wind energy  
11 conversion property that is subject to special valuation under  
12 section 427B.26, foundation property taxes of a school district  
13 imposed under section 257.3 shall be collected against all  
14 taxable property within that portion of the urban renewal area  
15 without limitation by the provisions of this subsection and  
16 when collected be paid into the fund of the school district  
17 into which all other property taxes are paid.

18 DIVISION XII

19 TRANSIT FUNDING

20 Sec. 126. Section 364.2, subsection 4, paragraph f,  
21 subparagraph (1), subparagraph division (b), Code 2023, is  
22 amended to read as follows:

23 (b) For franchise fees assessed and collected during fiscal  
24 years beginning on or after July 1, ~~2013~~ 2024, ~~but before~~  
25 ~~July 1, 2030~~, by a city ~~that is the subject of a judgment,~~  
26 ~~court-approved settlement, or court-approved compromise~~  
27 ~~providing for payment of restitution, a refund, or a return~~  
28 ~~described in [section 384.3A, subsection 3](#), paragraph "j" with~~  
29 a population exceeding two hundred thousand, the rate of the  
30 franchise fee shall not exceed seven and one-half percent  
31 of gross revenues generated from sales of the franchisee in  
32 the city, and franchise fee amounts assessed and collected  
33 ~~during such fiscal years~~ in excess of five percent of gross  
34 revenues generated from sales shall be used solely for the  
35 purpose specified in [section 384.3A, subsection 3](#), paragraph

1 ~~“j”. A city may assess and collect a franchise fee in excess~~  
2 ~~of five percent of gross revenues generated from the sales~~  
3 ~~of the franchisee pursuant to this subparagraph division (b)~~  
4 ~~for a period not to exceed seven consecutive fiscal years~~  
5 ~~once the franchise fee is first imposed at a rate in excess~~  
6 ~~of five percent. An ordinance increasing the franchise fee~~  
7 ~~rate to greater than five percent pursuant to this subparagraph~~  
8 ~~division (b) shall not become effective unless approved at~~  
9 ~~an election. After passage of the ordinance, the council~~  
10 ~~shall submit the proposal at a special election held on a date~~  
11 ~~specified in section 39.2, subsection 4, paragraph “b”. If a~~  
12 ~~majority of those voting on the proposal approves the proposal,~~  
13 ~~the city may proceed as proposed. The complete text of the~~  
14 ~~ordinance shall be included on the ballot and the full text~~  
15 ~~of the ordinance posted for the voters pursuant to section~~  
16 ~~52.25. All absentee voters shall receive the full text of the~~  
17 ~~ordinance along with the absentee ballot. This subparagraph~~  
18 ~~division (b) is repealed July 1, 2030.~~

19 Sec. 127. Section 384.3A, subsection 3, paragraph j, Code  
20 2023, is amended to read as follows:

21 *j.* For franchise fees assessed and collected by a city in  
22 excess of five percent of gross revenues generated from sales  
23 of the franchisee within the city pursuant to section 364.2,  
24 subsection 4, paragraph “f”, subparagraph (1), subparagraph  
25 division (b), during fiscal years beginning on or after July 1,  
26 ~~2013~~ 2024, but before July 1, 2030, the adjustment, renewal,  
27 or extension of any part or all of the legal indebtedness of  
28 a city, whether evidenced by bonds, warrants, court-approved  
29 settlements, court-approved compromises, or judgments, or the  
30 funding or refunding of the same, if such legal indebtedness  
31 relates to restitution, a refund, or a return ordered by a  
32 court of competent jurisdiction for franchise fees assessed  
33 and collected by the city before June 20, 2013 solely for the  
34 reduction of property tax levies that support the operation and  
35 maintenance of a municipal transit system or a regional transit

1 district. ~~This paragraph "j" is repealed July 1, 2030.~~

2 Sec. 128. EFFECTIVE DATE. This division of this Act takes  
3 effect July 1, 2024.

4

EXPLANATION

5

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

6

7 This bill relates to state and local revenue and finances.

8 DIVISION I — SALES AND USE TAX RATES AND DISTRIBUTION. An  
9 amendment to the Iowa Constitution was ratified on November 2,  
10 2010, which created a natural resources and outdoor recreation  
11 trust fund (fund) and dedicated a portion of state revenues to  
12 the fund for the purposes of protecting and enhancing water  
13 quality and natural areas in the state including parks, trails,  
14 and fish and wildlife habitat, and conserving agricultural  
15 soils in the state (Article VII, section 10). The fund is  
16 codified in Code section 461.31. Pursuant to the amendment,  
17 the amount credited to the fund will be equal to the amount  
18 generated by an increase in the state sales tax rate occurring  
19 after the effective date of the constitutional amendment, but  
20 shall not exceed the amount that a state sales tax rate of  
21 0.375 percent would generate. The state sales tax rate has not  
22 been increased since the effective date of the constitutional  
23 amendment, so no amounts have been credited to the fund. The  
24 bill increases the sales tax rate and the use tax rate from 6  
25 percent to 7 percent beginning January 1, 2025. In lieu of the  
26 local option and sales services tax revenue repealed in another  
27 division of the bill, the bill transfers a specified amount of  
28 the state sales and use tax revenues collected to the local  
29 sales and use tax fund established under Code chapter 423B,  
30 for allocation and expenditure in a manner similar to that  
31 which was provided for local sales and services tax revenues.  
32 However, as provided in another division of the bill, amounts  
33 resulting from the increase in the use tax for the period  
34 beginning January 1, 2025, through December 31, 2043, are  
35 deposited in the local use tax supplement fund to be used

1 for purposes of that fund. The amount of sales tax revenues  
2 transferred to the local sales and use tax fund under Code  
3 chapter 423B for the period beginning January 1, 2025, through  
4 December 31, 2027, is an amount equating to a tax of 1.4  
5 percent. The amount transferred is then reduced each year by  
6 an amount equating to a 0.05 percent tax until January 1, 2030.  
7 The amount of sales tax revenues transferred to the local sales  
8 and use tax fund under Code chapter 423B beginning January 1,  
9 2030, is an amount equating to a tax of 1.25 percent. The bill,  
10 as the result of Article VII, section 10, of the Constitution  
11 of the State of Iowa, also amends the transfer of sales tax  
12 revenues to the secure an advanced vision for education fund in  
13 Code section 423.2A(2).

14 DIVISION II — WATER SERVICE TAX. The bill changes the water  
15 service tax on the furnishing of water to consumers so that the  
16 rate is equal to the rate of the sales tax that is being imposed  
17 under Code chapter 423.

18 Currently, one-half of the moneys collected from the water  
19 service tax are deposited into the general fund of the state  
20 and one-half of the moneys are deposited into the water quality  
21 financial assistance fund created in Code section 16.134A.  
22 The bill strikes the provision requiring one-half of the  
23 water service tax moneys be deposited into the water quality  
24 financial assistance fund and requires all moneys generated  
25 from the water service tax be deposited into the general fund  
26 of the state.

27 The bill also strikes the future repeal of the water service  
28 excise tax.

29 The division takes effect January 1, 2025.

30 DIVISION III — LOCAL OPTION TAXES. Code chapter 423B  
31 authorizes, following approval at election, the imposition of  
32 a local option sales and services tax at a rate not to exceed  
33 one percent to be administered similarly to the state sales  
34 and services tax and authorizes the imposition of a local  
35 vehicle tax. The bill strikes the authorization for the local

1 vehicle tax and also strikes the authorization to impose the  
2 local option sales and services tax under Code chapter 423B,  
3 but instead authorizes cities and counties to expend specified  
4 state sales and use tax revenues that are deposited in the  
5 local sales and use tax fund following the increase of the  
6 state sales and use taxes rates in previous sections of the  
7 bill.

8 Under the bill, sales and services tax revenue credited to  
9 and deposited in each county's account within the local sales  
10 and use tax fund must be expended by each recipient county  
11 and city as required by the jurisdiction's revenue purpose  
12 statement, including a revenue purpose statement approved at  
13 election prior to January 1, 2025, and in effect on or set to  
14 take effect on or after January 1, 2025, for the use of local  
15 option sales and use tax revenue previously collected under  
16 Code chapter 423B, or be used to reduce specified property tax  
17 levies.

18 The bill also modifies the requirements and permissible uses  
19 of funds received under Code chapter 423B. The bill specifies  
20 that for a county with a population of 400,000 or more, a  
21 revenue purpose statement governing the use of revenues for the  
22 unincorporated area of the county approved on or after January  
23 1, 2025, shall require the use of 75 percent of such moneys  
24 for property tax relief. Additionally, the bill provides that  
25 property tax relief includes payments under a Code chapter  
26 28E agreement for purposes of a regional transit district if  
27 such payments are used to reduce the regional transit district  
28 levy. For a city located in whole or in part in a county with  
29 a population of 400,000 or more, the use of revenues received  
30 under Code chapter 423B for such regional transit district  
31 purposes shall not exceed 10 percent of the amount received  
32 and for a county with a population of 400,000 or more, for the  
33 unincorporated area, shall not exceed 25 percent.

34 The board of supervisors of each county and the city  
35 council of each city may adopt by resolution a revenue purpose

1 statement for the expenditure of funds received under Code  
2 chapter 423B.

3 The revenues transferred to the local sales and use tax fund  
4 continue to be allocated to the specific county account for  
5 the county in which the tax was collected. Additionally, all  
6 cities and counties are eligible to receive the allocation of  
7 revenues, not just those that had previously approved the local  
8 option tax.

9 As provided in another division of the bill, specified  
10 amounts of use tax revenue is transferred to the local use  
11 tax supplement fund, as created in the bill. Moneys in the  
12 local use tax supplement fund are annually appropriated to the  
13 department of revenue to be used for supplement payments to  
14 cities and counties. For each year during the period beginning  
15 January 1, 2025, through December 31, 2043, each city or county  
16 for the unincorporated portion of the county shall receive a  
17 local use tax supplement payment equal to the difference, but  
18 not less than zero, between the amount of revenue received  
19 by the city or county under Code section 423B.7, Code 2023,  
20 for the period beginning January 1, 2024, and ending December  
21 31, 2024, minus the amount that would have been received by  
22 that city or county for that period if all cities and the  
23 county were eligible for distributions of such revenues under  
24 Code section 423B.7, Code 2023. If moneys in the fund are  
25 insufficient to pay all supplement amounts for the year, the  
26 director of revenue shall prorate the payment of the supplement  
27 payments. The supplement payment is required to be combined  
28 with and be used in the same manner and be subject to the same  
29 requirements as moneys received by the city or county under  
30 Code section 423B.7 for that year. The bill establishes a  
31 future repeal of the Code section establishing the supplement  
32 payments on January 1, 2044. Moneys in the fund upon the  
33 repeal shall be transferred to the appropriate county accounts  
34 for the counties from which the tax was paid.

35 Code section 423B.10 allows a city in which a local sales



1 and services tax is imposed to, by ordinance and following  
2 approval of the board of supervisors, to provide for the use  
3 of a designated amount of increased local option sales and  
4 services tax revenue for urban renewal purposes. The bill  
5 modifies provisions governing this authorization to provide for  
6 the use of a specified amount of the applicable increased state  
7 sales tax revenues deposited in the local sales and use tax  
8 fund in lieu of the increased local option sales and services  
9 tax revenue. The bill allows city ordinances providing for the  
10 use of certain local option sales and services tax revenues for  
11 urban renewal purposes in effect on January 1, 2025, to remain  
12 in effect until expiration, amendment, or repeal.

13 The bill also eliminates the authority to impose a local  
14 sales and services tax under the quad cities interstate  
15 metropolitan authority compact under Code chapter 28A beginning  
16 on January 1, 2025.

17 The division takes effect January 1, 2025.

18 DIVISION IV — HOMESTEAD PROPERTY TAX CREDIT. Code chapter  
19 425 establishes a homestead property tax credit in an amount  
20 equal to the property tax levy on the first \$4,850 of actual  
21 value. The homestead credit is paid for from the homestead  
22 credit fund under Code section 425.1 for which there is an  
23 annual appropriation for an amount sufficient to implement the  
24 credit.

25 The bill reduces the amount of the homestead credit over a  
26 period beginning with the fiscal year beginning July 1, 2025,  
27 until the credit is ended in the fiscal year beginning July  
28 1, 2028, at which time the remaining moneys in the homestead  
29 credit fund are transferred for deposit in the general fund  
30 of the state. During the same period, the bill establishes  
31 a homestead property tax exemption. For the assessment year  
32 beginning January 1, 2024, the exemption amount is \$2,500. For  
33 the assessment year beginning January 1, 2025, the exemption  
34 amount is \$5,000. For the assessment year beginning January 1,  
35 2026, the exemption amount is \$7,500. For the assessment year

1 beginning January 1, 2027, and each succeeding assessment year,  
2 the exemption amount is \$10,000.

3 Code section 25B.7 provides that if a state appropriation  
4 made to fund a credit or exemption is not sufficient to fully  
5 fund the credit or exemption, the political subdivision shall  
6 be required to extend to the taxpayer only that portion of the  
7 credit or exemption estimated by the department of revenue to  
8 be funded by the state appropriation. The requirement for  
9 fully funding and the consequences of not fully funding under  
10 Code section 25B.7 applies to the homestead credit under Code  
11 chapter 425. The bill strikes the portion of Code section  
12 25B.7 that makes the requirement for fully funding and the  
13 consequences of not fully funding applicable to the homestead  
14 property tax credit and provides that the general requirement  
15 of Code section 25B.7 for property tax credits and exemptions  
16 on or after January 1, 1997, does not apply to the homestead  
17 property tax exemption established in the bill.

18 The bill makes corresponding changes to various other  
19 provisions of the Code relating to and referencing the  
20 homestead property tax credit.

21 The bill provides that homestead credit claims approved  
22 prior to and valid on the effective date of the division shall  
23 result in a homestead tax exemption under Code chapter 425,  
24 subchapter I, as enacted in the division, without further  
25 filing by the claimant.

26 Division IV applies to assessment years beginning on or  
27 after January 1, 2024.

28 DIVISION V — ELDERLY PROPERTY TAX CREDIT. Code section  
29 425.17, in part, establishes eligibility criteria for the  
30 elderly property tax credit. One such category of eligibility  
31 is a person who has attained the age of 70 years on or before  
32 December 31 of the base year, who has a household income of  
33 less than 250 percent of the federal poverty level. The bill  
34 changes that income threshold to 300 percent of the federal  
35 poverty level for credit claims filed on or after January 1,

1 2024.

2 The bill also amends Code section 423.23 to modify part of  
3 the calculation for the elderly property tax credit to account  
4 for the homestead credit for the property under Code section  
5 425.1. The portions of the division amending Code section  
6 423.23 take effect upon enactment and apply retroactively to  
7 claims for the credit filed on or after January 1, 2022.

8 DIVISION VI — MILITARY SERVICE PROPERTY TAX EXEMPTION AND  
9 CREDIT. Division VII relates to the military service property  
10 tax exemption and credit. Under current law, veterans of World  
11 War I are entitled to a property tax exemption of \$2,778 in  
12 taxable value and honorably discharged veterans who served  
13 during other specific time periods are entitled to a property  
14 tax exemption of \$1,852 in taxable value. The bill increases  
15 the exemption amount for all eligible veterans to \$2,055 for  
16 the assessment year beginning January 1, 2024, and to \$4,000  
17 for assessment years beginning on or after January 1, 2025.

18 Under current law, the state provides funding to local  
19 governments for the military service property tax exemption  
20 and credit up to \$6.92 per \$1,000 of assessed value of the  
21 exempt property. The bill reduces the amount of the credit for  
22 the fiscal year beginning July 1, 2025, to \$6.92 per \$1,000  
23 of assessed value of the exempt property, but not to exceed  
24 \$945 of assessed value and eliminates funding for the credit  
25 starting with the fiscal year beginning July 1, 2026.

26 Code section 25B.7 provides that if a state appropriation  
27 made to fund a credit or exemption is not sufficient to fully  
28 fund the credit or exemption, the political subdivision shall  
29 be required to extend to the taxpayer only that portion of the  
30 credit or exemption estimated by the department of revenue to  
31 be funded by the state appropriation. The requirement for  
32 fully funding and the consequences of not fully funding under  
33 Code section 25B.7 applies to the military service property  
34 tax credit and exemption to the extent of \$6.92 per \$1,000  
35 of assessed value of the exempt property. The bill strikes

1 the portion of Code section 25B.7 that makes the requirement  
2 for fully funding and the consequences of not fully funding  
3 applicable to the military service property tax credit and  
4 exemption and provides that the general requirement of Code  
5 section 25B.7 for property tax credits and exemptions on or  
6 after January 1, 1997, does not apply to the military property  
7 tax exemption established in the bill.

8 The division applies to assessment years beginning on or  
9 after January 1, 2024.

10 DIVISION VII — PROPERTY TAX ASSESSMENT LIMITATIONS. Code  
11 section 441.21 establishes assessment limitations for various  
12 classifications of property. The bill reduces the percentage  
13 of actual value at which property valued by the department  
14 of revenue pursuant to Code chapter 438 (pipelines) shall  
15 be assessed by 5 percent each year from 100 percent for the  
16 assessment year beginning January 1, 2024, to 90 percent for  
17 assessment years beginning on or after January 1, 2025.

18 The bill also reduces the percentage of actual value at  
19 which the portion of commercial, industrial, and railway  
20 properties that exceeds \$150,000 is assessed by 5 percent each  
21 year from 90 percent for the assessment year beginning January  
22 1, 2024, to 80 percent for assessment years beginning on or  
23 after January 1, 2026. Accordingly, the bill makes a change  
24 to the payments made to local governments under Code section  
25 441.21(5)(e) that are in part calculated using the assessment  
26 limitation applied to commercial and industrial property.

27 2018 Iowa Acts, chapter 1158, changed the assessment of  
28 telephone and telegraph company property under Code chapter  
29 433. Code chapter 433 applies to the assessment and taxation  
30 of telephone and telegraph company property for assessment  
31 years beginning before January 1, 2022. Starting with the  
32 assessment year beginning January 1, 2022, such property is  
33 assessed locally in the same manner as commercial property.  
34 References to Code chapter 433 are not included in the  
35 applicable Code section as amended in the bill for assessment

1 years beginning on or after January 1, 2025.

2 This division of the bill takes effect July 1, 2024.

3 DIVISION VIII — NATURAL RESOURCES AND OUTDOOR RECREATION  
4 TRUST FUND. The bill amends provisions in Code chapter 461  
5 which would implement an amendment to the Constitution of the  
6 State of Iowa as ratified on November 2, 2010, as directed in  
7 the Iowa Constitution (see Code section 461.3; and Article VII,  
8 section 10 of the codified Iowa Constitution).

9 CONSTITUTIONAL AMENDMENT. The amendment dedicates a  
10 portion of state revenue annually generated from the state's  
11 sales tax to protect and enhance water quality and natural  
12 areas in this state, including parks, trails, and fish and  
13 wildlife habitats, and conserve agricultural soils in this  
14 state. The amendment creates a natural resources and outdoor  
15 recreation trust fund (fund) within the state treasury. The  
16 fund is credited with an amount equal to the amount annually  
17 generated by a sales tax rate of three-eighths of 1 percent.  
18 However, no revenue is credited to the fund until the tax rate  
19 existing on the effective date of the amendment is increased.  
20 After the effective date of any such increase, which another  
21 division of the bill provides, the fund will be credited with  
22 an amount equal to the amount generated by the increase up to  
23 the three-eighths of 1 percent limit.

24 BILL'S PROVISIONS. Code chapter 461 creates the statutory  
25 version of the fund and provides for the distributions of  
26 revenue from the fund to various accounts used to support  
27 various initiatives to be carried out by state agencies  
28 including the department of natural resources (DNR) and  
29 department of agriculture and land stewardship (DALSS).  
30 Twenty-three percent of moneys credited to the fund are  
31 allocated to a natural resources account administered by DNR  
32 to support initiatives related to state lands, wildlife,  
33 recreation, natural habitat, rivers and streams, and education.  
34 The bill provides that moneys in the account are to be used  
35 (1) for the construction, maintenance, or expansion of roads

1 on state-owned land under DNR's jurisdiction, and (2) to  
2 support salaries and benefits paid to conservation officers,  
3 park rangers, or park managers (amended Code section 461.32).  
4 Twenty percent of moneys credited to the fund are allocated  
5 to the soil conservation and water protection account to  
6 support soil conservation practices, the conservation of  
7 highly erodible land, and soil conservation or crop management  
8 practices used in biomass production. The bill expressly  
9 provides that for each fiscal year, at least 10 percent of  
10 moneys in the account must be used to support the planting and  
11 maintenance of cover crops by landowners (amended Code section  
12 461.33; referring to voluntary cost-share projects administered  
13 under Code section 161A.73).

14 EFFECTIVE DATE. The division of the bill takes effect  
15 January 1, 2025.

16 DIVISION IX — CHARITABLE CONSERVATION CONTRIBUTION  
17 TAX CREDIT. The bill prohibits a charitable conservation  
18 contribution tax credit from being claimed against the  
19 individual or corporate income tax, except for qualified real  
20 property interests conveyed prior to January 1, 2025. The bill  
21 allows the credit in excess of tax liability to carry forward  
22 for qualified real property interests conveyed prior to January  
23 1, 2025. The bill preserves existing rights and is intended to  
24 not limit, modify, or otherwise adversely affect any amount of  
25 the tax credit issued, awarded, or allowed prior to the repeal  
26 date of any tax credit. The division takes effect January 1,  
27 2025, and applies to tax years beginning on or after that date.

28 DIVISION X — PROPERTY TAX BENEFITS AND INCENTIVES. The bill  
29 amends Code chapter 404 (urban revitalization areas) to provide  
30 that for revitalization areas established on or after the  
31 effective date of the division and for first-year property tax  
32 exemption applications for property located in a revitalization  
33 area in existence on the effective date of the division filed  
34 on or after the effective date of the division, commercial  
35 property shall not receive a tax exemption under Code chapter

1 404 unless the city or county, as applicable, and the owner  
2 of the qualified real estate enter into a written assessment  
3 agreement specifying a minimum actual value until a specified  
4 termination date for the duration of the exemption period.

5 The bill also establishes limitations on exemptions for  
6 residential property within revitalization areas. For  
7 revitalization areas established on or after the effective date  
8 of the division and for first-year exemption applications for  
9 property located in a revitalization area in existence on the  
10 effective date of the division filed on or after the effective  
11 date of the division, an exemption otherwise authorized under  
12 Code chapter 404 shall not be authorized for or approved by a  
13 city or county, as applicable, for property that is residential  
14 property.

15 Division X of the bill takes effect July 1, 2024.

16 DIVISION XI — TAX INCREMENT FINANCING. Code section 403.19  
17 authorizes municipalities to provide by ordinance for the  
18 division of property tax revenue (tax increment financing)  
19 collected against property located within an urban renewal  
20 area. The bill provides that for property taxes due and  
21 payable in fiscal years beginning on or after July 1, 2025,  
22 if the portion of the urban renewal area that is subject  
23 to a division of property tax revenue contains wind energy  
24 conversion property that is subject to special valuation under  
25 Code section 427B.26, foundation property taxes of a school  
26 district imposed under Code section 257.3 in that portion of  
27 the urban renewal area shall not be subject to the division of  
28 property tax revenue and shall instead be paid to the school  
29 district.

30 DIVISION XII — TRANSIT FUNDING. Cities may grant various  
31 types of franchises for specified services under Code section  
32 362.4 and may generally impose a franchise fee based upon  
33 a percentage of gross revenues generated from sales of the  
34 franchisee within the city not to exceed 5 percent. An  
35 exception allowing for a franchise fee up to 7.5 percent exists

1 in specified circumstances for a period of fiscal years ending  
2 July 1, 2030, if approved at election. The bill strikes  
3 the provisions providing for that exception and establishes  
4 conditions under which a city with a population that exceeds  
5 200,000 may impose a franchise fee of up to 7.5 percent for  
6 fiscal years beginning on or after July 1, 2024. The bill  
7 requires that franchise fee amounts collected during such  
8 fiscal years in excess of 5 percent of gross revenues generated  
9 from sales shall be used solely for the reduction of property  
10 tax levies used to support the operation and maintenance of a  
11 municipal transit system or a regional transit district.

12 The division of the bill takes effect July 1, 2024.