

House File 2577 - Introduced

HOUSE FILE 2577
BY GOLDING

A BILL FOR

1 An Act relating to property taxes and local government funding
2 by modifying the methodology for determining actual value of
3 property, certain levy rates, bonding procedures, assessment
4 protests, and assessment limitations of certain classes of
5 property, and including retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

DIVISION I

ACTUAL VALUATION LIMITATION

Section 1. Section 441.21, subsection 1, paragraph a, Code 2026, is amended to read as follows:

a. (1) All property subject to taxation shall be valued at its actual value which shall be entered opposite each item, and, except as otherwise provided in this section, shall be assessed at one hundred percent of its actual value, and the value so assessed shall be taken and considered as the assessed value and taxable value of the property upon which the levy shall be made.

(2) For assessment years beginning on or after January 1, 2027, but before January 1, 2030, and notwithstanding any provision of law to the contrary, the actual value of each individual residential, commercial, or industrial property, including after adjustments to actual values made as the result of equalization, shall not exceed one hundred percent of the actual value of the property for the immediately preceding assessment year unless the property was not assessed in the immediately preceding assessment year, ownership of the property changes, the property's boundaries change, there is a change to the property's classification, or new construction, additions, or improvements have been made to the property other than normal and necessary maintenance or repairs, not amounting to structural replacements or modification, and cost of the construction, additions, or improvements exceeds five percent of the property's actual value.

(3) For assessment years beginning on or after January 1, 2030, and notwithstanding any provision of law to the contrary, the actual value of each individual residential, commercial, or industrial property, including after adjustments to actual values made as the result of equalization, shall not exceed the product of the annual inflation factor multiplied by the actual value of the property for the immediately preceding assessment year unless the property was not assessed in the immediately preceding assessment year, ownership of the property changes, the

1 property's boundaries change, there is a change to the property's
2 classification, or new construction, additions, or improvements
3 have been made to the property other than normal and necessary
4 maintenance or repairs, not amounting to structural replacements
5 or modification, and cost of the construction, additions, or
6 improvements exceeds five percent of the property's actual value.
7 For purposes of this subparagraph, "annual inflation factor"
8 means an index, expressed as a percentage, determined by the
9 department of management based upon the consumer price for all
10 urban consumers for the midwest region for the twelve-month
11 period ending six months prior to January 1 of the assessment
12 year for which the factor is determined. In determining the
13 annual inflation factor, the department of management shall use
14 the annual percent change in the United States department of
15 labor, bureau of labor statistics, consumer price index for
16 all urban consumers for the midwest region, all items, or its
17 successor index in the applicable twelve-month period and shall
18 add all of that percent change to one hundred percent. The
19 annual inflation factor shall be expressed as a percentage
20 rounded to the nearest one-tenth of one percent. The annual
21 inflation factor shall not be less than one hundred percent nor
22 greater than one hundred three percent.

23 Sec. 2. Section 441.21, subsection 1, paragraph b,
24 subparagraph (1), Code 2026, is amended to read as follows:

25 (1) The Subject to the limitation under paragraph "a", the
26 actual value of all property subject to assessment and taxation
27 shall be the fair and reasonable market value of such property
28 except as otherwise provided in this section. "Market value" is
29 defined as the fair and reasonable exchange in the year in which
30 the property is listed and valued between a willing buyer and
31 a willing seller, neither being under any compulsion to buy or
32 sell and each being familiar with all the facts relating to the
33 particular property. Sale prices of the property or comparable
34 property in normal transactions reflecting market value, and the
35 probable availability or unavailability of persons interested in

1 purchasing the property, shall be taken into consideration in
2 arriving at its market value. In arriving at market value,
3 sale prices of property in abnormal transactions not reflecting
4 market value shall not be taken into account, or shall be
5 adjusted to eliminate the effect of factors which distort market
6 value, including but not limited to sales to immediate family of
7 the seller, foreclosure or other forced sales, contract sales,
8 discounted purchase transactions or purchase of adjoining land or
9 other land to be operated as a unit.

10 Sec. 3. Section 441.21, subsection 1, paragraph g, Code 2026,
11 is amended to read as follows:

12 g. Notwithstanding any other provision of this section,
13 the actual value of any property shall not exceed its fair
14 and reasonable market value, subject to paragraph "a", except
15 agricultural property which shall be valued exclusively as
16 provided in paragraph "e" and paragraph "a", of this subsection.

17 Sec. 4. Section 441.21, subsection 2, Code 2026, is amended
18 to read as follows:

19 2. In the event market value of the property being assessed
20 cannot be readily established in the foregoing manner, then
21 the assessor may, subject to the limitation under subsection 1,
22 paragraph "a", determine the value of the property using the
23 other uniform and recognized appraisal methods including its
24 productive and earning capacity, if any, industrial conditions,
25 its cost, physical and functional depreciation and obsolescence
26 and replacement cost, and all other factors which would assist
27 in determining the fair and reasonable market value of the
28 property but the actual value shall not be determined by use
29 of only one such factor. The following shall not be taken
30 into consideration: Special value or use value of the property
31 to its present owner, and the goodwill or value of a business
32 which uses the property as distinguished from the value of
33 the property as property. In addition, for assessment years
34 beginning on or after January 1, 2018, and unless otherwise
35 required for property valued by the department of revenue

1 pursuant to chapters 428, 437, and 438, the assessor shall
2 not take into consideration and shall not request from any
3 person sales or receipts data, expense data, balance sheets,
4 bank account information, or other data related to the financial
5 condition of a business operating in whole or in part on the
6 property if the property is both classified as commercial or
7 industrial property and owned and used by the owner of the
8 business. However, in assessing property that is rented or
9 leased to low-income individuals and families as authorized
10 by section 42 of the Internal Revenue Code, as amended, and
11 which section limits the amount that the individual or family
12 pays for the rental or lease of units in the property, the
13 assessor shall, unless the owner elects to withdraw the property
14 from the assessment procedures for section 42 property, use the
15 productive and earning capacity from the actual rents received
16 as a method of appraisal and shall take into account the extent
17 to which that use and limitation reduces the market value of
18 the property. The assessor shall not consider any tax credit
19 equity or other subsidized financing as income provided to the
20 property in determining the assessed value. The property owner
21 shall notify the assessor when property is withdrawn from section
22 42 eligibility under the Internal Revenue Code or if the owner
23 elects to withdraw the property from the assessment procedures
24 for section 42 property under this subsection. The property
25 shall not be subject to section 42 assessment procedures for the
26 assessment year for which section 42 eligibility is withdrawn
27 or an election is made. This notification must be provided to
28 the assessor no later than March 1 of the assessment year or
29 the owner will be subject to a penalty of five hundred dollars
30 for that assessment year. The penalty shall be collected at
31 the same time and in the same manner as regular property taxes.
32 An election to withdraw from the assessment procedures for
33 section 42 property is irrevocable. Property that is withdrawn
34 from the assessment procedures for section 42 property shall
35 be classified and assessed as residential property unless the

1 property otherwise fails to meet the requirements of subsection
2 14. Upon adoption of uniform rules by the department of revenue
3 or succeeding authority covering assessments and valuations of
4 such properties, the valuation on such properties shall be
5 determined in accordance with such rules and in accordance with
6 forms and guidelines contained in the real property appraisal
7 manual prepared by the department as updated from time to time
8 for assessment purposes to assure uniformity, but such rules,
9 forms, and guidelines shall not be inconsistent with or change
10 the foregoing means of determining the actual, market, taxable,
11 and assessed values.

12 DIVISION II

13 MODIFICATION OF ASSESSMENT LIMITATIONS

14 Sec. 5. Section 441.21, subsection 4, Code 2026, is amended
15 to read as follows:

16 4. For valuations established as of January 1, ~~1979~~ 2026, the
17 percentage of actual value at which agricultural and residential
18 property shall be assessed shall be ~~the quotient of the dividend~~
19 ~~and divisor as defined in this section~~ determined under this
20 subsection.

21 a. ~~(1)~~ The percentage of actual value at which agricultural
22 property shall be assessed shall be the quotient of the dividend
23 and divisor as defined in this paragraph. The dividend ~~for~~
24 ~~each class of property~~ shall be the dividend as determined for
25 ~~each class of~~ agricultural property for valuations established
26 as of January 1, ~~1978~~ 2025, adjusted by the product obtained
27 by multiplying the percentage determined for that year by the
28 amount of any additions or deletions to actual value, excluding
29 those resulting from the revaluation of existing properties, as
30 reported by the assessors on the abstracts of assessment for ~~1978~~
31 2025, plus ~~six~~ three percent of the amount so determined.

32 ~~(2) However, if the difference between the dividend so~~
33 ~~determined for either class of property and the dividend for~~
34 ~~that class of property for valuations established as of January~~
35 ~~1, 1978, adjusted by the product obtained by multiplying the~~

~~1 percentage determined for that year by the amount of any
2 additions or deletions to actual value, excluding those resulting
3 from the revaluation of existing properties, as reported by
4 the assessors on the abstracts of assessment for 1978, is less
5 than six percent, the 1979 dividend for the other class of
6 property shall be the dividend as determined for that class
7 of property for valuations established as of January 1, 1978,
8 adjusted by the product obtained by multiplying the percentage
9 determined for that year by the amount of any additions or
10 deletions to actual value, excluding those resulting from the
11 revaluation of existing properties, as reported by the assessors
12 on the abstracts of assessment for 1978, plus a percentage of
13 the amount so determined which is equal to the percentage by
14 which the dividend as determined for the other class of property
15 for valuations established as of January 1, 1978, adjusted by
16 the product obtained by multiplying the percentage determined
17 for that year by the amount of any additions or deletions to
18 actual value, excluding those resulting from the revaluation
19 of existing properties, as reported by the assessors on the
20 abstracts of assessment for 1978, is increased in arriving at the
21 1979 dividend for the other class of property.~~

~~22 (3) For valuations established for assessment years beginning
23 on or after January 1, 2022, the calculation of the dividend
24 for residential property under this subsection shall exclude the
25 value of all property described in subsection 14, paragraph "a",
26 subparagraphs (2), (3), (4), (5), and (6), and the property
27 described in subsection 14, paragraph "a", subparagraph (7), that
28 contains three or more separate dwelling units.~~

~~29 b.—(1) The divisor for each class of property shall be the
30 total actual value of all such agricultural property in the
31 state in the preceding year, as reported by the assessors on the
32 abstracts of assessment submitted for 1978 2025, plus the amount
33 of value added to said total actual value by the revaluation of
34 existing properties in 1979 2026 as equalized by the director
35 of revenue pursuant to section 441.49. The director shall~~

1 utilize information reported on abstracts of assessment submitted
2 pursuant to section 441.45 in determining such percentage. For
3 valuations established as of January 1, 2027, and each assessment
4 year thereafter, the percentage of actual value as equalized by
5 the department of revenue as provided in section 441.49 at which
6 agricultural property shall be assessed shall be calculated in
7 accordance with the methods provided in this paragraph.

8 ~~(2) For valuations established for assessment years beginning~~
9 ~~on or after January 1, 2022, the calculation of the divisor~~
10 ~~for residential property under this subsection shall exclude the~~
11 ~~value of all property described in subsection 14, paragraph "a",~~
12 ~~subparagraphs (2), (3), (4), (5), and (6), and the property~~
13 ~~described in subsection 14, paragraph "a", subparagraph (7), that~~
14 ~~contains three or more separate dwelling units.~~

15 ~~c. (1) For valuations established as of January 1, 1980,~~
16 ~~and each assessment year thereafter beginning before January~~
17 ~~1, 2013, the percentage of actual value as equalized by the~~
18 ~~director of revenue as provided in section 441.49 at which~~
19 ~~agricultural and residential property shall be assessed shall~~
20 ~~be calculated in accordance with the methods provided in this~~
21 ~~subsection, including the limitation of increases in agricultural~~
22 ~~and residential assessed values to the percentage increase of~~
23 ~~the other class of property if the other class increases less~~
24 ~~than the allowable limit adjusted to include the applicable and~~
25 ~~current values as equalized by the director of revenue, except~~
26 ~~that any references to six percent in this subsection shall be~~
27 ~~four percent.~~

28 ~~(2) For valuations established as of January 1, 2013, and~~
29 ~~each assessment year thereafter, the percentage of actual value~~
30 ~~as equalized by the department of revenue as provided in~~
31 ~~section 441.49 at which agricultural and residential property~~
32 ~~shall be assessed shall be calculated in accordance with the~~
33 ~~methods provided in this subsection, including the limitation of~~
34 ~~increases in agricultural and residential assessed values to the~~
35 ~~percentage increase of the other class of property if the other~~

1 ~~class increases less than the allowable limit adjusted to include~~
2 ~~the applicable and current values as equalized by the department~~
3 ~~of revenue, except that any references to six percent in this~~
4 ~~subsection shall be three percent.~~

5 b. (1) For valuations established for the assessment year
6 beginning January 1, 2026, the percentage of actual value as
7 equalized by the department of revenue as provided in section
8 441.49 at which residential property shall be assessed shall be
9 forty-four and five thousand three hundred and forty-five ten
10 thousandths percent.

11 (2) For valuations established for the assessment year
12 beginning January 1, 2027, the percentage of actual value as
13 equalized by the department of revenue as provided in section
14 441.49 at which residential property shall be assessed shall be
15 forty-seven percent.

16 (3) For valuations established for the assessment year
17 beginning January 1, 2028, and each assessment year thereafter,
18 the percentage of actual value as equalized by the department
19 of revenue as provided in section 441.49 at which residential
20 property shall be assessed shall be fifty percent.

21 Sec. 6. RETROACTIVE APPLICABILITY. This division of this Act
22 applies retroactively to January 1, 2026, for assessment years
23 beginning on or after that date.

24 DIVISION III

25 PROPERTY TAX LEVY RATES

26 Sec. 7. Section 331.422, unnumbered paragraph 1, Code 2026,
27 is amended to read as follows:

28 Subject to this section and sections 331.423 through ~~331.425~~
29 331.424 or as otherwise provided by state law, the board of each
30 county shall certify property taxes annually at its April session
31 to be levied for county purposes as follows:

32 Sec. 8. Section 331.434, unnumbered paragraph 1, Code 2026,
33 is amended to read as follows:

34 Annually, the board of each county, subject to section
35 331.403, subsection 4, sections 331.423 through ~~331.425~~ 331.424,

1 the applicable portions of chapter 24, and other applicable state
2 law, shall prepare and adopt a budget, certify taxes, and provide
3 appropriations as follows:

4 Sec. 9. Section 331.435, subsection 1, Code 2026, is amended
5 to read as follows:

6 1. The board may amend the adopted county budget, subject
7 to sections 331.423 through ~~331.425~~ 331.424 and other applicable
8 state law, to permit increases in any class of proposed
9 expenditures contained in the budget summary published under
10 section 331.434, subsection 3.

11 Sec. 10. Section 384.12, subsection 4, Code 2026, is amended
12 by striking the subsection.

13 Sec. 11. NEW SECTION. **444.25 Maximum property tax levy**
14 **dollars.**

15 1. For purposes of this section, unless the context otherwise
16 requires:

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

19 b. "Governmental entity" means any unit of government
20 or other public body or public corporation, including any
21 intergovernmental entity or special purpose district, that
22 has the power to impose or certify a property tax levy.
23 "Governmental entity" does not include a school district.

24 c. "Property tax levy" means each ad valorem property tax
25 authorized by law to be imposed by a governmental entity, but
26 excluding any levy the revenue from which is specified by law for
27 debt service or required to be used exclusively for the repayment
28 of bonds or other indebtedness. The levy under section 384.1,
29 subsection 2, on tracts of land and improvements thereon used
30 and assessed for agricultural or horticultural purposes, shall be
31 considered a separate property tax levy under this section.

32 2. a. For the budget year beginning July 1, 2027, and each
33 budget year thereafter, and notwithstanding any provision of law
34 to the contrary, the maximum levy rate that may be imposed for a
35 property tax levy by a governmental entity shall not exceed the

1 levy rate for such property tax levy imposed by the governmental
2 subdivision for the budget year beginning July 1, 2026, unless a
3 higher levy rate is approved at election under subsection 3.

4 b. If the budget year includes a voter-approved property
5 tax levy that was not approved for imposition in the budget
6 year beginning July 1, 2026, the maximum property tax levy rate
7 for the governmental entity under paragraph "a" for the budget
8 year shall be the levy rate approved at election or the levy
9 rate necessary to levy the amount of property taxes approved at
10 election, as applicable.

11 3. a. The limitation on any property tax levy rate under
12 subsection 2, paragraph "a", may be increased provided the
13 question has been submitted at the election under section 39.1
14 and received sixty percent of the votes cast on the proposition
15 to authorize the levy rate increase for the proposed budget year.

16 b. If the governmental entity is located in an area that is
17 the subject of a governor's proclamation of a state of disaster
18 emergency or the declaration of a major disaster by the president
19 of the United States, the limitation on any property tax levy
20 rate under subsection 2, paragraph "a", may be temporarily
21 increased for a budget year, unless approved at election for
22 additional years under paragraph "a".

23 c. If the governmental entity is a city with a population
24 of five thousand or less according to the most recent federal
25 decennial census, the city council may certify levy rates in
26 excess of the rate limitation under subsection 2, paragraph "a",
27 without an election. However, if at any time within twenty
28 days following certification of the city's budget, a petition
29 is filed with the clerk of the city in the manner provided by
30 section 362.4, asking that the question of exceeding the levy
31 rate limit be submitted to the registered voters of the city, the
32 council shall direct the county commissioner of elections to call
33 a special election upon the question of exceeding the levy rate
34 limitation.

35 4. If a governmental entity certifies a budget that violates

1 this section, the department of management shall reduce the
2 applicable governmental entity's property tax levies so that the
3 governmental entity is in compliance with this section.

4 Sec. 12. REPEAL. Sections 24.48 and 331.425, Code 2026, are
5 repealed.

6 DIVISION IV

7 PROPERTY ASSESSMENT PROTESTS

8 Sec. 13. Section 441.33, subsection 1, Code 2026, is amended
9 to read as follows:

10 1. The board of review shall be in session from a date
11 determined by the board that is on or after May 1 but not later
12 than May 7 through the period of time necessary to act on all
13 protests filed under section 441.37 but not later than ~~May 31~~
14 June 15 each year and for an additional period as required under
15 section 441.37 and shall hold as many meetings as are necessary
16 to discharge its duties. On or before May 31 in those years in
17 which a session has not been extended as required under section
18 441.37, the board shall return all books, records, and papers to
19 the assessor except undisposed of protests and records pertaining
20 to those protests. If it has not completed its work by May
21 31, in those years in which the session has not been extended
22 under section 441.37, the director of revenue may authorize the
23 board of review to continue in session for a period necessary to
24 complete its work, but the director of revenue shall not approve
25 a continuance extending beyond July 15. On or before May 31 or
26 on the final day of any extended session required under section
27 441.37 or authorized by the director of revenue, the board of
28 review shall adjourn until the date determined by the board that
29 is on or after May 1 but not later than May 7 of the following
30 year. It shall adopt its own rules of procedure, elect its
31 own chairperson from its membership, and keep minutes of its
32 meetings. The board shall appoint a clerk who may be a member
33 of the board or any other qualified person, except the assessor
34 or any member of the assessor's staff. It may be reconvened by
35 the director of revenue. All undisposed protests in its hands

1 on July 15 shall be automatically overruled and returned to the
2 assessor together with its other records.

3 Sec. 14. Section 441.37, subsection 1, paragraph a,
4 subparagraph (1), unnumbered paragraph 1, Code 2026, is amended
5 to read as follows:

6 Any property owner or aggrieved taxpayer who is dissatisfied
7 with the owner's or taxpayer's assessment may file a protest
8 against such assessment with the board of review on or after
9 April 2, to and including ~~April~~ May 30, of the year of the
10 assessment. In any county which has been declared to be a
11 disaster area by proper federal authorities or that is the
12 subject of a state of disaster emergency proclamation by the
13 governor after March 1 and prior to May 20 of said year of
14 assessment, the board of review shall be authorized to remain in
15 session until July 15 and the time for filing a protest shall
16 be extended to and include the period from ~~May~~ June 1 to June
17 ~~5~~ 20 of such year. The protest shall be in writing on forms
18 prescribed by the director of revenue and, except as provided in
19 subsection 3, signed by the one protesting or by the protester's
20 duly authorized agent. The taxpayer may have an oral hearing
21 on the protest if the request for the oral hearing is made in
22 writing at the time of filing the protest. The protest must be
23 confined to one or more of the following grounds:

24 Sec. 15. Section 441.45, subsection 2, Code 2026, is amended
25 to read as follows:

26 2. If a board of review continues in session beyond June ~~1~~
27 15, under sections 441.33 and 441.37, the abstract of the real
28 property shall be made out and transmitted to the department of
29 revenue within fifteen days after the date of final adjournment
30 by the board.

31 DIVISION V

32 BONDING

33 Sec. 16. Section 39.2, subsection 4, paragraph d, Code 2026,
34 is amended to read as follows:

35 d. For any political subdivision of this state, if the

1 special election is in whole or in part for the question of
2 issuing bonds or other indebtedness, the first Tuesday after the
3 first Monday in November in an even-numbered year.

4 Sec. 17. Section 75.1, subsection 1, Code 2026, is amended to
5 read as follows:

6 1. When a proposition to authorize an issuance of bonds by
7 a county, township, school corporation, merged area, city, or
8 by any political subdivision or local board or commission, is
9 submitted to the electors, such proposition shall not be deemed
10 carried or adopted, anything in the statutes to the contrary
11 notwithstanding, unless the vote in favor of such authorization
12 is equal to at least sixty percent of the total vote cast for and
13 against said proposition at said election. All elections on such
14 proposition shall be held on the date specified in section 39.2,
15 subsection 4, paragraph "d".

16 Sec. 18. Section 296.2, Code 2026, is amended to read as
17 follows:

18 **296.2 Petition for election.**

19 Before indebtedness can be contracted ~~in excess of one~~
20 ~~and one-quarter percent of the assessed value of the taxable~~
21 ~~property~~, a petition signed by eligible electors equal in number
22 to twenty-five percent of those voting at the last election
23 of school officials shall be filed with the president of the
24 board of directors, asking that an election be called, stating
25 the amount of bonds proposed to be issued, and the purpose
26 or purposes for which the indebtedness is to be created, ~~and~~
27 ~~that the purpose or purposes cannot be accomplished within the~~
28 ~~limit of one and one-quarter percent of the valuation.~~ The
29 petition may request the calling of an election on one or more
30 propositions separately and a each proposition may include one or
31 more purposes.

32 Sec. 19. Section 331.441, subsection 2, paragraph b,
33 subparagraphs (7), (12), and (14), Code 2026, are amended to read
34 as follows:

35 (7) Enlargement and improvement of a county hospital acquired

1 and operated under chapter 347A, subject to a maximum of two
2 percent of the assessed value of the taxable property in the
3 county. ~~However, notice of the proposed bond issue shall be
4 published once each week for two consecutive weeks and if,
5 within twenty days following the date of the first publication,
6 a petition requesting an election on the proposal and signed
7 by eligible electors of the county equal in number to at least
8 twenty percent of the votes cast at the preceding election
9 for governor is filed with the county auditor, the proposal
10 is subject to the election requirements in section 331.442,
11 subsections 2, 3, and 4, for general county purpose bonds.~~

12 (12) (a) Funding the acquisition, construction,
13 reconstruction, improvement, repair, or equipping of waterworks,
14 water mains and extensions, ponds, reservoirs, capacity, wells,
15 dams, pumping installations, real and personal property, or other
16 facilities available or used for the storage, transportation, or
17 utilization of water.

18 (a) (b) The county board of supervisors may on its own
19 motion or upon a written petition of a water supplier established
20 under chapter 357A or 504 direct the county auditor to establish
21 a special service area tax district for the purpose of issuing
22 general obligation bonds. The special service area tax district
23 shall include only unincorporated portions of the county and
24 shall be drawn according to engineering recommendations provided
25 by the water supplier or the county engineer and, in addition,
26 shall be drawn in order that an election provided for in
27 ~~subparagraph division (b)~~ section 331.443 can be administered.
28 The county's debt service tax levy for the county general
29 obligation bonds issued for the purposes set out in this
30 subparagraph shall be levied only against taxable property within
31 the county which is included within the boundaries of the
32 special service area tax district. An owner of property not
33 included within the boundaries of the special service area tax
34 district may petition the board of supervisors to be included
35 in the special service area tax district subsequent to its

1 establishment.

2 ~~(b) General obligation bonds for the purposes described in~~
3 ~~this subparagraph are subject to an election held in the manner~~
4 ~~provided in section 331.442, subsections 1 through 4, if not~~
5 ~~later than fifteen days following the action by the county board~~
6 ~~of supervisors, eligible electors file a petition with the county~~
7 ~~commissioner of elections asking that the question of issuing~~
8 ~~the bonds be submitted to the registered voters of the special~~
9 ~~service area tax district. The petition must be signed by~~
10 ~~eligible electors equal in number to at least five percent of~~
11 ~~the registered voters residing in the special service area tax~~
12 ~~district. If the petition is duly filed within the fifteen~~
13 ~~days, the board of supervisors shall either adopt a resolution~~
14 ~~declaring that the proposal to issue the bonds is abandoned, or~~
15 ~~direct the county commissioner of elections to call a special~~
16 ~~election within a special service area tax district upon the~~
17 ~~question of issuing the bonds.~~

18 (14) The aiding of the planning, undertaking, and carrying
19 out of urban renewal projects under the authority of chapter 403
20 and for the purposes set out in section 403.12. However, bonds
21 issued for this purpose are subject to the right of petition for
22 an election as provided in section 331.442, subsection 5, without
23 limitation on the amount of the bond issue or the population of
24 the county, and the board shall include notice of the right of
25 petition in the notice of proposed action required under section
26 331.443, subsection 2.

27 Sec. 20. Section 331.443, subsections 2 and 3, Code 2026, are
28 amended to read as follows:

29 2. Before the board may institute proceedings for the
30 issuance of bonds for an essential county purpose, a notice
31 of the proposed action, including a statement of the amount
32 and purposes of the bonds, an estimate of the annual increase
33 in property taxes as the result of the bond issuance on a
34 residential property with an actual value of one hundred thousand
35 dollars, a statement of the right to petition for an election

1 under subsection 3, and the time and place of the meeting at
2 which the board proposes to take action for the issuance of the
3 bonds, shall be published as provided in section 331.305. At
4 the meeting, the board shall receive oral or written objections
5 from any resident or property owner of the county. After all
6 objections have been received and considered, the board, at that
7 meeting or a date to which it is adjourned, may take additional
8 action for the issuance of the bonds or abandon the proposal to
9 issue the bonds. Any resident or property owner of the county
10 may appeal the decision of the board to take additional action
11 to the district court of the county, within fifteen days after
12 the additional action is taken, but the additional action of the
13 board is final and conclusive unless the court finds that the
14 board exceeded its authority. The provisions of this subsection
15 with respect to notice, hearing, and appeal, are in lieu of any
16 other law.

17 3. ~~a. Notwithstanding subsection 2, a board may institute~~
18 ~~proceedings for the issuance of bonds for an essential county~~
19 ~~purpose specified in section 331.441, subsection 2, paragraph~~
20 ~~"b", subparagraph (18) or (19), in an amount equal to or greater~~
21 ~~than three million dollars by causing a notice of the proposal~~
22 ~~to issue the bonds, including a statement of the amount and~~
23 ~~purpose of the bonds, together with the maximum rate of interest~~
24 ~~which the bonds are to bear, and the right to petition for an~~
25 ~~election, to be published at least once in a newspaper of general~~
26 ~~circulation within the county at least ten days prior to the~~
27 ~~meeting at which it is proposed to take action for the issuance~~
28 ~~of the bonds.~~

29 ~~b.~~ a. If at any time before the date fixed for taking action
30 for the issuance of the bonds, a petition is filed with the
31 county auditor, signed by eligible electors of the county equal
32 in number to ~~twenty~~ ten percent of the persons in the county
33 who voted for the office of president of the United States at
34 the last preceding general election that had such office on
35 the ballot, asking that the question of issuing the bonds be

1 submitted to the registered voters of the county, the board shall
2 either by resolution declare the proposal to issue the bonds to
3 have been abandoned or shall direct the county commissioner of
4 elections to call a special election upon the question of issuing
5 the bonds. Notice of the election and its conduct shall be in
6 the manner provided in section 331.442.

7 ~~e.~~ b. If a petition is not filed, or if a petition is
8 filed and the proposition of issuing the bonds is approved at
9 an election, the board may proceed with the authorization and
10 issuance of the bonds.

11 Sec. 21. Section 384.24, subsection 3, paragraph q, Code
12 2026, is amended to read as follows:

13 q. The aiding in the planning, undertaking, and carrying out
14 of urban renewal projects under the authority of chapter 403, and
15 all of the purposes set out in section 403.12. ~~However, bonds~~
16 ~~issued for this purpose are subject to the right of petition for~~
17 ~~an election as provided in section 384.26, without limitation on~~
18 ~~the amount of the bond issue or the size of the city, and the~~
19 ~~council shall include notice of the right of petition in the~~
20 ~~notice required under section 384.25, subsection 2.~~

21 Sec. 22. Section 384.25, subsections 2 and 3, Code 2026, are
22 amended to read as follows:

23 2. Before the council may institute proceedings for the
24 issuance of bonds for an essential corporate purpose, a notice
25 of the proposed action, including a statement of the amount and
26 purposes of the bonds, and an estimate of the annual increase
27 in property taxes as the result of the bond issuance on a
28 residential property with an actual value of one hundred thousand
29 dollars, a statement of the right to petition for an election
30 under subsection 3, and the time and place of the meeting at
31 which the council proposes to take action for the issuance of
32 the bonds, must be published as provided in section 362.3. At
33 the meeting, the council shall receive oral or written objections
34 from any resident or property owner of the city. After all
35 objections have been received and considered, the council may, at

1 that meeting or any adjournment thereof, take additional action
2 for the issuance of the bonds or abandon the proposal to issue
3 the bonds. Any resident or property owner of the city may
4 appeal the decision of the council to take additional action
5 to the district court of the county in which any part of the
6 city is located, within fifteen days after the additional action
7 is taken, but the additional action of the council is final
8 and conclusive unless the court finds that the council exceeded
9 its authority. The provisions of this subsection with respect
10 to notice, hearing, and appeal, are in lieu of the provisions
11 contained in chapter 73A, or any other law.

12 3. ~~a. Notwithstanding subsection 2, a council may institute~~
13 ~~proceedings for the issuance of bonds for an essential corporate~~
14 ~~purpose specified in section 384.24, subsection 3, paragraph "w"~~
15 ~~or "x", in an amount equal to or greater than three million~~
16 ~~dollars by causing a notice of the proposal to issue the bonds,~~
17 ~~including a statement of the amount and purpose of the bonds,~~
18 ~~together with the maximum rate of interest which the bonds are to~~
19 ~~bear, and the right to petition for an election, to be published~~
20 ~~at least once in a newspaper of general circulation within the~~
21 ~~city at least ten days prior to the meeting at which it is~~
22 ~~proposed to take action for the issuance of the bonds.~~

23 b. a. If at any time before the date fixed for taking action
24 for the issuance of the bonds, a petition is filed with the clerk
25 of the city signed by eligible electors of the city equal in
26 number to ~~twenty~~ ten percent of the persons in the city who voted
27 for the office of president of the United States at the last
28 preceding general election that had such office on the ballot,
29 asking that the question of issuing the bonds be submitted to
30 the registered voters of the city, the council shall either by
31 resolution declare the proposal to issue the bonds to have been
32 abandoned or shall direct the county commissioner of elections to
33 call a special election upon the question of issuing the bonds.
34 Notice of the election and its conduct shall be in the manner
35 provided in section 384.26.

1 ~~e.~~ b. If a petition is not filed, or if a petition is
2 filed and the proposition of issuing the bonds is approved at
3 an election, the council may proceed with the authorization and
4 issuance of the bonds.

5 Sec. 23. Section 423F.4, subsection 2, paragraphs a and b,
6 Code 2026, are amended to read as follows:

7 a. Bonds issued on or after July 1, ~~2019~~ 2026, shall not be
8 sold at public sale as provided in chapter 75, or at a private
9 sale, without notice and hearing. Notice of the time and place
10 of the public hearing and a statement of the right to petition
11 for an election under paragraph "b" shall be published not less
12 than ten nor more than twenty days before the public hearing in
13 a newspaper which is a newspaper of general circulation in the
14 school district.

15 b. For bonds subject to the requirements of paragraph "a", if
16 at any time prior to the fifteenth day following the hearing,
17 the secretary of the board of directors receives a petition
18 containing the required number of signatures and asking that
19 the question of the issuance of such bonds be submitted to the
20 voters of the school district, the board shall either rescind
21 its adoption of the resolution or direct the county commissioner
22 of elections to submit the question to the registered voters of
23 the school district at an election held on the date specified
24 in section 39.2, subsection 4, paragraph "d". The petition must
25 be signed by eligible electors equal in number to not less than
26 one hundred or ~~thirty~~ ten percent of the number of voters at
27 the last preceding election of school officials under section
28 277.1, whichever is greater. If the board submits the question
29 at an election and ~~a majority~~ sixty percent of those voting on
30 the question favors issuance of the bonds, the board shall be
31 authorized to issue the bonds.

32 EXPLANATION

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

35 This bill relates to property taxation by modifying the

1 methodology for determining actual value of residential,
2 commercial, and industrial property, assessment limitations of
3 certain classes of property, and certain levy rate limitations.

4 DIVISION I — ACTUAL VALUE LIMITATION. Under Code section
5 441.21, all property subject to taxation shall be valued at its
6 actual value and, except as otherwise provided by law, shall be
7 assessed at 100 percent of its actual value, and the value so
8 assessed shall be taken and considered as the assessed value
9 and taxable value of the property upon which the levy shall be
10 made. Actual value is generally required to be the fair and
11 reasonable market value. "Market value" is defined as the fair
12 and reasonable exchange in the year in which the property is
13 listed and valued between a willing buyer and a willing seller,
14 neither being under any compulsion to buy or sell and each being
15 familiar with all the facts relating to the particular property,
16 but excluding certain abnormal sales.

17 The bill provides that for assessment years beginning on or
18 after January 1, 2027, but before January 1, 2030, the actual
19 value of each individual residential, commercial, and industrial
20 property, including after adjustments to actual values made as
21 the result of equalization, shall not exceed 100 percent of
22 the actual value of the property for the immediately preceding
23 assessment year unless the property was not assessed in the
24 immediately preceding assessment year, the property changed
25 ownership, the property's boundaries change, there is a change
26 to the property's classification, or new construction, additions,
27 or improvements have been made to the property other than normal
28 and necessary maintenance or repairs, not amounting to structural
29 replacements or modification, and cost of the construction,
30 additions, or improvements exceeds 5 percent of the property's
31 actual value.

32 The bill provides that for assessment years beginning on or
33 after January 1, 2030, the actual value of each such individual
34 property, including after adjustments to actual values made
35 as the result of equalization, shall not exceed the product

1 of the annual inflation factor, as defined in the bill, and
2 the actual value of the property for the immediately preceding
3 assessment year unless the property was not assessed in the
4 immediately preceding assessment year, the property changed
5 ownership, the property's boundaries changed, there is a change
6 to the property's classification, or new construction, additions,
7 or improvements have been made to the property other than normal
8 and necessary maintenance or repairs, not amounting to structural
9 replacements or modification, and the cost of the construction,
10 additions, or improvements exceeds 5 percent of the property's
11 actual value. The bill defines "annual inflation factor" to be
12 an index, expressed as a percentage, determined based upon the
13 consumer price for all urban consumers for the midwest region,
14 but shall not be less than 100 percent nor greater than 103
15 percent.

16 The bill also makes conforming changes to other provisions of
17 law relating to the valuation of property.

18 DIVISION II — MODIFICATION OF ASSESSMENT LIMITATIONS. Code
19 section 441.21(4) establishes the calculation for assessment
20 limitations (rollback) for residential property and agricultural
21 property. The bill strikes the calculation of the residential
22 property assessment limitation for assessment years beginning
23 on or after January 1, 2026, and strikes the provision within
24 the agricultural property assessment limitation calculation that
25 limits growth of residential or agricultural property to the
26 growth in the other classification (ag-residential tie). The
27 bill increases assessment limitations for residential property
28 each assessment year from the assessment year beginning January
29 1, 2026, until the assessment limitation reaches 50 percent for
30 assessment years beginning on or after January 1, 2028. By
31 operation of the scheduled increases to the residential property
32 assessment limitation, the assessment limitation applicable to
33 that portion of commercial, and industrial property that is equal
34 to or less than \$150,000 is also increased.

35 This division of the bill applies retroactively to assessment

1 years beginning on or after January 1, 2026.

2 DIVISION III — PROPERTY TAX LEVY RATES. Under the bill,
3 for the budget year beginning July 1, 2027, and each budget
4 year thereafter, and notwithstanding any provision of law to
5 the contrary, the maximum levy rate that may be imposed for
6 a property tax levy by a governmental entity generally shall
7 not exceed the levy rate for such property tax levy imposed by
8 the governmental subdivision for the budget year beginning July
9 1, 2026, unless a higher levy rate is approved at election.
10 The bill includes provisions to account for new voter-approved
11 levies. Additionally, the limitation on any property tax levy
12 rate under the bill may be increased provided the question has
13 been submitted at the general election and received 60 percent
14 of the votes cast on the proposition to authorize the levy rate
15 increase for the proposed budget year.

16 Under the bill, if the governmental entity is located in an
17 area that is the subject of a governor's proclamation of a state
18 of disaster emergency or the declaration of a major disaster
19 by the president of the United States, the limitation on any
20 property tax levy rate may be temporarily increased for a budget
21 year, unless approved at election for additional years.

22 Under the bill, if the governmental entity is a city with a
23 population of 5,000 or less, the city council may certify levy
24 rates in excess of the rate limitation without an election.
25 However, if at any time within 20 days following certification
26 of the city's budget, a petition is filed with the clerk of the
27 city asking that the question of exceeding the levy rate limit be
28 submitted to the registered voters of the city, the council shall
29 direct the county commissioner of elections to call a special
30 election upon the question of exceeding the levy rate limitation.

31 DIVISION IV — PROPERTY ASSESSMENT PROTESTS. Code section
32 441.37 establishes the period of time for filing protest of
33 a property assessment with the local board of review. The
34 bill amends the period of time for filing protests of property
35 assessment from ending on April 30 to ending on May 30. The bill

1 also makes corresponding changes to other deadlines following
2 that change to the protest filing period.

3 DIVISION V — BONDING. The bill modifies the procedures and
4 requirements for the issuance of certain bonds and indebtedness
5 by various political subdivisions.

6 Counties and cities may generally contract indebtedness and
7 approve the issuance of general obligation bonds to carry out an
8 essential county purpose or essential corporate purpose without
9 voter approval, while the issuance of general obligation bonds to
10 carry out a general county purpose or general corporate purpose
11 generally requires voter approval by a 60 percent threshold.
12 Current law also establishes circumstances under which the county
13 or city may pursue the issuance of general obligation bonds for
14 a general county purpose or general corporate purpose without
15 voter approval, subject to the filing of a qualifying petition by
16 eligible electors requesting an election. The bill provides that
17 all bond issuances for essential county purposes or essential
18 corporate purposes are subject to an election if a petition
19 is filed that is signed by eligible electors of the applicable
20 jurisdiction equal in number to 10 percent of the persons in the
21 jurisdiction who voted for the office of president of the United
22 States at the last preceding general election.

23 The bill makes corresponding changes to other provisions
24 of law governing the issuance of bonds and, by operation of
25 law, the changes to county and city provisions governing the
26 issuance of bonds apply to the issuances of certain other bonds
27 or indebtedness by or on behalf of certain other political
28 subdivisions.

29 Code section 296.2 provides that before indebtedness can be
30 contracted by a school district in excess of 1.25 percent of the
31 assessed value of the taxable property, a petition shall be filed
32 with the president of the board of directors, asking that an
33 election be called. The bill strikes that portion of the section
34 limiting the provision to the issuance of indebtedness in excess
35 of 1.25 percent of the assessed value of the taxable property.

1 Code section 423F.4 governs the ability of school districts
2 to issue bonds payable from moneys from the secure an advanced
3 vision for education fund. Under current law, such bonds may be
4 issued without approval at election, unless a qualifying petition
5 requesting an election is received. The bill makes all such
6 bond issuances subject to 60 percent voter approval on or after
7 July 1, 2026, and changes the number of voters required for a
8 qualifying petition.

9 The bill amends Code section 75.1, which governs elections
10 held for the issuance of bonds by requiring 60 percent
11 voter approval, to apply to merged areas and other political
12 subdivisions.

13 Code section 39.2(4)(d) provides that, for any political
14 subdivision, if a special election is in whole or in part for
15 the question of issuing bonds or other indebtedness, the election
16 shall be held on the first Tuesday after the first Monday in
17 November. The bill changes that provision to only apply to such
18 date in November in an even-numbered year.