

House Study Bill 304 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
KAUFMANN)

A BILL FOR

- 1 An Act modifying property tax calculations, and including
- 2 applicability provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 443.2, subsection 1, Code 2025, is amended
2 to read as follows:

3 1. Before the first day of July in each year, the county
4 auditor shall transcribe the assessments of the townships and
5 cities into a book or record, to be known as the tax list,
6 properly ruled and headed, with separate columns, in which shall
7 be entered the names of the taxpayers, descriptions of lands,
8 number of acres and value, numbers of city lots and value, and
9 each description of tax, with a column for polls and one for
10 payments, and shall complete it by entering the amount due on
11 each installment, separately, and carrying out the total of both
12 installments. The total of all columns of each page of each
13 book or other record shall balance with the tax totals. After
14 computing the amount of tax due and payable on each property,
15 the county auditor shall round the total amount of tax due and
16 payable on the property to the nearest even whole dollar and, if
17 applicable, reduce the amounts due and payable as required under
18 section 444.25.

19 Sec. 2. Section 444.1, Code 2025, is amended to read as
20 follows:

21 **444.1 Basis for amount of tax.**

22 In all taxing districts in the state, including townships,
23 school districts, cities, and counties, when by law then existing
24 the people are authorized to determine by vote, or officers are
25 authorized to estimate or determine, a rate of taxation required
26 for any public purpose, such rate shall in all cases be estimated
27 and based upon the adjusted taxable valuation of such taxing
28 district for the preceding calendar year and subject to the
29 limitation of section 444.25.

30 Sec. 3. Section 444.2, Code 2025, is amended to read as
31 follows:

32 **444.2 Amounts certified in dollars.**

33 When an authorized tax rate within a taxing district,
34 including townships, school districts, cities, and counties, has
35 been thus determined as provided by law, the officer or officers

1 charged with the duty of certifying the authorized rate to the
2 county auditor or board of supervisors shall, before certifying
3 the rate, compute upon the adjusted taxable valuation of the
4 taxing district for the preceding fiscal year, the amount of tax
5 the rate will raise, stated in dollars, subject to the limitation
6 of section 444.25, and shall certify the computed amount in
7 dollars and not by rate, to the county auditor and board of
8 supervisors.

9 Sec. 4. Section 444.3, Code 2025, is amended to read as
10 follows:

11 **444.3 Computation of rate.**

12 When the valuations for the several taxing districts shall
13 have been adjusted by the several boards for the current
14 year, the county auditor shall thereupon apply such a rate,
15 not exceeding the rate authorized by law, as will raise the
16 amount required for such taxing district, and no larger amount,
17 subject to the limitation under section 444.25. For purposes
18 of computing the rate under this section, the adjusted taxable
19 valuation of the property of a taxing district does not include
20 the valuation of property of a railway corporation or its trustee
21 which corporation has been declared bankrupt or is in bankruptcy
22 proceedings. Nothing in the preceding sentence exempts the
23 property of such railway corporation or its trustee from taxation
24 and the rate computed under this section shall be levied on the
25 taxable property of such railway corporation or its trustee.

26 Sec. 5. Section 444.22, Code 2025, is amended to read as
27 follows:

28 **444.22 Annual levy.**

29 In each year the director of revenue shall fix the rate
30 in percentage to be levied upon the assessed valuation of the
31 taxable property of the state necessary to raise the amount for
32 general state purposes as shall be designated by the department
33 of management, subject to the limitation under section 444.25.

34 Sec. 6. NEW SECTION. **444.25 Property tax amount limitation**
35 **— reduction.**

1 1. For purposes of this section:

2 a. "Base year" means the assessment year preceding the
3 assessment year used to calculate property taxes due and payable
4 in the applicable fiscal year.

5 b. "Local taxing authority" means a city, county, community
6 college, school district, or other governmental subdivision
7 located in this state and authorized to certify a levy on
8 property located within such authority.

9 c. "New construction" means buildings, structures, or
10 improvements constructed or relocated on or made to the parcel.

11 d. "Parcel" means each separate item shown on the tax list,
12 manufactured or mobile home tax list, schedule of assessment, or
13 schedule of rate or charge.

14 e. "Property taxes" means annual ad valorem taxes imposed
15 on the parcel which are collectable by the county treasurer
16 following application of all applicable exemptions and credits,
17 and shall not include special assessments, amounts levied under
18 chapter 468, or taxes under chapter 435. "Property taxes" also
19 do not include taxes levied as the result of a property tax levy
20 approved at election or that portion of any property tax levy
21 imposed that is for the payment of principal and interest on
22 bonds or other indebtedness the issuance of which was approved
23 at election, including refunding bonds issued for the repayment
24 of bonds that were approved at election.

25 f. "Qualified parcel" means a parcel that is not located
26 in an urban renewal area under chapter 403 or an urban
27 revitalization area under chapter 404, is not wind energy
28 conversion property as defined in section 427B.26, and for which
29 none of the following apply:

30 (1) The parcel changed ownership during the base year.

31 (2) New construction occurred on the parcel during the base
32 year.

33 (3) The parcel's assessment for the base year was a partial
34 assessment as the result of incomplete new construction or
35 improvements.

1 (4) The parcel was omitted from assessment or fraudulently
2 withheld from assessment in the base year.

3 (5) The parcel's property taxes were suspended or abated
4 under sections 427.8, 427.9, and 427.10.

5 (6) The parcel's classification is different from the base
6 year.

7 2. a. For property taxes due and payable in fiscal years
8 beginning on or after July 1, 2026, if the amount of property
9 taxes otherwise calculated to be due and payable on a qualified
10 parcel of residential property or agricultural property exceeds
11 one hundred three percent of the actual amount of property taxes
12 due and payable on the parcel in the immediately preceding fiscal
13 year, such amount shall be reduced as provided in subsection
14 3. If, however, improvements or renovations, not amounting to
15 new construction, occurs on the property during the base year,
16 the threshold amount of property taxes shall be one hundred
17 three percent plus the percentage of the parcel's taxable value
18 attributable to the improvements or renovations. Improvements
19 or renovations do not include normal and necessary repairs to
20 an existing building or improvement, not amounting to structural
21 replacements or modifications.

22 b. For property taxes due and payable in fiscal years
23 beginning on or after July 1, 2026, if the amount of property
24 taxes otherwise calculated to be due and payable on a qualified
25 parcel of commercial property or industrial property exceeds one
26 hundred eight percent of the actual amount of property taxes due
27 and payable on the parcel in the immediately preceding fiscal
28 year, such amount shall be reduced as provided in subsection
29 3. If, however, improvements or renovations, not amounting to
30 new construction, occurs on the property during the base year,
31 the threshold amount of property taxes shall be one hundred
32 eight percent plus the percentage of the parcel's taxable value
33 attributable to the improvements or renovations. Improvements
34 or renovations do not include normal and necessary repairs to
35 an existing building or improvement, not amounting to structural

1 replacements or modifications.

2 c. Property taxes levied by a political subdivision that did
3 not exist for the immediately preceding fiscal year shall not
4 be included in the calculation of the property tax to be due
5 and payable for the fiscal year and shall not be reduced under
6 subsection 3.

7 3. a. If the total amount of property taxes due and payable
8 on the parcel exceeds the applicable threshold for the parcel
9 under subsection 2, the amount of property taxes due and payable
10 to each taxing authority that certified for levy property taxes
11 on the parcel in excess of the applicable threshold percentage
12 of such amount levied by that taxing authority on the parcel in
13 the immediately preceding fiscal year shall be reduced by the
14 amount by which the parcel's total amount of property taxes due
15 and payable for all taxing authorities exceeds the applicable
16 threshold for the parcel under subsection 2.

17 b. The amount of the reduction shall be proportionately
18 applied among the various levies for property taxes, or portions
19 thereof, of those taxing authorities that certified for levy
20 property taxes on the parcel in excess of the applicable
21 threshold percentage of such amount levied by that taxing
22 authority on the parcel in the immediately preceding fiscal year.

23 c. The reductions shall be made by the county auditor prior
24 to delivery of the tax list prescribed in chapter 443 to ensure
25 accurate statement of taxes under section 445.5.

26 4. The director of the department of revenue shall adopt
27 rules pursuant to chapter 17A to administer and interpret this
28 section.

29 Sec. 7. Section 445.5, subsection 1, paragraphs e, f, g, and
30 h, Code 2025, are amended to read as follows:

31 e. The complete name of all taxing authorities receiving a
32 tax distribution, the amount of the distribution, the amount of
33 any reduction resulting from section 444.25, and the percentage
34 distribution for each named authority, listed from the highest to
35 the lowest distribution percentage.

1 f. The consolidated levy rate for one thousand dollars of
2 taxable valuation multiplied by the taxable valuation to produce
3 the gross taxes levied before application of credits against
4 levied taxes for the previous and current fiscal years and before
5 any reduction resulting from section 444.25.

6 g. The itemized credits against levied taxes deducted from
7 the gross taxes levied in order to produce the net taxes owed
8 for the previous and current fiscal years and the amount of any
9 reductions under section 444.25 for previous and current fiscal
10 years.

11 h. The total amount of taxes levied by each taxing authority
12 in the previous fiscal year and the current fiscal year and the
13 difference between the two amounts, expressed as a percentage
14 increase or decrease, and the amount of any reduction to a taxing
15 authority resulting from section 444.25.

16 Sec. 8. Section 445.57, subsection 1, Code 2025, is amended
17 to read as follows:

18 1. On or before the tenth day of each month, the county
19 treasurer shall apportion all taxes collected during the
20 preceding month, except partial payment amounts collected
21 pursuant to section 445.36A, subsection 1, partial payments
22 collected and not yet designated by the county treasurer for
23 apportionment pursuant to section 445.36A, subsection 2, partial
24 payments collected pursuant to section 435.24, subsection 6,
25 paragraph "a", and partial payments collected and not yet
26 designated by the county treasurer for apportionment pursuant to
27 section 435.24, subsection 6, paragraph "b", among the several
28 funds to which they belong according to the amount levied for
29 each fund, as adjusted under section 444.25, if applicable, and
30 shall apportion the interest, fees, and costs on the taxes to the
31 general fund, and shall enter those amounts upon the treasurer's
32 cash account, and report the amounts to the county auditor.

33 Sec. 9. IMPLEMENTATION OF ACT.

34 1. Section 25B.2, subsection 3, shall not apply to this Act.

35 2. Section 25B.7 shall not apply to this Act.

1 issuance of which was approved at election, including refunding
2 bonds issued for the repayment of bonds that were approved at
3 election.

4 The limitations established in the bill apply to qualified
5 parcels. "Qualified parcel" means a parcel that is not located
6 in an urban renewal area under Code chapter 403 or an urban
7 revitalization area under Code chapter 404, is not wind energy
8 conversion property, and for which none of the following apply:
9 (1) the parcel changed ownership during the base year; (2) new
10 construction occurred on the parcel during the base year; (3) the
11 parcel's assessment for the base year was a partial assessment
12 as the result of incomplete new construction or improvements; (4)
13 the parcel was omitted from assessment or fraudulently withheld
14 from assessment in the base year; (5) the parcel's property taxes
15 were suspended or abated under Code sections 427.8, 427.9, and
16 427.10; or (6) the parcel's classification is different from the
17 base year.

18 If the total amount of property taxes due and payable on the
19 parcel exceeds the applicable threshold for the parcel under the
20 bill, the amount of property taxes due and payable to each taxing
21 authority that certified for levy property taxes on the parcel
22 in excess of the applicable threshold percentage of such amount
23 levied by that taxing authority on the parcel in the immediately
24 preceding fiscal year shall be reduced by the amount by which
25 the parcel's total amount of property taxes due and payable for
26 all taxing authorities exceeds the applicable threshold for the
27 parcel. The amount of the reduction is proportionately applied
28 among the various levies for property taxes, or portions thereof,
29 of those taxing authorities that certified for levy property
30 taxes on the parcel in excess of the applicable threshold
31 percentage of such amount levied by that taxing authority on the
32 parcel in the immediately preceding fiscal year. The reductions
33 are to be made by the county auditor prior to delivery of the tax
34 list prescribed in Code chapter 443 to ensure accurate statement
35 of taxes under Code section 445.5.

1 The bill makes corresponding changes to various other
2 provisions of the Code relating to the calculation and collection
3 of property tax amounts.

4 The bill may include a state mandate as defined in Code
5 section 25B.3. The bill makes inapplicable Code section
6 25B.2(3), which would relieve a political subdivision from
7 complying with a state mandate if funding for the cost of the
8 state mandate is not provided or specified. Therefore, political
9 subdivisions are required to comply with any state mandate
10 included in the bill.

11 The bill makes inapplicable Code section 25B.7. Code section
12 25B.7 provides that for a property tax credit or exemption
13 enacted on or after January 1, 1997, if a state appropriation
14 made to fund the credit or exemption is not sufficient to fully
15 fund the credit or exemption, the political subdivision shall
16 be required to extend to the taxpayer only that portion of the
17 credit or exemption estimated by the department of revenue to be
18 funded by the state appropriation.