

House File 2745 - Introduced

HOUSE FILE 2745
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 596)

A BILL FOR

1 An Act relating to state and local government taxes, budgets, and
2 authority, by modifying provisions relating to the assessment
3 and taxation of property, funding from the secure an advanced
4 vision for education fund, urban renewal areas, establishing
5 a program for certain first-time homebuyers, establishing a
6 local government efficiency grant fund, making appropriations,
7 and including effective date, applicability, and retroactive
8 applicability provisions.

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

1

DIVISION I

2 PROPERTY TAX REVENUE LIMITATIONS — BOND REVENUE USE LIMITATIONS

3 Section 1. Section 11.11, Code 2026, is amended to read as
4 follows:

5 **11.11 Scope of audits.**

6 The written report of the audit of a governmental subdivision
7 shall include the auditor's opinion as to whether a governmental
8 subdivision's financial statements are presented fairly in
9 all material respects in conformity with generally accepted
10 accounting principles or with ~~an other~~ another comprehensive
11 basis of accounting. As a part of conducting an audit of
12 a governmental subdivision, an evaluation of internal control
13 and tests for compliance with laws and regulations shall be
14 performed. As part of conducting an audit of a governmental
15 subdivision, an examination of the governmental subdivision's
16 compliance with the reporting requirements of section 331.403,
17 subsection 3, or section 384.22, subsection 2, if applicable,
18 shall be performed. As part of conducting an audit of a
19 governmental subdivision for fiscal years beginning on or after
20 July 1, 2027, an examination of the governmental subdivision's
21 compliance with section 24.35 shall be performed, including
22 verification of the circumstances resulting in actual reserve
23 funds exceeding the specified limits.

24 Sec. 2. Section 24.34, Code 2026, is amended to read as
25 follows:

26 **24.34 Unliquidated obligations.**

27 A city, county, or other political subdivision governmental
28 entity, as defined in section 24.35, may establish an encumbrance
29 system for any obligation not liquidated at the close of
30 the fiscal year in which the obligation has been encumbered
31 assigned, committed, restricted, or specified as nonspendable.
32 The encumbered obligations may be retained upon the books of the
33 city, county, or other political subdivision until liquidated,
34 all in accordance with generally accepted ~~governmental~~ accounting
35 practices principles, as established by the governmental

1 accounting standards board.

2 Sec. 3. NEW SECTION. **24.35 General fund reserves —**
3 **limitations.**

4 1. For purposes of this section:

5 a. "*Budget year*" is the fiscal year beginning during the
6 calendar year in which a budget is certified.

7 b. "*Current fiscal year*" is the fiscal year ending during the
8 calendar year in which a budget for the budget year is certified.

9 c. "*General fund*" means a governmental entity's fund
10 designated as such by law or the governmental entity's fund from
11 which primary general operations of the governmental entity are
12 funded.

13 d. "*Governmental entity*" means any unit of government
14 or other public body or public corporation, including any
15 intergovernmental entity, that has the power to impose or certify
16 a property tax levy. "*Governmental entity*" does not include a
17 school district.

18 e. "*Unassigned*" means funds that are not restricted,
19 committed, assigned, or nonspendable within the meaning of
20 generally accepted accounting principles, as established by the
21 governmental accounting standards board.

22 2. a. For budgets certified for budget years beginning on or
23 after July 1, 2027, proposed unassigned reserve funds identified
24 within a governmental entity's general fund shall not exceed an
25 amount equal to thirty-five percent of the budgeted expenditures
26 from the governmental entity's general fund for the current
27 fiscal year prior to budgeted transfers from such general fund.

28 b. If the governmental entity's budget does not comply with
29 the requirements of paragraph "a", the department of management
30 shall not certify the governmental entity's taxes back to the
31 county auditor under section 24.17 and the governmental entity
32 shall remedy the violation and recertify the budget.

33 3. To ensure uniformity, accuracy, and efficiency in the
34 certification of governmental entity budgets according to the
35 requirements of this section, the department of management shall

1 prescribe the procedures to be used and instruct the appropriate
2 officials of the various governmental entities on implementation
3 of the procedures.

4 Sec. 4. Section 24.48, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 6. The authority to suspend property tax
7 levy limitations under this section shall not apply to the
8 limitations of section 444.25.

9 Sec. 5. Section 176A.8, subsection 13, Code 2026, is amended
10 by striking the subsection.

11 Sec. 6. NEW SECTION. **444.25 Maximum property tax levy**
12 **dollars.**

13 1. For purposes of this section, unless the context otherwise
14 requires:

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

17 b. "*Current fiscal year*" is the fiscal year ending during the
18 calendar year in which a budget for the budget year is certified.

19 c. "*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 d. "*New valuation*" means the increase from the current fiscal
25 year to the budget year in taxable valuation, as shown on the
26 assessment roll due to the following, the amount of each as
27 reported under section 331.510 by the county auditor to the
28 department of management:

29 (1) New construction.

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

33 (3) Net boundary adjustments, including annexation,
34 severance, incorporation, consolidation, or discontinuance as
35 those terms are defined in section 368.1.

1 (4) Valuation exempt from property tax for the current fiscal
2 year as the result of prior new construction, additions, or
3 improvements under section 15.332, Code 2025, section 15.500,
4 chapter 404, or chapter 427B, subchapter I, but which is not
5 exempt from property tax in the budget year.

6 e. "Property tax levy" means each ad valorem property tax
7 authorized by law to be imposed by a governmental entity, but
8 excluding any levy the revenue from which is specified by law for
9 debt service or required to be used exclusively for the repayment
10 of bonds or other indebtedness.

11 2. a. For the budget year beginning July 1, 2027, and each
12 budget year thereafter, the maximum aggregate amount of property
13 tax dollars that may be certified for levy among all property tax
14 levies imposed by a governmental entity against property that is
15 not new valuation shall not exceed an amount equal to the sum of
16 one hundred two percent of the aggregate amount of property tax
17 dollars certified for levy by the governmental entity among all
18 property tax levies imposed by the governmental entity for the
19 current fiscal year.

20 b. If the budget year includes a voter-approved property
21 tax levy that was not approved for imposition in the current
22 fiscal year, the maximum aggregate amount of property tax dollars
23 for the governmental entity under paragraph "a" for the budget
24 year shall be increased by the amount of the voter-approved
25 property tax levy approved at election for the budget year. If
26 the current fiscal year includes a voter-approved property tax
27 levy that is not approved for imposition in the budget year,
28 the maximum aggregate amount of property tax dollars for the
29 governmental entity under paragraph "a" for the budget year shall
30 be reduced by the amount of the voter-approved property tax levy
31 for the current fiscal year.

32 c. The amount of property tax dollars calculated under this
33 section includes those amounts budgeted by the governmental
34 entity as replacement taxes under chapter 437A or 437B, if
35 applicable.

1 3. For purposes of this section, if the governmental entity's
2 taxes for a property tax levy were not certified back by the
3 department of management under section 24.17 for the current
4 fiscal year due to an act or omission of the governmental entity,
5 the current fiscal year's property tax dollars certified for levy
6 for that property tax levy shall be equal to the amount certified
7 for levy for the fiscal year immediately preceding the current
8 fiscal year.

9 4. If a governmental entity certifies a budget that violates
10 this section, the department of management shall reduce each of
11 the applicable governmental entity's property tax levies on a pro
12 rata basis so that the governmental entity is in compliance with
13 this section.

14 5. This section shall not be construed as removing or
15 otherwise affecting the property tax limitations, including levy
16 rate and use limitations, otherwise provided by law for any
17 property tax levy of the governmental entity.

18 Sec. 7. NEW SECTION. **444.26 Use of bonds and indebtedness**
19 **for general operations — prohibition.**

20 1. For purposes of this section:

21 a. "General operations" means services or activities
22 generally funded from the governmental entity's general fund,
23 which are necessary for the operation of the governmental entity,
24 including salaries and benefits, or which are for the health
25 and welfare of the governmental entity's citizens or primarily
26 intended to benefit all residents of the governmental entity, but
27 excluding services financed by statutory funds other than a debt
28 service fund.

29 b. "Governmental entity" means any unit of government
30 or other public body or public corporation, including any
31 intergovernmental entity, that has the power to impose or certify
32 a property tax levy.

33 2. On or after July 1, 2026, the governing body of a
34 governmental entity shall not issue bonds or other indebtedness
35 payable from an ad valorem property tax levy for the purpose

1 of funding the general operations of the governmental entity or
2 otherwise use proceeds from the sale of bonds or issuance of
3 other indebtedness to fund general operations.

4 3. The department of management, following consultation with
5 the city finance committee and the county finance committee,
6 may adopt rules under chapter 17A for governmental entities to
7 implement this section.

8

DIVISION II

9

COMMERCIAL AND INDUSTRIAL PROPERTY ASSESSMENT LIMITATIONS

10 Sec. 8. Section 441.21, subsection 5, paragraph b,
11 subparagraph (2), subparagraph divisions (a) and (b), Code 2026,
12 are amended to read as follows:

13 (a) An amount equal to the product of the assessment
14 limitation percentage applicable to residential property under
15 subsection 4 for that assessment year multiplied by the actual
16 value of the property that exceeds zero dollars but does not
17 exceed ~~one~~ three hundred fifty thousand dollars.

18 (b) An amount equal to ninety percent of the actual value
19 of the property for that assessment year that exceeds ~~one~~ three
20 hundred fifty thousand dollars.

21 Sec. 9. Section 441.21, subsection 5, paragraph c,
22 subparagraph (2), subparagraph divisions (a) and (b), Code 2026,
23 are amended to read as follows:

24 (a) An amount equal to the product of the assessment
25 limitation percentage applicable to residential property under
26 subsection 4 for that assessment year multiplied by the actual
27 value of the property that exceeds zero dollars but does not
28 exceed ~~one~~ three hundred fifty thousand dollars.

29 (b) An amount equal to ninety percent of the actual value
30 of the property for that assessment year that exceeds ~~one~~ three
31 hundred fifty thousand dollars.

32 Sec. 10. Section 441.21, subsection 5, paragraph e,
33 subparagraphs (1), (2), and (3), Code 2026, are amended to read
34 as follows:

35 ~~(1) For the fiscal year beginning July 1, 2023, there is~~

1 ~~appropriated from the general fund of the state to the department~~
2 ~~of revenue the sum of one hundred twenty-two million three~~
3 ~~hundred fifty thousand dollars to be used for payments under this~~
4 ~~paragraph calculated as a result of the assessment limitations~~
5 ~~imposed under paragraph "b", subparagraph (2), subparagraph~~
6 ~~division (a), and paragraph "c", subparagraph (2), subparagraph~~
7 ~~division (a). For each fiscal year beginning on or after July~~
8 ~~1, 2024, but before July 1, 2027, there is appropriated from~~
9 ~~the general fund of the state to the department of revenue the~~
10 ~~sum of one hundred twenty-five million dollars to be used for~~
11 ~~payments under this paragraph calculated as a result of the~~
12 ~~assessment limitations imposed under paragraph "b", subparagraph~~
13 ~~(2), subparagraph division (a), and paragraph "c", subparagraph~~
14 ~~(2), subparagraph division (a).~~

15 (2) For fiscal years beginning on or after July 1, 2023, but
16 before July 1, 2027, each county treasurer shall be paid by the
17 department of revenue an amount calculated under subparagraph
18 (4) for the applicable fiscal year. If an amount appropriated
19 for the fiscal year is insufficient to make all payments as
20 calculated under subparagraph (4), the director of revenue shall
21 prorate the payments to the county treasurers and shall notify
22 the county auditors of the pro rata percentage on or before
23 September 30.

24 (3) On or before July 1 of each applicable fiscal year,
25 the assessor shall report to the county auditor that portion
26 of the total actual value of all commercial property and
27 industrial property in the county that is subject to the
28 assessment limitations imposed under paragraph "b", subparagraph
29 (2), subparagraph division (a), and paragraph "c", subparagraph
30 (2), subparagraph division (a), for the assessment year used to
31 calculate the taxes due and payable in that fiscal year.

32 Sec. 11. Section 441.21, subsection 5, paragraph e,
33 subparagraph (4), unnumbered paragraph 1, Code 2026, is amended
34 to read as follows:

35 On or before September 1 of each applicable fiscal year,

1 the county auditor shall prepare a statement, based on the
2 report received in subparagraph (3) and information transmitted
3 to the county auditor under chapter 434, listing for each taxing
4 district in the county:

5 Sec. 12. RETROACTIVE APPLICABILITY. The following apply
6 retroactively to assessment years beginning on or after January
7 1, 2026:

8 1. The section of this division of this Act amending
9 section 441.21, subsection 5, paragraph "b", subparagraph (2),
10 subparagraph divisions (a) and (b).

11 2. The section of this division of this Act amending
12 section 441.21, subsection 5, paragraph "c", subparagraph (2),
13 subparagraph divisions (a) and (b).

14 DIVISION III

15 HOMESTEAD PROPERTY TAX EXEMPTION

16 Sec. 13. Section 427.1, Code 2026, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 43. *Residential homestead property.*

19 a. For assessment years beginning on or after January 1,
20 2026, an exemption from taxation shall be allowed on each
21 property classified as residential property as defined in
22 section 441.21, subsection 14, that is a homestead receiving
23 the homestead credit under chapter 425, subchapter I, for the
24 assessment year. The exemption under this subsection shall
25 be in addition to any exemption or credit for such property
26 under any other provision of law, if applicable. The exemption
27 from taxation under this subsection shall be ten percent of the
28 taxable value of the property or twenty-five thousand dollars in
29 taxable value, whichever is less. However, the exemption under
30 this subsection shall not apply to a property tax imposed by a
31 school district.

32 b. Section 25B.7, subsection 1, shall not apply to the
33 property tax exemption provided in this subsection.

34 Sec. 14. RETROACTIVE APPLICABILITY. This division of this
35 Act applies retroactively to assessment years beginning on or

1 after January 1, 2026.

2 DIVISION IV

3 SECURE AN ADVANCED VISION FOR EDUCATION FUND — EQUITY TRANSFER
4 PERCENTAGE — FUTURE REPEAL

5 Sec. 15. Section 423.2, subsection 12, Code 2026, is amended
6 to read as follows:

7 12. The sales tax rate of six percent is reduced to five
8 percent on January 1, ~~2051~~ 2071.

9 Sec. 16. Section 423.2A, subsection 2, paragraph c, Code
10 2026, is amended to read as follows:

11 c. Transfer one-sixth of the remaining revenues to the secure
12 an advanced vision for education fund created in section 423F.2.
13 This paragraph "c" is repealed January 1, ~~2051~~ 2071.

14 Sec. 17. Section 423.5, subsection 4, Code 2026, is amended
15 to read as follows:

16 4. The use tax rate of six percent is reduced to five percent
17 on January 1, ~~2051~~ 2071.

18 Sec. 18. Section 423.43, subsection 1, paragraph b, Code
19 2026, is amended to read as follows:

20 b. Subsequent to the deposit into the general fund of the
21 state and after the transfer of such revenues collected under
22 chapter 423B, the department shall transfer one-sixth of such
23 remaining revenues to the secure an advanced vision for education
24 fund created in section 423F.2. This paragraph is repealed
25 January 1, ~~2051~~ 2071.

26 Sec. 19. Section 423F.2, subsection 3, paragraph b,
27 subparagraph (2), subparagraph division (b), Code 2026, is
28 amended to read as follows:

29 (b) For each fiscal year beginning on or after July 1, 2020,
30 but before July 1, 2026, the equity transfer percentage is equal
31 to the equity transfer percentage for the immediately preceding
32 fiscal year, unless the amount of moneys available in the
33 secure an advanced vision for education fund in the immediately
34 preceding fiscal year equals or exceeds one hundred two percent
35 of the amount of moneys available in the fund for the fiscal

1 year prior to the immediately preceding fiscal year, in which
2 case the equity transfer percentage shall be the equity transfer
3 percentage for the immediately preceding fiscal year plus one
4 percent subject to the limitation in subparagraph division (c).

5 Sec. 20. Section 423F.2, subsection 3, paragraph b,
6 subparagraph (2), subparagraph division (c), Code 2026, is
7 amended by striking the subparagraph division and inserting in
8 lieu thereof the following:

9 (c) (i) For the fiscal year beginning July 1, 2026, the
10 equity transfer percentage is ten percent.

11 (ii) For the fiscal year beginning July 1, 2027, the equity
12 transfer percentage is twelve and one-half percent.

13 (iii) For the fiscal year beginning July 1, 2028, the equity
14 transfer percentage is fifteen percent.

15 (iv) For the fiscal year beginning July 1, 2029, the equity
16 transfer percentage is seventeen and one-half percent.

17 (v) For the fiscal year beginning July 1, 2030, the equity
18 transfer percentage is twenty percent.

19 (vi) For the fiscal year beginning July 1, 2031, the equity
20 transfer percentage is twenty-two and one-half percent.

21 (vii) For the fiscal year beginning July 1, 2032, the equity
22 transfer percentage is twenty-five percent.

23 (viii) For the fiscal year beginning July 1, 2033, the equity
24 transfer percentage is twenty-seven and one-half percent.

25 (ix) For the fiscal year beginning July 1, 2034, and each
26 fiscal year thereafter, the equity transfer percentage is thirty
27 percent.

28 Sec. 21. Section 423F.6, Code 2026, is amended to read as
29 follows:

30 **423F.6 Repeal.**

31 This chapter is repealed January 1, ~~2054~~ 2071.

32 Sec. 22. SCHOOL DISTRICT FUNDING RECONCILIATION.

33 For amounts allocated under section 423F.2 for fiscal years
34 beginning on or after July 1, 2026, the department of management
35 shall adjust or reconcile actual amounts to be received by school

1 districts in the fiscal year immediately following the fiscal
2 year during which the revenues were collected.

3 DIVISION V

4 PROPERTY PARCEL INFORMATION

5 Sec. 23. Section 331.510, Code 2026, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 5. a. An annual report not later than
8 January 1 to the department of management containing parcel-level
9 property data, including parcel identification information,
10 location, size, valuation, classification, types of structures
11 and improvements, exemptions, credits, historical amounts of
12 property taxes due and payable, and whether the parcel is subject
13 to a division of revenue.

14 b. In addition to the information required under paragraph
15 "a", the department of management may require additional
16 parcel-level data deemed necessary by the director of the
17 department of management. The department shall prescribe the
18 form and manner of submitting the annual report under this
19 subsection.

20 DIVISION VI

21 URBAN RENEWAL

22 Sec. 24. Section 15A.1, subsection 1, paragraph b, Code 2026,
23 is amended to read as follows:

24 b. For purposes of this chapter, "*economic development*" means
25 private or joint public and private investment involving the
26 creation of new jobs and income or the retention of existing
27 jobs and income that would otherwise be lost or the provision of
28 workforce housing.

29 Sec. 25. Section 15A.1, subsection 2, Code 2026, is amended
30 by adding the following new paragraph:

31 NEW PARAGRAPH. e. Development policies that advance the
32 development of workforce housing.

33 Sec. 26. Section 403.17, subsection 14, Code 2026, is amended
34 to read as follows:

35 14. "*Low ~~or~~ and moderate income families*" means those

1 families, including single person households, earning no more
2 than eighty percent of the higher of the median family income of
3 the county or the statewide nonmetropolitan area as determined
4 by the latest United States department of housing and urban
5 development, section 8 income guidelines.

6 Sec. 27. Section 403.17, Code 2026, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 14A. "*Low and moderate income family*
9 *housing*" means housing for low and moderate income families and
10 includes housing that meets the requirements of section 15.353.

11 Sec. 28. Section 403.19, subsection 2, paragraph a, Code
12 2026, is amended to read as follows:

13 a. That portion of the taxes each year in excess of such
14 amount shall be allocated to and when collected be paid into
15 a special fund of the municipality to pay the principal of and
16 interest on loans, moneys advanced to, or indebtedness, whether
17 funded, refunded, assumed, or otherwise, including bonds issued
18 under the authority of section 403.9, subsection 1, incurred by
19 the municipality to finance or refinance, in whole or in part, an
20 urban renewal project within the area, and to provide assistance
21 for low and moderate income family housing as provided in section
22 403.22. However, except as provided in paragraph "b", taxes
23 for the regular and voter-approved physical plant and equipment
24 levy of a school district imposed pursuant to section 298.2; and
25 taxes for the instructional support program of a school district
26 imposed pursuant to section 257.19₇; taxes for the payment of
27 bonds and interest of each taxing district₇; foundation property
28 taxes of a school district imposed under section 257.3 levied
29 against property located in an incorporated area upon which
30 new construction or renovations begin on or after the effective
31 date of this division of this Act, unless such construction or
32 renovations were approved and subject to an agreement adopted
33 before January 1, 2026; taxes for emergency medical services
34 imposed pursuant to chapters 357F, 357G, or 422D; and taxes
35 imposed under section 346.27, subsection 22, related to joint

1 county-city buildings shall be collected against all taxable
2 property within the taxing district without limitation by the
3 provisions of this subsection.

4 Sec. 29. Section 403.19, subsection 2, Code 2026, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. e. For urban renewal areas for which an
7 ordinance providing for a division of revenue is not limited
8 in duration under section 403.17, subsection 10, or section
9 403.22, subsection 5, after twenty years following the effective
10 date of this division of this Act or after twenty years from
11 the calendar year following the calendar year in which the
12 municipality first certifies to the county auditor the amount
13 of any loans, advances, indebtedness, or bonds which qualify
14 for payment from the division of revenue, whichever is later,
15 the amount determined under paragraph "a" that may be paid into
16 the municipality's special fund shall not exceed sixty percent
17 of the amount otherwise determined under paragraph "a" but for
18 this paragraph and such excess amounts shall be allocated and
19 paid to the respective taxing districts in the same manner as
20 amounts under subsection 1. The municipality may exceed the
21 limitation in this paragraph to the extent necessary for payments
22 of bonds or other indebtedness incurred before the effective date
23 of this division of this Act. This paragraph shall not apply
24 to divisions of revenue established by community colleges under
25 chapter 260E or rural improvement zones under chapter 357H.

26 Sec. 30. Section 403.19, Code 2026, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 3A. Unless otherwise limited in duration
29 under section 403.17, subsection 10, an ordinance providing for
30 a division of revenue under this section that is adopted on or
31 after the effective date of this division of this Act shall be
32 limited to twenty-three years from the calendar year following
33 the calendar year in which the municipality first certifies
34 to the county auditor the amount of any loans, advances,
35 indebtedness, or bonds that qualify for payment from the division

1 of revenue provided for in this section. The ordinance shall
2 terminate and be of no further force and effect following the
3 twenty-three-year period provided in this subsection. This
4 subsection shall not apply to divisions of revenue established by
5 community colleges under chapter 260E or rural improvement zones
6 under chapter 357H.

7 Sec. 31. Section 403.22, subsection 1, paragraphs a, b, and
8 c, Code 2026, are amended to read as follows:

9 a. For a municipality with a population over ~~fifteen~~ five
10 thousand, the amount to be provided for low and moderate income
11 family housing for such projects shall be either equal to or
12 greater than the percentage of the original project cost that
13 is equal to the percentage of low and moderate income residents
14 for the county in which the urban renewal area is located as
15 determined by the United States department of housing and urban
16 development using section 8 guidelines ~~or by providing such~~
17 ~~other amount as set out in a plan adopted by the municipality~~
18 ~~and approved by the economic development authority if the~~
19 ~~municipality can show that it cannot undertake the project if it~~
20 ~~has to meet the low and moderate income assistance requirements.~~
21 However, the amount provided for low and moderate income family
22 housing for such projects shall not be less than an amount equal
23 ~~to ten percent of the original project cost~~ required to exceed
24 the lesser of twenty percent of the original project cost or
25 three hundred fifty thousand dollars if the municipality is a
26 city or three hundred thousand dollars if the municipality is a
27 county.

28 b. ~~For a municipality with a population of fifteen thousand~~
29 ~~or less, the amount to be provided for low and moderate income~~
30 ~~family housing shall be the same as for a municipality of over~~
31 ~~fifteen thousand in population, except that a municipality of~~
32 ~~fifteen thousand or less in population is not subject to the~~
33 ~~requirement to provide not less than an amount equal to ten~~
34 ~~percent of the original project cost for low and moderate income~~
35 ~~family housing.~~

1 ~~e.~~ b. For a municipality with a population of five
2 thousand or less, the municipality need not provide any low and
3 moderate income family housing assistance ~~if the municipality has~~
4 ~~completed a housing needs assessment meeting the standards set~~
5 ~~out by the economic development authority, which shows no low~~
6 ~~and moderate income housing need, and the economic development~~
7 ~~authority agrees that no low and moderate income family housing~~
8 ~~assistance is needed.~~

9 Sec. 32. Section 403.22, subsection 5, paragraph a, Code
10 2026, is amended to read as follows:

11 a. Except For ordinances providing for a division of revenue
12 adopted before the effective date of this division of this
13 Act, except for a municipality with a population under fifteen
14 thousand, the division of the revenue under section 403.19
15 for each project under this section shall be limited to tax
16 collections for ten fiscal years beginning with the second
17 fiscal year after the year in which the municipality first
18 certifies to the county auditor the amount of any loans,
19 advances, indebtedness, or bonds which qualify for payment from
20 the division of the revenue in connection with the project.

21 Sec. 33. Section 403.22, subsection 5, paragraph d, Code
22 2026, is amended by striking the paragraph.

23 Sec. 34. EFFECTIVE DATE. This division of this Act, being
24 deemed of immediate importance, takes effect upon enactment.

25 Sec. 35. APPLICABILITY. The following applies to property
26 taxes due and payable in fiscal years beginning on or after July
27 1, 2027:

28 The section of this division of this Act amending section
29 403.19, subsection 2, paragraph "a".

30 Sec. 36. APPLICABILITY. The following apply to urban renewal
31 areas in existence on or established on or after the effective
32 date of this division of this Act:

33 1. The section of this division of this Act amending section
34 403.22, subsection 1, paragraphs "a", "b", and "c".

35 2. The section of this division of this Act amending section

1 403.22, subsection 5, paragraph "d".

2 DIVISION VII

3 ASSESSMENT PROCEDURES

4 Sec. 37. Section 441.21, subsection 3, Code 2026, is amended
5 to read as follows:

6 3. a. "Actual value", "taxable value", or "assessed value"
7 as used in other sections of the Code in relation to assessment
8 of property for taxation shall mean the valuations as determined
9 by this section; however, other provisions of the Code providing
10 special methods or formulas for assessing or valuing specified
11 property shall remain in effect, but this section shall be
12 applicable to the extent consistent with such provisions. The
13 assessor and department of revenue shall disclose at the written
14 request of the taxpayer all information in any formula or method
15 used to determine the actual value of the taxpayer's property.
16 In addition, for assessment years beginning on or after January
17 1, 2027, if the taxpayer's property has increased in actual value
18 by ten percent or more from the immediately preceding assessment
19 year, the assessor shall provide the taxpayer with a statement
20 of the reasons for the increase in actual value, information
21 specifying the portion of actual value increase attributable
22 to a change in classification, revaluation, new construction,
23 improvements, or renovations to the property, and all information
24 in any formula or method used to determine the actual value.

25 b. ~~(1) For assessment years beginning before January 1,~~
26 ~~2018, the burden of proof shall be upon any complainant~~
27 ~~attacking such valuation as excessive, inadequate, inequitable,~~
28 ~~or capricious. However, in protest or appeal proceedings~~
29 ~~when the complainant offers competent evidence by at least two~~
30 ~~disinterested witnesses that the market value of the property~~
31 ~~is less than the market value determined by the assessor, the~~
32 ~~burden of proof thereafter shall be upon the officials or persons~~
33 ~~seeking to uphold such valuation to be assessed.~~

34 ~~(2) (1) For assessment years beginning on or after January~~
35 ~~1, 2018, the Except as provided in subparagraph (3), the burden~~

1 of proof shall be upon any complainant attacking such valuation
2 as excessive, inadequate, inequitable, or capricious. However,
3 in protest or appeal proceedings when the complainant offers
4 competent evidence that the market value of the property is
5 different than the market value determined by the assessor, the
6 burden of proof thereafter shall be upon the officials or persons
7 seeking to uphold such valuation to be assessed.

8 ~~(3)~~ (2) If the classification of a property has been
9 previously adjudicated by the property assessment appeal board
10 or a court as part of an appeal under this chapter, there
11 is a presumption that the classification of the property has
12 not changed for each of the four subsequent assessment years,
13 unless a subsequent such adjudication of the classification of
14 the property has occurred, and the burden of demonstrating a
15 change in use shall be upon the person asserting a change to the
16 property's classification.

17 (3) For assessment years beginning on or after January 1,
18 2027, if the taxpayer's property actual value increased by ten
19 percent or more from the immediately preceding assessment year,
20 including an increase as the result of an equalization order, and
21 the property did not change classification or primary use and the
22 increase in actual value is not the result of new construction,
23 improvements, or renovations to the property, the actual value
24 so determined by the assessor is not presumed to be the actual
25 value and in any protest or appeal the assessor shall have the
26 burden of proof that the valuation is not excessive, inadequate,
27 inequitable, or capricious.

28 Sec. 38. Section 441.33, Code 2026, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 3. Ex parte communications with board of
31 review members are prohibited in protests before the board.

32 DIVISION VIII

33 LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM

34 Sec. 39. NEW SECTION. **28E.20 Local government efficiency**
35 **grant program.**

1 1. A local government efficiency grant fund is created and
2 established as a separate and distinct fund in the state treasury
3 under the control of Iowa state university of science and
4 technology. For purposes of this section, "local government"
5 means a county, city, township, or any special-purpose district
6 or authority.

7 2. a. There is appropriated from the general fund of the
8 state to the local government efficiency grant fund for the
9 fiscal year beginning July 1, 2026, and ending July 1, 2027, ten
10 million dollars. In addition to moneys deposited in the local
11 government efficiency grant fund pursuant to appropriations made
12 by the general assembly, Iowa state university of science and
13 technology or the commission established under paragraph "c" may
14 accept gifts, grants, bequests, and other private contributions,
15 as well as state or federal funds, and shall deposit the moneys
16 in the fund to be used for purposes of this section. Moneys
17 in the fund are appropriated to the Iowa state university of
18 science and technology and shall be used only, after commission
19 approval, to provide grants to local governments to assist
20 in efforts to increase government efficiency, including but
21 not limited to efforts to consolidate government positions and
22 pursue agreements with other local governments to share services
23 and reduce the use of property tax revenues for such shared
24 services. Grant funds may be used by the local government
25 for costs to implement efficiency initiatives including but not
26 limited to service-sharing or service-consolidation initiatives
27 and transitional or temporary costs of eliminating services,
28 and to the extent necessary shall be coordinated with Iowa
29 cooperative extension service in agriculture and home economics
30 of Iowa state university of science and technology and extension
31 districts under chapter 176A.

32 b. Notwithstanding section 8.33, moneys in the fund that
33 remain unawarded at the close of the fiscal year shall not revert
34 but shall remain in the fund for expenditure in succeeding fiscal
35 years. Notwithstanding section 12C.7, subsection 2, interest

1 earned on moneys in the local government efficiency grant fund
2 shall be credited to the fund.

3 c. A local government efficiency commission shall be
4 established at Iowa state university of science and technology
5 comprised of not more than ten individuals appointed by the
6 president of the university who have experience in local
7 government operations and budgeting, local government planning,
8 and cooperative extension services. The local government
9 efficiency commission shall review and approve or deny each grant
10 application.

11 3. The local government efficiency commission shall establish
12 and administer the grant program to provide for the allocation
13 of moneys in the fund in the form of competitive grants to
14 local governments in accordance with the purposes and objectives
15 of this section. The rules for the program adopted by the
16 commission shall specify the eligibility of applicants, eligible
17 services and items for grant funding, the electronic application
18 process, and the maximum award per grant.

19 DIVISION IX

20 FIRSTHOME IOWA ACCOUNTS

21 Sec. 40. Section 12G.2, Code 2026, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 6. Create strategies for coordination of the
24 program with the FirstHome Iowa program trust established in
25 chapter 12L.

26 Sec. 41. NEW SECTION. **12L.1 FirstHome Iowa program —**
27 **purpose and definitions.**

28 1. The general assembly finds that the general welfare and
29 well-being of the state are directly related to homeownership
30 of the citizens of the state, and that a vital and valid
31 public purpose is served by the creation and implementation of
32 programs which encourage and make possible the attainment of
33 homeownership by the greatest number of citizens of the state.
34 The general welfare of the citizens of the state will be enhanced
35 by establishing a FirstHome Iowa program which allows citizens

1 of the state to invest money in a public trust for future
2 application to the payment of qualified homebuyer expenses. The
3 creation of the means of encouragement for citizens to invest in
4 such a program represents the carrying out of a vital and valid
5 public purpose. In order to make available to the citizens of
6 the state an opportunity to fund future first-time homeownership,
7 it is necessary that a public trust be established in which
8 moneys may be invested for future use.

9 2. As used in this chapter, unless the context otherwise
10 requires:

11 a. "*Administrative fund*" means the administrative fund
12 established under section 12L.4.

13 b. "*Beneficiary*" means the individual designated by a
14 participation agreement to benefit from advance payments of
15 qualified homebuyer expenses on behalf of the beneficiary.

16 c. "*First-time homebuyer*" means an individual who is a
17 resident of Iowa and who does not own, either individually
18 or jointly, a single-family or multifamily residence, and who
19 has not owned or purchased, either individually or jointly, a
20 single-family or multifamily residence for a period of three
21 years prior to the date of the qualified purchase for which the
22 eligible home costs are paid or reimbursed from an account.

23 d. "*FirstHome Iowa program trust*" or "*trust*" means the trust
24 created under section 12L.2.

25 e. "*FirstHome Iowa program trust account*" or "*account*" means
26 an account within the trust that was established for the purpose
27 of paying or reimbursing a beneficiary's eligible qualified
28 homebuyer expenses in connection with a qualified purchase.

29 f. "*Individual*" means a natural person.

30 g. "*Participant*" means an individual, individual's legal
31 representative, trust, or estate that has entered into a
32 participation agreement under this chapter, either individually
33 or jointly with the individual's spouse, for the advance payment
34 of qualified homebuyer expenses on behalf of a beneficiary.

35 h. "*Participation agreement*" means an agreement between a

1 participant and the trust entered into under this chapter.

2 i. "Program fund" means the program fund established under
3 section 12L.4.

4 j. "Qualified homebuyer expenses" means any of the following:

5 (1) A down payment or closing costs for the qualified
6 purchase of a single-family residence in Iowa that is the
7 principal residence of the beneficiary if such beneficiary is a
8 first-time homebuyer with respect to such purchase.

9 (2) A cost, fee, tax, or payment incurred by, or charged
10 or assigned to, a beneficiary as part of the purchase under
11 subparagraph (1) and listed on the statement of receipts and
12 disbursements for the sale, including any statement prescribed by
13 12 C.F.R. §1026.38, as amended.

14 (3) Any United States veterans administration funding fee
15 incurred by, or charged or assigned to, a beneficiary in
16 connection with a veterans administration home loan guaranty
17 program.

18 k. "Qualified purchase" means the purchase of a single-family
19 residence in Iowa by the account's beneficiary ninety or more
20 days after the date the participant first opened the account.

21 l. "Resident" means the same as defined in section 422.4.

22 m. "Single-family residence" means a single-family residence
23 owned and occupied by a beneficiary as the beneficiary's
24 principal residence, including but not limited to a manufactured
25 home, mobile home, condominium unit, or cooperative.

26 Sec. 42. NEW SECTION. **12L.2 Creation of FirstHome Iowa**
27 **program trust.**

28 A FirstHome Iowa program trust is created. The treasurer
29 of state is the trustee of the trust, and has all powers
30 necessary to carry out and effectuate the purposes, objectives,
31 and provisions of this chapter pertaining to the trust, including
32 the power to do all of the following:

33 1. Make and enter into contracts necessary for the
34 administration of the trust created under this chapter.

35 2. Enter into agreements with any financial institution, the

1 state, or any federal or other state agency, or other entity as
2 required to implement this chapter.

3 3. Carry out the duties and obligations of the trust pursuant
4 to this chapter.

5 4. Accept any grants, gifts, legislative appropriations, and
6 other moneys from the state, any unit of federal, state, or
7 local government, or any other person, firm, partnership, or
8 corporation which the treasurer of state shall deposit into the
9 administrative fund or the program fund.

10 5. Carry out studies and projections so the treasurer of
11 state may advise participants regarding present and estimated
12 future qualified homebuyer expenses and levels of financial
13 participation in the trust required in order to enable
14 participants to achieve their qualifying purchase objectives.

15 6. Participate in any federal, state, or local governmental
16 program for the benefit of the trust.

17 7. Procure insurance against any loss in connection with the
18 property, assets, or activities of the trust.

19 8. Enter into participation agreements with participants.

20 9. Make payments to or on behalf of beneficiaries
21 for qualified homebuyer expenses pursuant to participation
22 agreements.

23 10. Make refunds to participants upon the termination of
24 participation agreements, and partial nonqualified distributions
25 to participants, pursuant to the provisions, limitations, and
26 restrictions set forth in this chapter.

27 11. Invest moneys from the program fund in any investments
28 which are determined by the treasurer of state to be appropriate.

29 12. Engage investment advisors, if necessary, to assist in
30 the investment of trust assets.

31 13. Contract for goods and services and engage personnel
32 as necessary, including consultants, actuaries, managers, legal
33 counsel, and auditors for the purpose of rendering professional,
34 managerial, and technical assistance and advice to the treasurer
35 of state regarding trust administration and operation.

1 14. Establish, impose, and collect administrative fees and
2 charges in connection with transactions of the trust for deposit
3 in the administrative fund and provide for reasonable service
4 charges.

5 15. Administer the funds of the trust.

6 16. Adopt rules pursuant to chapter 17A for the
7 administration of the trust.

8 Sec. 43. NEW SECTION. **12L.3 Participation agreements for**
9 **trust.**

10 The trust may enter into participation agreements with
11 participants on behalf of beneficiaries pursuant to the following
12 terms and agreements:

13 1. Each participation agreement may require a participant
14 to agree to invest a specific amount of money in the trust
15 for a specific period of time for the benefit of a specific
16 beneficiary. A participant shall not be required to make an
17 annual contribution on behalf of a beneficiary. The maximum
18 contribution that may be deducted for Iowa income tax purposes
19 shall be the amount contributed by the participant during the
20 applicable tax year, not to exceed five thousand five hundred
21 dollars per beneficiary per year adjusted annually to reflect
22 increases in the consumer price index.

23 2. The execution of a participation agreement by the trust
24 shall not guarantee in any way that qualified homebuyer expenses
25 will be equal to projections and estimates provided by the trust
26 or that the beneficiary named in any participation agreement will
27 qualify for a mortgage, home loan, or other forms of credit for a
28 qualified purchase.

29 3. a. A beneficiary under a participation agreement may be
30 changed as permitted under rules adopted by the treasurer of
31 state upon written request of the participant as long as the
32 substitute beneficiary is eligible for participation.

33 b. Participation agreements may otherwise be freely amended
34 throughout their terms in order to enable participants to
35 increase or decrease the level of participation, change the

1 designation of beneficiaries, and carry out similar matters as
2 authorized by rule.

3 4. Each participation agreement shall provide that the
4 participation agreement may be canceled upon the terms and
5 conditions, and upon payment of applicable fees and costs set
6 forth and contained in the rules adopted by the treasurer of
7 state.

8 5. A participant may designate a successor in accordance
9 with rules adopted by the treasurer of state. The designated
10 successor shall succeed to the ownership of the account in
11 the event of the death of the participant. In the event a
12 participant dies and has not designated a successor to the
13 account, the following criteria shall apply:

14 a. The beneficiary of the account, if eighteen years of age
15 or older, shall become the owner of the account as well as remain
16 the beneficiary upon filing the appropriate forms in accordance
17 with rules adopted by the treasurer of state.

18 b. If the beneficiary of the account is under the age of
19 eighteen, account ownership shall be transferred to the first
20 surviving parent or other legal guardian of the beneficiary to
21 file the appropriate forms in accordance with rules adopted by
22 the treasurer of state.

23 **Sec. 44. NEW SECTION. 12L.4 FirstHome Iowa program and**
24 **administrative funds — investment and payments.**

25 1. a. The treasurer of state shall segregate moneys received
26 by the trust into two funds: the FirstHome Iowa program fund
27 and the administrative fund to be used for administration of the
28 program.

29 b. All moneys paid by participants in connection with
30 participation agreements shall be deposited as received into
31 separate accounts within the program fund.

32 c. Contributions to the trust made by participants may only
33 be made in the form of cash.

34 d. A participant or beneficiary may, directly or indirectly,
35 direct the investment of any contributions to the trust or any

1 earnings thereon no more than four times in a calendar year.

2 2. Moneys accrued by participants in the program fund of the
3 trust may be used for payments to or on behalf of a beneficiary
4 for qualified homebuyer expenses.

5 Sec. 45. NEW SECTION. **12L.5 Cancellation of agreements.**

6 A participant may cancel a participation agreement at will.
7 Upon cancellation of a participation agreement, a participant
8 shall be entitled to the return of the participant's account
9 balance.

10 Sec. 46. NEW SECTION. **12L.6 Ownership of payments and
11 investment income — transfer of ownership rights.**

12 1. a. A participant retains ownership of all payments made
13 under a participation agreement up to the date of utilization for
14 payment of qualified homebuyer expenses for the beneficiary.

15 b. All income derived from the investment of the payments
16 made by the participant shall be considered to be held in trust
17 for the benefit of the beneficiary.

18 2. In the event the FirstHome Iowa program is terminated
19 prior to payment of qualified homebuyer expenses for the
20 beneficiary, the participant is entitled to a refund of the
21 participant's account balance.

22 3. Any amounts which may be paid to any person or persons
23 pursuant to the FirstHome Iowa program trust but which are not
24 listed in this section are owned by the trust.

25 4. A participant may transfer ownership rights to another
26 participant or may transfer funds to another account under the
27 trust. The transfer shall be made and the property distributed
28 in accordance with rules adopted by the treasurer of state or
29 with the terms of the participation agreement.

30 5. A participant shall not be entitled to utilize any
31 interest in the trust as security for a loan.

32 Sec. 47. NEW SECTION. **12L.7 Annual audited financial report
33 to governor and general assembly.**

34 1. a. The treasurer of state shall submit an annual audited
35 financial report, prepared in accordance with generally accepted

1 accounting principles, on the operations of the trust by November
2 1 to the governor and the general assembly.

3 b. The annual audit shall be made either by the auditor of
4 state or by an independent certified public accountant designated
5 by the auditor of state and shall include direct and indirect
6 costs attributable to the use of outside consultants, independent
7 contractors, and any other persons who are not state employees.

8 2. The annual audit shall be supplemented by all of the
9 following information prepared by the treasurer of state:

10 a. Any related studies or evaluations prepared in the
11 preceding year.

12 b. A summary of the benefits provided by the trust including
13 the number of participants and beneficiaries in the trust.

14 c. Any other information which is relevant in order to make
15 a full, fair, and effective disclosure of the operations of the
16 trust.

17 Sec. 48. NEW SECTION. **12L.8 Tax considerations.**

18 State income tax treatment of the FirstHome Iowa program trust
19 shall be as provided in section 422.7, subsections 46 and 47.

20 Sec. 49. NEW SECTION. **12L.9 Property rights to assets in
21 trust.**

22 1. The assets of the trust shall at all times be preserved,
23 invested, and expended solely and only for the purposes of
24 the trust and shall be held in trust for the participants and
25 beneficiaries.

26 2. No property rights in the trust shall exist in favor of
27 the state.

28 3. The assets of the trust shall not be transferred or used
29 by the state for any purposes other than the purposes of the
30 trust.

31 Sec. 50. NEW SECTION. **12L.10 Construction.**

32 This chapter shall be construed liberally in order to
33 effectuate its purpose.

34 Sec. 51. Section 232D.503, subsection 6, Code 2026, is
35 amended by adding the following new paragraph:

1 NEW PARAGRAPH. g. A FirstHome Iowa program trust account
2 established for the minor pursuant to chapter 12L.

3 Sec. 52. Section 422.7, Code 2026, is amended by adding the
4 following new subsections:

5 NEW SUBSECTION. 46. a. Subtract the contribution that may
6 be deducted for Iowa income tax purposes as a participant in
7 the FirstHome Iowa program trust pursuant to section 12L.3,
8 subsection 1. For purposes of this paragraph, a participant who
9 makes a contribution on or before the date prescribed in section
10 422.21 for making and filing an individual income tax return,
11 excluding extensions, or the date for making and filing an
12 individual income tax return determined by the director pursuant
13 to an order issued under section 421.17, subsection 30, may elect
14 to be deemed to have made the contribution on the last day of the
15 preceding calendar year. The director, after consultation with
16 the treasurer of state, shall prescribe by rule the manner and
17 method by which a participant may make an election authorized by
18 the preceding sentence.

19 b. Add the amount resulting from the cancellation of a
20 participation agreement refunded to the taxpayer as a participant
21 in the FirstHome Iowa program trust to the extent previously
22 deducted as a contribution to the trust.

23 c. Add, to the extent previously deducted as a contribution
24 to the trust, the amount resulting from a withdrawal or transfer
25 made by the taxpayer from the FirstHome Iowa program trust for
26 purposes other than the payment of qualified homebuyer expenses.

27 NEW SUBSECTION. 47. Subtract, to the extent included, income
28 from interest and earnings received from the FirstHome Iowa
29 program trust created in chapter 12L.

30 Sec. 53. Section 541B.4, Code 2026, is amended by adding the
31 following new subsections:

32 NEW SUBSECTION. 5. *Withdrawal for deposit into FirstHome*
33 *Iowa program trust account.* First-time homebuyer account
34 balances under this chapter may be withdrawn without penalty or
35 taxation in this state if such withdrawal is deposited in an

1 account within the FirstHome Iowa program trust under chapter 12L
2 within thirty days of the withdrawal. The treasurer of state
3 may by rule provide for the direct transfer of moneys within
4 an account under this chapter to a FirstHome Iowa program trust
5 account and such transfer shall not be subject to penalty or
6 taxation in this state.

7 NEW SUBSECTION. 6. *No new accounts.* New accounts shall not
8 be established under this chapter on or after July 1, 2026.

9 Sec. 54. Section 627.6, Code 2026, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 18. The debtor's interest, whether as
12 participant or beneficiary, in contributions and assets,
13 including the accumulated earnings and market increases in value,
14 held in an account in the FirstHome Iowa program trust organized
15 under chapter 12L.

16 Sec. 55. Section 633.108, subsection 2, Code 2026, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. e. A FirstHome Iowa program trust account
19 established for the minor pursuant to chapter 12L.

20 Sec. 56. Section 633.555, subsection 1, Code 2026, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. f. An account owner or participant under
23 a FirstHome Iowa program trust account established for the
24 protected person pursuant to chapter 12L.

25 Sec. 57. Section 633.678, subsection 1, Code 2026, is amended
26 by adding the following new paragraph:

27 NEW PARAGRAPH. f. An account owner or participant under
28 a FirstHome Iowa program trust account established for the
29 protected person pursuant to chapter 12L.

30 Sec. 58. Section 633.681, subsection 1, Code 2026, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. e. An account owner or participant under
33 a FirstHome Iowa program trust account established for the
34 protected person pursuant to chapter 12L.

35 Sec. 59. APPLICABILITY. The following applies to

1 contributions made under chapter 12L on or after July 1, 2026,
2 for tax years ending on or after that date:

3 The section of this division of this Act enacting section
4 422.7, subsections 46 and 47.

5 DIVISION X

6 VALUATIONS — ABNORMAL TRANSACTIONS — REAL ESTATE TRANSFER TAX
7 FORMS

8 Sec. 60. Section 428A.7, Code 2026, is amended to read as
9 follows:

10 **428A.7 Forms provided by director of revenue.**

11 The director of revenue shall prescribe the form of the
12 declaration of value and shall include an appropriate place
13 for the inclusion of special facts and circumstances relating
14 to the actual sales price in real estate transfers including
15 but not limited to factors that distort market value such as
16 built-to-suit sales, sale-leaseback sales, leased fee sales,
17 and the abnormal transactions identified in section 441.21,
18 subsection 1, paragraph "b", subparagraph (1). The director
19 shall provide an adequate number of the declaration of value
20 forms to each county recorder in the state. If the declaration
21 of value form requires or provides for the inclusion of the
22 social security number or federal tax identification number of
23 a seller or buyer, the department shall provide that the social
24 security number or federal tax identification number remains
25 confidential and cannot be obtained by public examination.

26 Sec. 61. Section 441.21, subsection 1, paragraph b,
27 subparagraph (1), Code 2026, is amended to read as follows:

28 (1) The actual value of all property subject to assessment
29 and taxation shall be the fair and reasonable market value of
30 such property except as otherwise provided in this section.

31 "Market value" is defined as the fair and reasonable exchange
32 in the year in which the property is listed and valued between
33 a willing buyer and a willing seller, neither being under any
34 compulsion to buy or sell and each being familiar with all the
35 facts relating to the particular property. Sale prices of the

1 property or comparable property in normal transactions reflecting
 2 market value, and the probable availability or unavailability of
 3 persons interested in purchasing the property, shall be taken
 4 into consideration in arriving at its market value. In arriving
 5 at market value, sale prices of property in abnormal transactions
 6 not reflecting market value shall not be taken into account,
 7 or shall be adjusted to eliminate the effect of factors which
 8 distort market value, including but not limited to built-to-suit
 9 construction, sale-leaseback transactions, leased fee sales,
 10 sales to immediate family of the seller between related parties,
 11 foreclosure or other forced sales, contract sales, discounted
 12 purchase transactions or purchase of adjoining land or other land
 13 to be operated as a unit.

14 Sec. 62. RETROACTIVE APPLICABILITY. This division of this
 15 Act applies retroactively to assessment years beginning on or
 16 after January 1, 2026.

17 DIVISION XI

18 LOCAL GOVERNMENT BUDGET STATEMENTS

19 Sec. 63. Section 24.2A, subsection 1, paragraph c, Code 2026,
 20 is amended by striking the paragraph.

21 Sec. 64. Section 24.2A, subsection 1, paragraph d, Code 2026,
 22 is amended to read as follows:

23 *d.* "Political subdivision" means a school district, a county,
 24 or a city. In addition, for purposes of the statements required
 25 under subsection 2, paragraph "b", only, all certifying boards
 26 that are not a political subdivision shall be considered a
 27 single political subdivision and identified under a designation
 28 of special taxing districts on such statements.

29 Sec. 65. Section 24.2A, subsection 2, paragraph a, Code 2026,
 30 is amended to read as follows:

31 *a.* On or before 4:00 p.m. on March 5 of each year, each
 32 political subdivision certifying board shall file with the
 33 department of management a report containing all necessary
 34 information for the department of management to compile and
 35 calculate amounts required to be included in the statements

1 mailed under paragraph "b" or provided under paragraph "c". If
2 a ~~county or city~~ certifying board, except a school district,
3 fails to file all necessary information with the department of
4 management by 4:00 p.m. on March 5, taxes levied by the ~~county or~~
5 city certifying board shall be limited to the prior year's budget
6 amount.

7 Sec. 66. Section 24.2A, subsection 2, paragraph b, Code 2026,
8 is amended by striking the paragraph and inserting in lieu
9 thereof the following:

10 b. Not later than March 15, the county auditor, using
11 information compiled and calculated by the department of
12 management under paragraph "a", shall send to each property owner
13 or taxpayer within the county by regular mail or post under
14 paragraph "c" a statement, identified as not being a property
15 tax bill and indicating the approximate date when a property
16 tax bill will be delivered, but containing a minimum of all of
17 the following, including the information in subparagraphs (3),
18 (4), (5), (7), and (8) for each of the political subdivisions
19 comprising the owner's or taxpayer's taxing district:

20 (1) The address, property description, parcel identification
21 number, actual value, and taxable value of the owner's or
22 taxpayer's property.

23 (2) The classification of the owner's or taxpayer's property,
24 including identification of all assessment limitations under
25 section 441.21, and identification of each property tax exemption
26 or credit being received by the owner or taxpayer for the
27 property for the assessment year and the immediately preceding
28 assessment year.

29 (3) The sum of the current fiscal year's actual property
30 taxes certified for levy for all of the political subdivision's
31 levies on the owner's or taxpayer's property, the percentage that
32 such amount represents of the total taxes due on the property,
33 and the allocation of such amounts to specified categories of the
34 political subdivision's services and activities.

35 (4) The combined amount of the proposed property tax dollars

1 to be certified for all of the political subdivision's levies
2 for the budget year on the owner's or taxpayer's property,
3 the percentage that such amount represents of the proposed
4 total taxes due on the property, the percentage increase of
5 such amount from the current fiscal year and the potential
6 reasons for any increases, and the allocation of such amounts to
7 specified categories of the political subdivision's services and
8 activities, including that portion of such amount subject to the
9 limitation under section 444.25.

10 (5) Tax amounts provided under subparagraphs (3) and (4) as a
11 per month amount and a percentage change in the per month amount
12 between the current fiscal year and the budget year.

13 (6) A comparison of the combined amount of property taxes
14 due on the owner's or taxpayer's property for all political
15 subdivisions for the current fiscal year and the combined
16 proposed amount of property taxes due on the owner's or
17 taxpayer's property for all political subdivisions for the budget
18 year, including the percentage in change in such amounts.

19 (7) The date, time, and location of the political
20 subdivision's public hearing under subsection 4, including a
21 statement of the owner or taxpayer's ability to provide feedback
22 at the public hearing and protest property assessments.

23 (8) Information on how to access on the political
24 subdivision's internet site the political subdivision's
25 statements under this section and other budget documents for
26 prior fiscal years.

27 (9) A link to the department of management's internet site
28 where the property owner or taxpayer may view an example of the
29 statement and a brief explanation of the information included on
30 the statement.

31 Sec. 67. Section 24.2A, subsection 2, Code 2026, is amended
32 by adding the following new paragraph:

33 NEW PARAGRAPH. c. For budgets for fiscal years beginning
34 on or after July 1, 2027, statements under paragraph "b", in
35 lieu of regular mail, may be provided by posting the statement

1 not later than March 15 on the political subdivision's internet
2 site for public viewing and shall be maintained on the political
3 subdivision's internet site with all such prior year statements.
4 Additionally, if the political subdivision maintains a social
5 media account on one or more social media applications, the
6 statement or an electronic link to the statement shall be posted
7 on each such account on a date no later than March 15.

8 Sec. 68. Section 24.2A, subsection 3, Code 2026, is amended
9 to read as follows:

10 3. The department of management shall prescribe the form for
11 the report required under subsection 2, paragraph "a"; following
12 consultation with the Iowa league of cities and the Iowa state
13 association of counties, the statements required to be mailed
14 under subsection 2, paragraph "b", or provided under subsection
15 2, paragraph "c"; and the public hearing notice required under
16 subsection 4, paragraph "b". The statements required under
17 subsection 2, paragraph "b", shall be clear, concise, written
18 in plain language, and may be presented using tables, written
19 narrative, and graphic representations and shall contain the
20 internet site, mailing address, and a telephone number for each
21 political subdivision that owners and taxpayers may call if they
22 have questions related to the statement.

23 Sec. 69. Section 24.2A, subsection 4, paragraph b,
24 subparagraph (4), subparagraph division (a), Code 2026, is
25 amended to read as follows:

26 (a) Notice of the public hearing was provided to each
27 property owner and each taxpayer within the political subdivision
28 in statements required under subsection 2, ~~paragraph "b"~~.

29 Sec. 70. Section 24.3, unnumbered paragraph 1, Code 2026, is
30 amended to read as follows:

31 A municipality shall not certify or levy in any fiscal year
32 any tax on property subject to taxation unless and until the
33 following estimates have been made, filed, and considered, and
34 for school districts, the ~~individual~~ statements have been mailed
35 or posted, as applicable, and public hearings held, as provided

1 in this chapter:

2 Sec. 71. Section 331.434, subsection 3, Code 2026, is amended
3 to read as follows:

4 3. Following, and not until, the requirements of section
5 24.2A are completed, the board shall set a time and place for
6 a public hearing on the budget before the final certification
7 date and shall publish notice of the hearing not less than ten
8 nor more than twenty days prior to the hearing in the county
9 newspapers selected under chapter 349. A summary of the proposed
10 budget and a description of the procedure for protesting the
11 county budget under section 331.436, in the form prescribed by
12 the director of the department of management, shall be included
13 in the notice. Proof of publication of the notice under this
14 subsection 3 shall be filed with and preserved by the county
15 auditor. A levy is not valid unless and until the notice
16 is published and ~~individual~~ statements under section 24.2A are
17 mailed or posted. The department of management shall prescribe
18 the form for the public hearing notice for use by counties.

19 Sec. 72. Section 331.435, subsection 2, Code 2026, is amended
20 to read as follows:

21 2. The board shall prepare and adopt a budget amendment in
22 the same manner as the original budget as provided in section
23 331.434, but excluding the requirements for ~~mailing individual~~
24 statements under section 24.2A, and the amendment is subject
25 to protest as provided in section 331.436, except that the
26 director of the department of management may by rule provide that
27 amendments of certain types or up to certain amounts may be made
28 without public hearing and without being subject to protest. A
29 county budget for the ensuing fiscal year shall be amended by May
30 31 to allow time for a protest hearing to be held and a decision
31 rendered before June 30. An amendment of a budget after May 31
32 which is properly appealed but without adequate time for hearing
33 and decision before June 30 is void.

34 Sec. 73. Section 384.17, Code 2026, is amended to read as
35 follows:

1 **384.17 Levy by county.**

2 At the time required by law, the county board of supervisors
3 shall levy the taxes necessary for each city fund for the
4 following fiscal year. The levy must be as shown in the adopted
5 city budget and as certified by the clerk, subject to any changes
6 made after a protest hearing, and any additional tax rates
7 approved at a city election. A city levy is not valid until
8 proof of publication or posting of notice of a budget hearing
9 under section 384.16, subsection 3, is filed with the county
10 auditor and ~~individual~~ statements are mailed or posted under
11 section 24.2A.

12 Sec. 74. Section 384.18, subsection 2, Code 2026, is amended
13 to read as follows:

14 2. A budget amendment must be prepared and adopted in the
15 same manner as the original budget, as provided in section
16 384.16, excluding the requirement for ~~the mailing of individual~~
17 statements under section 24.2A, and is subject to protest as
18 provided in section 384.19, except that the committee may by rule
19 provide that amendments of certain types or up to certain amounts
20 may be made without public hearing and without being subject to
21 protest. A city budget shall be amended by May 31 of the current
22 fiscal year to allow time for a protest hearing to be held and
23 a decision rendered before June 30. The amendment of a budget
24 after May 31, which is properly appealed but without adequate
25 time for hearing and decision before June 30 is void.

26 Sec. 75. IMPLEMENTATION OF DIVISION OF ACT. Section 25B.2,
27 subsection 3, shall not apply to this division of this Act.

28 Sec. 76. APPLICABILITY. This division of this Act applies to
29 political subdivision budgets for fiscal years beginning on or
30 after July 1, 2027.

31 DIVISION XII

32 DIVISION OF REVENUE — DATA CENTERS

33 Sec. 77. Section 403.19, subsection 2, paragraph a, Code
34 2026, is amended to read as follows:

35 a. That portion of the taxes each year in excess of such

1 amount shall be allocated to and when collected be paid into
 2 a special fund of the municipality to pay the principal of and
 3 interest on loans, moneys advanced to, or indebtedness, whether
 4 funded, refunded, assumed, or otherwise, including bonds issued
 5 under the authority of section 403.9, subsection 1, incurred by
 6 the municipality to finance or refinance, in whole or in part, an
 7 urban renewal project within the area, and to provide assistance
 8 for low and moderate income family housing as provided in section
 9 403.22. However, except as provided in paragraph "b", taxes
 10 for the regular and voter-approved physical plant and equipment
 11 levy of a school district imposed pursuant to section 298.2,
 12 foundation property taxes of a school district imposed under
 13 section 257.3 levied against property that is a qualified data
 14 center or upon which a qualified data center is operated, and
 15 taxes for the instructional support program of a school district
 16 imposed pursuant to section 257.19, taxes for the payment of
 17 bonds and interest of each taxing district, and taxes imposed
 18 under section 346.27, subsection 22, related to joint county-city
 19 buildings shall be collected against all taxable property within
 20 the taxing district without limitation by the provisions of
 21 this subsection. For purposes of this paragraph, "qualified
 22 data center" means a data center, as defined in section 423.3,
 23 subsection 95, for which site preparation activities, as defined
 24 in section 423.3, subsection 95, began on or after the effective
 25 date of this division of this Act.

26 Sec. 78. EFFECTIVE DATE. This division of this Act, being
 27 deemed of immediate importance, takes effect upon enactment.

28 Sec. 79. APPLICABILITY. This division of this Act applies to
 29 property taxes due and payable in fiscal years beginning on or
 30 after July 1, 2027.

31 DIVISION XIII

32 ELECTION DATES — BONDS

33 Sec. 80. 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
3 the first Monday in June or the first Tuesday after the first
4 Monday in November. However, a political subdivision shall not
5 hold an election on the question of issuing bonds or other
6 indebtedness on two consecutive election dates authorized under
7 this paragraph.

8 DIVISION XIV

9 EMERGENCY MEDICAL SERVICES LEVY

10 Sec. 81. Section 422D.1, subsection 1, paragraph a,
11 subparagraph (2), Code 2026, is amended to read as follows:

12 (2) (a) ~~An~~ For fiscal years beginning before July 1, 2027,
13 an ad valorem property tax not to exceed seventy-five cents per
14 one thousand dollars of assessed value on all taxable property
15 within the county.

16 (b) For fiscal years beginning on or after July 1, 2027,
17 an ad valorem property tax not to exceed one dollar and fifty
18 cents per one thousand dollars of assessed value on all taxable
19 property within the county. However, for counties authorized
20 to impose the ad valorem property tax under this subparagraph
21 for the fiscal year beginning July 1, 2026, the maximum levy
22 rate for such county shall not exceed a rate of seventy-five
23 cents per one thousand dollars of assessed value unless a rate in
24 excess thereof, not to exceed one dollar and fifty cents per one
25 thousand dollars of assessed value, is approved at an election
26 held on or after July 1, 2026.

27 DIVISION XV

28 UTILITY REPLACEMENT TAX TASK FORCE

29 Sec. 82. Section 437A.15, subsection 7, paragraph b, Code
30 2026, is amended to read as follows:

31 b. The task force shall study the accuracy of the taxes
32 imposed under this chapter and chapter 437B, ways to modernize
33 the administration of such taxes, methods of simplifying
34 administration of the replacement taxes, elimination of property
35 taxes imposed under this chapter or chapter 437B, simplification

1 of thresholds for replacement tax rate adjustments while
 2 retaining tax stability, the effects of the replacement such
 3 taxes under this chapter and chapter 437B on local taxing
 4 authorities, local taxing districts, consumers, and taxpayers
 5 through January 1, 2024 December 31, 2026, including ways to
 6 maintain continuity for local taxing districts and consumers and
 7 ways to provide a competitive and equitable tax environment for
 8 taxpayers. If the task force recommends modifications to the
 9 replacement tax that will further the purposes of tax neutrality
 10 for local taxing authorities, local taxing districts, taxpayers,
 11 and consumers, consistent with the stated purposes of this
 12 chapter taxes, the department of management shall transmit those
 13 recommendations to the general assembly.

14 Sec. 83. EFFECTIVE DATE. This division of this Act, being
 15 deemed of immediate importance, takes effect upon enactment.

16 DIVISION XVI

17 SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME FUNDING AND MODIFIED
 18 SUPPLEMENTAL AMOUNTS

19 Sec. 84. Section 257.7, Code 2026, is amended by adding the
 20 following new subsection:

21 NEW SUBSECTION. 3. *Unspent balances.* For school budget
 22 years beginning on or after July 1, 2026, a school district's
 23 actual unspent balance from the preceding year used to calculate
 24 the authorized budget under subsection 1 shall not exceed an
 25 amount equal to thirty-five percent of the school district's
 26 authorized expenditures for the budget year immediately preceding
 27 the base year unless a greater amount is authorized by the school
 28 budget review committee based on one or more grounds authorized
 29 for the approval of a modified supplemental amount under section
 30 257.31.

31 Sec. 85. Section 257.13, Code 2026, is amended to read as
 32 follows:

33 **257.13 On-time funding budget adjustment.**

34 1. a. For the school budget year beginning July 1, 2001,
 35 and succeeding budget years beginning before July 1, 2026, if

1 a district's actual enrollment for the budget year, determined
2 under section 257.6, is greater than its budget enrollment for
3 the budget year, the district shall be eligible to receive an
4 on-time ~~funding~~ budget adjustment. The adjustment shall be in an
5 amount equal to the difference between the actual enrollment for
6 the budget year and the budget enrollment for the budget year,
7 multiplied by the district cost per pupil.

8 ~~2.~~ b. The board of directors of a school district that
9 wishes to receive an on-time ~~funding~~ budget adjustment under this
10 subsection shall adopt a resolution to receive the adjustment
11 and notify the school budget review committee annually, but not
12 earlier than November 1, as determined by the department of
13 education. The school budget review committee shall establish
14 a modified supplemental amount pursuant to ~~subsection 1~~ paragraph
15 "a".

16 2. a. For the school budget years beginning on or after
17 July 1, 2026, if a district's actual enrollment for the budget
18 year, determined under section 257.6, is greater than its budget
19 enrollment for the budget year, the district may request an
20 on-time budget adjustment. The adjustment shall not exceed an
21 amount equal to the difference between the actual enrollment for
22 the budget year and the budget enrollment for the budget year,
23 multiplied by the district cost per pupil.

24 b. To request an on-time budget adjustment under this
25 subsection, the board of directors of a school district shall
26 adopt a resolution to receive the adjustment and notify the
27 school budget review committee on or before a date established by
28 the committee. The school budget review committee may establish
29 a modified supplemental amount pursuant to paragraph "a".

30 3. If the board of directors of a school district determines
31 that a need exists for additional funds exceeding the on-time
32 ~~funding~~ budget adjustment pursuant to this section, a request for
33 a modified supplemental amount based upon increased enrollment
34 may be submitted to the school budget review committee as
35 provided in section 257.31.

1 35 percent of the budgeted expenditures from the governmental
2 entity's general fund for the prior fiscal year before any
3 budgeted transfers from such general fund. If the governmental
4 entity's budget does not comply with the requirement, the
5 department of management shall not certify the governmental
6 entity's taxes back to the county auditor under Code section
7 24.17 and the governmental entity shall remedy the violation
8 and recertify the budget. For purposes of this provision,
9 the bill defines "governmental entity" to mean any unit of
10 government or other public body or public corporation, including
11 any intergovernmental entity, that has the power to impose or
12 certify a property tax levy, but excludes school districts.
13 The bill strikes a provision in Code section 176A.8 relating to
14 unexpended funds of county agricultural extensions.

15 As part of conducting an audit of a governmental subdivision
16 under Code chapter 11 for fiscal years beginning on or after
17 July 1, 2027, an examination of the governmental subdivision's
18 compliance with new Code section 24.35 shall be performed,
19 including verification of the circumstances resulting in actual
20 reserve funds exceeding the specified limits.

21 The bill enacts new Code section 444.25, which establishes
22 a maximum aggregate amount of property tax dollars that may be
23 certified for levy among all property tax levies imposed by a
24 governmental entity other than a school district, excluding debt
25 service levies. For the budget year beginning July 1, 2027,
26 and each budget year thereafter, the maximum aggregate amount
27 of property tax dollars that may be certified for levy among
28 all property tax levies imposed by a governmental entity against
29 property that is not new valuation, as defined in the bill, shall
30 not exceed an amount equal to the sum of 102 percent of the
31 aggregate amount of property tax dollars certified for levy by
32 the governmental entity among all property tax levies imposed by
33 the governmental entity for the preceding fiscal year for each
34 of the governmental entity's property tax levies for the budget
35 year. If the budget year includes a voter-approved property

1 tax levy that was not approved for imposition in the preceding
2 fiscal year, the maximum aggregate amount of property tax dollars
3 for the governmental entity for the budget year is increased by
4 the amount of the voter-approved property tax levy approved at
5 election for the budget year. If a governmental entity certifies
6 a budget that violates new Code section 444.25, the department
7 of management shall reduce each of the applicable governmental
8 entity's property tax levies on a pro rata basis so that the
9 governmental entity is in compliance. New Code section 444.25
10 does not remove or otherwise affect property tax limitations,
11 including levy rate and use limitations, otherwise provided by
12 law for any property tax levy of the governmental entity. The
13 authority of the state appeal board under Code section 24.48
14 to suspend property tax levy limitations does not apply to the
15 limitations of new Code section 444.25.

16 The bill also enacts new Code section 444.26, which provides
17 that, on or after July 1, 2026, a governmental entity, as
18 defined in the bill, shall not issue bonds or other indebtedness
19 payable from an ad valorem property tax levy for the purpose
20 of funding the general operations of the governmental entity or
21 otherwise use proceeds from the sale of bonds or issuance of
22 other indebtedness to fund general operations. The bill defines
23 "general operations" to mean services or activities generally
24 funded from the governmental entity's general fund, which are
25 necessary for the operation of the governmental entity, including
26 salaries and benefits, or which are for the health and welfare
27 of the governmental entity's citizens or primarily intended to
28 benefit all residents of the governmental entity, but excluding
29 services financed by statutory funds other than a debt service
30 fund. The department of management, following consultation with
31 the city finance committee and the county finance committee, may
32 adopt rules under Code chapter 17A to implement the new Code
33 section governing funding of general operations.

34 DIVISION II — COMMERCIAL AND INDUSTRIAL PROPERTY ASSESSMENT
35 LIMITATIONS. Current Code section 441.21 imposes an assessment

1 limitation (rollback) on commercial property, industrial
2 property, and property valued by the department of revenue under
3 Code chapter 434 (railway company property). For valuations
4 established for the assessment year beginning January 1, 2022,
5 and each assessment year thereafter, the portion of actual value
6 at which each property unit of commercial property shall be
7 assessed shall be the sum of the following: (1) an amount
8 equal to the product of the assessment limitation percentage
9 applicable to residential property multiplied by the actual value
10 of the property that exceeds \$0 but does not exceed \$150,000;
11 and (2) an amount equal to 90 percent of the actual value of
12 the property for that assessment year that exceeds \$150,000. The
13 limitation, by operation of law, applies to the assessed value
14 of railway company property. The bill increases the amount of
15 value subject to the residential assessment limitation rates from
16 \$150,000 to \$350,000 for each property unit. The sections of the
17 division of the bill amending Code section 441.21(5)(b)(2) and
18 441.21(5)(c)(2) apply retroactively to assessment years beginning
19 on or after January 1, 2026. For fiscal years beginning on
20 or after July 1, 2027, the bill eliminates the \$125 million
21 annual appropriation used under Code section 441.21(5)(e) for
22 payments to replace property taxes due to the application of the
23 residential property assessment limitation to certain portions of
24 commercial and industrial property valuations.

25 DIVISION III — HOMESTEAD PROPERTY TAX EXEMPTION. The bill
26 establishes a property tax exemption for residential property
27 that is receiving a homestead property tax credit. For
28 assessment years beginning on or after January 1, 2026, a
29 property tax exemption is allowed on each such property in
30 addition to any exemption or credit for such property under
31 any other provision of law. The exemption is 10 percent of
32 the taxable value of the property or \$25,000 in taxable value,
33 whichever is less. However, the exemption shall not apply to a
34 property tax imposed by a school district.

35 Code section 25B.7 provides that for a property tax credit

1 or exemption enacted on or after January 1, 1997, if a state
2 appropriation made to fund the credit or exemption is not
3 sufficient to fully fund the credit or exemption, the political
4 subdivision shall be required to extend to the taxpayer only that
5 portion of the credit or exemption estimated by the department of
6 revenue to be funded by the state appropriation. The bill makes
7 Code section 25B.7 inapplicable to the exemption established in
8 this division.

9 DIVISION IV — SECURE AN ADVANCED VISION FOR EDUCATION FUND
10 — EQUITY TRANSFER PERCENTAGE — FUTURE REPEAL. Prior to
11 allocation of moneys available in the secure an advanced vision
12 for education fund to school districts on a per-pupil basis,
13 certain amounts are calculated and allocated to other funds.
14 Code section 423F.2 establishes a calculation for an equity
15 transfer percentage that is used, in part, to determine amounts
16 distributed and credited to the foundation base supplement fund
17 and the property tax equity and relief fund. For fiscal years
18 beginning on or after July 1, 2026, the bill eliminates the
19 calculation of the equity transfer percentage based on increases
20 in the amount in the secure an advanced vision for education
21 fund and instead specifies that the equity transfer percentage
22 for the fiscal year beginning July 1, 2026, is 10 percent; for
23 the fiscal year beginning July 1, 2027, is 12.5 percent; for
24 the fiscal year beginning July 1, 2028, is 15 percent; for the
25 fiscal year beginning July 1, 2029, is 17.5 percent; for the
26 fiscal year beginning July 1, 2030, is 20 percent; for the fiscal
27 year beginning July 1, 2031, is 22.5 percent; for the fiscal
28 year beginning July 1, 2032, is 25 percent; for the fiscal year
29 beginning July 1, 2033, is 27.5 percent; and for the fiscal year
30 beginning July 1, 2034, and each fiscal year thereafter, is 30
31 percent.

32 The bill provides that for amounts allocated under Code
33 section 423F.2 for fiscal years beginning on or after July 1,
34 2026, the department of management shall adjust or reconcile
35 actual amounts to be received by school districts in the fiscal

1 year immediately following the fiscal year during which the
2 revenues were collected.

3 Current law repeals Code chapter 423F that establishes the
4 secure an advanced vision for education fund and lowers the state
5 sales and use tax rate from 6 percent to 5 percent on January 1,
6 2051. The bill extends that repeal and reduction date to January
7 1, 2071.

8 DIVISION V — PROPERTY PARCEL INFORMATION. The bill requires
9 each county auditor to submit an annual report not later than
10 January 1 to the department of management containing parcel-level
11 property data, including parcel identification information,
12 location, size, valuation, classification, types of structures
13 and improvements, exemptions, credits, and whether the parcel
14 is subject to a division of revenue. The bill authorizes
15 the department of management to require the report to include
16 additional parcel-level data deemed necessary by the director of
17 the department of management. The bill requires the department
18 of management to prescribe the form and manner of submitting such
19 annual report.

20 DIVISION VI — URBAN RENEWAL. The bill amends the definition
21 of "economic development" for purposes of Code chapter 15 to also
22 include the provision of workforce housing.

23 The bill adds development policies that advance the
24 development of workforce housing to the list of factors required
25 to be considered by the public body before public funds are used
26 for grants, loans, tax incentives, or other financial assistance
27 to private persons or on behalf of private persons for economic
28 development under Code chapter 15.

29 The bill also defines "low and moderate income family housing"
30 for Code chapter 403 to mean housing for low and moderate income
31 families and housing that meets the requirements of Code section
32 15.353 (workforce housing).

33 The bill also modifies the defined term "low or moderate
34 income families" in Code chapter 403 to "low and moderate income
35 families" to align with the terminology usage within the Code

1 chapter.

2 The bill excludes the school district foundation property tax
3 imposed under Code section 257.3 from the division of revenue
4 under Code section 403.19 (tax increment financing) if levied
5 against property located in an incorporated area upon which
6 new construction or renovations begin on or after the effective
7 date of this division of the bill, unless such construction or
8 renovations were approved and subject to an agreement adopted
9 before January 1, 2026. The bill also excludes taxes for
10 emergency medical services imposed pursuant to Code chapter 357F,
11 357G, or 422D from the division of revenue. The bill prohibits
12 such taxes from being divided and paid into the municipality's
13 special fund for the payment of urban renewal indebtedness but
14 instead requires the tax to be levied, collected, and paid to
15 the school district, emergency medical services district, city
16 emergency medical services district, or county in the same manner
17 as all other property taxes. The exclusions in the bill apply
18 to property taxes due and payable in fiscal years beginning on or
19 after July 1, 2027.

20 Under the bill, for urban renewal areas for which an
21 ordinance providing for a division of revenue is not limited in
22 duration under Code section 403.17(10) (20 years) or Code section
23 403.22(5) (10 years), after 20 years following the effective date
24 of this division of the bill or after 20 years from the calendar
25 year following the calendar year in which the municipality
26 first certifies to the county auditor the amount of any loans,
27 advances, indebtedness, or bonds which qualify for payment from
28 the division of revenue, whichever is later, the amount of taxes
29 that is authorized to be paid into the municipality's urban
30 renewal special fund shall not exceed 60 percent of the amount
31 otherwise authorized, but for the bill, and such excess amounts
32 shall be allocated and paid to the respective taxing districts
33 in the same manner as other taxes. The municipality may exceed
34 this limitation to the extent necessary for the payment of bonds
35 or other indebtedness incurred before the effective date of this

1 division of the bill and this limitation does not apply to
2 divisions of revenue established by community colleges under Code
3 chapter 260E or by rural improvement zones under Code chapter
4 357H.

5 The bill provides that, unless otherwise limited in duration
6 under Code section 403.17(10) (20 years), an ordinance providing
7 for a division of revenue adopted on or after the effective
8 date of this division of the bill shall be limited to 23
9 years from the calendar year following the calendar year in
10 which the municipality first certifies to the county auditor
11 the amount of any loans, advances, indebtedness, or bonds that
12 qualify for payment from the division of revenue. The ordinance
13 shall terminate and be of no further force and effect following
14 the 23-year period. The 23-year limitation does not apply to
15 divisions of revenue established by community colleges under Code
16 chapter 260E or rural improvement zones under Code chapter 357H.

17 Under current law, any urban renewal area established upon
18 the determination that the area is an economic development area,
19 a division of revenue (tax increment financing) shall not be
20 allowed for the purpose of providing or aiding in the provision
21 of public improvements related to housing and residential
22 development, unless the municipality assures that the project
23 will include assistance for low and moderate income family
24 housing, subject to certain municipality population thresholds.
25 The bill modifies such assistance requirements and the population
26 thresholds.

27 Current law provides that for municipalities with a population
28 of 5,000 or less, the municipality need not provide any low
29 or moderate income family housing assistance if a housing needs
30 assessment shows there is no need. The bill eliminates the
31 housing needs assessment requirement.

32 The bill combines the two population threshold categories for
33 municipalities over 5,000 in population and provides that the
34 amount of assistance for low and moderate income family housing
35 shall be equal to or greater than the percentage of the original

1 project cost that is equal to the percentage of low and moderate
2 income residents for the county in which the urban renewal
3 area is located as determined by the United States department
4 of housing and urban development using section 8 guidelines.
5 The bill, however, establishes a maximum amount of assistance
6 that is the lesser of 20 percent of the original project cost,
7 or \$350,000 if the municipality is a city or \$300,000 if the
8 municipality is a county. These changes apply to existing and
9 newly established urban renewal areas.

10 The bill also eliminates the 10-year limitation on the
11 division of revenue for certain projects relating to housing
12 and residential development in urban renewal areas that are
13 economic development areas for ordinances adopted on or after the
14 effective date of this division of the bill. Such ordinances
15 adopted on or after the effective date of this division of
16 the bill are subject to the 20-year limitation for economic
17 development areas.

18 This division of the bill takes effect upon enactment.

19 DIVISION VII — ASSESSMENT PROCEDURES. The bill amends Code
20 section 441.21(3) by providing that for assessment years
21 beginning on or after January 1, 2027, if the taxpayer's property
22 has increased in actual value by 10 percent or more from
23 the immediately preceding reassessment year or the most recent
24 assessment year following such reassessment year if the property
25 was revalued or reassessed in that assessment year, the assessor
26 shall provide the taxpayer with a statement of the reasons
27 for the increase in actual value, information specifying the
28 portion of actual value increase attributable to a change in
29 classification, revaluation, new construction, improvements, or
30 renovations to the property, and all information in any formula
31 or method used to determine the actual value.

32 Under current Code section 441.21(3), the burden of proof is
33 upon any complainant attacking a property valuation as excessive,
34 inadequate, inequitable, or capricious. However, when the
35 complainant offers competent evidence that the market value of

1 the property is different than the market value determined by the
2 assessor, the burden of proof thereafter is upon the officials
3 or persons seeking to uphold such valuation to be assessed.
4 The bill modifies the burden of proof in certain circumstances.
5 For assessment years beginning on or after January 1, 2027, if
6 the taxpayer's property actual value increased by 10 percent
7 or more from the immediately preceding reassessment year or the
8 most recent assessment year following such reassessment year if
9 the property was revalued or reassessed in that assessment year,
10 including an increase as the result of an equalization order, and
11 the property did not change classification or primary use and the
12 increase in actual value is not the result of new construction,
13 improvements, or renovations to the property, the actual value
14 so determined by the assessor is not presumed to be the actual
15 value and in any protest or appeal the assessor shall have the
16 burden of proof that the valuation is not excessive, inadequate,
17 inequitable, or capricious.

18 The bill amends Code section 441.33 to provide that ex parte
19 communications with board of review members are prohibited in
20 protests before the board.

21 DIVISION VIII — LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM.

22 The bill establishes a local government efficiency grant fund
23 program and fund. The bill appropriates \$10 million to the fund.
24 For purposes of the program, "local government" means a county,
25 city, township, or any special-purpose district or authority.
26 The bill appropriates moneys in the fund to Iowa state university
27 to provide, following approval by a commission provided for in
28 the bill, grants to local governments to assist in efforts to
29 increase government efficiency. The bill requires the commission
30 to adopt rules to establish and administer the grant program to
31 provide for the allocation of moneys in the fund in the form of
32 competitive grants to local governments.

33 DIVISION IX — FIRSTHOME IOWA ACCOUNTS. The bill establishes
34 a FirstHome Iowa program, which allows citizens of the state
35 to invest money in a public trust for future application to

1 the payment of qualified homebuyer expenses. A FirstHome Iowa
2 program trust is created and the treasurer of state is the
3 trustee of the trust. The bill grants to the treasurer of state
4 all powers necessary to carry out and effectuate the purposes
5 and objectives of the trust, including the power to make and
6 enter into contracts, accept any moneys for purposes of the
7 program, carry out studies and projections to advise participants
8 regarding present and estimated future qualified homebuyer
9 expenses, procure insurance against any loss in connection with
10 the trust, enter into participation agreements with participants,
11 make payments to or on behalf of beneficiaries for qualified
12 homebuyer expenses, and invest moneys from the program fund in
13 any investments which are determined by the treasurer of state to
14 be appropriate.

15 The trust may enter into participation agreements with
16 participants on behalf of beneficiaries. The participant
17 contributes moneys into an account for a beneficiary, who is
18 an individual to benefit from advance payments of qualified
19 homebuyer expenses on behalf of the beneficiary. Moneys accrued
20 by participants in an account may be used for payments to or
21 on behalf of a beneficiary for qualified homebuyer expenses.
22 The bill defines "qualified homebuyer expenses" to mean any of
23 the following: (1) a down payment or closing costs for the
24 qualified purchase of a single-family residence in Iowa that is
25 the principal residence of the beneficiary if such beneficiary
26 is a first-time homebuyer with respect to such purchase; (2) a
27 cost, fee, tax, or payment incurred by, or charged or assigned
28 to, a beneficiary as part of the purchase; or (3) any United
29 States veterans administration funding fee incurred by the
30 beneficiary in connection with a veterans administration home
31 loan guaranty program. The bill defines "first-time homebuyer"
32 to mean an individual who is a resident of Iowa and who does
33 not own, either individually or jointly, a single-family or
34 multifamily residence, and who has not owned or purchased, either
35 individually or jointly, a single-family or multifamily residence

1 for a period of three years prior to the date of the qualified
2 purchase for which the eligible home costs are paid or reimbursed
3 from an account. Under the bill, "qualified purchase" means the
4 purchase of a single-family residence in Iowa by the account's
5 beneficiary 90 or more days after the date the participant first
6 opened the account.

7 The bill establishes an Iowa income tax deduction for the
8 participant in an agreement for amounts contributed to an account
9 by the participant during the applicable tax year, not to exceed
10 \$5,500 per beneficiary per year adjusted annually to reflect
11 increases in the consumer price index. Additionally, income from
12 interest and earnings received from the FirstHome Iowa program
13 trust created in new Code chapter 12L is deducted from income.
14 Distributions or transfers from an account are considered income
15 for Iowa income tax purposes, to the extent such amount was
16 previously deducted as a contribution to the trust, if the
17 amount is used for purposes other than the payment of qualified
18 homebuyer expenses.

19 The bill allows a beneficiary under an agreement to be
20 changed and allows agreements to be amended in order to enable
21 participants to increase or decrease the level of participation,
22 change the designation of successors, and carry out similar
23 matters as authorized by rule.

24 The bill requires the treasurer of state to segregate moneys
25 received by the trust into two funds: (1) the FirstHome
26 Iowa program fund, which includes moneys paid into accounts by
27 participants; and (2) the administrative fund to be used for
28 administration of the program, which includes administrative fees
29 collected.

30 The bill establishes procedures for the cancellation of
31 agreements or termination of the program, requirements for
32 ownership of payments made under an agreement, requirements
33 related to income derived from investments, and establishes audit
34 and reporting requirements for the program.

35 The bill amends the Iowa first-time homebuyer savings account

1 Act under Code chapter 541B to allow for the withdrawal and
2 deposit of account balances under Code chapter 541B to accounts
3 within the FirstHome Iowa program trust without penalty or
4 taxation in this state if such withdrawal is deposited in an
5 account within the FirstHome Iowa program trust within 30 days of
6 the withdrawal. The bill also authorizes the treasurer of state
7 to, by rule, provide for the direct transfer of moneys within
8 an account under Code chapter 541B to a FirstHome Iowa program
9 trust account without penalty or taxation in this state. The
10 bill prohibits new accounts under Code chapter 541B from being
11 established on or after July 1, 2026.

12 DIVISION X — VALUATIONS — ABNORMAL TRANSACTIONS — REAL
13 ESTATE TRANSFER TAX FORMS. The bill amends Code section 428A.7
14 governing real estate transfer tax forms for the declaration
15 of value prescribed by the department of revenue by specifying
16 examples of the types of special facts and circumstances that may
17 distort market value.

18 The bill modifies the list of examples of abnormal property
19 transactions that are to be excluded from consideration or
20 adjusted to eliminate distortions of market value when valuing
21 property to include built-to-suit construction, sale-leaseback
22 transactions, leased fee sales, and instead of sales to immediate
23 family, sales between related parties.

24 This division of the bill applies retroactively to assessment
25 years beginning on or after January 1, 2026.

26 DIVISION XI — LOCAL GOVERNMENT BUDGET STATEMENTS. Code
27 section 24.2A requires the county auditor to mail statements
28 containing certain county, city, and school district budget and
29 property tax information to each property owner or taxpayer. For
30 budgets for fiscal years beginning on or after July 1, 2027,
31 the bill authorizes those statements to be to be posted on the
32 political subdivision's internet site by March 15 in lieu of
33 mailing individual statements. Additionally, if the political
34 subdivision maintains a social media account on one or more
35 social media applications, the statement or an electronic link to

1 the statement shall be posted on each such account on a date no
2 later than March 15.

3 Code section 24.2A, in part, requires the county auditor
4 to provide by mail individual statements to property taxpayers
5 that includes various pieces of information relating to the
6 property tax dollars and levies of cities, counties, and school
7 districts. The bill provides that such statements will also
8 include information for all other certifying boards that are not
9 a city, county, or school; however, all such entities shall be
10 considered a single political subdivision and identified under a
11 designation of "special taxing districts" on each statement.

12 The bill also strikes the current list of items that must be
13 included on each individual statement and establishes the minimum
14 contents for the statement.

15 The bill requires that the statements be clear, concise, and
16 written in plain language, and provides that the information in
17 the individual statements may be presented using tables, written
18 narrative, and graphic representations, and shall contain the
19 internet site, mailing address, and a telephone number for each
20 political subdivision that owners and taxpayers may call if they
21 have questions related to the statement. The bill requires
22 the department of management to consult with the Iowa league
23 of cities and the Iowa state association of counties prior to
24 prescribing the form for the statements.

25 This division of the bill may include a state mandate as
26 defined in Code section 25B.3. The bill makes inapplicable Code
27 section 25B.2(3), which would relieve a political subdivision
28 from complying with a state mandate if funding for the cost
29 of the state mandate is not provided or specified. Therefore,
30 political subdivisions are required to comply with any state
31 mandate included in this division of the bill.

32 This division of the bill applies to political subdivision
33 budgets for fiscal years beginning on or after July 1, 2027.

34 DIVISION XII — DIVISION OF REVENUE — DATA CENTERS. The bill
35 excludes the school district foundation property tax imposed

1 under Code section 257.3 from the division of revenue under
2 Code section 403.19 (tax increment financing) for taxes levied
3 against a qualified data center. The bill defines "qualified
4 data center" to be a data center, as defined in Code section
5 423.3(95), for which site preparation activities, as defined in
6 Code section 423.3(95), began on or after the effective date of
7 the division of the bill, which is effective upon enactment. The
8 bill prohibits such foundation property tax from being divided
9 and paid into the municipality's special fund for the payment
10 of urban renewal indebtedness but instead requires the tax to
11 be levied, collected, and paid to the school district in the
12 same manner as all other property taxes. The exclusion in the
13 bill applies to property taxes due and payable in fiscal years
14 beginning on or after July 1, 2027.

15 DIVISION XIII — ELECTION DATES — BONDS. Current Code section
16 39.2(4)(d) specifies the special election date for political
17 subdivisions if the election is in whole or in part for the
18 question of issuing bonds or other indebtedness is the first
19 Tuesday after the first Monday in November. The bill adds the
20 first Tuesday after the first Monday in June as a date for
21 such an election. The bill, however, provides that a political
22 subdivision shall not hold an election on the question of issuing
23 bonds or other indebtedness on two such consecutive election
24 dates authorized under that provision.

25 DIVISION XIV — EMERGENCY MEDICAL SERVICES LEVY. Code chapter
26 422D authorizes a \$0.75 per \$1,000 of assessed value county
27 property tax levy for emergency medical services if approved at
28 election. For fiscal years beginning on or after July 1, 2027,
29 the bill increases the maximum authorized levy rate to \$1.50 per
30 \$1,000 of assessed value if such increased rate is approved at an
31 election held on or after July 1, 2026.

32 DIVISION XV — UTILITY REPLACEMENT TAX TASK FORCE. Code
33 section 437A.15(7) establishes a utility replacement tax task
34 force. The bill modifies the duties of the task force to
35 study the accuracy of the taxes imposed under Code chapters

1 437A and 437B, ways to modernize the administration of such
2 taxes, methods of simplifying administration of the replacement
3 taxes, elimination of property taxes imposed under Code chapter
4 437A or 437B, simplification of thresholds for replacement
5 tax rate adjustments while retaining tax stability, and the
6 effects of such taxes on local taxing authorities, local taxing
7 districts, consumers, and taxpayers through December 31, 2026,
8 including ways to maintain continuity for local taxing districts
9 and consumers and ways to provide a competitive and equitable
10 tax environment for taxpayers. If the task force recommends
11 modifications to the replacement taxes, the department of
12 management shall transmit those recommendations to the general
13 assembly. This division of the bill takes effect upon enactment.

14 DIVISION XVI — SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME
15 FUNDING AND MODIFIED SUPPLEMENTAL AMOUNTS. Code section 257.7
16 determines the authorized expenditures of a school district for
17 a budget year, which in part includes the addition of the actual
18 unspent balance from the preceding year. The bill limits such
19 additional amount to an amount equal to 35 percent of the
20 school district's authorized expenditures for the budget year
21 immediately preceding the base year unless a greater amount
22 is authorized by the school budget review committee based on
23 one or more grounds authorized for the approval of a modified
24 supplemental amount under Code section 257.31.

25 Code section 257.13 authorizes an on-time funding budget
26 adjustment for school districts when the district's actual
27 enrollment for the budget year is greater than the district's
28 budget enrollment for the budget year and the school budget
29 review committee is required to establish a modified supplemental
30 amount for such a school district if the district adopts a
31 resolution to receive the adjustment and notifies the school
32 budget review committee. Under the bill, for school budget
33 years beginning on or after July 1, 2026, the school budget
34 review committee may establish a modified supplemental amount if
35 the district has adopted a resolution and notifies the school

1 budget review committee on or before a date established by the
2 committee.

3 The bill also requires the board of directors of each school
4 district to establish a policy that defines a targeted range and
5 maximum amount of unspent balance of authorized expenditures,
6 determined by a percent of authorized expenditures under Code
7 section 257.7 or other methodology specified in the policy. The
8 policy shall also state the date the policy was adopted and
9 the date the policy was most recently reviewed or revised. The
10 targeted range and maximum amount established in the policy shall
11 be made with the intent to equalize educational opportunity,
12 provide a good education for all the children of the school
13 district, provide property tax relief, decrease the percentage of
14 school costs paid from property taxes, and to provide reasonable
15 control of school costs. Targeted ranges and maximum amounts
16 defined in the policy shall be reviewed annually by the board of
17 directors and such review shall be entered in the minutes of the
18 board and approved revisions shall be made to the policy.

19 This division of the bill takes effect upon enactment.