

**Senate Study Bill 1227 - 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 the fiscal year beginning July 1, 2026, the greater of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (1) New construction.

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

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

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

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

25 DIVISION II

26 CITY PROPERTY TAXES AND BUDGETS

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

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

1 subparagraph (2), if applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (1) New construction.

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

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

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

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

1 July 1, 2026.

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DIVISION III  
SCHOOL TAXES AND BUDGETS

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

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

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

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

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

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

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

1 section 257.37.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 subsection 4.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 Sec. 30. Section 298.2, subsection 2, Code 2025, is amended  
35 by striking the subsection.

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

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

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

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

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

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

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

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

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

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

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

1 balance for the fiscal year preceding the base year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 **426.3 Where credit given.**

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

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

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

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

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

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

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

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

5

DIVISION IV

6 PROPERTY CLASSIFICATIONS, VALUATIONS, AND ASSESSMENT LIMITATIONS

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

9     **386.8 Operation tax.**

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

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

3     **386.9 Capital improvement tax.**

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

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

20     **386.10 Debt service tax.**

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

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

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

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

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

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

31 (1) Residential property.

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

35 (3) Multiresidential property if the multiresidential

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

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

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

7 Notwithstanding the schedules provided for in section 404.3,  
8 all qualified real estate assessed as residential property  
9 or multiresidential property, excluding property classified  
10 as ~~residential~~ multiresidential property under section 441.21,  
11 subsection 44 13, paragraph "a", subparagraph ~~(6)~~ (5), in an  
12 area designated under section 404.1, subsection 5, is eligible  
13 to receive an exemption from taxation on the first seventy-five  
14 thousand dollars of actual value added by the improvements. The  
15 exemption is for a period of five years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~1 appropriated from the general fund of the state to the department  
2 of revenue the sum of one hundred twenty-two million three  
3 hundred fifty thousand dollars to be used for payments under this  
4 paragraph calculated as a result of the assessment limitations  
5 imposed under paragraph "b", subparagraph (2), subparagraph  
6 division (a), and paragraph "c", subparagraph (2), subparagraph  
7 division (a). For each fiscal year beginning on or after July  
8 1, 2024, but before July 1, 2026, there is appropriated from  
9 the general fund of the state to the department of revenue the  
10 sum of one hundred twenty-five million dollars to be used for  
11 payments under this paragraph calculated as a result of the  
12 assessment limitations imposed under paragraph "b", subparagraph  
13 (2), subparagraph division (a), Code 2025, and paragraph "c",  
14 subparagraph (2), subparagraph division (a), Code 2025.~~

15 (2) For fiscal years beginning on or after July 1, 2023, but  
16 before July 1, 2026, each county treasurer shall be paid by the  
17 department of revenue an amount calculated under subparagraph  
18 (4) for the applicable fiscal year. If an amount appropriated  
19 for the fiscal year is insufficient to make all payments as  
20 calculated under subparagraph (4), the director of revenue shall  
21 prorate the payments to the county treasurers and shall notify  
22 the county auditors of the pro rata percentage on or before  
23 September 30.

24 (3) On or before July 1 of each applicable fiscal year,  
25 the assessor shall report to the county auditor that portion  
26 of the total actual value of all commercial property and  
27 industrial property in the county that is subject to the  
28 assessment limitations imposed under paragraph "b", subparagraph  
29 (2), subparagraph division (a), Code 2025, and paragraph "c",  
30 subparagraph (2), subparagraph division (a), Code 2025, for the  
31 assessment year used to calculate the taxes due and payable in  
32 that fiscal year.

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

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

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

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

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

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

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

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

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

33 (a) Parcels that share a common boundary.

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

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

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

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

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

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

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

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

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

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

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

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

- 34 (1) Mobile home parks.  
35 (2) Manufactured home communities.

1 (3) Land-leased communities.

2 (4) Assisted living facilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 DIVISION V

18 DISABLED VETERAN AND HOMESTEAD CREDITS AND EXEMPTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

1 service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 1, if applicable.

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

4 1. A person who wishes to qualify for the homestead credit  
5 or exemption allowed under this subchapter shall obtain the  
6 appropriate forms for filing ~~for the credit~~ from the assessor.  
7 The forms shall include the ability to claim the credit under  
8 section 425.1 and the exemptions under section 425.1A.

9 However, a separate form shall be required for claiming a credit  
10 under section 425.1, subsection 2, paragraph "b". The person  
11 claiming the credit or exemption shall file a verified statement  
12 and designation of homestead with the assessor for the year for  
13 which the person is first claiming the credit or exemption. The  
14 claim shall be filed not later than July 1 of the year for which  
15 the person is claiming the credit or exemption. A claim filed  
16 after July 1 of the year for which the person is claiming the  
17 credit or exemption shall be considered as a claim filed for the  
18 following year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 DIVISION VI

28 MILITARY SERVICE PROPERTY TAX EXEMPTION

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

32                                   DIVISION VIII

33                                   PROPERTY TAX LEVY RATES

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

1 inserting in lieu thereof the following:

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

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

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

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

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

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

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

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

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

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

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

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

27 1. For purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 DIVISION IX

17 ELDERLY PROPERTY TAXES — LOW INCOME

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

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

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

31 DIVISION X

32 BRUCellosIS AND TUBERCULOSIS ERADICATION FUND — LEVY

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

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

1 2025, is amended by striking the paragraph.

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

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

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

9

#### EXPLANATION

10

The inclusion of this explanation does not constitute agreement with

11

the explanation's substance by the members of the general assembly.

12

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

14

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

31

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 Code section 441.21(4) establishes the calculation for

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 2026.

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

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

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