

House Study Bill 328 - Introduced

HOUSE FILE _____

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

A BILL FOR

1 An Act relating to local government property taxes, financial
2 authority, and budgets, modifying appropriations, and
3 including effective date, applicability, and retroactive
4 applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

DIVISION I

COUNTY PROPERTY TAXES AND BUDGETS

Section 1. Section 331.423, subsection 1, paragraph b, subparagraph (1), Code 2025, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2026, subject to subparagraph (3), the greater of three dollars and fifty cents per thousand dollars of assessed value used to calculate taxes for general county services for the budget year and the adjusted general county basic levy rate, as adjusted under subparagraph (2), if applicable.

Sec. 2. Section 331.423, subsection 1, paragraph c, Code 2025, is amended to read as follows:

~~c. For each fiscal year beginning on or after July 1, 2028, three dollars and fifty cents per thousand dollars of assessed value.~~ For the fiscal year beginning July 1, 2026, the greater of:

(1) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 1 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) A levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy under this subsection 1 equal to one hundred and one-half percent of the actual property tax dollars certified for levy under this subsection 1 for the current fiscal year.

Sec. 3. Section 331.423, subsection 1, Code 2025, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. (1) For each fiscal year beginning on or after July 1, 2027, the levy rate imposed under this subsection 1 for the current fiscal year, unless subject to subparagraph (2), and for the budget year beginning July 1, 2027, only, not less

1 than a levy rate per one thousand dollars of assessed value that
2 results in an amount of actual property tax dollars certified for
3 levy under this subsection 1 equal to one hundred and one-half
4 percent of the actual property tax dollars certified for levy
5 under this subsection 1 for the current fiscal year.

6 (2) (a) If the total assessed value, excluding value
7 attributable to new valuation, used to calculate taxes for
8 general county services under this subsection 1 for the budget
9 year is equal to or exceeds one hundred two percent of the
10 total assessed value used to calculate taxes for general county
11 services for the current fiscal year, the levy rate imposed
12 under this subsection 1 shall not exceed a levy rate per one
13 thousand dollars of assessed value that is equal to one thousand
14 multiplied by the quotient obtained by dividing the product of
15 the budget adjustment factor multiplied by the current fiscal
16 year's actual property tax dollars certified for levy under this
17 subsection 1 by the remainder of the total assessed value used to
18 calculate such taxes for the budget year minus value attributable
19 to new valuation.

20 (b) For purposes of this subparagraph, "*budget adjustment*
21 *factor*" is equal to one of the following:

22 (i) If the change in the consumer price index for all urban
23 consumers for the twelve-month period ending six months prior to
24 the beginning of the applicable budget year is less than four
25 percent, one hundred two percent.

26 (ii) If the change in the consumer price index for all urban
27 consumers for the twelve-month period ending six months prior
28 to the beginning of the applicable budget year is equal to or
29 greater than four percent but less than six percent, one hundred
30 three percent.

31 (iii) If the change in the consumer price index for all urban
32 consumers for the twelve-month period ending six months prior
33 to the beginning of the applicable budget year is equal to or
34 greater than six percent but less than eight percent, one hundred
35 four percent.

1 (iv) If the change in the consumer price index for all urban
2 consumers for the twelve-month period ending six months prior
3 to the beginning of the applicable budget year is equal to or
4 greater than eight percent, one hundred five percent.

5 Sec. 4. Section 331.423, subsection 2, paragraph b,
6 subparagraph (1), Code 2025, is amended to read as follows:

7 (1) For each fiscal year beginning on or after July 1,
8 2024, but before July 1, ~~2028~~ 2026, subject to subparagraph
9 (3), the greater of three dollars and ninety-five cents per
10 thousand dollars of assessed value used to calculate taxes for
11 rural county services for the budget year and the adjusted rural
12 county basic levy rate, as adjusted under subparagraph (2), if
13 applicable.

14 Sec. 5. Section 331.423, subsection 2, paragraph c, Code
15 2025, is amended to read as follows:

16 ~~c. For each fiscal year beginning on or after July 1, 2028,~~
17 ~~three dollars and ninety-five cents per thousand dollars of~~
18 ~~assessed value. For the fiscal year beginning July 1, 2026, the~~
19 ~~greater of:~~

20 (1) A levy rate per one thousand dollars of assessed value
21 equal to one thousand multiplied by the quotient of one hundred
22 two percent of the current fiscal year's actual property tax
23 dollars certified for levy under this subsection 2 divided by
24 the remainder of the total assessed value used to calculate
25 such taxes for the budget year minus value attributable to new
26 valuation.

27 (2) A levy rate per one thousand dollars of assessed value
28 that results in an amount of actual property tax dollars
29 certified for levy under this subsection 2 equal to one hundred
30 and one-half percent of the actual property tax dollars certified
31 for levy under this subsection 2 for the current fiscal year.

32 Sec. 6. Section 331.423, subsection 2, Code 2025, is amended
33 by adding the following new paragraph:

34 NEW PARAGRAPH. d. (1) For each fiscal year beginning on or
35 after July 1, 2027, the levy rate imposed under this subsection 2

1 for the current fiscal year, unless subject to subparagraph (2),
2 and for the budget year beginning July 1, 2027, only, not less
3 than a levy rate per one thousand dollars of assessed value that
4 results in an amount of actual property tax dollars certified for
5 levy under this subsection 2 equal to one hundred and one-half
6 percent of the actual property tax dollars certified for levy
7 under this subsection 2 for the current fiscal year.

8 (2) (a) If the total assessed value, excluding value
9 attributable to new valuation, used to calculate taxes for rural
10 county services under this subsection 2 for the budget year is
11 equal to or exceeds one hundred two percent of the total assessed
12 value used to calculate taxes for rural county services for the
13 current fiscal year, the levy rate imposed under this subsection
14 2 shall not exceed a levy rate per one thousand dollars of
15 assessed value that is equal to one thousand multiplied by
16 the quotient obtained by dividing the product of the budget
17 adjustment factor multiplied by the current fiscal year's actual
18 property tax dollars certified for levy under this subsection 2
19 by the remainder of the total assessed value used to calculate
20 such taxes for the budget year minus value attributable to new
21 valuation.

22 (b) For purposes of this subparagraph, "*budget adjustment*
23 *factor*" is equal to one of the following:

24 (i) If the change in the consumer price index for all urban
25 consumers for the twelve-month period ending six months prior to
26 the beginning of the applicable budget year is less than four
27 percent, one hundred two percent.

28 (ii) If the change in the consumer price index for all urban
29 consumers for the twelve-month period ending six months prior
30 to the beginning of the applicable budget year is equal to or
31 greater than four percent but less than six percent, one hundred
32 three percent.

33 (iii) If the change in the consumer price index for all urban
34 consumers for the twelve-month period ending six months prior
35 to the beginning of the applicable budget year is equal to or

1 greater than six percent but less than eight percent, one hundred
2 four percent.

3 (iv) If the change in the consumer price index for all urban
4 consumers for the twelve-month period ending six months prior
5 to the beginning of the applicable budget year is equal to or
6 greater than eight percent, one hundred five percent.

7 Sec. 7. Section 331.423, subsection 3, Code 2025, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. c. "New valuation" means the increase from
10 the current fiscal year to the budget year in taxable valuation
11 due to the following, the amount of each as certified by the
12 county auditor to the department of management:

13 (1) New construction.

14 (2) Additions or improvements to existing structures that are
15 not normal and necessary repairs under section 441.21, subsection
16 8.

17 (3) Net boundary adjustments, including annexation,
18 severance, incorporation, consolidation, or discontinuance as
19 those terms are defined in section 368.1.

20 Sec. 8. EFFECTIVE DATE. This division of this Act takes
21 effect January 1, 2026.

22 Sec. 9. APPLICABILITY. This division of this Act applies to
23 property taxes and budgets for fiscal years beginning on or after
24 July 1, 2026.

25 DIVISION II

26 CITY PROPERTY TAXES AND BUDGETS

27 Sec. 10. Section 384.1, subsection 3, paragraph c,
28 subparagraph (1), Code 2025, is amended to read as follows:

29 (1) For each fiscal year beginning on or after July 1,
30 2024, but before July 1, ~~2028~~ 2026, subject to subparagraph
31 (3), a city's tax levy for the general fund, except for levies
32 authorized in section 384.12, shall not exceed in any tax year
33 the greater of eight dollars and ten cents per thousand dollars
34 of assessed value used to calculate taxes for the budget year
35 and the adjusted city general fund levy rate, as adjusted under

1 subparagraph (2), if applicable.

2 Sec. 11. Section 384.1, subsection 3, paragraph d, Code 2025,
3 is amended to read as follows:

4 ~~d. (1) For each fiscal year beginning on or after July 1,~~
5 ~~2028, a city's tax levy rate for the general fund, except for~~
6 ~~levies authorized in section 384.12, shall not exceed eight~~
7 ~~dollars and ten cents per thousand dollars of assessed value~~
8 ~~used to calculate taxes in any fiscal year. For the fiscal year~~
9 beginning July 1, 2026, a city's tax levy rate for the general
10 fund, except for levies authorized in section 384.12, shall not
11 exceed the greater of:

12 (a) A levy rate per one thousand dollars of assessed value
13 equal to one thousand multiplied by the quotient of one hundred
14 two percent of the current fiscal year's actual property tax
15 dollars certified for levy under this subsection divided by
16 the remainder of the total assessed value used to calculate
17 such taxes for the budget year minus value attributable to new
18 valuation.

19 (b) A levy rate per one thousand dollars of assessed value
20 that results in an amount of actual property tax dollars
21 certified for levy under this subsection equal to one hundred and
22 one-half percent of the actual property tax dollars certified for
23 levy under this subsection for the current fiscal year.

24 (2) Notwithstanding other provisions of this paragraph, if
25 a city's actual levy rate for the current fiscal year is zero
26 dollars per one thousand dollars of assessed value, a levy rate
27 per one thousand dollars of assessed value equal to one thousand
28 multiplied by the quotient of one hundred two percent of the
29 city's certified general fund budget for the current fiscal year
30 divided by the remainder of the total assessed value used to
31 calculate taxes for the budget year minus value attributable to
32 new valuation.

33 Sec. 12. Section 384.1, subsection 3, Code 2025, is amended
34 by adding the following new paragraph:

35 NEW PARAGRAPH. e. (1) For each fiscal year beginning on or

1 after July 1, 2027, a city's tax levy rate for the general fund,
2 except for levies authorized in section 384.12, shall not exceed
3 the levy rate imposed under this subsection for the current
4 fiscal year, unless subject to subparagraph (2), and for the
5 budget year beginning July 1, 2027, only, not less than a levy
6 rate per one thousand dollars of assessed value that results
7 in an amount of actual property tax dollars certified for levy
8 under this subsection equal to one hundred and one-half percent
9 of the actual property tax dollars certified for levy under this
10 subsection for the current fiscal year.

11 (2) (a) If the total assessed value, excluding value
12 attributable to new valuation, used to calculate taxes under
13 this subsection for the budget year is equal to or exceeds one
14 hundred two percent of the total assessed value used to calculate
15 taxes under this subsection for the current fiscal year, the
16 city's levy rate under this subsection shall not exceed a levy
17 rate per one thousand dollars of assessed value that is equal
18 to one thousand multiplied by the quotient obtained by dividing
19 the product of the budget adjustment factor multiplied by the
20 current fiscal year's actual property tax dollars certified for
21 levy under this subsection by the remainder of the total assessed
22 value used to calculate such taxes for the budget year minus
23 value attributable to new valuation.

24 (b) For purposes of this subparagraph, "budget adjustment
25 factor" is equal to one of the following:

26 (i) If the change in the consumer price index for all urban
27 consumers for the twelve-month period ending six months prior to
28 the beginning of the applicable budget year is less than four
29 percent, one hundred two percent.

30 (ii) If the change in the consumer price index for all urban
31 consumers for the twelve-month period ending six months prior
32 to the beginning of the applicable budget year is equal to or
33 greater than four percent but less than six percent, one hundred
34 three percent.

35 (iii) If the change in the consumer price index for all urban

1 consumers for the twelve-month period ending six months prior
2 to the beginning of the applicable budget year is equal to or
3 greater than six percent but less than eight percent, one hundred
4 four percent.

5 (iv) If the change in the consumer price index for all urban
6 consumers for the twelve-month period ending six months prior
7 to the beginning of the applicable budget year is equal to or
8 greater than eight percent, one hundred five percent.

9 (3) Notwithstanding other provisions of this paragraph, if
10 a city's actual levy rate for the current fiscal year is zero
11 dollars per one thousand dollars of assessed value, the city's
12 levy rate under this subsection shall not exceed a levy rate
13 per one thousand dollars of assessed value equal to one thousand
14 multiplied by the quotient of one hundred two percent of the
15 city's certified general fund budget for the current fiscal year
16 divided by the remainder of the total assessed value used to
17 calculate taxes for the budget year minus value attributable to
18 new valuation.

19 Sec. 13. Section 384.1, subsection 4, Code 2025, is amended
20 by adding the following new paragraph:

21 NEW PARAGRAPH. c. "New valuation" means the increase from
22 the current fiscal year to the budget year in taxable valuation
23 due to the following, the amount of each as certified by the
24 county auditor to the department of management:

25 (1) New construction.

26 (2) Additions or improvements to existing structures that are
27 not normal and necessary repairs under section 441.21, subsection
28 8.

29 (3) Net boundary adjustments, including annexation,
30 severance, incorporation, consolidation, or discontinuance as
31 those terms are defined in section 368.1.

32 Sec. 14. EFFECTIVE DATE. This division of this Act takes
33 effect January 1, 2026.

34 Sec. 15. APPLICABILITY. This division of this Act applies to
35 property taxes and budgets for fiscal years beginning on or after

1 July 1, 2026.

2 DIVISION III

3 SCHOOL TAXES AND BUDGETS

4 Sec. 16. Section 257.1, subsection 2, paragraph b, Code 2025,
5 is amended to read as follows:

6 b. (1) (a) For the budget year commencing July 1, 1999, and
7 for each succeeding budget year beginning before July 1, 2022,
8 the regular program foundation base per pupil is eighty-seven and
9 five-tenths percent of the regular program state cost per pupil.

10 (b) For the budget year commencing July 1, 2022, and for each
11 succeeding budget year beginning before July 1, 2026, the regular
12 program foundation base per pupil is eighty-eight and four-tenths
13 percent of the regular program state cost per pupil.

14 (c) For the budget year commencing July 1, 2026, and each
15 succeeding budget year, the regular program foundation base per
16 pupil is one hundred percent of the regular program state cost
17 per pupil.

18 (2) (a) For the budget year commencing July 1, 1991, and
19 for each succeeding budget year beginning before July 1,
20 2026, the special education support services foundation base is
21 seventy-nine percent of the special education support services
22 state cost per pupil.

23 (b) For the budget year commencing July 1, 2026, and each
24 succeeding budget year, the special education support services
25 foundation base is one hundred percent of the special education
26 support services state cost per pupil.

27 (3) The combined foundation base is the sum of the regular
28 program foundation base, the special education support services
29 foundation base, the total teacher salary supplement district
30 cost, the total professional development supplement district
31 cost, the total early intervention supplement district cost,
32 the total teacher leadership supplement district cost, and the
33 total area education agency teacher salary supplement district
34 cost, and the amounts added to the combined district cost of the
35 school district for media services and educational services under

1 section 257.37.

2 Sec. 17. Section 257.3, subsection 1, paragraph a, Code 2025,
3 is amended to read as follows:

4 a. (1) Except as provided in subsections 2 and 3, a school
5 district shall cause to be levied each budget year beginning
6 before July 1, 2026, for the school general fund, a foundation
7 property tax equal to five dollars and forty cents per thousand
8 dollars of assessed valuation on all taxable property in the
9 district. The county auditor shall spread the foundation levy
10 over all taxable property in the district.

11 (2) Except as provided in subsections 2 and 3, a school
12 district shall cause to be levied for the budget year beginning
13 July 1, 2026, and each succeeding budget year, for the school
14 general fund, a foundation property tax equal to two dollars and
15 ninety-seven cents per thousand dollars of assessed valuation
16 on all taxable property in the district. The county auditor
17 shall spread the foundation levy over all taxable property in the
18 district.

19 Sec. 18. Section 257.3, subsection 2, paragraphs a and b,
20 Code 2025, are amended to read as follows:

21 a. Notwithstanding subsection 1, a reorganized school
22 district for which the reorganization takes effect on or after
23 July 1, 2026, shall cause a foundation property tax of ~~four~~
24 two dollars and ~~forty~~ forty-two cents per thousand dollars of
25 assessed valuation to be levied on all taxable property which, in
26 the year preceding a reorganization, was within a school district
27 affected by the reorganization as defined in section 275.1, or in
28 the year preceding a dissolution was a part of a school district
29 that dissolved if the dissolution proposal has been approved by
30 the director of the department of education pursuant to section
31 275.55.

32 b. In For a reorganized school district for which the
33 reorganization took effect on or after July 1, 2026, in
34 succeeding school years, the foundation property tax levy on
35 that portion shall be increased to the rate of ~~four~~ two dollars

1 and ~~ninety~~ sixty-nine cents per thousand dollars of assessed
2 valuation the first succeeding year, ~~five~~ two dollars and ~~fifteen~~
3 eighty-three cents per thousand dollars of assessed valuation
4 the second succeeding year, and ~~five~~ two dollars and ~~forty~~
5 ninety-seven cents per thousand dollars of assessed valuation the
6 third succeeding year and each year thereafter under subsection
7 1, paragraph "a".

8 Sec. 19. Section 257.4, subsection 1, paragraph a, Code 2025,
9 is amended by adding the following new subparagraphs:

10 NEW SUBPARAGRAPH. (10) The amount added to the combined
11 district cost of the school district for media services under
12 section 257.37.

13 NEW SUBPARAGRAPH. (11) The amount added to the combined
14 district cost of the school district for educational services
15 under section 257.37.

16 Sec. 20. Section 257.4, subsection 2, Code 2025, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. c. This subsection applies to budget years
19 beginning before July 1, 2026.

20 Sec. 21. Section 257.15, subsections 2 and 3, Code 2025, are
21 amended to read as follows:

22 2. *Property tax adjustment aid for 1992-1993 and succeeding*
23 *years beginning before 2026-2027.* For the budget year beginning
24 July 1, 1992, and succeeding budget years beginning before July
25 1, 2026, the department of education shall pay property tax
26 adjustment aid to a school district equal to the amount paid
27 to the district for the base year less an amount equal to the
28 product of the percent by which the taxable valuation in the
29 district increased, if the taxable valuation increased, from
30 January 1 of the year prior to the base year to January 1 of the
31 base year and the property tax adjustment aid. The department of
32 management shall adjust the rate of the additional property tax
33 accordingly and notify the department of education of the amount
34 of aid to be paid to each district from moneys appropriated for
35 property tax adjustment aid.

1 3. *Property tax adjustment aid appropriation.* There is
2 appropriated from the general fund of the state to the department
3 of education, for each fiscal year beginning before July 1, 2026,
4 an amount necessary to pay property tax adjustment aid to school
5 districts under this section. Property tax adjustment aid shall
6 be paid to school districts in the manner provided in section
7 257.16.

8 Sec. 22. Section 257.15, subsection 4, paragraph a,
9 subparagraph (1), subparagraph division (d), Code 2025, is
10 amended to read as follows:

11 (d) For the budget year beginning July 1, 2009, and
12 succeeding budget years beginning before July 1, 2026,
13 twenty-four million dollars.

14 Sec. 23. Section 257.15, subsection 4, paragraph b, Code
15 2025, is amended to read as follows:

16 b. ~~After~~ For fiscal years beginning before July 1, 2025,
17 after lowering all school district adjusted additional property
18 tax levy rates to the statewide maximum adjusted additional
19 property tax levy rate under paragraph "a", the department of
20 management shall use any remaining funds at the end of the
21 calendar year to further lower additional property taxes by
22 increasing for the budget year beginning the following July
23 1, the regular program foundation base per pupil percentage
24 under section 257.1. Moneys used pursuant to this paragraph
25 shall supplant an equal amount of the appropriation made from
26 the general fund of the state pursuant to section 257.16 that
27 represents the increase in state foundation aid. Any moneys
28 remaining at the conclusion of the fiscal year beginning July 1,
29 2024, shall be transferred by the department of management for
30 deposit in the general fund of the state.

31 Sec. 24. Section 257.16A, subsections 2 and 3, Code 2025, are
32 amended to read as follows:

33 2. ~~There~~ For each fiscal year beginning before July 1,
34 2026, there is appropriated annually all moneys in the fund to
35 the department of management for purposes of section 257.15,

1 subsection 4.

2 3. Notwithstanding section 8.33, any moneys remaining in the
3 property tax equity and relief fund at the end of a fiscal
4 year shall not revert to any other fund but shall remain in the
5 property tax equity and relief fund for use as provided in this
6 section for the following fiscal year. However, at the end of
7 the fiscal year beginning July 1, 2025, any moneys remaining in
8 the property tax equity and relief fund shall be transferred for
9 deposit into either the secure an advanced vision for education
10 fund or the general fund of the state based on the fund from
11 which the moneys were received.

12 Sec. 25. Section 257.16B, subsection 1, Code 2025, is amended
13 to read as follows:

14 1. For each fiscal year beginning on or after July 1, 2022,
15 but before July 1, 2026, there is appropriated from the general
16 fund of the state to the department of education an amount
17 necessary to make all school district property tax replacement
18 payments under this section, as calculated in subsection 2.

19 Sec. 26. Section 257.16D, subsection 2, paragraph a, Code
20 2025, is amended to read as follows:

21 a. There For fiscal years beginning before July 1, 2026,
22 there is appropriated annually from the fund to the department
23 of management an amount necessary to make all foundation base
24 supplement payments under this section. The department of
25 management shall calculate each school district's foundation base
26 supplement payment based on the distribution methodology under
27 paragraph "b".

28 Sec. 27. Section 257.16D, subsection 3, Code 2025, is amended
29 to read as follows:

30 3. Notwithstanding section 8.33, any moneys remaining in the
31 foundation base supplement fund at the end of a fiscal year shall
32 not revert to any other fund but shall remain in the foundation
33 base supplement fund for use as provided in this section for the
34 following fiscal year. However, at the end of the fiscal year
35 beginning July 1, 2025, any moneys remaining in the foundation

1 base supplement fund shall be transferred for deposit in the
2 secure an advanced vision for education fund.

3 Sec. 28. Section 257.31, Code 2025, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 19. a. The board of directors of each
6 school district with an unexpended fund balance in the district's
7 management levy fund under section 298A.3 at the conclusion of
8 the fiscal year beginning July 1, 2024, that exceeds an amount
9 equal to the total expenditures from the district's management
10 levy fund for the fiscal year beginning July 1, 2024, shall
11 certify such unexpended fund balance and expenditure amounts,
12 including any reserved or designated amounts in the fund and
13 the purposes therefor, to the school budget review committee by
14 November 15, 2025. The committee shall prescribe the form for
15 such certifications.

16 b. The committee shall conduct a review of the unexpended
17 fund balances and expenditures of school district management levy
18 funds certified under paragraph "a". The committee shall consult
19 with boards of directors of school districts and other relevant
20 persons to determine the appropriateness of establishing district
21 management levy fund unexpended fund balance limitations. By
22 February 1, 2026, the committee shall make recommendations to the
23 general assembly for establishing district management levy fund
24 unexpended fund balance limitations for fiscal years beginning on
25 or after July 1, 2027, including recommendations for limitations
26 based on a percentage of the district's management levy fund
27 expenditures and recommendations for management levy limitations
28 and expenditure requirements for excess funds.

29 Sec. 29. Section 298.2, subsection 1, Code 2025, is amended
30 to read as follows:

31 1. a. A physical plant and equipment levy of not exceeding
32 ~~one dollar and sixty-seven~~ eighty-three and one-half cents
33 per thousand dollars of assessed valuation in the district is
34 established except as otherwise provided in this subsection.
35 The physical plant and equipment levy consists of the regular

1 physical plant and equipment levy of not exceeding ~~thirty-three~~
2 sixteen and one-half cents per thousand dollars of assessed
3 valuation in the district and a voter-approved physical plant
4 and equipment levy of not exceeding ~~one dollar and thirty-four~~
5 sixty-seven cents per thousand dollars of assessed valuation
6 in the district. However, the voter-approved physical plant
7 and equipment levy may consist of a combination of a physical
8 plant and equipment property tax levy and a physical plant and
9 equipment income surtax as provided in subsection 4 with the
10 maximum amount levied and imposed limited to an amount that
11 could be raised by a ~~one dollar and thirty-four~~ sixty-seven cent
12 property tax levy. A voter-approved physical plant and equipment
13 levy approved prior to the effective date of this division of
14 this Act are subject to the rate limitations of this paragraph.

15 b. For school budget years beginning on or after July 1,
16 ~~2015~~ 2026, a school district may by resolution of the board of
17 directors adopted prior to April 30 preceding the budget year
18 impose a physical plant and equipment levy at a rate in excess
19 of the levy rate limitations under paragraph "a" if the board
20 has refunded or refinanced a loan agreement entered into under
21 section 297.36 and such refunding or refinancing complies with
22 the maturity period authorized under section 297.36, subsection
23 1, paragraph "c", and results in a lower amount of interest on
24 the amount of the loan agreement. However, the rate imposed by
25 a school district under this paragraph shall not exceed the rate
26 imposed during the budget year in which the loan agreement was
27 refunded or refinanced or fifty percent of such levy rate if the
28 refunding or refinancing occurred in the budget year beginning
29 July 1, 2025. Authorization to exceed the levy rate limitations
30 of paragraph "a" shall terminate upon the maturity of the loan
31 agreement after refunding or refinancing. Upon adoption of the
32 resolution under this paragraph "b", the board shall comply with
33 the requirements of section 297.36, subsection 1, paragraph "b".
34 Sec. 30. Section 298.2, subsection 2, Code 2025, is amended
35 by striking the subsection.

1 Sec. 31. Section 298.4, subsection 1, unnumbered paragraph 1,
2 Code 2025, is amended to read as follows:

3 The Unless prohibited by subsection 1A, paragraph "a", the
4 board of directors of a school district may certify for levy
5 by April 30 of a school year, a tax on all taxable property in
6 the school district for a district management levy, subject to
7 the limitations in subsection 1A, paragraph "b". The revenue
8 from the tax levied in this section shall be placed in the
9 district management levy fund of the school district. The
10 district management levy shall be expended only for the following
11 purposes:

12 Sec. 32. Section 298.4, Code 2025, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 1A. a. (1) For the fiscal year beginning
15 July 1, 2027, if a school district's unexpended fund balance, as
16 defined in section 257.2, of the district's management levy fund
17 is equal to or exceeds one hundred eighty percent of the average
18 annual expenditures from the district's management levy fund for
19 the three consecutive fiscal years immediately preceding the base
20 year, the board of directors shall not certify a levy under this
21 section for the fiscal year.

22 (2) For the fiscal year beginning July 1, 2028, if a
23 school district's unexpended fund balance, as defined in section
24 257.2, of the district's management levy fund is equal to or
25 exceeds one hundred seventy-five percent of the average annual
26 expenditures from the district's management levy fund for the
27 three consecutive fiscal years immediately preceding the base
28 year, the board of directors shall not certify a levy under this
29 section for the fiscal year.

30 (3) For the fiscal year beginning July 1, 2029, if a school
31 district's unexpended fund balance, as defined in section 257.2,
32 of the district's management levy fund is equal to or exceeds one
33 hundred seventy percent of the average annual expenditures from
34 the district's management levy fund for the three consecutive
35 fiscal years immediately preceding the base year, the board of

1 directors shall not certify a levy under this section for the
2 fiscal year.

3 (4) For the fiscal year beginning July 1, 2030, if a
4 school district's unexpended fund balance, as defined in section
5 257.2, of the district's management levy fund is equal to or
6 exceeds one hundred sixty-five percent of the average annual
7 expenditures from the district's management levy fund for the
8 three consecutive fiscal years immediately preceding the base
9 year, the board of directors shall not certify a levy under this
10 section for the fiscal year.

11 (5) For the fiscal year beginning July 1, 2031, and each
12 succeeding fiscal year, if a school district's unexpended
13 fund balance, as defined in section 257.2, of the district's
14 management levy fund is equal to or exceeds one hundred sixty
15 percent of the average annual expenditures from the district's
16 management levy fund for the three consecutive fiscal years
17 immediately preceding the base year, the board of directors shall
18 not certify a levy under this section for the fiscal year.

19 b. (1) For the fiscal year beginning July 1, 2027, if a
20 school district is not prohibited from certifying a levy pursuant
21 to paragraph "a", the maximum amount that the board of directors
22 may certify for levy under this section shall be an amount equal
23 to the remainder of one hundred eighty percent of the average
24 annual expenditures from the district's management levy fund for
25 the three consecutive fiscal years immediately preceding the base
26 year minus the district's management levy fund unexpended fund
27 balance for the fiscal year preceding the base year.

28 (2) For the fiscal year beginning July 1, 2028, if a school
29 district is not prohibited from certifying a levy pursuant to
30 paragraph "a", the maximum amount that the board of directors may
31 certify for levy under this section shall be an amount equal to
32 the remainder of one hundred seventy-five percent of the average
33 annual expenditures from the district's management levy fund for
34 the three consecutive fiscal years immediately preceding the base
35 year minus the district's management levy fund unexpended fund

1 balance for the fiscal year preceding the base year.

2 (3) For the fiscal year beginning July 1, 2029, if a school
3 district is not prohibited from certifying a levy pursuant to
4 paragraph "a", the maximum amount that the board of directors
5 may certify for levy under this section shall be an amount equal
6 to the remainder of one hundred seventy percent of the average
7 annual expenditures from the district's management levy fund for
8 the three consecutive fiscal years immediately preceding the base
9 year minus the district's management levy fund unexpended fund
10 balance for the fiscal year preceding the base year.

11 (4) For the fiscal year beginning July 1, 2030, if a school
12 district is not prohibited from certifying a levy pursuant to
13 paragraph "a", the maximum amount that the board of directors may
14 certify for levy under this section shall be an amount equal to
15 the remainder of one hundred sixty-five percent of the average
16 annual expenditures from the district's management levy fund for
17 the three consecutive fiscal years immediately preceding the base
18 year minus the district's management levy fund unexpended fund
19 balance for the fiscal year preceding the base year.

20 (5) For the fiscal year beginning July 1, 2031, and each
21 succeeding fiscal year, if a school district is not prohibited
22 from certifying a levy pursuant to paragraph "a", the maximum
23 amount that the board of directors may certify for levy under
24 this section shall be an amount equal to the remainder of one
25 hundred sixty percent of the average annual expenditures from the
26 district's management levy fund for the three consecutive fiscal
27 years immediately preceding the base year minus the district's
28 management levy fund unexpended fund balance for the fiscal year
29 preceding the base year.

30 Sec. 33. Section 298.18, subsection 1, paragraph d, Code
31 2025, is amended to read as follows:

32 d. The amount estimated and certified to apply on principal
33 and interest for any one year may exceed ~~two dollars and~~
34 seventy one dollar and thirty-five cents per thousand dollars of
35 assessed value by the amount approved by the voters of the school

1 corporation, but not exceeding ~~four~~ two dollars and ~~five~~ two and
2 one-half cents per thousand dollars of the assessed value of the
3 taxable property within any school corporation, provided that the
4 registered voters of such school corporation have first approved
5 such increased amount at an election held on a date specified in
6 section 39.2, subsection 4, paragraph "c". Amounts approved at
7 election before the effective date of this division of this Act
8 are subject to the levy rate limitations of this paragraph.

9 Sec. 34. Section 423F.2, subsection 3, paragraph b,
10 subparagraph (2), Code 2025, is amended to read as follows:

11 (2) For purposes of this subsection, the equity transfer
12 amount for fiscal years beginning before July 1, 2026, is
13 determined by multiplying the equity transfer percentage by the
14 amount of moneys available in the secure an advanced vision for
15 education fund in the fiscal year. For fiscal years beginning on
16 or after July 1, 2026, the equity transfer amount is zero.

17 (a) For the fiscal year beginning July 1, 2018, the equity
18 transfer percentage is two and one-tenth percent. For the fiscal
19 year beginning July 1, 2019, the equity transfer percentage is
20 three and one-tenth percent.

21 (b) For each fiscal year beginning on or after July 1, 2020,
22 but before July 1, 2026, the equity transfer percentage is equal
23 to the equity transfer percentage for the immediately preceding
24 fiscal year, unless the amount of moneys available in the
25 secure an advanced vision for education fund in the immediately
26 preceding fiscal year equals or exceeds one hundred two percent
27 of the amount of moneys available in the fund for the fiscal
28 year prior to the immediately preceding fiscal year, in which
29 case the equity transfer percentage shall be the equity transfer
30 percentage for the immediately preceding fiscal year plus one
31 percent subject to the limitation in subparagraph division (c).

32 (c) If the equity transfer percentage calculated under
33 subparagraph division (b) exceeds thirty percent, the equity
34 transfer percentage for that fiscal year shall be thirty percent.

35 Sec. 35. Section 423F.2, subsection 3, paragraph b,

1 subparagraph (3), unnumbered paragraph 1, Code 2025, is amended
2 to read as follows:

3 For purposes of this subsection, the foundation base transfer
4 amount for the fiscal year beginning July 1, 2019, is zero, and
5 for each fiscal year beginning on or after July 1, 2020, but
6 before July 1, 2026, the foundation base transfer amount equals
7 the equity transfer amount for the fiscal year under subparagraph
8 (2) minus the sum of the following:

9 Sec. 36. Section 423F.2, subsection 3, paragraph b, Code
10 2025, is amended by adding the following new subparagraph:

11 NEW SUBPARAGRAPH. (04) For purposes of this subsection, the
12 foundation base transfer amount for each fiscal year beginning on
13 or after July 1, 2026, is zero.

14 Sec. 37. Section 423F.3, subsection 1, paragraph a, Code
15 2025, is amended to read as follows:

16 a. Reduction of the bond levies levy under ~~sections~~ section
17 ~~298.18 and 298.18A~~ and all other debt levies.

18 Sec. 38. Section 425A.3, subsection 1, Code 2025, is amended
19 to read as follows:

20 1. The family farm tax credit fund shall be apportioned each
21 year in the manner provided in this chapter so as to give a
22 credit against the tax on each eligible tract of agricultural
23 land within the several school districts of the state in which
24 the levy for the general school fund exceeds ~~five dollars and~~
25 ~~forty cents per thousand dollars of assessed value~~ the levy rate
26 under section 257.3, subsection 1, paragraph "a". The amount of
27 the credit on each eligible tract of agricultural land shall be
28 the amount the tax levied for the general school fund exceeds the
29 amount of tax which would be levied on each eligible tract of
30 agricultural land were the levy for the general school fund ~~five~~
31 ~~dollars and forty cents per thousand dollars of assessed value~~
32 the levy rate under section 257.3, subsection 1, paragraph "a",
33 for the previous year. However, in the case of a deficiency in
34 the family farm tax credit fund to pay the credits in full, the
35 credit on each eligible tract of agricultural land in the state

1 shall be proportionate and applied as provided in this chapter.

2 Sec. 39. Section 425A.5, Code 2025, is amended to read as
3 follows:

4 **425A.5 Computation by county auditor.**

5 The family farm tax credit allowed each year shall be computed
6 as follows: On or before April 1, the county auditor shall list
7 by school districts all tracts of agricultural land which are
8 entitled to credit, the taxable value for the previous year, the
9 budget from each school district for the previous year, and the
10 tax rate determined for the general fund of the school district
11 in the manner prescribed in section 444.3 for the previous year,
12 and if the tax rate is in excess of ~~five dollars and forty~~
13 ~~cents per thousand dollars of assessed value~~ the levy rate under
14 section 257.3, subsection 1, paragraph "a", the auditor shall
15 multiply the tax levy which is in excess of ~~five dollars and~~
16 ~~forty cents per thousand dollars of assessed value~~ the levy rate
17 under section 257.3, subsection 1, paragraph "a", by the total
18 taxable value of the agricultural land entitled to credit in the
19 school district, and on or before April 1, certify the total
20 amount of credit and the total number of acres entitled to the
21 credit to the department of revenue.

22 Sec. 40. Section 426.3, Code 2025, is amended to read as
23 follows:

24 **426.3 Where credit given.**

25 The agricultural land credit fund shall be apportioned each
26 year in the manner hereinafter provided so as to give a credit
27 against the tax on each tract of agricultural lands within the
28 several school districts of the state in which the levy for the
29 general school fund exceeds ~~five dollars and forty cents per~~
30 ~~thousand dollars of assessed value~~ the levy rate under section
31 257.3, subsection 1, paragraph "a"; the amount of such credit on
32 each tract of such lands shall be the amount the tax levied for
33 the general school fund exceeds the amount of tax which would be
34 levied on said tract of such lands were the levy for the general
35 school fund ~~five dollars and forty cents per thousand dollars~~

1 ~~of assessed value~~ the levy rate under section 257.3, subsection
2 1, paragraph "a", for the previous year, except in the case of
3 a deficiency in the agricultural land credit fund to pay said
4 credits in full, in which case the credit on each eligible tract
5 of such lands in the state shall be proportionate and shall be
6 applied as hereinafter provided.

7 Sec. 41. Section 426.6, subsection 1, Code 2025, is amended
8 to read as follows:

9 1. The agricultural land tax credit allowed each year shall
10 be computed as follows: On or before April 1, the county auditor
11 shall list by school districts all tracts of agricultural lands
12 which are entitled to credit, together with the taxable value
13 for the previous year, together with the budget from each school
14 district for the previous year, and the tax rate determined for
15 the general fund of the district in the manner prescribed in
16 section 444.3 for the previous year, and if such tax rate is in
17 excess of ~~five dollars and forty cents per thousand dollars of~~
18 ~~assessed value~~ the levy rate under section 257.3, subsection 1,
19 paragraph "a", the auditor shall multiply the tax levy which is
20 in excess of ~~five dollars and forty cents per thousand dollars~~
21 ~~of assessed value~~ the levy rate under section 257.3, subsection
22 1, paragraph "a", by the total taxable value of the agricultural
23 lands entitled to credit in the district, and on or before April
24 1, certify the amount to the department of revenue.

25 Sec. 42. REPEAL. Section 298.18A, Code 2025, is repealed.

26 Sec. 43. ADJUSTMENT OF CALCULATIONS. For property tax
27 credits under chapters 425A and 426 for property taxes due and
28 payable in the fiscal year beginning July 1, 2026, the tax rate
29 determined for the general fund of the school district in the
30 manner prescribed in section 444.3 for the previous year shall
31 be determined using the appropriate property tax levy rate under
32 section 257.3, as amended in this division of this Act.

33 Sec. 44. EFFECTIVE DATE. Except for the section of this
34 division of this Act amending section 257.31, this division of
35 this Act takes effect January 1, 2026.

1 Sec. 45. APPLICABILITY. Except for the section of this
2 division of this Act amending section 257.31, this division
3 of this Act applies to fiscal years and school budget years
4 beginning on or after July 1, 2026.

5 DIVISION IV

6 PROPERTY CLASSIFICATIONS, VALUATIONS, AND ASSESSMENT LIMITATIONS

7 Sec. 46. Section 386.8, Code 2025, is amended to read as
8 follows:

9 **386.8 Operation tax.**

10 A city may establish a self-supported improvement district
11 operation fund, and may certify taxes not to exceed the rate
12 limitation as established in the ordinance creating the district,
13 or any amendment thereto, each year to be levied for the fund
14 against all of the property in the district, for the purpose
15 of paying the administrative expenses of the district, which may
16 include but are not limited to administrative personnel salaries,
17 a separate administrative office, planning costs including
18 consultation fees, engineering fees, architectural fees, and
19 legal fees and all other expenses reasonably associated with the
20 administration of the district and the fulfilling of the purposes
21 of the district. The taxes levied for this fund may also be used
22 for the purpose of paying maintenance expenses of improvements or
23 self-liquidating improvements for a specified length of time with
24 one or more options to renew if such is clearly stated in the
25 petition which requests the council to authorize construction of
26 the improvement or self-liquidating improvement, whether or not
27 such petition is combined with the petition requesting creation
28 of a district. Parcels of property which are assessed as
29 residential property for property tax purposes are exempt from
30 the tax levied under this section except residential properties
31 within a duly designated historic district or property classified
32 as ~~residential~~ multiresidential property under section 441.21,
33 subsection 44 13, paragraph "a", subparagraph ~~(6)~~ (5). A tax
34 levied under this section is not subject to the levy limitation
35 in section 384.1.

1 Sec. 47. Section 386.9, Code 2025, is amended to read as
2 follows:

3 **386.9 Capital improvement tax.**

4 A city may establish a capital improvement fund for a district
5 and may certify taxes, not to exceed the rate established by
6 the ordinance creating the district, or any subsequent amendment
7 thereto, each year to be levied for the fund against all of the
8 property in the district, for the purpose of accumulating moneys
9 for the financing or payment of a part or all of the costs of any
10 improvement or self-liquidating improvement. However, parcels of
11 property which are assessed as residential property for property
12 tax purposes are exempt from the tax levied under this section
13 except residential properties within a duly designated historic
14 district or property classified as ~~residential~~ multiresidential
15 property under section 441.21, subsection ~~14~~ 13, paragraph "a",
16 subparagraph ~~(6)~~ (5). A tax levied under this section is not
17 subject to the levy limitations in section 384.1 or 384.7.

18 Sec. 48. Section 386.10, Code 2025, is amended to read as
19 follows:

20 **386.10 Debt service tax.**

21 A city shall establish a self-supported municipal improvement
22 district debt service fund whenever any self-supported municipal
23 improvement district bonds are issued and outstanding, other than
24 revenue bonds, and shall certify taxes to be levied against all
25 of the property in the district for the debt service fund in
26 the amount necessary to pay interest as it becomes due and the
27 amount necessary to pay, or to create a sinking fund to pay, the
28 principal at maturity of all self-supported municipal improvement
29 district bonds as authorized in section 386.11, issued by the
30 city. However, parcels of property which are assessed as
31 residential property for property tax purposes at the time of the
32 issuance of the bonds are exempt from the tax levied under this
33 section until the parcels are no longer assessed as residential
34 property or until the residential properties are designated as a
35 part of a historic district or property classified as ~~residential~~

1 multiresidential property under section 441.21, subsection 14 13,
2 paragraph "a", subparagraph (6) (5).

3 Sec. 49. Section 404.2, subsection 2, paragraph f, Code 2025,
4 is amended to read as follows:

5 f. A statement specifying whether the revitalization is
6 applicable to none, some, or all of the property assessed
7 as residential, multiresidential, agricultural, commercial, or
8 industrial property within the designated area or a combination
9 thereof and whether the revitalization is for rehabilitation and
10 additions to existing buildings or new construction or both. If
11 revitalization is made applicable only to some property within
12 an assessment classification, the definition of that subset of
13 eligible property must be by uniform criteria which further some
14 planning objective identified in the plan. The city shall state
15 how long it is estimated that the area shall remain a designated
16 revitalization area which time shall be longer than one year from
17 the date of designation and shall state any plan by the city to
18 issue revenue bonds for revitalization projects within the area.
19 For a county, a revitalization area shall include only property
20 which will be used as industrial property, commercial property,
21 multiresidential property, or residential property. However, a
22 county shall not provide a tax exemption under this chapter to
23 commercial property, multiresidential property, or residential
24 property which is located within the limits of a city.

25 Sec. 50. Section 404.3, subsection 4, paragraph a, Code 2025,
26 is amended by striking the paragraph and inserting in lieu
27 thereof the following:

28 a. All qualified real estate assessed as any of the following
29 is eligible to receive a one hundred percent exemption from
30 taxation on the actual value added by the improvements:

31 (1) Residential property.

32 (2) Commercial property if the commercial property consists
33 of three or more separate living quarters with at least
34 seventy-five percent of the space used for residential purposes.

35 (3) Multiresidential property if the multiresidential

1 property consists of three or more separate living quarters with
2 at least seventy-five percent of the space used for residential
3 purposes.

4 Sec. 51. Section 404.3A, Code 2025, is amended to read as
5 follows:

6 **404.3A Residential development area exemption.**

7 Notwithstanding the schedules provided for in section 404.3,
8 all qualified real estate assessed as residential property
9 or multiresidential property, excluding property classified
10 as ~~residential~~ multiresidential property under section 441.21,
11 subsection 14 13, paragraph "a", subparagraph ~~(6)~~ (5), in an
12 area designated under section 404.1, subsection 5, is eligible
13 to receive an exemption from taxation on the first seventy-five
14 thousand dollars of actual value added by the improvements. The
15 exemption is for a period of five years.

16 Sec. 52. Section 404.3D, Code 2025, is amended to read as
17 follows:

18 **404.3D Exemptions for residential and multiresidential**
19 **property.**

20 For revitalization areas established under this chapter on or
21 after July 1, 2024, and for first-year exemption applications for
22 property located in a revitalization area in existence on July
23 1, 2024, filed on or after July 1, 2024, an exemption authorized
24 under this chapter for property that is residential property or
25 multiresidential property shall not apply to property tax levies
26 imposed by a school district.

27 Sec. 53. Section 441.21, subsection 1, paragraph b,
28 subparagraph (1), Code 2025, is amended to read as follows:

29 (1) The actual value of all property subject to assessment
30 and taxation shall be the fair and reasonable market value of
31 such property except as otherwise provided in this section.
32 "Market value" is defined as the fair and reasonable exchange
33 in the year in which the property is listed and valued between
34 a willing buyer and a willing seller, neither being under any
35 compulsion to buy or sell and each being familiar with all the

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

15 Sec. 54. Section 441.21, subsection 1, paragraph e, Code
16 2025, is amended to read as follows:

17 e. The actual value of agricultural property shall be
18 determined on the basis of productivity and net earning capacity
19 of the property determined on the basis of its use for
20 agricultural purposes capitalized at a rate of seven percent
21 and applied uniformly among counties and among classes of
22 property. However, for assessment years beginning on or after
23 January 1, 2026, structures on agricultural land constructed on
24 or after January 1, 2026, that are not agricultural dwellings
25 shall not be included in determination of productivity and
26 net earning capacity of agricultural property and shall not be
27 allocated any portion of the total county productivity value so
28 determined. However, such structures shall be treated similarly
29 to agricultural structures constructed before January 1, 2026,
30 when applying any equalization order of the department. Such
31 agricultural structures shall instead be valued according to the
32 structure's replacement cost less depreciation and obsolescence
33 and the structure's assessed value subject to taxation prior
34 to application of any assessment limitation under subsection 4
35 shall be equal to the product of the structure's value multiplied

1 by the agricultural factor, as determined in 701 IAC 102.3(2)
2 or succeeding rule of the department. Any formula or method
3 employed to determine productivity and net earning capacity of
4 property shall be adopted in full by rule.

5 Sec. 55. Section 441.21, subsection 2, Code 2025, is amended
6 to read as follows:

7 2. In the event market value of the property being assessed
8 cannot be readily established in the foregoing manner, then
9 the assessor may determine the value of the property using the
10 other uniform and recognized appraisal methods including its
11 productive and earning capacity, if any, industrial conditions,
12 its cost, physical and functional depreciation and obsolescence
13 and replacement cost, and all other factors which would assist
14 in determining the fair and reasonable market value of the
15 property but the actual value shall not be determined by use of
16 only one such factor. The following shall not be taken into
17 consideration: Special value or use value of the property to
18 its present owner, and the goodwill or value of a business which
19 uses the property as distinguished from the value of the property
20 as property. In addition, for assessment years beginning on or
21 after January 1, 2018, and unless otherwise required for property
22 valued by the department of revenue pursuant to chapters 428,
23 437, and 438, the assessor shall not take into consideration
24 and shall not request from any person sales or receipts data,
25 expense data, balance sheets, bank account information, or other
26 data related to the financial condition of a business operating
27 in whole or in part on the property if the property is both
28 classified as commercial or industrial property and owned and
29 used by the owner of the business. However, in assessing
30 property that is rented or leased to low-income individuals and
31 families as authorized by section 42 of the Internal Revenue
32 Code, as amended, and which section limits the amount that the
33 individual or family pays for the rental or lease of units
34 in the property, the assessor shall, unless the owner elects
35 to withdraw the property from the assessment procedures for

1 section 42 property, use the productive and earning capacity from
2 the actual rents received as a method of appraisal and shall
3 take into account the extent to which that use and limitation
4 reduces the market value of the property. The assessor shall
5 not consider any tax credit equity or other subsidized financing
6 as income provided to the property in determining the assessed
7 value. The property owner shall notify the assessor when
8 property is withdrawn from section 42 eligibility under the
9 Internal Revenue Code or if the owner elects to withdraw the
10 property from the assessment procedures for section 42 property
11 under this subsection. The property shall not be subject to
12 section 42 assessment procedures for the assessment year for
13 which section 42 eligibility is withdrawn or an election is
14 made. This notification must be provided to the assessor no
15 later than March 1 of the assessment year or the owner will
16 be subject to a penalty of five hundred dollars for that
17 assessment year. The penalty shall be collected at the same
18 time and in the same manner as regular property taxes. An
19 election to withdraw from the assessment procedures for section
20 42 property is irrevocable. Property that is withdrawn from the
21 assessment procedures for section 42 property shall be classified
22 and assessed as residential multiresidential property unless the
23 property otherwise fails to meet the requirements of subsection
24 13. Upon adoption of uniform rules by the department
25 of revenue or succeeding authority covering assessments and
26 valuations of such properties, the valuation on such properties
27 shall be determined in accordance with such rules and in
28 accordance with forms and guidelines contained in the real
29 property appraisal manual prepared by the department as updated
30 from time to time for assessment purposes to assure uniformity,
31 but such rules, forms, and guidelines shall not be inconsistent
32 with or change the foregoing means of determining the actual,
33 market, taxable, and assessed values.

34 Sec. 56. Section 441.21, subsections 4 and 5, Code 2025, are
35 amended to read as follows:

1 4. For valuations established as of January 1, 1979 2025, the
2 percentage of actual value at which agricultural and residential
3 property shall be assessed shall be ~~the quotient of the dividend~~
4 ~~and divisor as defined in this section~~ determined under this
5 subsection.

6 a. (1) The percentage of actual value at which agricultural
7 property shall be assessed shall be the quotient of the dividend
8 and divisor as defined in this paragraph. ~~The dividend for~~
9 ~~each class of property shall be the dividend as determined for~~
10 ~~each class of~~ agricultural property for valuations established
11 as of January 1, 1978 2024, as determined under the applicable
12 law for that assessment year, adjusted by the product obtained
13 by multiplying the percentage determined for that year by the
14 amount of any additions or deletions to actual value, excluding
15 those resulting from the revaluation of existing properties, as
16 reported by the assessors on the abstracts of assessment for 1978
17 2024, ~~plus six~~ three percent of the amount so determined.

18 (2) ~~However, if the difference between the dividend so~~
19 ~~determined for either class of property and the dividend for~~
20 ~~that class of property for valuations established as of January~~
21 ~~1, 1978, adjusted by the product obtained by multiplying the~~
22 ~~percentage determined for that year by the amount of any~~
23 ~~additions or deletions to actual value, excluding those resulting~~
24 ~~from the revaluation of existing properties, as reported by~~
25 ~~the assessors on the abstracts of assessment for 1978, is less~~
26 ~~than six percent, the 1979 dividend for the other class of~~
27 ~~property shall be the dividend as determined for that class~~
28 ~~of property for valuations established as of January 1, 1978,~~
29 ~~adjusted by the product obtained by multiplying the percentage~~
30 ~~determined for that year by the amount of any additions or~~
31 ~~deletions to actual value, excluding those resulting from the~~
32 ~~revaluation of existing properties, as reported by the assessors~~
33 ~~on the abstracts of assessment for 1978, plus a percentage of~~
34 ~~the amount so determined which is equal to the percentage by~~
35 ~~which the dividend as determined for the other class of property~~

1 ~~for valuations established as of January 1, 1978, adjusted by~~
2 ~~the product obtained by multiplying the percentage determined~~
3 ~~for that year by the amount of any additions or deletions to~~
4 ~~actual value, excluding those resulting from the revaluation~~
5 ~~of existing properties, as reported by the assessors on the~~
6 ~~abstracts of assessment for 1978, is increased in arriving at the~~
7 ~~1979 dividend for the other class of property.~~

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

15 ~~b. (1) The divisor for each class of property shall be~~
16 ~~the total actual value of all such agricultural property in~~
17 ~~the state in the preceding year, as reported by the assessors~~
18 ~~on the abstracts of assessment submitted for 1978 2024, as~~
19 ~~determined under the applicable law for that assessment year,~~
20 ~~plus the amount of value added to said total actual value by~~
21 ~~the revaluation of existing properties in 1979 2025 as equalized~~
22 ~~by the director of revenue pursuant to section 441.49. The~~
23 ~~director shall utilize information reported on abstracts of~~
24 ~~assessment submitted pursuant to section 441.45 in determining~~
25 ~~such percentage. For valuations established as of January~~
26 ~~1, 2026, and each assessment year thereafter, the percentage~~
27 ~~of actual value as equalized by the department of revenue as~~
28 ~~provided in section 441.49 at which agricultural property shall~~
29 ~~be assessed shall be calculated in accordance with the methods~~
30 ~~provided in this paragraph.~~

31 ~~(2) For valuations established for assessment years beginning~~
32 ~~on or after January 1, 2022, the calculation of the divisor~~
33 ~~for residential property under this subsection shall exclude the~~
34 ~~value of all property described in subsection 14, paragraph "a",~~
35 ~~subparagraphs (2), (3), (4), (5), and (6), and the property~~

1 described in subsection 14, paragraph "a", subparagraph (7), that
2 contains three or more separate dwelling units.

3 ~~c. (1) For valuations established as of January 1, 1980,~~
4 ~~and each assessment year thereafter beginning before January~~
5 ~~1, 2013, the percentage of actual value as equalized by the~~
6 ~~director of revenue as provided in section 441.49 at which~~
7 ~~agricultural and residential property shall be assessed shall~~
8 ~~be calculated in accordance with the methods provided in this~~
9 ~~subsection, including the limitation of increases in agricultural~~
10 ~~and residential assessed values to the percentage increase of~~
11 ~~the other class of property if the other class increases less~~
12 ~~than the allowable limit adjusted to include the applicable and~~
13 ~~current values as equalized by the director of revenue, except~~
14 ~~that any references to six percent in this subsection shall be~~
15 ~~four percent.~~

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

28 b. (1) For valuations established for the assessment year
29 beginning January 1, 2024, the percentage of actual value
30 as equalized by the department of revenue as provided in
31 section 441.49 at which residential property shall be assessed
32 shall be forty-seven and four thousand three hundred sixteen
33 ten-thousandths percent.

34 (2) For valuations established for the assessment year
35 beginning January 1, 2025, and each assessment year thereafter,

1 the percentage of actual value as equalized by the department
2 of revenue as provided in section 441.49 at which residential
3 property shall be assessed shall be one hundred percent.

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

1 ~~provided herein, except that any references to ten percent in~~
2 ~~this subsection shall be eight percent.~~

3 ~~(2)~~ (1) For valuations established on or after January 1,
4 2013, property valued by the department of revenue pursuant to
5 chapter 434 shall be assessed at a portion of its actual value
6 determined in the same manner at which property assessed as
7 commercial property is assessed under paragraph "b" for the same
8 assessment year.

9 ~~(3)~~ (2) For valuations established for the assessment year
10 beginning January 1, 2025, and each assessment year thereafter,
11 the percentage of actual value at which property valued by the
12 department of revenue pursuant to chapters 428, 437, and 438
13 shall be assessed shall be ~~ninety-eight~~ one hundred percent.

14 ~~(4)~~ For valuations established for the assessment year
15 beginning January 1, 2026, the percentage of actual value at
16 which property valued by the department of revenue pursuant
17 to chapters 428 and 438 shall be assessed shall be ~~ninety-six~~
18 percent.

19 ~~(5)~~ For valuations established for the assessment year
20 beginning January 1, 2027, the percentage of actual value at
21 which property valued by the department of revenue pursuant to
22 chapters 428 and 438 shall be assessed shall be ~~ninety-four~~
23 percent.

24 ~~(6)~~ For valuations established for the assessment year
25 beginning January 1, 2028, the percentage of actual value at
26 which property valued by the department of revenue pursuant
27 to chapters 428 and 438 shall be assessed shall be ~~ninety-two~~
28 percent.

29 ~~(7)~~ For valuations established on or after January 1, 2029,
30 the percentage of actual value at which property valued by the
31 department of revenue pursuant to chapters 428 and 438 shall be
32 assessed shall be ~~ninety~~ percent.

33 b. For valuations established on or after January 1, 2013,
34 ~~commercial~~ Commercial property, excluding properties referred to
35 in section 427A.1, subsection 9, shall be assessed at a portion

1 of its actual value, as determined in this paragraph "b".

2 ~~(1) For valuations established for the assessment year~~
3 ~~beginning January 1, 2013, the percentage of actual value as~~
4 ~~equalized by the department of revenue as provided in section~~
5 ~~441.49 at which commercial property shall be assessed shall~~
6 ~~be ninety-five percent. For valuations established for the~~
7 ~~assessment year beginning January 1, 2014, and each assessment~~
8 ~~year thereafter beginning before January 1, 2022, the percentage~~
9 ~~of actual value as equalized by the department of revenue as~~
10 ~~provided in section 441.49 at which commercial property shall be~~
11 ~~assessed shall be ninety percent.~~

12 ~~(2)~~ (1) For valuations established for the assessment year
13 beginning January 1, 2022, and each assessment year thereafter
14 beginning before January 1, 2025, the portion of actual value at
15 which each property unit of commercial property shall be assessed
16 shall be the sum of the following:

17 (a) An amount equal to the product of the assessment
18 limitation percentage applicable to residential property under
19 subsection 4 for that assessment year multiplied by the actual
20 value of the property that exceeds zero dollars but does not
21 exceed one hundred fifty thousand dollars.

22 (b) An amount equal to ninety percent of the actual value of
23 the property for that assessment year that exceeds one hundred
24 fifty thousand dollars.

25 (2) For valuations established for the assessment year
26 beginning January 1, 2025, and each assessment year thereafter,
27 the percentage of actual value as equalized by the department
28 of revenue as provided in section 441.49 at which commercial
29 property shall be assessed shall be one hundred percent.

30 ~~c. For valuations established on or after January 1, 2013,~~
31 ~~industrial~~ Industrial property, excluding properties referred to
32 in section 427A.1, subsection 9, shall be assessed at a portion
33 of its actual value, as determined in this paragraph "c".

34 ~~(1) For valuations established for the assessment year~~
35 ~~beginning January 1, 2013, the percentage of actual value as~~

~~1 equalized by the department of revenue as provided in section
2 441.49 at which industrial property shall be assessed shall
3 be ninety-five percent. For valuations established for the
4 assessment year beginning January 1, 2014, and each assessment
5 year thereafter beginning before January 1, 2022, the percentage
6 of actual value as equalized by the department of revenue as
7 provided in section 441.49 at which industrial property shall be
8 assessed shall be ninety percent.~~

9 ~~(2)~~ (1) For valuations established for the assessment year
10 beginning January 1, 2022, and each assessment year thereafter
11 beginning before January 1, 2025, the portion of actual value at
12 which each property unit of industrial property shall be assessed
13 shall be the sum of the following:

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

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

22 (2) For valuations established for the assessment year
23 beginning January 1, 2025, and each assessment year thereafter,
24 the percentage of actual value as equalized by the department
25 of revenue as provided in section 441.49 at which industrial
26 property shall be assessed shall be one hundred percent.

27 d. For valuations established for the assessment year
28 beginning January 1, 2019, and each assessment year thereafter
29 beginning before January 1, 2025, the percentages or portions of
30 actual value at which property is assessed, as determined under
31 this subsection, shall not be applied to the value of wind energy
32 conversion property valued under section 427B.26 the construction
33 of which is approved by the Iowa utilities commission on or after
34 July 1, 2018.

35 e. ~~(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, 2026, 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), Code 2025, and paragraph "c",
14 subparagraph (2), subparagraph division (a), Code 2025.

15 (2) For fiscal years beginning on or after July 1, 2023, but
16 before July 1, 2026, 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), Code 2025, and paragraph "c",
30 subparagraph (2), subparagraph division (a), Code 2025, for the
31 assessment year used to calculate the taxes due and payable in
32 that fiscal year.

33 (4) On or before September 1 of each applicable fiscal year,
34 the county auditor shall prepare a statement, based on the
35 report received in subparagraph (3) and information transmitted

1 to the county auditor under chapter 434, listing for each taxing
2 district in the county:

3 (a) The product of the portion of the total actual value
4 of all commercial property, industrial property, and property
5 valued by the department under chapter 434 in the county
6 that is subject to the assessment limitations imposed under
7 paragraph "b", subparagraph (2), subparagraph division (a), Code
8 2025, and paragraph "c", subparagraph (2), subparagraph division
9 (a), Code 2025, for the applicable assessment year used to
10 calculate taxes which are due and payable in the applicable
11 fiscal year multiplied by the difference, stated as a percentage,
12 between ninety percent and the assessment limitation percentage
13 applicable to residential property under subsection 4 for the
14 applicable assessment year.

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

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

21 (5) The county auditor shall certify and forward one copy of
22 the statement described in subparagraph (4) to the department of
23 revenue not later than September 1 of each fiscal year.

24 (6) The amounts determined under this paragraph shall be paid
25 by the department to the county treasurers in equal installments
26 in September and March of each year. The county treasurer shall
27 apportion the payments among the eligible taxing districts in the
28 county and the amounts received by each taxing authority shall be
29 treated the same as property taxes paid.

30 *f.* For the purposes of this subsection, unless the context
31 otherwise requires:

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

33 (a) Parcels that share a common boundary.

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

1 (c) Permanent improvements to the land that are situated
2 on one or more parcels of land that are assessed and taxed
3 separately from the permanent improvements if the parcels of land
4 upon which the permanent improvements are situated share a common
5 boundary.

6 (2) "Parcel" means the same as defined in section 445.1.
7 "Parcel" also means that portion of a parcel assigned a
8 classification of commercial property or industrial property
9 pursuant to ~~section 441.21~~, subsection ~~14~~ 13, paragraph "b".

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

14 Sec. 57. Section 441.21, subsection 8, paragraph b, Code
15 2025, is amended to read as follows:

16 b. Notwithstanding paragraph "a", any construction or
17 installation of a solar energy system on property classified
18 as agricultural, residential, multiresidential, commercial, or
19 industrial property shall not increase the actual, assessed, and
20 taxable values of the property for five full assessment years.

21 Sec. 58. Section 441.21, subsections 9 and 10, Code 2025, are
22 amended to read as follows:

23 9. Not later than November 1, ~~1979~~ 2025, and November 1 of
24 each subsequent year, the director shall certify to the county
25 auditor of each county the ~~percentages~~ percentage of actual
26 value at which ~~residential property~~, agricultural property,
27 ~~commercial property~~, industrial property, ~~property valued by the~~
28 ~~department of revenue pursuant to chapters 428 and 438~~, property
29 ~~valued by the department of revenue pursuant to chapter 434~~,
30 ~~and property valued by the department of revenue pursuant to~~
31 ~~chapter 437 in each assessing jurisdiction in the county shall be~~
32 ~~assessed for taxation, including for assessment years beginning~~
33 ~~on or after January 1, 2022, the percentages used to apply~~
34 ~~the assessment limitations under subsection 5, paragraphs "b"~~
35 ~~and "c" as determined under subsection 4.~~ The county auditor

1 shall proceed to determine the assessed values of agricultural
2 property, ~~residential property, commercial property, industrial~~
3 ~~property, property valued by the department of revenue pursuant~~
4 ~~to chapters 428 and 438, property valued by the department of~~
5 ~~revenue pursuant to chapter 434, and property valued by the~~
6 ~~department of revenue pursuant to chapter 437~~ by applying such
7 ~~percentages~~ the percentage to the current actual value of such
8 property, as reported to the county auditor by the assessor, and
9 the assessed values so determined shall be the taxable values of
10 such properties upon which the levy shall be made.

11 10. The ~~percentages~~ percentage of actual value computed by
12 the department of revenue under subsection 4 for agricultural
13 property, ~~residential property, commercial property, industrial~~
14 ~~property, property valued by the department of revenue pursuant~~
15 ~~to chapters 428 and 438, property valued by the department~~
16 ~~of revenue pursuant to chapter 434, and property valued by~~
17 ~~the department of revenue pursuant to chapter 437, including~~
18 ~~for assessment years beginning on or after January 1, 2022,~~
19 ~~the percentages used to apply the assessment limitations under~~
20 ~~subsection 5, paragraphs "b" and "c", and used to determine~~
21 ~~assessed values of those classes of~~ agricultural property ~~do~~ does
22 not constitute a rule as defined in section 17A.2, subsection 11.

23 Sec. 59. Section 441.21, subsections 13 and 14, Code 2025,
24 are amended to read as follows:

25 13. a. Beginning with valuations established on or after
26 January 1, ~~2016~~ 2025, but ~~before January 1, 2022~~, all of the
27 following shall be valued as a separate class of property known
28 as multiresidential property and, excluding properties referred
29 to in section 427A.1, subsection 9, ~~shall be assessed at a~~
30 ~~percentage of its actual value, as determined in this subsection~~
31 the percentage of actual value as equalized by the department of
32 revenue as provided in section 441.49 at which multiresidential
33 property shall be assessed shall be one hundred percent:

34 (1) Mobile home parks.

35 (2) Manufactured home communities.

1 (3) Land-leased communities.

2 (4) Assisted living facilities.

3 (5) A parcel primarily used or intended for human habitation
4 containing three or more separate dwelling units. If a portion
5 of such a parcel is used or intended for a purpose that, if
6 the primary use, would be classified as commercial property or
7 industrial property, each such portion, including a proportionate
8 share of the land included in the parcel, if applicable, shall be
9 assigned the appropriate classification pursuant to paragraph "e"
10 "b".

11 (6) For a parcel that is primarily used or intended for
12 use as commercial property or industrial property, that portion
13 of the parcel that is used or intended for human habitation,
14 regardless of the number of dwelling units contained on the
15 parcel, including a proportionate share of the land included
16 in the parcel, if applicable. The portion of such a parcel
17 used or intended for use as commercial property or industrial
18 property, including a proportionate share of the land included
19 in the parcel, if applicable, shall be assigned the appropriate
20 classification pursuant to paragraph "e" "b".

21 ~~b. For valuations established for the assessment year~~
22 ~~beginning January 1, 2015, the percentage of actual value as~~
23 ~~equalized by the department of revenue as provided in section~~
24 ~~441.49 at which multiresidential property shall be assessed shall~~
25 ~~be the greater of eighty-six and twenty-five hundredths percent~~
26 ~~or the percentage of actual value determined by the department~~
27 ~~of revenue at which property assessed as residential property~~
28 ~~is assessed for the same assessment year under subsection 4.~~
29 ~~For valuations established for the assessment year beginning~~
30 ~~January 1, 2016, the percentage of actual value as equalized~~
31 ~~by the department of revenue as provided in section 441.49 at~~
32 ~~which multiresidential property shall be assessed shall be the~~
33 ~~greater of eighty-two and five-tenths percent or the percentage~~
34 ~~of actual value determined by the department of revenue at~~
35 ~~which property assessed as residential property is assessed for~~

~~1 the same assessment year under subsection 4. For valuations
2 established for the assessment year beginning January 1, 2017,
3 the percentage of actual value as equalized by the department of
4 revenue as provided in section 441.49 at which multiresidential
5 property shall be assessed shall be the greater of seventy-eight
6 and seventy-five hundredths percent or the percentage of actual
7 value determined by the department of revenue at which property
8 assessed as residential property is assessed for the same
9 assessment year under subsection 4. For valuations established
10 for the assessment year beginning January 1, 2018, the percentage
11 of actual value as equalized by the department of revenue as
12 provided in section 441.49 at which multiresidential property
13 shall be assessed shall be the greater of seventy-five percent
14 or the percentage of actual value determined by the department
15 of revenue at which property assessed as residential property
16 is assessed for the same assessment year under subsection 4.
17 For valuations established for the assessment year beginning
18 January 1, 2019, the percentage of actual value as equalized
19 by the department of revenue as provided in section 441.49
20 at which multiresidential property shall be assessed shall be
21 the greater of seventy-one and twenty-five hundredths percent
22 or the percentage of actual value determined by the department
23 of revenue at which property assessed as residential property
24 is assessed for the same assessment year under subsection 4.
25 For valuations established for the assessment year beginning
26 January 1, 2020, the percentage of actual value as equalized
27 by the department of revenue as provided in section 441.49 at
28 which multiresidential property shall be assessed shall be the
29 greater of sixty-seven and five-tenths percent or the percentage
30 of actual value determined by the department of revenue at
31 which property assessed as residential property is assessed for
32 the same assessment year under subsection 4. For valuations
33 established for the assessment year beginning January 1, 2021,
34 the percentage of actual value as equalized by the department of
35 revenue as provided in section 441.49 at which multiresidential~~

~~1 property shall be assessed shall be the greater of sixty-three
2 and seventy-five hundredths percent or the percentage of actual
3 value determined by the department of revenue at which property
4 assessed as residential property is assessed for the same
5 assessment year under subsection 4.~~

6 ~~e.~~ b. Beginning with valuations established on or after
7 January 1, 2016 2025, but ~~before January 1, 2022~~, for parcels
8 for which a portion of the parcel satisfies the requirements for
9 classification as multiresidential property pursuant to paragraph
10 "a", subparagraph (5) or (6), the assessor shall assign to that
11 portion of the parcel the classification of multiresidential
12 property and to such other portions of the parcel the property
13 classification for which such other portions qualify.

14 ~~d.~~ c. Property that is rented or leased to low-income
15 individuals and families as authorized by section 42 of the
16 Internal Revenue Code, and that has not been withdrawn from
17 section 42 assessment procedures under subsection 2 of this
18 section, or a hotel, motel, inn, or other building where rooms
19 or dwelling units are usually rented for less than one month
20 shall not be classified as multiresidential property under this
21 subsection.

22 ~~e.~~ d. As used in this subsection:

23 (1) "*Assisted living facility*" means property for providing
24 assisted living as defined in section 231C.2. "*Assisted living*
25 *facility*" also includes a health care facility, as defined in
26 section 135C.1, an elder group home, as defined in section
27 231B.1, a child foster care facility under chapter 237, or
28 property used for a hospice program as defined in section 135J.1.

29 (2) "*Dwelling unit*" means an apartment, group of rooms, or
30 single room which is occupied as separate living quarters or, if
31 vacant, is intended for occupancy as separate living quarters,
32 in which a tenant can live and sleep separately from any other
33 persons in the building.

34 (3) "*Land-leased community*" means the same as defined in
35 sections 335.30A and 414.28A.

1 (4) "Manufactured home community" means the same as a
2 land-leased community.

3 (5) "Mobile home park" means the same as defined in section
4 435.1.

5 e. For purposes of equalization under sections 441.47 through
6 441.49, multiresidential property shall be considered residential
7 property.

8 14. ~~a.~~ Beginning with valuations established on or after
9 January 1, ~~2022~~ 2025, ~~all of the following property primarily~~
10 ~~used or intended for human habitation containing two or fewer~~
11 ~~dwelling units~~ shall be classified and valued as residential
12 property+.

13 ~~(1) Property primarily used or intended for human habitation~~
14 ~~containing two or fewer dwelling units.~~

15 ~~(2) Mobile home parks.~~

16 ~~(3) Manufactured home communities.~~

17 ~~(4) Land-leased communities.~~

18 ~~(5) Assisted living facilities.~~

19 ~~(6) A parcel primarily used or intended for human habitation~~
20 ~~containing three or more separate dwelling units. If a portion~~
21 ~~of such a parcel is used or intended for a purpose that, if~~
22 ~~the primary use, would be classified as commercial property or~~
23 ~~industrial property, each such portion, including a proportionate~~
24 ~~share of the land included in the parcel, if applicable, shall~~
25 ~~be assigned the appropriate classification pursuant to paragraph~~
26 ~~"b".~~

27 ~~(7) For a parcel that is primarily used or intended for~~
28 ~~use as commercial property or industrial property, that portion~~
29 ~~of the parcel that is used or intended for human habitation,~~
30 ~~regardless of the number of dwelling units contained on the~~
31 ~~parcel, including a proportionate share of the land included~~
32 ~~in the parcel, if applicable. The portion of such a parcel~~
33 ~~used or intended for use as commercial property or industrial~~
34 ~~property, including a proportionate share of the land included~~
35 ~~in the parcel, if applicable, shall be assigned the appropriate~~

1 ~~classification pursuant to paragraph "b".~~

2 ~~b. Beginning with valuations established on or after January~~
3 ~~1, 2022, for parcels for which a portion of the parcel satisfies~~
4 ~~the requirements for classification as residential property~~
5 ~~pursuant to paragraph "a", subparagraph (6) or (7), the assessor~~
6 ~~shall assign to that portion of the parcel the classification of~~
7 ~~residential property and to such other portions of the parcel the~~
8 ~~property classification for which such other portions qualify.~~

9 ~~c. Property that is rented or leased to low-income~~
10 ~~individuals and families as authorized by section 42 of the~~
11 ~~Internal Revenue Code, and that has not been withdrawn from~~
12 ~~section 42 assessment procedures under subsection 2 of this~~
13 ~~section, or a hotel, motel, inn, or other building where rooms or~~
14 ~~dwelling units are usually rented for less than one month shall~~
15 ~~not be classified as residential property under this subsection.~~

16 ~~d. As used in this subsection:~~

17 ~~(1) "Assisted living facility" means property for providing~~
18 ~~assisted living as defined in section 231C.2. "Assisted living~~
19 ~~facility" also includes a health care facility, as defined in~~
20 ~~section 135C.1, an elder group home, as defined in section~~
21 ~~231B.1, a child foster care facility under chapter 237, or~~
22 ~~property used for a hospice program as defined in section 135J.1.~~

23 ~~(2) "Dwelling unit" means an apartment, group of rooms, or~~
24 ~~single room which is occupied as separate living quarters or, if~~
25 ~~vacant, is intended for occupancy as separate living quarters,~~
26 ~~in which a tenant can live and sleep separately from any other~~
27 ~~persons in the building.~~

28 ~~(3) "Land-leased community" means the same as defined in~~
29 ~~sections 335.30A and 414.28A.~~

30 ~~(4) "Manufactured home community" means the same as a~~
31 ~~land-leased community.~~

32 ~~(5) "Mobile home park" means the same as defined in section~~
33 ~~435.1.~~

34 ~~Sec. 60. Section 558.46, Code 2025, is amended by adding the~~
35 ~~following new subsection:~~

1 NEW SUBSECTION. 4A. For the purposes of this section,
2 "residential property" includes commercial or multiresidential
3 property.

4 Sec. 61. SAVINGS PROVISION. This division of this Act,
5 pursuant to section 4.13, does not affect the operation of, or
6 prohibit the application of, prior provisions of section 441.21,
7 or rules adopted under chapter 17A to administer prior provisions
8 of section 441.21, for assessment years beginning before January
9 1, 2025, or for duties, powers, protests, appeals, proceedings,
10 actions, or remedies attributable to an assessment year beginning
11 before January 1, 2025, including property taxes due and payable
12 in a fiscal year as the result of an assessment year beginning
13 before January 1, 2025.

14 Sec. 62. RETROACTIVE APPLICABILITY. This division of this
15 Act applies retroactively to assessment years beginning on or
16 after January 1, 2025.

17 DIVISION V

18 DISABLED VETERAN AND HOMESTEAD CREDITS AND EXEMPTIONS

19 Sec. 63. Section 25B.7, subsection 2, paragraph a, Code 2025,
20 is amended to read as follows:

21 a. Homestead tax credit pursuant to section 425.1, and
22 sections 425.2 through 425.13, ~~and section 425.15.~~

23 Sec. 64. Section 425.1, subsection 2, Code 2025, is amended
24 by striking the subsection and inserting in lieu thereof the
25 following:

26 2. a. The homestead credit fund shall be apportioned each
27 year so as to give a credit against the tax on each eligible
28 homestead in the state equal to the amounts specified pursuant to
29 paragraph "b" or "c", as applicable.

30 b. (1) If the owner of a homestead allowed a credit under
31 this subchapter is any of the following, the homestead credit
32 allowed on the homestead shall be the entire amount of tax levied
33 on the homestead:

34 (a) A veteran of any of the military forces of the United
35 States who acquired the homestead under 38 U.S.C. §21.801, 21.802

1 prior to August 6, 1991, or under 38 U.S.C. §2101, 2102.

2 (b) A veteran as defined in section 35.1 with a permanent
3 service-connected disability rating of one hundred percent, as
4 certified by the United States department of veterans affairs,
5 or a permanent and total disability rating based on individual
6 unemployability that is compensated at the one hundred percent
7 disability rate, as certified by the United States department of
8 veterans affairs.

9 (c) A former member of the national guard of any state
10 who otherwise meets the service requirements of section 35.1,
11 subsection 2, paragraph "b", subparagraph (2) or (7), with a
12 permanent service-connected disability rating of one hundred
13 percent, as certified by the United States department of veterans
14 affairs, or a permanent and total disability rating based on
15 individual unemployability that is compensated at the one hundred
16 percent disability rate, as certified by the United States
17 department of veterans affairs.

18 (d) An individual who is a surviving spouse or a child and
19 who is receiving dependency and indemnity compensation pursuant
20 to 38 U.S.C. §1301 et seq., as certified by the United States
21 department of veterans affairs.

22 (2) (a) For an owner described in subparagraph (1),
23 subparagraph division (a), (b), or (c), the credit allowed shall
24 be continued to the estate of an owner who is deceased or the
25 surviving spouse and any child, as defined in section 234.1,
26 who are the beneficiaries of a deceased owner, so long as the
27 surviving spouse remains unmarried.

28 (b) An individual described in subparagraph (1), subparagraph
29 division (d), is no longer eligible for the credit upon
30 termination of dependency and indemnity compensation under 38
31 U.S.C. §1301 et seq.

32 (3) An owner or a beneficiary of an owner who elects to
33 secure the credit provided in this paragraph is not eligible for
34 the credit provided in paragraph "c" or any other real property
35 tax credit or exemption provided by law for veterans of military

1 service.

2 (4) If an owner acquires a different homestead, the credit
3 allowed under this paragraph may be claimed on the new homestead
4 unless the owner fails to meet the other requirements of this
5 paragraph.

6 (5) (a) Except as provided in subparagraph division (b),
7 the list of the names and addresses of individuals allowed
8 a credit under this paragraph and maintained by the county
9 recorder, county treasurer, county assessor, city assessor, or
10 other government body is confidential information and shall
11 not be disseminated to any person unless otherwise ordered by
12 a court or released by the lawful custodian of the records
13 pursuant to state or federal law. The county recorder, county
14 treasurer, county assessor, city assessor, or other government
15 body responsible for maintaining the names and addresses of
16 individuals allowed a credit under this paragraph may display
17 such credit on individual paper records and individual electronic
18 records, including display on an internet site.

19 (b) Upon request, a county recorder, county assessor, city
20 assessor, or other entity may share information as described in
21 subparagraph division (a) to a county veterans service officer
22 for purposes of providing information on benefits and services
23 available to veterans and their families.

24 (6) (a) For an owner who makes an application to secure the
25 credit provided in this paragraph before July 1, 2025, and for
26 the beneficiary of such an owner, "homestead" shall mean the same
27 as defined in section 425.11 for each succeeding assessment year.

28 (b) For an owner who makes an application to secure the
29 credit provided in this paragraph on or after July 1, 2025, and
30 for the beneficiary of such an owner, "homestead" shall mean the
31 same as provided in section 425.11, except the homestead shall
32 not include appurtenances and shall not exceed one-half acre.

33 (7) For purposes of this paragraph, "permanent and total
34 disability rating based on individual unemployability" means
35 a condition under which a person has either a permanent

1 service-connected disability rating of sixty percent or two
2 or more permanent service-connected disability conditions in
3 which one of the conditions has at least a forty percent
4 rating and the combined rating for all the conditions is at
5 least seventy percent, and the person has an administrative
6 adjustment added to the service-connected disability rating,
7 due to individual unemployability, such that the United States
8 department of veterans affairs rates the veteran permanently and
9 totally disabled for purposes of disability compensation.

10 c. (1) For assessment years beginning prior to January 1,
11 2025, unless eligible under section 425.15, Code 2025, an amount
12 equal to the actual levy on the first four thousand eight hundred
13 fifty dollars of actual value for each homestead.

14 (2) For the assessment year beginning January 1, 2025, and
15 each assessment year thereafter, unless eligible under paragraph
16 "b", zero.

17 Sec. 65. Section 425.1A, subsection 1, Code 2025, is amended
18 to read as follows:

19 1. The following exemptions from taxation shall be allowed in
20 addition to the ~~homestead credit~~ exemption under subsection 1A
21 for an owner that has attained the age of sixty-five years by
22 January 1 of the assessment year:

23 a. For the assessment year beginning January 1, 2023, the
24 eligible homestead, not to exceed three thousand two hundred
25 fifty dollars in taxable value.

26 b. For ~~the assessment year~~ years beginning on or after
27 January 1, 2024, and each succeeding assessment year, the
28 eligible homestead, not to exceed six thousand five hundred
29 dollars in taxable value.

30 Sec. 66. Section 425.1A, Code 2025, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 1A. For each assessment year beginning on
33 or after January 1, 2025, an exemption from taxation of fifty
34 thousand dollars in taxable value shall be allowed on each
35 eligible homestead in addition to the exemption under subsection

1 1, if applicable.

2 Sec. 67. Section 425.2, subsections 1 and 2, Code 2025, are
3 amended to read as follows:

4 1. A person who wishes to qualify for the homestead credit
5 or exemption allowed under this subchapter shall obtain the
6 appropriate forms for filing ~~for the credit~~ from the assessor.
7 The forms shall include the ability to claim the credit under
8 section 425.1 and the exemptions under section 425.1A.
9 However, a separate form shall be required for claiming a credit
10 under section 425.1, subsection 2, paragraph "b". The person
11 claiming the credit or exemption shall file a verified statement
12 and designation of homestead with the assessor for the year for
13 which the person is first claiming the credit or exemption. The
14 claim shall be filed not later than July 1 of the year for which
15 the person is claiming the credit or exemption. A claim filed
16 after July 1 of the year for which the person is claiming the
17 credit or exemption shall be considered as a claim filed for the
18 following year.

19 2. Upon the filing and allowance of the claim, the claim
20 shall be allowed on that homestead for successive years without
21 further filing as long as the property is legally or equitably
22 owned and used as a homestead by that person or that person's
23 spouse on July 1 of each of those successive years, and the owner
24 of the property being claimed as a homestead declares residency
25 in Iowa for purposes of income taxation, and the property is
26 occupied by that person or that person's spouse for at least
27 six months in each of those calendar years in which the fiscal
28 year begins. When the property is sold or transferred, the
29 buyer or transferee who wishes to qualify shall refile for the
30 credit or exemption. However, when the property is transferred
31 as part of a distribution made pursuant to chapter 598, the
32 transferee who is the spouse retaining ownership of the property
33 is not required to refile for the credit or exemption. Property
34 divided pursuant to chapter 598 shall not be modified following
35 the division of the property. An owner who ceases to use a

1 property for a homestead or intends not to use it as a homestead
2 for at least six months in a calendar year shall provide written
3 notice to the assessor by July 1 following the date on which the
4 use is changed. A person who sells or transfers a homestead
5 or the personal representative of a deceased person who had a
6 homestead at the time of death, shall provide written notice to
7 the assessor that the property is no longer the homestead of the
8 former claimant.

9 Sec. 68. Section 425.2, subsection 4, Code 2025, is amended
10 by striking the subsection.

11 Sec. 69. Section 425.2, subsections 5 and 6, Code 2025, are
12 amended to read as follows:

13 5. Any person sixty-five years of age or older or any person
14 who is disabled may request, in writing, from the appropriate
15 assessor forms for filing ~~for homestead tax credit~~. Any person
16 sixty-five years of age or older or who is disabled may complete
17 the form, which shall include a statement of homestead, and mail
18 or return it to the appropriate assessor. The signature of
19 the claimant on the statement shall be considered the claimant's
20 acknowledgment that all statements and facts entered on the form
21 are correct to the best of the claimant's knowledge.

22 6. Upon adoption of a resolution by the county board of
23 supervisors, any person may request, in writing, from the
24 appropriate assessor forms for the filing ~~for homestead tax~~
25 ~~credit~~. The person may complete the form, which shall include a
26 statement of homestead, and mail or return it to the appropriate
27 assessor. The signature of the claimant on the statement of
28 homestead shall be considered the claimant's acknowledgment that
29 all statements and facts entered on the form are correct to the
30 best of the claimant's knowledge.

31 Sec. 70. Section 425.8, subsection 1, Code 2025, is amended
32 to read as follows:

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

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

12 Sec. 71. Section 425.11, subsection 1, paragraph d,
13 subparagraph (1), unnumbered paragraph 1, Code 2025, is amended
14 to read as follows:

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

20 Sec. 72. Section 425.11, subsection 1, paragraph d,
21 subparagraph (3), Code 2025, is amended to read as follows:

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

28 Sec. 73. Section 425.11, subsection 1, paragraph e,
29 subparagraph (2), Code 2025, is amended to read as follows:

30 (2) For the purpose of this subchapter, the word "owner"
31 shall be construed to mean a bona fide owner and not one for
32 the purpose only of availing the person of the benefits of this
33 subchapter. In order to qualify for the homestead tax credit
34 ~~and~~ or exemption, evidence of ownership shall be on file in the
35 office of the clerk of the district court or recorded in the

1 office of the county recorder at the time the owner files with
2 the assessor a verified statement of the homestead claimed by the
3 owner as provided in section 425.2.

4 Sec. 74. Section 483A.24, subsection 19, Code 2025, is
5 amended to read as follows:

6 19. Upon payment of a fee established by rules adopted
7 pursuant to section 483A.1 for a lifetime trout fishing license,
8 the department shall issue a lifetime trout fishing license to a
9 person who is at least sixty-five years of age or to a person who
10 qualifies for the disabled veteran homestead credit under section
11 ~~425.15~~ 425.1, subsection 2, paragraph "b". The department shall
12 prepare an application to be used by a person requesting a
13 lifetime trout fishing license under this subsection.

14 Sec. 75. REPEAL. Section 425.15, Code 2025, is repealed.

15 Sec. 76. IMPLEMENTATION. Homestead owners who have filed for
16 or that are receiving homestead credits or exemptions under
17 chapter 425, subchapter I, before the effective date of this
18 division of this Act shall continue to receive such credits and
19 exemptions for which the owner is eligible for assessment years
20 beginning on or after January 1, 2025, without refileing, and, if
21 the owner is eligible, shall receive the exemption under section
22 425.1A, subsection 1A, as enacted in this division of this Act,
23 without filing for such exemption.

24 Sec. 77. RETROACTIVE APPLICABILITY. This division of this
25 Act applies retroactively to assessment years beginning on or
26 after January 1, 2025.

27 DIVISION VI

28 MILITARY SERVICE PROPERTY TAX EXEMPTION

29 Sec. 78. Section 426A.11, subsection 2, Code 2025, is amended
30 to read as follows:

31 2. a. The property, not to exceed one thousand eight hundred
32 fifty-two dollars in taxable value for assessment years beginning
33 before January 1, 2023, of an honorably separated, retired,
34 furloughed to a reserve, placed on inactive status, or discharged
35 veteran, as defined in section 35.1, subsection 2, paragraph "a"

1 or "b".

2 b. The property, not to exceed four thousand dollars in
3 taxable value for the assessment years beginning on or after
4 January 1, 2023, but before January 1, 2025, of an honorably
5 separated, retired, furloughed to a reserve, placed on inactive
6 status, or discharged veteran, as defined in section 35.1,
7 subsection 2, paragraph "a" or "b".

8 c. The property, not to exceed the following amounts in
9 taxable value, of an honorably separated, retired, furloughed to
10 a reserve, placed on inactive status, or discharged veteran, as
11 defined in section 35.1, subsection 2, paragraph "a" or "b":

12 (1) Five thousand dollars in taxable value for the assessment
13 year beginning January 1, 2025.

14 (2) Six thousand dollars in taxable value for the assessment
15 year beginning January 1, 2026.

16 (3) Seven thousand dollars in taxable value for assessment
17 years beginning on or after January 1, 2027.

18 Sec. 79. RETROACTIVE APPLICABILITY. This division of this
19 Act applies retroactively to January 1, 2025, for assessment
20 years beginning on or after that date.

21 DIVISION VII

22 HOSPITAL AND EMERGENCY MEDICAL SERVICES PROPERTY TAX LEVIES

23 Sec. 80. Section 347.7, Code 2025, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 3A. a. For fiscal years beginning on or
26 after July 1, 2026, any property tax levy imposed for a county
27 hospital under this chapter that is limited by law to a specific
28 property tax levy rate per one thousand dollars of assessed value
29 shall not exceed a levy rate per one thousand dollars of assessed
30 value that is equal to one thousand multiplied by the quotient
31 obtained by dividing the product of the budget adjustment factor
32 multiplied by the current fiscal year's actual property tax
33 dollars certified for such levy by the remainder of the total
34 assessed value used to calculate such taxes for the budget year
35 minus value attributable to new valuation.

1 *b.* For purposes of this subsection, "*budget adjustment*
2 *factor*", "*budget year*", and "*current fiscal year*" mean the same
3 as defined in section 331.423.

4 Sec. 81. Section 347A.3, Code 2025, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 3. *a.* For fiscal years beginning on or
7 after July 1, 2026, any property tax levy imposed for a county
8 hospital under this chapter that is limited by law to a specific
9 property tax levy rate per one thousand dollars of assessed value
10 shall not exceed a levy rate per one thousand dollars of assessed
11 value that is equal to one thousand multiplied by the quotient
12 obtained by dividing the product of the budget adjustment factor
13 multiplied by the current fiscal year's actual property tax
14 dollars certified for such levy by the remainder of the total
15 assessed value used to calculate such taxes for the budget year
16 minus value attributable to new valuation.

17 *b.* For purposes of this subsection, "*budget adjustment*
18 *factor*", "*budget year*", and "*current fiscal year*" mean the same
19 as defined in section 331.423.

20 Sec. 82. Section 357F.8, Code 2025, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 3. *a.* For fiscal years beginning on or
23 after July 1, 2026, any property tax levy imposed for the
24 district under this chapter that is limited by law to a specific
25 property tax levy rate per one thousand dollars of assessed value
26 shall not exceed a levy rate per one thousand dollars of assessed
27 value that is equal to one thousand multiplied by the quotient
28 obtained by dividing the product of the budget adjustment factor
29 multiplied by the current fiscal year's actual property tax
30 dollars certified for such levy by the remainder of the total
31 assessed value used to calculate such taxes for the budget year
32 minus value attributable to new valuation.

33 *b.* For purposes of this subsection, "*budget adjustment*
34 *factor*", "*budget year*", and "*current fiscal year*" mean the same
35 as defined in section 331.423.

1 Sec. 83. Section 357G.8, Code 2025, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 3. a. For fiscal years beginning on or
4 after July 1, 2026, any property tax levy imposed for the
5 district under this chapter that is limited by law to a specific
6 property tax levy rate per one thousand dollars of assessed value
7 shall not exceed a levy rate per one thousand dollars of assessed
8 value that is equal to one thousand multiplied by the quotient
9 obtained by dividing the product of the budget adjustment factor
10 multiplied by the current fiscal year's actual property tax
11 dollars certified for such levy by the remainder of the total
12 assessed value used to calculate such taxes for the budget year
13 minus value attributable to new valuation.

14 b. For purposes of this subsection, "*budget adjustment*
15 *factor*", "*budget year*", and "*current fiscal year*" mean the same
16 as defined in section 384.1.

17 Sec. 84. NEW SECTION. **422D.5A Levy limitation.**

18 1. For fiscal years beginning on or after July 1, 2026, any
19 property tax levy imposed under this chapter that is limited
20 by law to a specific property tax levy rate per one thousand
21 dollars of assessed value shall not exceed a levy rate per one
22 thousand dollars of assessed value that is equal to one thousand
23 multiplied by the quotient obtained by dividing the product of
24 the budget adjustment factor multiplied by the current fiscal
25 year's actual property tax dollars certified for such levy by
26 the remainder of the total assessed value used to calculate
27 such taxes for the budget year minus value attributable to new
28 valuation.

29 2. For purposes of this section, "*budget adjustment factor*",
30 "*budget year*", and "*current fiscal year*" mean the same as defined
31 in section 331.423.

32 DIVISION VIII

33 PROPERTY TAX LEVY RATES

34 Sec. 85. Section 176A.10, subsection 1, paragraphs a, b, c,
35 d, and e, Code 2025, are amended by striking the paragraphs and

1 inserting in lieu thereof the following:

2 a. For an extension district having a population of less than
3 thirty thousand, an annual levy of fifteen cents per thousand
4 dollars of the assessed valuation of the taxable property in
5 the district up to a maximum of two hundred ninety-one thousand
6 dollars payable during the fiscal year commencing July 1, 2026,
7 and an increase of six thousand dollars in the amount payable
8 during each subsequent fiscal year.

9 b. For an extension district having a population of thirty
10 thousand or more but less than fifty thousand, an annual levy
11 of ten and one-eighth cents per thousand dollars of the assessed
12 valuation of the taxable property in the district up to a maximum
13 of three hundred forty-two thousand dollars payable during the
14 fiscal year commencing July 1, 2026, and an increase of seven
15 thousand dollars in the amount payable during each subsequent
16 fiscal year.

17 c. For an extension district having a population of fifty
18 thousand or more but less than ninety thousand, an annual levy of
19 six and three-fourths cents per thousand dollars of the assessed
20 valuation of the taxable property in the district up to a maximum
21 of four hundred thirty-six thousand five hundred dollars payable
22 during the fiscal year commencing July 1, 2026, and an increase
23 of nine thousand dollars in the amount payable during each
24 subsequent fiscal year.

25 d. For an extension district having a population of ninety
26 thousand or more but less than two hundred thousand, an annual
27 levy of six and three-fourths cents per thousand dollars of
28 the assessed valuation of the taxable property in the district
29 up to a maximum of six hundred ninety thousand dollars payable
30 during the fiscal year commencing July 1, 2026, and an increase
31 of fifteen thousand dollars in the amount payable during each
32 subsequent fiscal year.

33 e. For an extension district having a population of two
34 hundred thousand or more, an annual levy of two and one-half
35 cents per thousand dollars of the assessed valuation of the

1 taxable property in the district up to a maximum of one million
2 fifty thousand dollars payable during the fiscal year commencing
3 July 1, 2026, and an increase of twenty-five thousand dollars in
4 the amount payable during each subsequent fiscal year.

5 Sec. 86. Section 176A.10, subsection 2, Code 2025, is amended
6 by striking the subsection.

7 Sec. 87. Section 312.2, subsection 5, paragraph a, Code 2025,
8 is amended to read as follows:

9 a. The treasurer of state, before making any allotments to
10 counties under this section, shall reduce the allotment to a
11 county for the secondary road fund by the amount by which the
12 total funds that the county transferred or provided during the
13 prior fiscal year under section 331.429, subsection 1, paragraphs
14 "a", "b", "d", and "e", are less than ~~seventy-five~~ fifty-one
15 percent of the sum of the following:

16 (1) From the general fund of the county, the dollar
17 equivalent of a tax of ~~sixteen and seven-eighths~~ eight and
18 seven-sixteenths cents per thousand dollars of assessed value on
19 all taxable property in the county.

20 (2) From the rural services fund of the county, the dollar
21 equivalent of a tax of ~~three dollars~~ one dollar and ~~three-eighths~~
22 fifty and three-sixteenths of a cent per thousand dollars of
23 assessed value on all taxable property not located within the
24 corporate limits of a city in the county.

25 Sec. 88. NEW SECTION. **444.25 Maximum property tax levy**
26 **rates — adjustments.**

27 1. For purposes of this section:

28 a. "Budget year" is the fiscal year beginning during the
29 calendar year in which a budget is certified.

30 b. "Current fiscal year" is the fiscal year ending during the
31 calendar year in which a budget for the budget year is certified.

32 c. "Rate-limited property tax levy" includes any ad valorem
33 property tax levy limited by law to a specific property tax levy
34 rate per one thousand dollars of assessed value used to calculate
35 taxes, but does not include the school district foundation levy

1 under section 257.3, the county general services levy under
2 section 331.423, subsection 1, the county rural services levy
3 under section 331.423, subsection 2, the city general fund
4 levy under section 384.1, subsection 3, the physical plant and
5 equipment levies under section 298.2, the school district bond
6 tax under section 298.18, any levy under chapter 347 or 347A,
7 and any levy under chapter 357F, 357G, or 422D. In addition,
8 "rate-limited property tax levy" does not include levy rates used
9 in the calculations under section 312.2, subsection 5, paragraph
10 "a".

11 2. For the fiscal year beginning July 1, 2026, each
12 rate-limited property tax levy may only be imposed if the
13 governmental entity imposed such levy for the fiscal year
14 beginning July 1, 2025, and shall, by operation of this section,
15 be limited to a levy rate per one thousand dollars of assessed
16 value that is equal to one thousand multiplied by the quotient
17 of one hundred two percent of the current fiscal year's actual
18 property tax dollars certified for such levy divided by the
19 total assessed value used to calculate such taxes for the budget
20 year, but not less than a levy rate per one thousand dollars of
21 assessed value that results in an amount of actual property tax
22 dollars certified for levy for such levy equal to one hundred and
23 one-half percent of the actual property tax dollars certified for
24 such levy for the fiscal year beginning July 1, 2025.

25 3. For the fiscal year beginning July 1, 2027, and each
26 fiscal year thereafter, rate-limited property tax levies may
27 be imposed by any governmental entity otherwise authorized by
28 law, regardless of whether the governmental entity imposed the
29 levy for the fiscal year beginning July 1, 2025, at rates not
30 to exceed those established by the general assembly by statute
31 following receipt and consideration of the report submitted by
32 the legislative interim committee requested to be established by
33 the legislative council in this division of this Act.

34 Sec. 89. NEW SECTION. **444.26 Use of bonds and indebtedness**
35 **for general operations — prohibition.**

1 1. For purposes of this section, "general operations" means
2 services or activities generally funded from the governmental
3 entity's general fund, which are necessary for the operation
4 of the governmental entity, including salaries and benefits, or
5 which are for the health and welfare of the governmental entity's
6 citizens or primarily intended to benefit all residents of the
7 governmental entity, but excluding services financed by statutory
8 funds other than a debt service fund.

9 2. On or after July 1, 2025, a city or county shall not issue
10 bonds or other indebtedness payable from an ad valorem property
11 tax levy for the purpose of funding the general operations of
12 the city or general operations of the county, as applicable, or
13 otherwise use proceeds from the sale of bonds or issuance of
14 other indebtedness to fund general operations.

15 3. The city finance committee shall adopt rules under chapter
16 17A for cities to implement this section. The county finance
17 committee shall adopt rules under chapter 17A for counties to
18 implement this section.

19 Sec. 90. PROPERTY TAXATION RATES — STUDY COMMITTEE.

20 1. a. The legislative council is requested to establish a
21 legislative study committee during the 2025 legislative interim
22 to examine appropriate rates of property taxation imposed by
23 governmental entities following the adjustments to assessment
24 limitations and levy rate limitations made in this Act.

25 b. The study committee shall consist of the following voting
26 members of the general assembly:

27 (1) Two members of the senate appointed by the majority
28 leader of the senate.

29 (2) One member of the senate appointed by the minority leader
30 of the senate.

31 (3) Two members of the house of representatives appointed by
32 the speaker of the house of representatives.

33 (4) One member of the house of representatives appointed by
34 the minority leader of the house of representatives.

35 2. The committee shall make recommendations to and file a

1 report with the general assembly relating to the appropriate
2 rates of property taxation imposed by governmental entities
3 following enactment of this Act, no later than January 15, 2026.

4 Sec. 91. EFFECTIVE DATE. The following take effect January
5 1, 2026:

6 1. The sections of this division of this Act amending section
7 176A.10.

8 2. The section of this division of this Act amending section
9 312.2.

10 Sec. 92. APPLICABILITY. The following apply to fiscal years
11 beginning on or after July 1, 2026:

12 1. The sections of this division of this Act amending section
13 176A.10.

14 2. The section of this division of this Act amending section
15 312.2.

16 DIVISION IX

17 ELDERLY PROPERTY TAXES — LOW INCOME

18 Sec. 93. Section 425.17, subsection 2, paragraph a,
19 subparagraph (3), Code 2025, is amended to read as follows:

20 (3) A person filing a claim for credit under this subchapter
21 who has attained the age of seventy years on or before December
22 31 of the base year, who has a household income of less than
23 ~~two~~ three hundred fifty percent of the federal poverty level, as
24 defined by the most recently revised poverty income guidelines
25 published by the United States department of health and human
26 services, and is domiciled in this state at the time the claim is
27 filed or at the time of the person's death in the case of a claim
28 filed by the executor or administrator of the claimant's estate.

29 Sec. 94. APPLICABILITY. This division of this Act applies to
30 assessment years beginning on or after January 1, 2026.

31 DIVISION X

32 BRUCCELLOSIS AND TUBERCULOSIS ERADICATION FUND — LEVY

33 Sec. 95. Section 165.18, subsections 2 and 3, Code 2025, are
34 amended by striking the subsections.

35 Sec. 96. Section 331.512, subsection 1, paragraph e, Code

1 2025, is amended by striking the paragraph.

2 Sec. 97. Section 331.559, subsection 2, Code 2025, is amended
3 by striking the subsection.

4 Sec. 98. EFFECTIVE DATE. This division of this Act takes
5 effect upon enactment.

6 Sec. 99. APPLICABILITY. This division of this Act applies to
7 property taxes due and payable in fiscal years beginning on or
8 after July 1, 2025.

9 EXPLANATION

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

12 This bill relates to local government property taxes,
13 financial authority, and budgets.

14 DIVISION I — COUNTY PROPERTY TAXES AND BUDGETS. Code section
15 331.423 establishes a levy rate limitation for the general county
16 services levy and a limitation for the rural county services
17 levy. The bill modifies the general county services levy rate
18 limitation for the fiscal year beginning July 1, 2026, to be
19 a levy rate not to exceed the greater of: (1) a levy rate
20 per \$1,000 of assessed value equal to 1,000 multiplied by the
21 quotient of 102 percent of the current fiscal year's (immediately
22 preceding fiscal year) actual property tax dollars certified for
23 levy for general county services divided by the remainder of the
24 total assessed value used to calculate such taxes for the budget
25 year minus value attributable to new valuation, as defined in
26 the bill; and (2) a levy rate per \$1,000 of assessed value that
27 results in an amount of actual property tax dollars certified
28 for levy for general county services equal to 100.5 percent of
29 the actual property tax dollars certified for such levy for the
30 current fiscal year.

31 For each fiscal year beginning on or after July 1, 2027,
32 the maximum levy rate is the levy rate imposed by the county
33 for the current fiscal year unless the total assessed value,
34 excluding new valuation, used to calculate taxes for general
35 county services for the budget year is equal to or exceeds 102

1 percent of the total assessed value used to calculate taxes for
2 general county services for the current fiscal year, and for the
3 budget year beginning July 1, 2027, only, not less than a levy
4 rate per \$1,000 of assessed value that results in an amount of
5 actual property tax dollars certified for levy equal to 100.5
6 percent of the actual property tax dollars certified for levy for
7 the current fiscal year.

8 If the total assessed value, excluding value attributable
9 to new valuation, used to calculate taxes for general county
10 services for the budget year is equal to or exceeds 102 percent
11 of the total assessed value used to calculate taxes for general
12 county services for the current fiscal year, the levy rate
13 imposed shall not exceed a levy rate per \$1,000 of assessed value
14 that is equal to 1,000 multiplied by the quotient obtained by
15 dividing the product of the budget adjustment factor, as defined
16 in the bill and which ranges from 102 percent to 105 percent
17 depending upon the amount of annual increase in the consumer
18 price index, multiplied by the current fiscal year's actual
19 property tax dollars certified for levy by the remainder of the
20 total assessed value used to calculate such taxes for the budget
21 year minus value attributable to new valuation.

22 The bill similarly modifies the maximum levy rate for rural
23 county services for fiscal years beginning on or after July 1,
24 2026.

25 The division takes effect January 1, 2026, and applies to
26 county taxes and budgets for fiscal years beginning on or after
27 July 1, 2026.

28 DIVISION II — CITY PROPERTY TAXES AND BUDGETS. Code section
29 384.1 establishes the city general fund levy and limits on
30 the levy rate. The bill modifies the general fund levy rate
31 limitation for the fiscal year beginning July 1, 2026, to be
32 a levy rate not to exceed the greater of: (1) a levy rate
33 per \$1,000 of assessed value equal to 1,000 multiplied by the
34 quotient of 102 percent of the current fiscal year's (immediately
35 preceding fiscal year) actual property tax dollars certified for

1 levy divided by the remainder of the total assessed value used to
2 calculate such taxes for the budget year minus value attributable
3 to new valuation, as defined in the bill; and (2) a levy rate
4 per \$1,000 of assessed value that results in an amount of actual
5 property tax dollars certified for levy equal to 100.5 percent of
6 the actual property tax dollars certified for such levy for the
7 current fiscal year.

8 For each fiscal year beginning on or after July 1, 2027, the
9 maximum levy rate is the levy rate imposed by the city for the
10 current fiscal year unless the total assessed value, excluding
11 new valuation, used to calculate taxes for the budget year is
12 equal to or exceeds 102 percent of the total assessed value
13 used to calculate taxes for the current fiscal year, and for the
14 budget year beginning July 1, 2027, only, not less than a levy
15 rate per \$1,000 of assessed value that results in an amount of
16 actual property tax dollars certified for levy equal to 100.5
17 percent of the actual property tax dollars certified for levy for
18 the current fiscal year.

19 If the total assessed value, excluding value attributable to
20 new valuation, used to calculate taxes for the city general fund
21 for the budget year is equal to or exceeds 102 percent of the
22 total assessed value used to calculate taxes for the current
23 fiscal year, the levy rate imposed shall not exceed a levy rate
24 per \$1,000 of assessed value that is equal to 1,000 multiplied
25 by the quotient obtained by dividing the product of the budget
26 adjustment factor, as defined in the bill and which ranges from
27 102 percent to 105 percent depending upon the amount of annual
28 increase in the consumer price index, multiplied by the current
29 fiscal year's actual property tax dollars certified for levy
30 by the remainder of the total assessed value used to calculate
31 such taxes for the budget year minus value attributable to new
32 valuation.

33 The bill also establishes a methodology to determine a maximum
34 levy rate for a city that is not imposing a general fund levy in
35 the current fiscal year.

1 The division takes effect January 1, 2026, and applies to
2 property taxes and budgets for fiscal years beginning on or after
3 July 1, 2026.

4 DIVISION III — SCHOOL TAXES AND BUDGETS. As part of the state
5 school foundation program, for school budget years beginning
6 on or after July 1, 2022, Code section 257.1 establishes the
7 regular program foundation base to be 88.4 percent of the regular
8 program state cost per pupil. Beginning with the budget year
9 beginning July 1, 2026, the bill increases that percentage to
10 100 percent. Similarly, the bill increases the special education
11 support services foundation base percentage from 79 percent to
12 100 percent.

13 Code section 257.3 requires school districts to levy a
14 foundation property tax of \$5.40 per \$1,000 of assessed value on
15 all taxable property in the school district. The bill reduces
16 the foundation property tax levy rate to \$2.97 per \$1,000 of
17 assessed value for budget years beginning on or after July 1,
18 2026.

19 Code section 257.3 provides an exception to the foundation
20 property tax levy rate of \$5.40 for those school districts that
21 have recently been reorganized. Such districts are provided
22 reduced foundation property tax levy rates for three years
23 following the reorganization. The bill adjusts those reduced
24 rates for reorganizations that take effect on or after July 1,
25 2026, to reflect the reduction made in the bill to the foundation
26 property tax levy imposed by school districts that are not
27 subject to a reorganization and eliminates certain supplemental
28 aid related to such reorganized school district rates for budget
29 years beginning on or after July 1, 2026.

30 The bill eliminates certain property tax adjustment aid under
31 Code section 257.15(2) and (3) for fiscal years beginning on or
32 after July 1, 2026.

33 The bill eliminates the \$24 million general fund appropriation
34 for adjusted additional property tax levy aid under Code section
35 257.15(4) for fiscal years beginning on or after July 1, 2026.

1 The bill also eliminates the annual appropriation of the balance
2 of the property tax equity and relief fund under Code section
3 257.16A for purposes designated under Code section 257.15(4)
4 and requires remaining moneys at the end of a specified fiscal
5 year to be transferred back to the funds from which they were
6 received.

7 The bill eliminates the payment of school district property
8 tax replacement payments for fiscal years beginning on or after
9 July 1, 2026.

10 The bill eliminates the annual appropriation of moneys in the
11 foundation base supplement fund for fiscal years beginning on or
12 after July 1, 2026, and requires the remaining moneys at the end
13 of a specified fiscal year to be transferred for deposit in the
14 secure an advanced vision for education fund.

15 The bill eliminates transfers from the secure an advanced
16 vision for education fund to the property tax equity and relief
17 fund and the foundation base supplement fund for fiscal years
18 beginning on or after July 1, 2026.

19 In Code chapters 425A (family farm tax credit) and 426
20 (agricultural land tax credit), the bill replaces references
21 to the school foundation property tax levy rate (\$5.40) with
22 citations to the appropriate provision of the Code section
23 establishing the foundation property tax rate.

24 The bill requires each school district with an unexpended fund
25 balance in the district's management levy fund under Code section
26 298A.3 at the conclusion of the fiscal year beginning July 1,
27 2024, that exceeds an amount equal to the total expenditures from
28 the district's management fund for the fiscal year beginning July
29 1, 2024, to certify such unexpended fund balance and expenditure
30 amounts, including any reserved or designated amounts in the fund
31 and the purposes therefor, to the school budget review committee
32 by November 15, 2025. The committee is then required to conduct
33 a review of the unexpended fund balances and expenditures of
34 school district management levy funds certified under the bill.
35 By February 1, 2026, the committee shall make recommendations

1 to the general assembly for establishing district management
2 levy fund unexpended fund balance limitations for fiscal years
3 beginning on or after July 1, 2027, including recommendations for
4 limitations based on a percentage of the district's management
5 levy fund expenditures and recommendations for management levy
6 limitations and expenditure requirements for excess funds.

7 The bill amends several provisions relating to the state
8 school foundation program funding formula to include funding
9 for the media services funding and educational services funding
10 under Code section 257.37 to be included and funded as part
11 of foundation aid paid by the state instead of funding through
12 a school district's additional property tax under Code section
13 257.4 for school budget years beginning on or after July 1, 2026.

14 The bill reduces by 50 percent the maximum levy rates for
15 the regular and voter-approved physical plant and equipment levy
16 under Code section 298.2 and the school district bond tax under
17 Code section 298.18. The bill also repeals an obsolete provision
18 relating to levy adjustments authorized to occur before June 30,
19 2007, in Code section 298.18A.

20 The bill also amends Code section 298.4 by providing that for
21 fiscal years beginning on or after July 1, 2027, if a school
22 district's unexpended fund balance of the district's management
23 levy fund is equal to or exceeds a specified percentage of the
24 average annual expenditures from the district's management levy
25 fund for the three consecutive fiscal years immediately preceding
26 the base year, the board of directors may not certify a district
27 management levy for the fiscal year. Additionally, if a school
28 district is not prohibited from certifying a levy under the bill,
29 the maximum amount that the board of directors may certify for
30 levy under the district management levy shall be an amount equal
31 to the remainder of a specified percentage of the average annual
32 expenditures from the district's management levy fund for the
33 three consecutive fiscal years immediately preceding the base
34 year minus the district's management levy fund unexpended fund
35 balance for the fiscal year preceding the base year.

1 Except for the section of the division amending Code section
2 257.31, which relates to the school budget review committee, this
3 division of the bill takes effect January 1, 2026, and applies to
4 fiscal years and school budget years beginning on or after July
5 1, 2026.

6 DIVISION IV — PROPERTY VALUATIONS AND ASSESSMENT
7 LIMITATIONS. Code section 441.21 provides that the actual value
8 of agricultural property shall be determined on the basis of
9 productivity and net earning capacity and that any formula
10 or method employed to determine productivity and net earning
11 capacity of property shall be adopted in full by rule of
12 the department of revenue. The bill amends that provision
13 by specifying that for assessment years beginning on or after
14 January 1, 2026, structures on agricultural land constructed on
15 or after January 1, 2026, that are not agricultural dwellings
16 shall not be included in determination of productivity and
17 net earning capacity of agricultural property and shall not be
18 allocated any portion of the total county productivity value so
19 determined. Such agricultural structures shall instead be valued
20 according to the structure's replacement cost less depreciation
21 and obsolescence and the structure's assessed value subject to
22 taxation prior to application of any assessment limitation shall
23 be equal to the product of the structure's value multiplied
24 by the agricultural factor, as determined in 701 IAC 102.3(2)
25 or succeeding rule of the department. The bill also provides
26 that such structures shall be treated similarly to agricultural
27 structures constructed before January 1, 2026, when applying any
28 equalization order of the department of revenue.

29 The bill modifies the list of examples of abnormal property
30 transactions that are to be excluded from consideration or
31 adjusted to eliminate distortions of market value when valuing
32 property to include built-to-suit construction, sale-leaseback
33 transactions, leased fee sales, and instead of sales to immediate
34 family, sales between related parties.

35 Code section 441.21(4) establishes the calculation for

1 assessment limitations (rollback) for residential property and
2 agricultural property. The bill strikes the calculation of
3 the residential property assessment limitation for assessment
4 years beginning on or after January 1, 2025, and strikes
5 the provision within the agricultural property assessment
6 limitation calculation that limits growth of residential or
7 agricultural property to the growth in the other classification
8 (ag-residential tie). The bill provides that residential
9 property is assessed at 100 percent of the property's actual
10 value for assessment years beginning on or after January 1, 2025.
11 By operation of law and through changes in the bill, all other
12 classifications of property, except for agricultural property,
13 are assessed at 100 percent of actual value for assessment years
14 beginning on or after January 1, 2025.

15 The bill modifies provisions governing the calculation
16 of payments made to local governments under Code section
17 441.21(5)(e) that are made to replace property taxes due to the
18 application of the residential property assessment limitation to
19 certain portions of commercial and industrial property valuations
20 and eliminates the appropriation for such payments for fiscal
21 years beginning on or after July 1, 2026, due to elimination of
22 the assessment limitations.

23 The bill also reestablishes a multiresidential property
24 classification for assessment years beginning on or after January
25 1, 2025, that includes types of property that were classified
26 as multiresidential property for assessment years beginning
27 before January 1, 2022. Such property is included within the
28 residential property classification under current law. Under the
29 bill, for purposes of equalization under Code sections 441.47
30 through 441.49, multiresidential property shall be considered
31 residential property.

32 This division of the bill applies retroactively to assessment
33 years beginning on or after January 1, 2025.

34 DIVISION V — DISABLED VETERAN AND HOMESTEAD CREDITS AND
35 EXEMPTIONS. Starting with the assessment year beginning January

1 1, 2025, the bill replaces the homestead property tax credit,
2 other than the portion of the credit provided to certain
3 disabled veterans, with a homestead property tax exemption.
4 For assessment years beginning on or after January 1, 2025,
5 the exemption amount is \$50,000 in taxable value. The bill
6 specifies that the elderly homestead exemption of \$6,500 in
7 taxable value applies in addition to the \$50,000 homestead
8 exemption established in the bill.

9 The bill moves the disabled veteran homestead credit from
10 Code section 425.15 to Code section 425.1, and makes changes
11 to the scope of the disabled veteran homestead credit for new
12 applicants. Currently, a disabled veteran with a 100 percent
13 permanent and total disability rating receives a homestead credit
14 on the entire amount of tax levied on the homestead. The bill
15 specifies that a separate application form is required to claim
16 the disabled veteran homestead credit. The bill does not change
17 the homestead credit for an eligible disabled veteran who makes
18 an application for the homestead credit before July 1, 2025. For
19 a disabled veteran who makes an application for the homestead
20 credit on or after July 1, 2025, the bill changes the definition
21 of "homestead" to exclude appurtenances and limits the size of
22 the homestead credit to property on one-half acre.

23 The state continues to reimburse local governments for the
24 homestead credit, which for assessment years beginning on or
25 after January 1, 2025, includes only the disabled veterans
26 homestead credit, but does not reimburse local governments for
27 the homestead exemption under current law and in the bill.

28 The bill provides that homestead owners who have filed for
29 or who are receiving homestead credits or exemptions before
30 the effective date of this division of the bill shall continue
31 to receive such credits and exemptions for which the owner is
32 eligible for assessment years beginning on or after January 1,
33 2025, without refiling, and, if the owner is eligible, shall
34 receive the exemption under Code section 425.1A(1A), as enacted
35 in this division of the bill, without filing for such exemption.

1 This division of the bill applies retroactively to assessment
2 years beginning on or after January 1, 2025.

3 DIVISION VI — MILITARY SERVICE PROPERTY TAX EXEMPTION. Under
4 current law, a veteran receives a property tax exemption of
5 \$4,000 in taxable value on property owned by the veteran.
6 The bill increases the veterans property tax exemption from
7 \$4,000 to the following exemption amounts: for the assessment
8 year beginning January 1, 2025, \$5,000; for the assessment year
9 beginning January 1, 2026, \$6,000; and for assessment years
10 beginning on or after January 1, 2027, \$7,000.

11 The division applies retroactively to assessment years
12 beginning on or after January 1, 2025.

13 DIVISION VII — HOSPITAL AND EMERGENCY MEDICAL SERVICES
14 PROPERTY TAX LEVIES. The bill provides that for fiscal years
15 beginning on or after July 1, 2026, any property tax levy
16 imposed for a county hospital under Code chapter 347 that is
17 limited by law to a specific property tax levy rate per \$1,000
18 of assessed value shall not exceed a levy rate per \$1,000 of
19 assessed value that is equal to 1,000 multiplied by the quotient
20 obtained by dividing the product of the budget adjustment factor
21 multiplied by the current fiscal year's actual property tax
22 dollars certified for such levy by the remainder of the total
23 assessed value used to calculate such taxes for the budget year
24 minus value attributable to new valuation. The bill defines
25 "budget adjustment factor", "budget year", and "current fiscal
26 year" to mean the same as defined in Code section 331.423, as
27 amended in the bill.

28 The bill establishes similar limitations for levies imposed
29 under Code chapters 347A (county hospitals payable from revenue),
30 357F (emergency medical services districts), 357G (city emergency
31 medical services districts), and 422D (optional taxes for
32 emergency medical services) that are limited by law to a specific
33 property tax levy rate per \$1,000 of assessed value.

34 DIVISION VIII — PROPERTY TAX LEVY RATES. The bill
35 establishes a reduction for rate-limited property tax levies.

1 The bill defines "rate-limited property tax levy" to be any ad
2 valorem property tax levy limited by law to a specific property
3 tax levy rate per \$1,000 of assessed value used to calculate
4 taxes, but does not include the school district foundation levy
5 under Code section 257.3, the county general services levy under
6 Code section 331.423(1), the county rural services levy under
7 Code section 331.423(2), the city general fund levy under Code
8 section 384.1(3), the physical plant and equipment levies under
9 Code section 298.2, the school district bond tax under Code
10 section 298.18, any levy under Code chapter 347 or 347A, and
11 any levy under Code chapter 357F, 357G, or 422D. In addition,
12 "rate-limited property tax levy" does not include levy rates used
13 in the calculations under Code section 312.2(5)(a).

14 For the fiscal year beginning July 1, 2026, each rate-limited
15 property tax levy may only be imposed if the governmental entity
16 imposed such levy for the fiscal year beginning July 1, 2025,
17 and shall, by operation of the bill, be limited to a levy
18 rate that is equal to 1,000 multiplied by the quotient of 102
19 percent of the current fiscal year's actual property tax dollars
20 certified for such levy divided by the total assessed value used
21 to calculate such taxes for the budget year, but not less than
22 a levy rate per \$1,000 of assessed value that results in an
23 amount of actual property tax dollars certified for levy for such
24 levy equal to 100.5 percent of the actual property tax dollars
25 certified for such levy for the fiscal year beginning July 1,
26 2025.

27 For the fiscal year beginning July 1, 2027, and each
28 fiscal year thereafter, rate-limited property tax levies may
29 be imposed by any governmental entity otherwise authorized by
30 law, regardless of whether the governmental entity imposed the
31 levy for the fiscal year beginning July 1, 2025, at rates not
32 to exceed those established by the general assembly by statute
33 following receipt and consideration of the report submitted by
34 the legislative interim committee requested to be established by
35 the legislative council in this division of the bill.

1 The bill also provides that, on or after July 1, 2025, a city
2 or county shall not issue bonds or other indebtedness payable
3 from an ad valorem property tax levy for the purpose of funding
4 the general operations of the city or general operations of
5 the county, as applicable, or otherwise use proceeds from the
6 sale of bonds or issuance of other indebtedness to fund general
7 operations. The bill defines "general operations" to mean
8 services or activities generally funded from the governmental
9 entity's general fund, which are necessary for the operation
10 of the governmental entity, including salaries and benefits, or
11 which are for the health and welfare of the governmental entity's
12 citizens or primarily intended to benefit all residents of the
13 governmental entity, but excluding services financed by statutory
14 funds other than a debt service fund.

15 The city finance committee is required to adopt rules under
16 Code chapter 17A for cities to implement the new Code section
17 governing funding of general operations. The county finance
18 committee is required to adopt rules under Code chapter 17A for
19 counties to implement the new Code section governing funding of
20 general operations.

21 The bill updates the calculation methodologies for
22 agricultural extension levies under Code section 176A.10 and
23 reduces levy rates used to make certain calculations related to
24 the secondary road fund allocations under Code section 312.2.

25 The bill requests the legislative council to establish a
26 legislative study committee during the 2025 legislative interim
27 to examine appropriate rates of property taxation imposed by
28 governmental entities following enactment of the bill. The study
29 committee shall consist of six voting members of the general
30 assembly. Two members shall be appointed by the majority leader
31 of the senate, one member appointed by the minority member of
32 the senate, two members appointed by the speaker of the house of
33 representatives, and one member appointed by the minority leader
34 of the house of representatives. The study committee is required
35 to make recommendations to the general assembly by January 15,

1 2026.

2 DIVISION IX — ELDERLY PROPERTY TAXES — LOW INCOME. The
3 bill modifies the eligibility for the property tax credit for
4 persons ages 70 and older under Code chapter 425, subchapter II.
5 Currently, a person filing a claim for the property tax credit
6 who is at least 70 years of age and who has a household income
7 of less than 250 percent of the federal poverty level is eligible
8 to receive a specified credit amount against property taxes due
9 on the claimant's homestead. The bill increases the household
10 income threshold for eligibility from less than 250 percent of
11 the federal poverty level to less than 350 percent of the federal
12 poverty level.

13 The division applies to assessment years beginning on or after
14 January 1, 2026.

15 DIVISION X — BRUCELLOSIS AND TUBERCULOSIS ERADICATION FUND
16 — LEVY. Code section 165.18 authorizes the secretary of
17 agriculture to direct the board of supervisors of each county to
18 levy an amount sufficient to pay the expenses estimated to be
19 incurred from the brucellosis and tuberculosis eradication fund
20 for the following fiscal year, subject to a maximum levy of 33.75
21 cents per \$1,000. The bill strikes the authority to levy such
22 a tax beginning with property taxes due and payable in fiscal
23 years beginning July 1, 2025. The division takes effect upon
24 enactment.