

**Senate Study Bill 1208 - Introduced**

SENATE FILE \_\_\_\_\_

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

**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:

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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 each fiscal year beginning on or after July 1, 2026, but before July 1, 2031, a levy rate per 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.

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, 2031, the levy rate imposed under this subsection 1 for the current fiscal year, unless subject to subparagraph (2).

(2) If the total assessed value, excluding value attributable to new valuation, used to calculate taxes for general county services under this subsection 1 for the budget year is equal to or exceeds one hundred two percent of the total assessed value used to calculate taxes for general county services for the current fiscal year, a levy rate per thousand dollars of assessed value that is equal to one thousand multiplied by the quotient

1 of one hundred two percent of the current fiscal year's actual  
2 property tax dollars certified for levy under this subsection  
3 1 divided by the remainder of the total assessed value used to  
4 calculate such taxes for the budget year minus value attributable  
5 to new valuation.

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

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

15 Sec. 5. Section 331.423, subsection 2, paragraph c, Code  
16 2025, is amended to read as follows:

17 ~~c. For each fiscal year beginning on or after July 1, 2028,~~  
18 ~~three dollars and ninety-five cents per thousand dollars of~~  
19 ~~assessed value~~ For each fiscal year beginning on or after July  
20 1, 2026, but before July 1, 2031, a levy rate per thousand  
21 dollars of assessed value equal to one thousand multiplied by  
22 the quotient of one hundred two percent of the current fiscal  
23 year's actual property tax dollars certified for levy under this  
24 subsection 2 divided by the remainder of the total assessed value  
25 used to calculate such taxes for the budget year minus value  
26 attributable to new valuation.

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

29 NEW PARAGRAPH. d. (1) For each fiscal year beginning on or  
30 after July 1, 2031, the levy rate imposed under this subsection 2  
31 for the current fiscal year, unless subject to subparagraph (2).

32 (2) If the total assessed value, excluding value attributable  
33 to new valuation, used to calculate taxes for rural county  
34 services under this subsection 2 for the budget year is equal to  
35 or exceeds one hundred two percent of the total assessed value

1 used to calculate taxes for rural county services for the current  
2 fiscal year, a levy rate per thousand dollars of assessed value  
3 that is equal to one thousand multiplied by the quotient of one  
4 hundred two percent of the current fiscal year's actual property  
5 tax dollars certified for levy under this subsection 2 divided  
6 by the remainder of the total assessed value used to calculate  
7 such taxes for the budget year minus value attributable to new  
8 valuation.

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

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

15 (1) New construction.

16 (2) Additions or improvements to existing structures that are  
17 not normal and necessary repairs under section 441.21, subsection  
18 8.

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

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

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

27 DIVISION II

28 CITY PROPERTY TAXES AND BUDGETS

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

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

1 of assessed value used to calculate taxes for the budget year  
2 and the adjusted city general fund levy rate, as adjusted under  
3 subparagraph (2), if applicable.

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

6 ~~d. For each fiscal year beginning on or after July 1, 2028,~~  
7 ~~a city's tax levy rate for the general fund, except for levies~~  
8 ~~authorized in section 384.12, shall not exceed eight dollars~~  
9 ~~and ten cents per thousand dollars of assessed value used to~~  
10 ~~calculate taxes in any fiscal year~~ For each fiscal year beginning  
11 on or after July 1, 2026, but before July 1, 2031, a levy rate  
12 per thousand dollars of assessed value equal to one thousand  
13 multiplied by the quotient of one hundred two percent of the  
14 current fiscal year's actual property tax dollars certified for  
15 levy under this subsection divided by the remainder of the total  
16 assessed value used to calculate such taxes for the budget year  
17 minus value attributable to new valuation. Notwithstanding other  
18 provisions of this paragraph, if a city's actual levy rate for  
19 the current fiscal year is zero dollars per thousand dollars of  
20 assessed value, a levy rate per one thousand dollars of assessed  
21 value equal to one thousand multiplied by the quotient of one  
22 hundred two percent of the city's certified general fund budget  
23 for the current fiscal year divided by the remainder of the total  
24 assessed value used to calculate taxes for the budget year minus  
25 value attributable to new valuation.

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

28 NEW PARAGRAPH. e. (1) For each fiscal year beginning on or  
29 after July 1, 2031, the levy rate imposed under this subsection  
30 for the current fiscal year, unless subject to subparagraph (2).

31 (2) If the total assessed value, excluding value attributable  
32 to new valuation, used to calculate taxes under this subsection  
33 for the budget year is equal to or exceeds one hundred two  
34 percent of the total assessed value used to calculate taxes under  
35 this subsection for the current fiscal year, a levy rate per

1 thousand dollars of assessed value that is equal to one thousand  
2 multiplied by the quotient of one hundred two percent of the  
3 current fiscal year's actual property tax dollars certified for  
4 levy under this subsection divided by the remainder of the total  
5 assessed value used to calculate such taxes for the budget year  
6 minus value attributable to new valuation.

7 (3) Notwithstanding other provisions of this paragraph, if  
8 a city's actual levy rate for the current fiscal year is zero  
9 dollars per thousand dollars of assessed value, a levy rate per  
10 one thousand dollars of assessed value equal to one thousand  
11 multiplied by the quotient of one hundred two percent of the  
12 city's certified general fund budget for the current fiscal year  
13 divided by the remainder of the total assessed value used to  
14 calculate taxes for the budget year minus value attributable to  
15 new valuation.

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

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

22 (1) New construction.

23 (2) Additions or improvements to existing structures that are  
24 not normal and necessary repairs under section 441.21, subsection  
25 8.

26 (3) Net boundary adjustments, including annexation,  
27 severance, incorporation, or discontinuance as those terms are  
28 defined in section 368.1.

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

31 Sec. 15. APPLICABILITY. This division of this Act applies to  
32 property taxes and budgets for fiscal years beginning on or after  
33 July 1, 2026.

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DIVISION III

35

SCHOOL TAXES AND BUDGETS

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

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

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

11     (c) For the budget year commencing July 1, 2026, the regular  
12 program foundation base per pupil is ninety and seventy-two  
13 hundredths percent of the regular program state cost per pupil.

14     (d) For the budget year commencing July 1, 2027, the regular  
15 program foundation base per pupil is ninety-three and four  
16 hundredths percent of the regular program state cost per pupil.

17     (e) For the budget year commencing July 1, 2028, the regular  
18 program foundation base per pupil is ninety-five and thirty-six  
19 hundredths percent of the regular program state cost per pupil.

20     (f) For the budget year commencing July 1, 2029, the regular  
21 program foundation base per pupil is ninety-five and sixty-eight  
22 hundredths percent of the regular program state cost per pupil.

23     (g) For the budget year commencing July 1, 2030, and each  
24 succeeding budget year, the regular program foundation base per  
25 pupil is one hundred percent of the regular program state cost  
26 per pupil.

27     (2) (a) For the budget year commencing July 1, 1991, and  
28 for each succeeding budget year beginning before July 1,  
29 2026, the special education support services foundation base is  
30 seventy-nine percent of the special education support services  
31 state cost per pupil.

32     (b) For the budget year commencing July 1, 2026, the special  
33 education support services foundation base is eighty-three and  
34 two-tenths percent of the special education support services  
35 state cost per pupil.

1     (c) For the budget year commencing July 1, 2027, the special  
2 education support services foundation base is eighty-seven and  
3 four-tenths percent of the special education support services  
4 state cost per pupil.

5     (d) For the budget year commencing July 1, 2028, the special  
6 education support services foundation base is ninety-one and  
7 six-tenths percent of the special education support services  
8 state cost per pupil.

9     (e) For the budget year commencing July 1, 2029, the special  
10 education support services foundation base is ninety-five and  
11 eight-tenths percent of the special education support services  
12 state cost per pupil.

13     (f) For the budget year commencing July 1, 2030, and each  
14 succeeding budget year, the special education support services  
15 foundation base is one hundred percent of the special education  
16 support services state cost per pupil.

17     (3) The combined foundation base is the sum of the regular  
18 program foundation base, the special education support services  
19 foundation base, the total teacher salary supplement district  
20 cost, the total professional development supplement district  
21 cost, the total early intervention supplement district cost, the  
22 total teacher leadership supplement district cost, and the total  
23 area education agency teacher salary supplement district cost.

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

26     a. (1) Except as provided in subsections 2 and 3, a school  
27 district shall cause to be levied each budget year beginning  
28 before July 1, 2026, for the school general fund, a foundation  
29 property tax equal to five dollars and forty cents per thousand  
30 dollars of assessed valuation on all taxable property in the  
31 district. The county auditor shall spread the foundation levy  
32 over all taxable property in the district.

33     (2) Except as provided in subsections 2 and 3, a school  
34 district shall cause to be levied for the budget year beginning  
35 July 1, 2026, for the school general fund, a foundation property

1 tax equal to four dollars and ninety cents per thousand dollars  
2 of assessed valuation on all taxable property in the district.  
3 The county auditor shall spread the foundation levy over all  
4 taxable property in the district.

5 (3) Except as provided in subsections 2 and 3, a school  
6 district shall cause to be levied for the budget year beginning  
7 July 1, 2027, for the school general fund, a foundation property  
8 tax equal to four dollars and forty cents per thousand dollars of  
9 assessed valuation on all taxable property in the district. The  
10 county auditor shall spread the foundation levy over all taxable  
11 property in the district.

12 (4) Except as provided in subsections 2 and 3, a school  
13 district shall cause to be levied for the budget year beginning  
14 July 1, 2028, for the school general fund, a foundation property  
15 tax equal to three dollars and ninety cents per thousand dollars  
16 of assessed valuation on all taxable property in the district.  
17 The county auditor shall spread the foundation levy over all  
18 taxable property in the district.

19 (5) Except as provided in subsections 2 and 3, a school  
20 district shall cause to be levied for the budget year beginning  
21 July 1, 2029, for the school general fund, a foundation property  
22 tax equal to three dollars and forty cents per thousand dollars  
23 of assessed valuation on all taxable property in the district.  
24 The county auditor shall spread the foundation levy over all  
25 taxable property in the district.

26 (6) Except as provided in subsections 2 and 3, a school  
27 district shall cause to be levied for the budget year beginning  
28 July 1, 2030, and each succeeding budget year, for the school  
29 general fund, a foundation property tax equal to two dollars and  
30 ninety-seven cents per thousand dollars of assessed valuation  
31 on all taxable property in the district. The county auditor  
32 shall spread the foundation levy over all taxable property in the  
33 district.

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

1     a. Notwithstanding subsection 1, a reorganized school  
2 district for which the reorganization takes effect on or after  
3 July 1, 2026, shall cause a foundation property tax of ~~four~~  
4 two dollars and ~~forty~~ forty-two cents per thousand dollars of  
5 assessed valuation to be levied on all taxable property which, in  
6 the year preceding a reorganization, was within a school district  
7 affected by the reorganization as defined in section 275.1, or in  
8 the year preceding a dissolution was a part of a school district  
9 that dissolved if the dissolution proposal has been approved by  
10 the director of the department of education pursuant to section  
11 275.55.

12     b. ~~In~~ For a reorganized school district for which the  
13 reorganization took effect on or after July 1, 2026, in  
14 succeeding school years, the foundation property tax levy on  
15 that portion shall be increased to the rate of ~~four~~ two dollars  
16 and ~~ninety~~ sixty-nine cents per thousand dollars of assessed  
17 valuation the first succeeding year, ~~five~~ two dollars and ~~fifteen~~  
18 eighty-three cents per thousand dollars of assessed valuation  
19 the second succeeding year, and ~~five~~ two dollars and ~~forty~~  
20 ninety-seven cents per thousand dollars of assessed valuation the  
21 third succeeding year and each year thereafter under subsection  
22 1, paragraph "a".

23     Sec. 19. Section 257.4, subsection 2, Code 2025, is amended  
24 by adding the following new paragraph:

25     NEW PARAGRAPH. c. This subsection applies to budget years  
26 beginning before July 1, 2030.

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

29     2. *Property tax adjustment aid for 1992-1993 and succeeding*  
30 *years.* For the budget year beginning July 1, 1992, and  
31 succeeding budget years beginning before July 1, 2030, the  
32 department of education shall pay property tax adjustment aid  
33 to a school district equal to the amount paid to the district  
34 for the base year less an amount equal to the product of the  
35 percent by which the taxable valuation in the district increased,

1 if the taxable valuation increased, from January 1 of the year  
2 prior to the base year to January 1 of the base year and the  
3 property tax adjustment aid. The department of management shall  
4 adjust the rate of the additional property tax accordingly and  
5 notify the department of education of the amount of aid to be  
6 paid to each district from moneys appropriated for property tax  
7 adjustment aid.

8 3. *Property tax adjustment aid appropriation.* There is  
9 appropriated from the general fund of the state to the department  
10 of education, for each fiscal year beginning before July 1, 2030,  
11 an amount necessary to pay property tax adjustment aid to school  
12 districts under this section. Property tax adjustment aid shall  
13 be paid to school districts in the manner provided in section  
14 257.16.

15 Sec. 21. Section 257.15, subsection 4, paragraph a,  
16 subparagraph (1), subparagraph division (d), Code 2025, is  
17 amended to read as follows:

18 (d) For the budget year beginning July 1, 2009, and  
19 succeeding budget years beginning before July 1, 2030,  
20 twenty-four million dollars.

21 Sec. 22. Section 257.15, subsection 4, paragraph b, Code  
22 2025, is amended to read as follows:

23 b. ~~After~~ For fiscal years beginning before July 1, 2029,  
24 after lowering all school district adjusted additional property  
25 tax levy rates to the statewide maximum adjusted additional  
26 property tax levy rate under paragraph "a", the department of  
27 management shall use any remaining funds at the end of the  
28 calendar year to further lower additional property taxes by  
29 increasing for the budget year beginning the following July  
30 1, the regular program foundation base per pupil percentage  
31 under section 257.1. Moneys used pursuant to this paragraph  
32 shall supplant an equal amount of the appropriation made from  
33 the general fund of the state pursuant to section 257.16 that  
34 represents the increase in state foundation aid. Any moneys  
35 remaining at the conclusion of the fiscal year beginning July 1,

1 2029, shall be transferred by the department of management for  
2 deposit in the general fund of the state.

3 Sec. 23. Section 257.16A, subsections 2 and 3, Code 2025, are  
4 amended to read as follows:

5 2. There For each fiscal year beginning before July 1,  
6 2030, there is appropriated annually all moneys in the fund to  
7 the department of management for purposes of section 257.15,  
8 subsection 4.

9 3. Notwithstanding section 8.33, any moneys remaining in the  
10 property tax equity and relief fund at the end of a fiscal  
11 year shall not revert to any other fund but shall remain in the  
12 property tax equity and relief fund for use as provided in this  
13 section for the following fiscal year. However, at the end of  
14 the fiscal year beginning July 1, 2029, any moneys remaining in  
15 the property tax equity and relief fund shall be transferred for  
16 deposit into either the secure an advanced vision for education  
17 fund or the general fund of the state based on the fund from  
18 which the moneys were received.

19 Sec. 24. Section 257.16B, subsection 1, Code 2025, is amended  
20 to read as follows:

21 1. For each fiscal year beginning on or after July 1, 2022,  
22 but before July 1, 2030, there is appropriated from the general  
23 fund of the state to the department of education an amount  
24 necessary to make all school district property tax replacement  
25 payments under this section, as calculated in subsection 2.

26 Sec. 25. Section 257.16D, subsection 2, paragraph a, Code  
27 2025, is amended to read as follows:

28 a. There For fiscal years beginning before July 1, 2030,  
29 there is appropriated annually from the fund to the department  
30 of management an amount necessary to make all foundation base  
31 supplement payments under this section. The department of  
32 management shall calculate each school district's foundation base  
33 supplement payment based on the distribution methodology under  
34 paragraph "b".

35 Sec. 26. Section 257.16D, subsection 3, Code 2025, is amended

1 to read as follows:

2 3. Notwithstanding section 8.33, any moneys remaining in the  
3 foundation base supplement fund at the end of a fiscal year shall  
4 not revert to any other fund but shall remain in the foundation  
5 base supplement fund for use as provided in this section for the  
6 following fiscal year. However, at the end of the fiscal year  
7 beginning July 1, 2029, any moneys remaining in the foundation  
8 base supplement fund shall be transferred for deposit in the  
9 secure an advanced vision for education fund.

10 Sec. 27. Section 257.31, Code 2025, is amended by adding the  
11 following new subsection:

12 NEW SUBSECTION. 19. a. The board of directors of each  
13 school district with an unexpended fund balance in the district's  
14 management levy fund under section 298A.3 at the conclusion of  
15 the fiscal year beginning July 1, 2024, that exceeds an amount  
16 equal to the total expenditures from the district's management  
17 fund for the fiscal year beginning July 1, 2024, shall certify  
18 such unexpended fund balance and expenditure amounts, including  
19 any reserved or designated amounts in the fund and the purposes  
20 therefor, to the school budget review committee by November  
21 15, 2025. The committee shall prescribe the form for such  
22 certifications.

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

1     Sec. 28. 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. 29. 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. 30. Section 423F.2, subsection 3, paragraph b,  
31 subparagraph (2), Code 2025, is amended to read as follows:

32 (2) For purposes of this subsection, the equity transfer  
33 amount for fiscal years beginning before July 1, 2030, is  
34 determined by multiplying the equity transfer percentage by the  
35 amount of moneys available in the secure an advanced vision for

1 education fund in the fiscal year. For fiscal years beginning on  
2 or after July 1, 2030, the equity transfer amount is zero.

3 (a) For the fiscal year beginning July 1, 2018, the equity  
4 transfer percentage is two and one-tenth percent. For the fiscal  
5 year beginning July 1, 2019, the equity transfer percentage is  
6 three and one-tenth percent.

7 (b) For each fiscal year beginning on or after July 1, 2020,  
8 but before July 1, 2030, the equity transfer percentage is equal  
9 to the equity transfer percentage for the immediately preceding  
10 fiscal year, unless the amount of moneys available in the  
11 secure an advanced vision for education fund in the immediately  
12 preceding fiscal year equals or exceeds one hundred two percent  
13 of the amount of moneys available in the fund for the fiscal  
14 year prior to the immediately preceding fiscal year, in which  
15 case the equity transfer percentage shall be the equity transfer  
16 percentage for the immediately preceding fiscal year plus one  
17 percent subject to the limitation in subparagraph division (c).

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

21 Sec. 31. Section 423F.2, subsection 3, paragraph b,  
22 subparagraph (3), unnumbered paragraph 1, Code 2025, is amended  
23 to read as follows:

24 For purposes of this subsection, the foundation base transfer  
25 amount for the fiscal year beginning July 1, 2019, is zero, and  
26 for each fiscal year beginning on or after July 1, 2020, but  
27 before July 1, 2030, the foundation base transfer amount equals  
28 the equity transfer amount for the fiscal year under subparagraph  
29 (2) minus the sum of the following:

30 Sec. 32. Section 423F.2, subsection 3, paragraph b, Code  
31 2025, is amended by adding the following new subparagraph:

32 NEW SUBPARAGRAPH. (04) For purposes of this subsection, the  
33 foundation base transfer amount for each fiscal year beginning on  
34 or after July 1, 2030, is zero.

35 Sec. 33. Section 425A.3, subsection 1, Code 2025, is amended

1 to read as follows:

2 1. The family farm tax credit fund shall be apportioned each  
3 year in the manner provided in this chapter so as to give a  
4 credit against the tax on each eligible tract of agricultural  
5 land within the several school districts of the state in which  
6 the levy for the general school fund exceeds ~~five dollars and~~  
7 ~~forty cents per thousand dollars of assessed value~~ the levy rate  
8 under section 257.3, subsection 1, paragraph "a". The amount of  
9 the credit on each eligible tract of agricultural land shall be  
10 the amount the tax levied for the general school fund exceeds the  
11 amount of tax which would be levied on each eligible tract of  
12 agricultural land were the levy for the general school fund ~~five~~  
13 ~~dollars and forty cents per thousand dollars of assessed value~~  
14 the levy rate under section 257.3, subsection 1, paragraph "a",  
15 for the previous year. However, in the case of a deficiency in  
16 the family farm tax credit fund to pay the credits in full, the  
17 credit on each eligible tract of agricultural land in the state  
18 shall be proportionate and applied as provided in this chapter.

19 Sec. 34. Section 425A.5, Code 2025, is amended to read as  
20 follows:

21 **425A.5 Computation by county auditor.**

22 The family farm tax credit allowed each year shall be computed  
23 as follows: On or before April 1, the county auditor shall list  
24 by school districts all tracts of agricultural land which are  
25 entitled to credit, the taxable value for the previous year, the  
26 budget from each school district for the previous year, and the  
27 tax rate determined for the general fund of the school district  
28 in the manner prescribed in section 444.3 for the previous year,  
29 and if the tax rate is in excess of ~~five dollars and forty~~  
30 ~~cents per thousand dollars of assessed value~~ the levy rate under  
31 section 257.3, subsection 1, paragraph "a", the auditor shall  
32 multiply the tax levy which is in excess of ~~five dollars and~~  
33 ~~forty cents per thousand dollars of assessed value~~ the levy rate  
34 under section 257.3, subsection 1, paragraph "a", by the total  
35 taxable value of the agricultural land entitled to credit in the

1 school district, and on or before April 1, certify the total  
2 amount of credit and the total number of acres entitled to the  
3 credit to the department of revenue.

4 Sec. 35. Section 426.3, Code 2025, is amended to read as  
5 follows:

6 **426.3 Where credit given.**

7 The agricultural land credit fund shall be apportioned each  
8 year in the manner hereinafter provided so as to give a credit  
9 against the tax on each tract of agricultural lands within the  
10 several school districts of the state in which the levy for the  
11 general school fund exceeds ~~five dollars and forty cents per~~  
12 ~~thousand dollars of assessed value~~ the levy rate under section  
13 257.3, subsection 1, paragraph "a"; the amount of such credit on  
14 each tract of such lands shall be the amount the tax levied for  
15 the general school fund exceeds the amount of tax which would be  
16 levied on said tract of such lands were the levy for the general  
17 school fund ~~five dollars and forty cents per thousand dollars~~  
18 ~~of assessed value~~ the levy rate under section 257.3, subsection  
19 1, paragraph "a", for the previous year, except in the case of  
20 a deficiency in the agricultural land credit fund to pay said  
21 credits in full, in which case the credit on each eligible tract  
22 of such lands in the state shall be proportionate and shall be  
23 applied as hereinafter provided.

24 Sec. 36. Section 426.6, subsection 1, Code 2025, is amended  
25 to read as follows:

26 1. The agricultural land tax credit allowed each year shall  
27 be computed as follows: On or before April 1, the county auditor  
28 shall list by school districts all tracts of agricultural lands  
29 which are entitled to credit, together with the taxable value  
30 for the previous year, together with the budget from each school  
31 district for the previous year, and the tax rate determined for  
32 the general fund of the district in the manner prescribed in  
33 section 444.3 for the previous year, and if such tax rate is in  
34 excess of ~~five dollars and forty cents per thousand dollars of~~  
35 ~~assessed value~~ the levy rate under section 257.3, subsection 1,

1 paragraph "a", the auditor shall multiply the tax levy which is  
2 in excess of five dollars and forty cents per thousand dollars  
3 of assessed value the levy rate under section 257.3, subsection  
4 1, paragraph "a", by the total taxable value of the agricultural  
5 lands entitled to credit in the district, and on or before April  
6 1, certify the amount to the department of revenue.

7 Sec. 37. ADJUSTMENT OF CALCULATIONS. For property tax  
8 credits under chapters 425A and 426 for property taxes due and  
9 payable in fiscal years beginning on or after July 1, 2026, but  
10 before July 1, 2032, the tax rate determined for the general fund  
11 of the school district in the manner prescribed in section 444.3  
12 for the previous year shall be determined using the appropriate  
13 property tax levy rate under section 257.3, as amended in this  
14 division of this Act.

15 Sec. 38. EFFECTIVE DATE. Except for the section of this  
16 division of this Act amending section 257.31, this division of  
17 this Act takes effect July 1, 2026.

18 DIVISION IV

19 PROPERTY VALUATIONS AND ASSESSMENT LIMITATIONS

20 Sec. 39. Section 441.21, subsection 1, paragraph e, Code  
21 2025, is amended to read as follows:

22 e. The actual value of agricultural property shall be  
23 determined on the basis of productivity and net earning capacity  
24 of the property determined on the basis of its use for  
25 agricultural purposes capitalized at a rate of seven percent and  
26 applied uniformly among counties and among classes of property.  
27 However, for assessment years beginning on or after January 1,  
28 2026, structures on agricultural land constructed on or after  
29 January 1, 2026, that are not agricultural dwellings shall not  
30 be included in determination of productivity and net earning  
31 capacity of agricultural property and shall not be allocated any  
32 portion of the total county productivity value so determined.  
33 Such agricultural structures shall instead be valued under  
34 subsection 2 and the structure's assessed value subject to  
35 taxation shall be equal to the product of the structure's value

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

5 Sec. 40. Section 441.21, subsections 4 and 5, Code 2025, are  
6 amended to read as follows:

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

12 a. ~~(1)~~ The percentage of actual value at which agricultural  
13 property shall be assessed shall be the quotient of the dividend  
14 and divisor as defined in this paragraph. The dividend ~~for~~  
15 ~~each class of property~~ shall be the dividend as determined for  
16 ~~each class of~~ agricultural property for valuations established  
17 as of January 1, ~~1978~~ 2024, adjusted by the product obtained  
18 by multiplying the percentage determined for that year by the  
19 amount of any additions or deletions to actual value, excluding  
20 those resulting from the revaluation of existing properties, as  
21 reported by the assessors on the abstracts of assessment for ~~1978~~  
22 2024, plus ~~six~~ three percent of the amount so determined.

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

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

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

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

~~34 (2) For valuations established for assessment years beginning  
35 on or after January 1, 2022, the calculation of the divisor~~

~~1 for residential property under this subsection shall exclude the  
2 value of all property described in subsection 14, paragraph "a",  
3 subparagraphs (2), (3), (4), (5), and (6), and the property  
4 described in subsection 14, paragraph "a", subparagraph (7), that  
5 contains three or more separate dwelling units.~~

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

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

31 b. (1) For valuations established for the assessment year  
32 beginning January 1, 2025, the percentage of actual value  
33 as equalized by the department of revenue as provided in  
34 section 441.49 at which residential property shall be assessed  
35 shall be fifty-seven and nine thousand four hundred fifty-three

1 ten-thousandths percent.

2 (2) For valuations established for the assessment year  
3 beginning January 1, 2026, the percentage of actual value as  
4 equalized by the department of revenue as provided in section  
5 441.49 at which residential property shall be assessed shall be  
6 sixty-eight and four hundred ninety one-thousandths percent.

7 (3) For valuations established for the assessment year  
8 beginning January 1, 2027, the percentage of actual value as  
9 equalized by the department of revenue as provided in section  
10 441.49 at which residential property shall be assessed shall  
11 be seventy-eight and nine thousand seven hundred twenty-six  
12 ten-thousandths percent.

13 (4) For valuations established for the assessment year  
14 beginning January 1, 2028, the percentage of actual value as  
15 equalized by the department of revenue as provided in section  
16 441.49 at which residential property shall be assessed shall  
17 be eighty-nine and four thousand eight hundred sixty-three  
18 ten-thousandths percent.

19 (5) For valuations established for the assessment year  
20 beginning January 1, 2029, and each assessment year thereafter,  
21 the percentage of actual value as equalized by the department  
22 of revenue as provided in section 441.49 at which residential  
23 property shall be assessed shall be one hundred percent.

24 5. a. ~~(1) For valuations established as of January 1, 1979,~~  
25 ~~property valued by the department of revenue pursuant to chapter~~  
26 ~~437 shall be considered as one class of property and shall be~~  
27 ~~assessed as a percentage of its actual value. The percentage~~  
28 ~~shall be determined by the director of revenue in accordance~~  
29 ~~with the provisions of this section. For valuations established~~  
30 ~~as of January 1, 1979, the percentage shall be the quotient~~  
31 ~~of the dividend and divisor as defined in this section. The~~  
32 ~~dividend shall be the total actual valuation established for 1978~~  
33 ~~by the department of revenue, plus ten percent of the amount so~~  
34 ~~determined. The divisor for property valued by the department~~  
35 ~~of revenue pursuant to chapter 437 shall be the valuation~~

~~1 established for 1978, plus the amount of value added to the total  
2 actual value by the revaluation of the property by the department  
3 of revenue as of January 1, 1979. For valuations established as  
4 of January 1, 1980, property valued by the department of revenue  
5 pursuant to chapter 437 shall be assessed at a percentage of  
6 its actual value. The percentage shall be determined by the  
7 director of revenue in accordance with the provisions of this  
8 section. For valuations established as of January 1, 1980, the  
9 percentage shall be the quotient of the dividend and divisor as  
10 defined in this section. The dividend shall be the total actual  
11 valuation established for 1979 by the department of revenue, plus  
12 eight percent of the amount so determined. The divisor for  
13 property valued by the department of revenue pursuant to chapter  
14 437 shall be the valuation established for 1979, plus the amount  
15 of value added to the total actual value by the revaluation  
16 of the property by the department of revenue as of January 1,  
17 1980. For valuations established as of January 1, 1981, and each  
18 year thereafter, the percentage of actual value at which property  
19 valued by the department of revenue pursuant to chapter 437 shall  
20 be assessed shall be calculated in accordance with the methods  
21 provided herein, except that any references to ten percent in  
22 this subsection shall be eight percent.~~

23     ~~(2)~~ (1) For valuations established on or after January 1,  
24 2013, property valued by the department of revenue pursuant to  
25 chapter 434 shall be assessed at a portion of its actual value  
26 determined in the same manner at which property assessed as  
27 commercial property is assessed under paragraph "b" for the same  
28 assessment year.

29     ~~(3)~~ (2) For valuations established for the assessment year  
30 beginning January 1, 2025, and each assessment year thereafter,  
31 the percentage of actual value at which property valued by the  
32 department of revenue pursuant to chapters 428, 437, and 438  
33 shall be assessed shall be ~~ninety-eight~~ one hundred percent.

34     ~~(4)~~ For valuations established for the assessment year  
35 beginning January 1, 2026, the percentage of actual value at

1 which property valued by the department of revenue pursuant  
2 to chapters 428 and 438 shall be assessed shall be ninety-six  
3 percent.

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

9 (6) For valuations established for the assessment year  
10 beginning January 1, 2028, the percentage of actual value at  
11 which property valued by the department of revenue pursuant  
12 to chapters 428 and 438 shall be assessed shall be ninety-two  
13 percent.

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

18 b. For valuations established on or after January 1, 2013  
19 2025, commercial property, excluding properties referred to in  
20 section 427A.1, subsection 9, shall be assessed at a portion of  
21 its actual value, as determined in this paragraph "b".

22 (1) For valuations established for the assessment year  
23 beginning January 1, 2013, the percentage of actual value as  
24 equalized by the department of revenue as provided in section  
25 441.49 at which commercial property shall be assessed shall  
26 be ninety-five percent. For valuations established for the  
27 assessment year beginning January 1, 2014, and each assessment  
28 year thereafter beginning before January 1, 2022, the percentage  
29 of actual value as equalized by the department of revenue as  
30 provided in section 441.49 at which commercial property shall be  
31 assessed shall be ninety percent.

32 (2) (1) For valuations established for the assessment  
33 year beginning January 1, 2022 2025, and each assessment year  
34 thereafter beginning before January 1, 2029, the portion of  
35 actual value at which each property unit of commercial property

1 shall be assessed shall be the sum of the following:

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

7 (b) (i) An For the assessment year beginning January 1,  
8 2025, an amount equal to ninety ninety-two percent of the actual  
9 value of the property for that assessment year that exceeds one  
10 hundred fifty thousand dollars.

11 (ii) For the assessment year beginning January 1, 2026, an  
12 amount equal to ninety-four percent of the actual value of the  
13 property for that assessment year that exceeds one hundred fifty  
14 thousand dollars.

15 (iii) For the assessment year beginning January 1, 2027, an  
16 amount equal to ninety-six percent of the actual value of the  
17 property for that assessment year that exceeds one hundred fifty  
18 thousand dollars.

19 (iv) For the assessment year beginning January 1, 2028, an  
20 amount equal to ninety-eight percent of the actual value of the  
21 property for that assessment year that exceeds one hundred fifty  
22 thousand dollars.

23 (2) For valuations established for the assessment year  
24 beginning January 1, 2029, and each assessment year thereafter,  
25 the percentage of actual value as equalized by the department  
26 of revenue as provided in section 441.49 at which commercial  
27 property shall be assessed shall be one hundred percent.

28 c. For valuations established on or after January 1, 2013  
29 2025, industrial property, excluding properties referred to in  
30 section 427A.1, subsection 9, shall be assessed at a portion of  
31 its actual value, as determined in this paragraph "c".

32 (1) ~~For valuations established for the assessment year~~  
33 ~~beginning January 1, 2013, the percentage of actual value as~~  
34 ~~equalized by the department of revenue as provided in section~~  
35 ~~441.49 at which industrial property shall be assessed shall~~

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

7 ~~(2)~~ (1) For valuations established for the assessment  
8 year beginning January 1, ~~2022~~ 2025, and each assessment year  
9 thereafter beginning before January 1, 2029, the portion of  
10 actual value at which each property unit of industrial property  
11 shall be assessed shall be the sum of the following:

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

17 (b) (i) ~~An~~ For the assessment year beginning January 1,  
18 2025, an amount equal to ninety ~~ninety-two~~ percent of the actual  
19 value of the property for that assessment year that exceeds one  
20 hundred fifty thousand dollars.

21 (ii) For the assessment year beginning January 1, 2026, an  
22 amount equal to ninety-four percent of the actual value of the  
23 property for that assessment year that exceeds one hundred fifty  
24 thousand dollars.

25 (iii) For the assessment year beginning January 1, 2027, an  
26 amount equal to ninety-six percent of the actual value of the  
27 property for that assessment year that exceeds one hundred fifty  
28 thousand dollars.

29 (iv) For the assessment year beginning January 1, 2028, an  
30 amount equal to ninety-eight percent of the actual value of the  
31 property for that assessment year that exceeds one hundred fifty  
32 thousand dollars.

33 (2) For valuations established for the assessment year  
34 beginning January 1, 2029, and each assessment year thereafter,  
35 the percentage of actual value as equalized by the department

1 of revenue as provided in section 441.49 at which industrial  
2 property shall be assessed shall be one hundred percent.

3 d. For valuations established for the assessment year  
4 beginning January 1, 2019, and each assessment year thereafter  
5 beginning before January 1, 2029, the percentages or portions of  
6 actual value at which property is assessed, as determined under  
7 this subsection, shall not be applied to the value of wind energy  
8 conversion property valued under section 427B.26 the construction  
9 of which is approved by the Iowa utilities commission on or after  
10 July 1, 2018.

11 e. (1) ~~For the fiscal year beginning July 1, 2023, there is~~  
12 ~~appropriated from the general fund of the state to the department~~  
13 ~~of revenue the sum of one hundred twenty-two million three~~  
14 ~~hundred fifty thousand dollars to be used for payments under this~~  
15 ~~paragraph calculated as a result of the assessment limitations~~  
16 ~~imposed under paragraph "b", subparagraph (2), subparagraph~~  
17 ~~division (a), and paragraph "c", subparagraph (2), subparagraph~~  
18 ~~division (a).~~ For each fiscal year beginning on or after July  
19 1, 2024, but before July 1, 2026, there is appropriated from  
20 the general fund of the state to the department of revenue the  
21 sum of one hundred twenty-five million dollars to be used for  
22 payments under this paragraph calculated as a result of the  
23 assessment limitations imposed under paragraph "b", subparagraph  
24 (2), subparagraph division (a), Code 2025, and paragraph "c",  
25 subparagraph (2), subparagraph division (a), Code 2025. For each  
26 fiscal year beginning on or after July 1, 2026, but before July  
27 1, 2030, there is appropriated from the general fund of the state  
28 to the department of revenue the sum of one hundred twenty-five  
29 million dollars to be used for payments under this paragraph  
30 calculated as a result of the assessment limitations imposed  
31 under paragraph "b", subparagraph (1), subparagraph division (a),  
32 and paragraph "c", subparagraph (1), subparagraph division (a).

33 (2) For fiscal years beginning on or after July 1, 2023,  
34 each county treasurer shall be paid by the department of  
35 revenue an amount calculated under subparagraph (4) for the

1 applicable fiscal year. If an amount appropriated for the fiscal  
2 year is insufficient to make all payments as calculated under  
3 subparagraph (4), the director of revenue shall prorate the  
4 payments to the county treasurers and shall notify the county  
5 auditors of the pro rata percentage on or before September 30.

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

15 (4) On or before September 1 of each fiscal year, the county  
16 auditor shall prepare a statement, based on the report received  
17 in subparagraph (3) and information transmitted to the county  
18 auditor under chapter 434, listing for each taxing district in  
19 the county:

20 (a) The product of the portion of the total actual value of  
21 all commercial property, industrial property, and property valued  
22 by the department under chapter 434 in the county that is subject  
23 to the assessment limitations imposed under paragraph "b",  
24 subparagraph ~~(2)~~ (1), subparagraph division (a), and paragraph  
25 "c", subparagraph ~~(2)~~ (1), subparagraph division (a), for the  
26 applicable assessment year, or applicable predecessor provisions,  
27 used to calculate taxes which are due and payable in the  
28 applicable fiscal year multiplied by the difference, stated as  
29 a percentage, between ~~ninety percent~~ the percentage for the  
30 applicable assessment year under paragraph "b", subparagraph  
31 (1), subparagraph division (a), and the assessment limitation  
32 percentage applicable to residential property under subsection 4  
33 for the applicable assessment year.

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

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

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

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

14 f. For the purposes of this subsection, unless the context  
15 otherwise requires:

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

17 (a) Parcels that share a common boundary.

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

20 (c) Permanent improvements to the land that are situated  
21 on one or more parcels of land that are assessed and taxed  
22 separately from the permanent improvements if the parcels of land  
23 upon which the permanent improvements are situated share a common  
24 boundary.

25 (2) "Parcel" means the same as defined in section 445.1.

26 "Parcel" also means that portion of a parcel assigned a  
27 classification of commercial property or industrial property  
28 pursuant to ~~section 441.21~~, subsection 14, paragraph "b".

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

33 Sec. 41. Section 441.21, subsection 13, Code 2025, is amended  
34 by striking the subsection.

35 Sec. 42. SAVINGS PROVISION. This division of this Act,

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

10

DIVISION V

11

DISABLED VETERAN AND HOMESTEAD CREDITS AND EXEMPTIONS

12

Sec. 43. Section 25B.7, subsection 2, paragraph a, Code 2025,  
13 is amended to read as follows:

14

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

16

Sec. 44. Section 425.1, subsection 2, Code 2025, is amended  
17 by striking the subsection and inserting in lieu thereof the  
18 following:

19

2. a. The homestead credit fund shall be apportioned each  
20 year so as to give a credit against the tax on each eligible  
21 homestead in the state equal to the sum of the amounts calculated  
22 pursuant to paragraphs "b" and "c". The amount of credit allowed  
23 on each eligible homestead shall be as follows:

24

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

28

(a) A veteran of any of the military forces of the United  
29 States who acquired the homestead under 38 U.S.C. §21.801, 21.802  
30 prior to August 6, 1991, or under 38 U.S.C. §2101, 2102.

31

(b) A veteran as defined in section 35.1 with a permanent  
32 service-connected disability rating of one hundred percent, as  
33 certified by the United States department of veterans affairs,  
34 or a permanent and total disability rating based on individual  
35 unemployability that is compensated at the one hundred percent

1 disability rate, as certified by the United States department of  
2 veterans affairs.

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

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

16 (2) (a) For an owner described in subparagraph (1),  
17 subparagraph division (a), (b), or (c), the credit allowed shall  
18 be continued to the estate of an owner who is deceased or the  
19 surviving spouse and any child, as defined in section 234.1,  
20 who are the beneficiaries of a deceased owner, so long as the  
21 surviving spouse remains unmarried.

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

26 (3) An owner or a beneficiary of an owner who elects to  
27 secure the credit provided in this paragraph is not eligible for  
28 the credit provided in paragraph "c" or any other real property  
29 tax credit or exemption provided by law for veterans of military  
30 service.

31 (4) If an owner acquires a different homestead, the credit  
32 allowed under this section may be claimed on the new homestead  
33 unless the owner fails to meet the other requirements of this  
34 section.

35 (5) (a) Except as provided in subparagraph division (b), the

1 list of the names and addresses of individuals allowed a credit  
2 under this section and maintained by the county recorder, county  
3 treasurer, county assessor, city assessor, or other government  
4 body is confidential information and shall not be disseminated to  
5 any person unless otherwise ordered by a court or released by the  
6 lawful custodian of the records pursuant to state or federal law.  
7 The county recorder, county treasurer, county assessor, city  
8 assessor, or other government body responsible for maintaining  
9 the names and addresses of individuals allowed a credit under  
10 this section may display such credit on individual paper records  
11 and individual electronic records, including display on an  
12 internet site.

13 (b) Upon request, a county recorder, county assessor, city  
14 assessor, or other entity may share information as described in  
15 subparagraph division (a) to a county veterans service officer  
16 for purposes of providing information on benefits and services  
17 available to veterans and their families.

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

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

27 (7) For purposes of this paragraph, "*permanent and total*  
28 *disability rating based on individual unemployability*" means  
29 a condition under which a person has either a permanent  
30 service-connected disability rating of sixty percent or two  
31 or more permanent service-connected disability conditions in  
32 which one of the conditions has at least a forty percent  
33 rating and the combined rating for all the conditions is at  
34 least seventy percent, and the person has an administrative  
35 adjustment added to the service-connected disability rating,

1 due to individual unemployability, such that the United States  
2 department of veterans affairs rates the veteran permanently and  
3 totally disabled for purposes of disability compensation.

4 c. (1) For assessment years beginning prior to January 1,  
5 2026, unless eligible under paragraph "b", an amount equal to  
6 the actual levy on the first four thousand eight hundred fifty  
7 dollars of actual value for each homestead.

8 (2) For the assessment year beginning January 1, 2026, unless  
9 eligible under paragraph "b", an amount equal to the actual levy  
10 on the first three thousand six hundred forty dollars of actual  
11 value for each homestead.

12 (3) For the assessment year beginning January 1, 2027, unless  
13 eligible under paragraph "b", an amount equal to the actual levy  
14 on the first two thousand four hundred thirty dollars of actual  
15 value for each homestead.

16 (4) For the assessment year beginning January 1, 2028, unless  
17 eligible under paragraph "b", an amount equal to the actual levy  
18 on the first one thousand two hundred twenty dollars of actual  
19 value for each homestead.

20 Sec. 45. Section 425.1A, subsection 1, Code 2025, is amended  
21 to read as follows:

22 1. The following exemptions from taxation shall be allowed in  
23 addition to the homestead credit for an owner that has attained  
24 the age of sixty-five years by January 1 of the assessment year:

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

28 b. For the assessment ~~year~~ years beginning on or after  
29 January 1, 2024, and each succeeding assessment year but before  
30 January 1, 2026, the eligible homestead, not to exceed six  
31 thousand five hundred dollars in taxable value.

32 Sec. 46. Section 425.1A, Code 2025, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 1A. The following exemptions from taxation  
35 shall be allowed on each eligible homestead and shall be in

1 addition to any applicable homestead credit for an owner:

2 a. For the assessment year beginning January 1, 2026, the  
3 eligible homestead, not to exceed four thousand six hundred  
4 eighty dollars. If, however, the owner has attained the age  
5 of sixty-five by January 1 of the assessment year, the eligible  
6 homestead, not to exceed six thousand five hundred dollars.

7 b. For the assessment year beginning January 1, 2027, the  
8 eligible homestead, not to exceed ten thousand five hundred  
9 seventy dollars in taxable value.

10 c. For the assessment year beginning January 1, 2028, the  
11 eligible homestead, not to exceed eighteen thousand five hundred  
12 dollars in taxable value.

13 d. For the assessment year beginning January 1, 2029, and for  
14 each succeeding assessment year the eligible homestead, not to  
15 exceed twenty-five thousand dollars in taxable value.

16 Sec. 47. Section 425.2, subsections 1 and 2, Code 2025, are  
17 amended to read as follows:

18 1. A person who wishes to qualify for the homestead credit  
19 or exemption allowed under this subchapter shall obtain the  
20 appropriate forms for filing ~~for the credit~~ from the assessor.  
21 The forms shall include the ability to claim the credit and the  
22 exemption under section 425.1A. However, a separate form shall be  
23 required for claiming a credit under section 425.1, subsection 2,  
24 paragraph "b". The person claiming the credit or exemption shall  
25 file a verified statement and designation of homestead with the  
26 assessor for the year for which the person is first claiming the  
27 credit or exemption. The claim shall be filed not later than  
28 July 1 of the year for which the person is claiming the credit or  
29 exemption. A claim filed after July 1 of the year for which the  
30 person is claiming the credit or exemption shall be considered as  
31 a claim filed for the following year.

32 2. Upon the filing and allowance of the claim, the claim  
33 shall be allowed on that homestead for successive years without  
34 further filing as long as the property is legally or equitably  
35 owned and used as a homestead by that person or that person's

1 spouse on July 1 of each of those successive years, and the owner  
2 of the property being claimed as a homestead declares residency  
3 in Iowa for purposes of income taxation, and the property is  
4 occupied by that person or that person's spouse for at least  
5 six months in each of those calendar years in which the fiscal  
6 year begins. When the property is sold or transferred, the  
7 buyer or transferee who wishes to qualify shall refile for the  
8 credit or exemption. However, when the property is transferred  
9 as part of a distribution made pursuant to chapter 598, the  
10 transferee who is the spouse retaining ownership of the property  
11 is not required to refile for the credit or exemption. Property  
12 divided pursuant to chapter 598 shall not be modified following  
13 the division of the property. An owner who ceases to use a  
14 property for a homestead or intends not to use it as a homestead  
15 for at least six months in a calendar year shall provide written  
16 notice to the assessor by July 1 following the date on which the  
17 use is changed. A person who sells or transfers a homestead  
18 or the personal representative of a deceased person who had a  
19 homestead at the time of death, shall provide written notice to  
20 the assessor that the property is no longer the homestead of the  
21 former claimant.

22 Sec. 48. Section 425.2, subsection 4, Code 2025, is amended  
23 by striking the subsection.

24 Sec. 49. Section 425.2, subsections 5 and 6, Code 2025, are  
25 amended to read as follows:

26 5. Any person sixty-five years of age or older or any person  
27 who is disabled may request, in writing, from the appropriate  
28 assessor forms for filing ~~for homestead tax credit~~. Any person  
29 sixty-five years of age or older or who is disabled may complete  
30 the form, which shall include a statement of homestead, and mail  
31 or return it to the appropriate assessor. The signature of  
32 the claimant on the statement shall be considered the claimant's  
33 acknowledgment that all statements and facts entered on the form  
34 are correct to the best of the claimant's knowledge.

35 6. Upon adoption of a resolution by the county board of

1 supervisors, any person may request, in writing, from the  
2 appropriate assessor forms for the filing ~~for homestead tax~~  
3 ~~credit~~. The person may complete the form, which shall include a  
4 statement of homestead, and mail or return it to the appropriate  
5 assessor. The signature of the claimant on the statement of  
6 homestead shall be considered the claimant's acknowledgment that  
7 all statements and facts entered on the form are correct to the  
8 best of the claimant's knowledge.

9 Sec. 50. Section 425.8, subsection 1, Code 2025, is amended  
10 to read as follows:

11 1. The director of revenue shall prescribe the form for the  
12 making of a verified statement and designation of homestead,  
13 the form for the supporting affidavits required herein, and such  
14 other forms as may be necessary for the proper administration of  
15 this subchapter. Whenever necessary, the department of revenue  
16 shall forward to the county auditors of the several counties in  
17 the state the prescribed sample forms, and the county auditors  
18 shall furnish blank forms prepared in accordance therewith with  
19 the assessment rolls, books, and supplies delivered to the  
20 assessors. The department of revenue shall prescribe and the  
21 county auditors shall provide on the forms ~~for claiming the~~  
22 ~~homestead credit~~ a statement to the effect that the owner  
23 realizes that the owner must give written notice to the assessor  
24 when the owner changes the use of the property.

25 Sec. 51. Section 425.11, subsection 1, paragraph d,  
26 subparagraph (1), unnumbered paragraph 1, Code 2025, is amended  
27 to read as follows:

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

33 Sec. 52. Section 425.11, subsection 1, paragraph d,  
34 subparagraph (3), Code 2025, is amended to read as follows:

35 (3) It must not embrace more than one dwelling house, but

1 where a homestead has more than one dwelling house situated  
2 thereon, the exemption and or credit provided for in this  
3 subchapter shall apply to the home and buildings used by the  
4 owner, but shall not apply to any other dwelling house and  
5 buildings appurtenant.

6 Sec. 53. Section 425.11, subsection 1, paragraph e,  
7 subparagraph (2), Code 2025, is amended to read as follows:

8 (2) For the purpose of this subchapter, the word "owner"  
9 shall be construed to mean a bona fide owner and not one for  
10 the purpose only of availing the person of the benefits of this  
11 subchapter. In order to qualify for the homestead tax credit  
12 and or exemption, evidence of ownership shall be on file in the  
13 office of the clerk of the district court or recorded in the  
14 office of the county recorder at the time the owner files with  
15 the assessor a verified statement of the homestead claimed by the  
16 owner as provided in section 425.2.

17 Sec. 54. Section 483A.24, subsection 19, Code 2025, is  
18 amended to read as follows:

19 19. Upon payment of a fee established by rules adopted  
20 pursuant to section 483A.1 for a lifetime trout fishing license,  
21 the department shall issue a lifetime trout fishing license to a  
22 person who is at least sixty-five years of age or to a person who  
23 qualifies for the disabled veteran homestead credit under section  
24 ~~425.15~~ 425.1, subsection 2, paragraph "b". The department shall  
25 prepare an application to be used by a person requesting a  
26 lifetime trout fishing license under this subsection.

27 Sec. 55. REPEAL. Section 425.15, Code 2025, is repealed.

28 Sec. 56. APPLICABILITY. This division of this Act applies to  
29 assessment years beginning on or after January 1, 2026.

30

DIVISION VI

31

MILITARY SERVICE PROPERTY TAX EXEMPTION

32 Sec. 57. Section 426A.11, subsection 2, Code 2025, is amended  
33 to read as follows:

34 2. a. The property, not to exceed one thousand eight hundred  
35 fifty-two dollars in taxable value for assessment years beginning

1 before January 1, 2023, of an honorably separated, retired,  
2 furloughed to a reserve, placed on inactive status, or discharged  
3 veteran, as defined in section 35.1, subsection 2, paragraph "a"  
4 or "b".

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

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

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

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

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

21 Sec. 58. RETROACTIVE APPLICABILITY. This division of this  
22 Act applies retroactively to January 1, 2025, for assessment  
23 years beginning on or after that date.

24 DIVISION VII

25 PROPERTY TAX LEVY RATES

26 Sec. 59. NEW SECTION. 444.25 Maximum property tax levy  
27 rates — adjustments.

28 1. For purposes of this section:

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

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

33 c. "Rate-limited property tax levy" includes any ad valorem  
34 property tax levy limited by law to a specific property tax levy  
35 rate per one thousand dollars of assessed value used to calculate

1 taxes, but does not include the school district foundation levy  
2 under section 257.3, the county general services levy under  
3 section 331.423, subsection 1, the county rural services levy  
4 under section 331.423, subsection 2, or the city general fund  
5 levy under section 384.1, subsection 3.

6 2. For each fiscal year beginning on or after July 1, 2026,  
7 each rate-limited property tax levy may only be imposed if  
8 the governmental entity imposed such levy for the fiscal year  
9 beginning July 1, 2025, and shall, by operation of this section,  
10 be limited to a levy rate per one thousand dollars of assessed  
11 value that is equal to one thousand multiplied by the quotient  
12 of one hundred two percent of the current fiscal year's actual  
13 property tax dollars certified for such levy divided by the total  
14 assessed value used to calculate such taxes for the budget year.

15 Sec. 60. NEW SECTION. **444.26 Use of bonds and indebtedness**  
16 **for general operations — prohibition.**

17 1. For purposes of this section, "general operations" means  
18 services or activities generally funded from the governmental  
19 entity's general fund, which are necessary for the operation  
20 of the governmental entity, including salaries and benefits, or  
21 which are for the health and welfare of the governmental entity's  
22 citizens or primarily intended to benefit all residents of the  
23 governmental entity, but excluding services financed by statutory  
24 funds other than a debt service fund.

25 2. On or after July 1, 2025, a city or county shall not issue  
26 bonds or other indebtedness payable from an ad valorem property  
27 tax levy for the purpose of funding the general operations of  
28 the city or general operations of the county, as applicable, or  
29 otherwise use proceeds from the sale of bonds or issuance of  
30 other indebtedness to fund general operations.

31 3. The city finance committee shall adopt rules under chapter  
32 17A for cities to implement this section. The county finance  
33 committee shall adopt rules under chapter 17A for counties to  
34 implement this section.

35

DIVISION VIII

1 ELDERLY PROPERTY TAXES — LOW INCOME

2 Sec. 61. Section 425.17, subsection 2, paragraph a,  
3 subparagraph (3), Code 2025, is amended to read as follows:

4 (3) A person filing a claim for credit under this subchapter  
5 who has attained the age of seventy years on or before December  
6 31 of the base year, who has a household income of less than  
7 ~~two~~ three hundred fifty percent of the federal poverty level, as  
8 defined by the most recently revised poverty income guidelines  
9 published by the United States department of health and human  
10 services, and is domiciled in this state at the time the claim is  
11 filed or at the time of the person's death in the case of a claim  
12 filed by the executor or administrator of the claimant's estate.

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

15 DIVISION IX

16 BRUCellosIS AND TUBERCULOSIS ERADICATION FUND — LEVY

17 Sec. 63. Section 165.18, subsections 2 and 3, Code 2025, are  
18 amended by striking the subsections.

19 Sec. 64. Section 331.512, subsection 1, paragraph e, Code  
20 2025, is amended by striking the paragraph.

21 Sec. 65. Section 331.559, subsection 2, Code 2025, is amended  
22 by striking the subsection.

23 Sec. 66. EFFECTIVE DATE. This division of this Act takes  
24 effect July 1, 2025.

25 Sec. 67. APPLICABILITY. This division of this Act applies to  
26 property taxes due and payable in fiscal years beginning on or  
27 after July 1, 2025.

28 EXPLANATION

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

31 This bill relates to local government property taxes,  
32 financial authority, and budgets.

33 DIVISION I — COUNTY PROPERTY TAXES AND BUDGETS. Code section  
34 331.423 establishes a levy rate limitation for the general county  
35 services levy and a limitation for the rural county services

1 levy. The bill modifies the general county services levy rate  
2 limitation for fiscal years beginning on or after July 1, 2026,  
3 but before July 1, 2031, to be a levy rate not to exceed a  
4 levy rate per \$1,000 of assessed value equal to 1,000 multiplied  
5 by the quotient of 102 percent of the current fiscal year's  
6 actual property tax dollars certified for levy for general  
7 county services divided by the remainder of the total assessed  
8 value used to calculate taxes for the budget year minus value  
9 attributable to new valuation as defined in the bill.

10 For each fiscal year beginning on or after July 1, 2031, the  
11 maximum levy rate is the levy rate imposed by the county for the  
12 current fiscal year (immediately preceding fiscal year), unless  
13 the total assessed value, excluding new valuation, as defined in  
14 the bill, used to calculate taxes for general county services  
15 for the budget year is equal to or exceeds 102 percent of the  
16 total assessed value used to calculate taxes for general county  
17 services for the current fiscal year; then the county's maximum  
18 levy rate for general county services shall not exceed a levy  
19 rate per \$1,000 of assessed value equal to 1,000 multiplied  
20 by the quotient of 102 percent of the current fiscal year's  
21 actual property tax dollars certified for levy for general  
22 county services divided by the remainder of the total assessed  
23 value used to calculate taxes for the budget year minus value  
24 attributable to new valuation as defined in the bill.

25 The bill similarly modifies the maximum levy rate for rural  
26 county services for fiscal years beginning on or after July 1,  
27 2026.

28 The division takes effect January 1, 2026, and applies to  
29 county taxes and budgets for fiscal years beginning on or after  
30 July 1, 2026.

31 DIVISION II — CITY PROPERTY TAXES AND BUDGETS. Code section  
32 384.1 establishes the city general fund levy and limits on the  
33 levy rate. The bill modifies the levy rate limit for fiscal  
34 years beginning on or after July 1, 2026, but before July 1,  
35 2031, not to exceed a levy rate per \$1,000 of assessed value

1 equal to 1,000 multiplied by the quotient of 102 percent of the  
2 current fiscal year's actual property tax dollars certified for  
3 levy for city general services divided by the remainder of the  
4 total assessed value used to calculate taxes for the budget year  
5 minus value attributable to new valuation as defined in the bill.  
6 For each fiscal year beginning on or after July 1, 2031, the  
7 maximum levy rate is the levy rate imposed by the city for the  
8 current fiscal year (immediately preceding fiscal year), unless  
9 the total assessed value, excluding new valuation, as defined in  
10 the bill, used to calculate taxes for the budget year is equal  
11 to or exceeds 102 percent of the total assessed value used to  
12 calculate taxes for the current fiscal year; then the city's  
13 maximum levy rate for general services shall not exceed a levy  
14 rate per \$1,000 of assessed value equal to 1,000 multiplied by  
15 the quotient of 102 percent of the current fiscal year's actual  
16 property tax dollars certified for levy for general services  
17 divided by the remainder of the total assessed value used to  
18 calculate taxes for the budget year minus value attributable to  
19 new valuation as defined in the bill. The bill also establishes  
20 a methodology to determine a maximum levy rate for a city that is  
21 not imposing a general fund levy in the current fiscal year.

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

25 DIVISION III — SCHOOL TAXES AND BUDGETS. As part of the state  
26 school foundation program, for school budget years beginning on  
27 or after July 1, 2022, Code section 257.1 establishes the regular  
28 program foundation base to be 88.4 percent of the regular program  
29 state cost per pupil. Beginning with the budget year beginning  
30 July 1, 2026, the bill increases that percentage each budget year  
31 until the percentage is 100 percent for budget years beginning on  
32 or after July 1, 2030. Similarly, the bill increases the special  
33 education support services foundation base percentage from 79  
34 percent to 100 percent over the same period of budget years.

35 Code section 257.3 requires school districts to levy a

1 foundation property tax of \$5.40 per \$1,000 of assessed value on  
2 all taxable property in the school district. The bill reduces  
3 the foundation property tax levy rate over a period of budget  
4 years starting with the budget year beginning July 1, 2026, until  
5 the levy rate is \$2.97 per \$1,000 of assessed value for budget  
6 years beginning on or after July 1, 2030.

7 Code section 257.3 provides an exception to the foundation  
8 property tax levy rate of \$5.40 for those school districts that  
9 have recently been reorganized. Such districts are provided  
10 reduced foundation property tax levy rates for three years  
11 following the reorganization. The bill adjusts those reduced  
12 rates for reorganizations that take effect on or after July  
13 1, 2026, to reflect the reductions made in the bill to the  
14 foundation property tax levy imposed by school districts that  
15 are not subject to a reorganization and eliminates certain  
16 supplemental aid related to such reorganized school district  
17 rates for budget years beginning on or after July 1, 2030.

18 The bill eliminates certain property tax adjustment aid under  
19 Code section 257.15(2) and (3) for fiscal years beginning on or  
20 after July 1, 2030.

21 The bill eliminates the \$24 million general fund appropriation  
22 for adjusted additional property tax levy aid under Code section  
23 257.15(4) for fiscal years beginning on or after July 1, 2030.  
24 The bill also eliminates the annual appropriation of the balance  
25 of the property tax equity and relief fund under Code section  
26 257.16A for purposes designated under Code section 257.15(4)  
27 and requires remaining moneys at the end of a specified fiscal  
28 year to be transferred back to the funds from which they were  
29 received.

30 The bill eliminates the payment of school district property  
31 tax replacement payments for fiscal years beginning on or after  
32 July 1, 2030.

33 The bill eliminates the annual appropriation of moneys in the  
34 foundation base supplement fund for fiscal years beginning on or  
35 after July 1, 2030, and requires the remaining moneys at the end

1 of a specified fiscal year to be transferred for deposit in the  
2 secure an advanced vision for education fund.

3 The bill eliminates transfers from the secure an advanced  
4 vision for education fund to the property tax equity and relief  
5 fund and the foundation base supplement fund for fiscal years  
6 beginning on or after July 1, 2030.

7 In Code chapters 425A (family farm tax credit) and 426  
8 (agricultural land tax credit), the bill replaces references  
9 to the school foundation property tax levy rate (\$5.40) with  
10 citations to the appropriate provision of the Code section  
11 establishing the foundation property tax rate.

12 The bill requires each school district with an unexpended fund  
13 balance in the district's management levy fund under Code section  
14 298A.3 at the conclusion of the fiscal year beginning July 1,  
15 2024, that exceeds an amount equal to the total expenditures from  
16 the district's management fund for the fiscal year beginning July  
17 1, 2024, to certify such unexpended fund balance and expenditure  
18 amounts, including any reserved or designated amounts in the fund  
19 and the purposes therefor, to the school budget review committee  
20 by November 15, 2025. The committee is then required to conduct  
21 a review of the unexpended fund balances and expenditures of  
22 school district management levy funds certified under the bill.  
23 By February 1, 2026, the committee shall make recommendations  
24 to the general assembly for the establishing district management  
25 levy fund unexpended fund balance limitations for fiscal years  
26 beginning on or after July 1, 2027, including recommendations for  
27 limitations based on a percentage of the district's management  
28 levy fund expenditures and recommendations for management levy  
29 limitations and expenditure requirements for excess funds.

30 The bill also amends Code section 298.4 by providing that for  
31 fiscal years beginning on or after July 1, 2027, if a school  
32 district's unexpended fund balance of the district's management  
33 levy fund is equal to or exceeds a specified percentage of the  
34 average annual expenditures from the district's management levy  
35 fund for the three consecutive fiscal years immediately preceding

1 the base year, the board of directors may not certify a district  
2 management levy for the fiscal year. Additionally, if a school  
3 district is not prohibited from certifying a levy under the  
4 bill, the maximum amount that the board of directors may certify  
5 for levy under this Code section shall be an amount equal to  
6 the remainder of a specified percentage 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 minus the district's management levy fund unexpended fund  
10 balance for the fiscal year preceding the base year.

11 Except for the section of the division amending Code section  
12 257.31, this division of the bill takes effect July 1, 2026.

13 DIVISION IV — PROPERTY VALUATIONS AND ASSESSMENT

14 LIMITATIONS. Code section 441.21 provides that the actual value  
15 of agricultural property shall be determined on the basis of  
16 productivity and net earning capacity and that any formula  
17 or method employed to determine productivity and net earning  
18 capacity of property shall be adopted in full by rule of  
19 the department of revenue. The bill amends that provision  
20 by specifying that for assessment years beginning on or after  
21 January 1, 2026, structures on agricultural land constructed on  
22 or after January 1, 2026, that are not agricultural dwellings  
23 shall not be included in determination of productivity and  
24 net earning capacity of agricultural property and shall not be  
25 allocated any portion of the total county productivity value  
26 so determined. Such agricultural structures shall instead be  
27 valued under Code section 441.21(2) and the structure's assessed  
28 value subject to taxation shall be equal to the product of  
29 the structure's value multiplied by the agricultural factor,  
30 as determined in 701 IAC 102.3(2) or succeeding rule of the  
31 department.

32 Code section 441.21(4) establishes the calculation for  
33 assessment limitations (rollback) for residential property and  
34 agricultural property. The bill strikes the calculation of  
35 the residential property assessment limitation for assessment

1 years beginning on or after January 1, 2025, and strikes  
2 the provision within the agricultural property assessment  
3 limitation calculation that limits growth of residential or  
4 agricultural property to the growth in the other classification  
5 (ag-residential tie). The bill establishes a schedule of  
6 assessment limitations for residential property that increases  
7 year assessment year from the assessment year beginning January  
8 1, 2025, until the assessment limitation reaches 100 percent for  
9 assessment years beginning on or after January 1, 2029. By  
10 operation of the scheduled increases to the residential property  
11 assessment limitation, the assessment limitation applicable to  
12 that portion of commercial, industrial, and railway property that  
13 is equal to or less than \$150,000 is also increased. During  
14 that period of scheduled increase, the bill also increases the  
15 90 percent assessment limitation on the portion of commercial,  
16 industrial, and railway property that exceeds \$150,000 until that  
17 percentage is 100 percent. The bill makes similar changes to  
18 other assessment limitations applicable to other classifications  
19 of property, including utility property.

20 The bill modifies provisions governing the calculation  
21 of payments made to local governments under Code section  
22 441.21(5)(e) that are made to replace property taxes due to the  
23 application of the residential property assessment limitation to  
24 certain portions of commercial and industrial property valuations  
25 and eliminates the appropriation for such payments for fiscal  
26 years beginning on or after July 1, 2030, due to elimination of  
27 the assessment limitations.

28 DIVISION V — DISABLED VETERAN AND HOMESTEAD CREDITS AND  
29 EXEMPTIONS.

30 HOMESTEAD CREDIT. Over a period of years, the bill replaces  
31 the homestead property tax credit, other than the portion of the  
32 credit provided to certain disabled veterans, with a homestead  
33 property tax exemption. Currently, the homestead credit is an  
34 amount equal to the levy on the first \$4,850 of actual value for  
35 each homestead. For the assessment year beginning January 1,

1 2026, the homestead credit equals the levy on the first \$3,640  
2 of actual value. For the assessment year beginning January 1,  
3 2027, the homestead credit equals the levy on the first \$2,430  
4 of actual value. For the assessment year beginning January 1,  
5 2028, the homestead credit equals the levy on the first \$1,220  
6 of actual value. The bill eliminates the homestead credit,  
7 other than the homestead credit reserved for disabled veterans,  
8 commencing with the assessment year beginning July 1, 2029.

9 HOMESTEAD EXEMPTION. The bill modifies the homestead exemption  
10 by increasing the current \$6,500 taxable value exemption amount  
11 and eliminating the requirement that an owner be 65 years of age  
12 or older.

13 For the assessment year beginning January 1, 2026, the  
14 exemption amount increases to \$4,680, except for owners 65 and  
15 older, who remain at \$6,500. For the assessment year beginning  
16 January 1, 2027, the exemption amount increases to \$10,500. For  
17 the assessment year beginning January 1, 2028, the exemption  
18 amount increases to \$18,500, and for assessment years beginning  
19 on or after January 1, 2029, the exemption amount is \$25,000.

20 DISABLED VETERAN. The bill moves the disabled homestead credit  
21 from Code section 425.15 to Code section 425.1, and makes changes  
22 to the scope of the disabled veteran homestead credit for new  
23 applicants. Currently, a disabled veteran with a 100 percent  
24 permanent and total disability rating receives a homestead credit  
25 on the entire amount of tax levied on the homestead. The bill  
26 specifies that a separate application form is required to claim  
27 the disabled homestead credit. The bill does not change the  
28 homestead credit for an eligible disabled veteran who makes an  
29 application for the homestead credit before July 1, 2025. For  
30 a disabled veteran who makes an application for the homestead  
31 credit on or after July 1, 2025, the bill changes the definition  
32 to "homestead" to exclude appurtenances and limits the size of  
33 the homestead credit to property on one-half acre.

34 REIMBURSEMENT. The state continues to reimburse local  
35 governments for the homestead credit, as determined under the

1 bill, including the disabled veterans homestead credit under the  
2 bill, but does not reimburse local governments for the homestead  
3 exemption under current law and in the bill.

4 This division of the bill applies to assessment years  
5 beginning on or after January 1, 2026.

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

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

16 DIVISION VII — PROPERTY TAX LEVY RATES. The bill establishes  
17 a reduction for rate-limited property tax levies. The bill  
18 defines "rate-limited property tax levy" to be any ad valorem  
19 property tax levy limited by law to a specific property tax  
20 levy rate per \$1,000 of assessed value used to calculate taxes,  
21 but does not include the school district foundation levy under  
22 Code section 257.3, the county general services levy under Code  
23 section 331.423(1), the county rural services levy under Code  
24 section 331.423(2), or the city general fund levy under Code  
25 section 384.1(3).

26 For each fiscal year beginning on or after July 1, 2026,  
27 each rate-limited property tax levy may only be imposed if  
28 the governmental entity imposed such levy for the fiscal year  
29 beginning July 1, 2025, and shall, by operation of the bill,  
30 be limited to a levy rate that is equal to 1,000 multiplied by  
31 the quotient of 102 percent of the current fiscal year's actual  
32 property tax dollars certified for such levy divided by the total  
33 assessed value used to calculate such taxes for the budget year.

34 The bill also provides that, on or after July 1, 2025, a city  
35 or county shall not issue bonds or other indebtedness payable

1 from an ad valorem property tax levy for the purpose of funding  
2 the general operations of the city or general operations of  
3 the county, as applicable, or otherwise use proceeds from the  
4 sale of bonds or issuance of other indebtedness to fund general  
5 operations. The bill defines "general operations" to mean  
6 services or activities generally funded from the governmental  
7 entity's general fund, which are necessary for the operation  
8 of the governmental entity, including salaries and benefits, or  
9 which are for the health and welfare of the governmental entity's  
10 citizens or primarily intended to benefit all residents of the  
11 governmental entity, but excluding services financed by statutory  
12 funds other than a debt service fund.

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

19 DIVISION VIII — ELDERLY PROPERTY TAXES — LOW INCOME. The  
20 bill modifies the eligibility for the property tax credit for  
21 persons ages 70 and older under Code chapter 425, subchapter  
22 II. Currently, a person filing a claim for the property tax  
23 credit who is at least 70 years of age and who has a household  
24 income of less than 250 percent of the federal poverty level is  
25 eligible to receive a specified credit amount against property  
26 taxes due on the claimant's homestead. The bill increases the  
27 household income threshold for eligibility from less than 250  
28 percent of the federal poverty level to less than 350 percent of  
29 the federal poverty level.

30 The division applies to assessment years beginning on or after  
31 January 1, 2026.

32 DIVISION IX — BRUCELLOSIS AND TUBERCULOSIS ERADICATION  
33 FUND — LEVY. Code section 165.18 authorizes the secretary of  
34 agriculture to direct the board of supervisors of each county to  
35 levy an amount sufficient to pay the expenses estimated to be

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1 incurred from the brucellosis and tuberculosis eradication fund  
2 for the following fiscal year, subject to a maximum levy of 33.75  
3 cents per \$1,000. The bill strikes the authority to levy such a  
4 tax beginning with property taxes due and payable in fiscal years  
5 beginning July 1, 2025.

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