

Senate Study Bill 3001 - Introduced

SENATE FILE _____

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

A BILL FOR

1 An Act relating to state and local government taxes, fees,
2 financial authority, and budgets, modifying divisions of
3 revenue, modifying appropriations, and including effective
4 date, applicability, and retroactive 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 2026, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, 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 2026, 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, 2027, 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 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. (1) For each fiscal year beginning on or after July 1, 2028, 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, 2028, 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) (i) For purposes of this subparagraph, "budget
21 adjustment factor" is equal to one of the following, unless
22 modified by the general assembly on or before January 31
23 immediately preceding the applicable fiscal year:

24 (A) If the percentage change in the consumer price index for
25 all urban consumers is less than four, one hundred two percent.

26 (B) If the percentage change in the consumer price index for
27 all urban consumers is equal to or greater than four but less
28 than six, one hundred three percent.

29 (C) If the percentage change in the consumer price index for
30 all urban consumers is equal to or greater than six but less than
31 eight, one hundred four percent.

32 (D) If the percentage change in the consumer price index
33 for all urban consumers is equal to or greater than eight, one
34 hundred five percent.

35 (ii) The percentage change in the consumer price index for

1 all urban consumers shall be equal to one hundred multiplied
2 by the quotient of the remainder of the published value of the
3 consumer price index for all urban consumers for the month ending
4 eight months prior to the beginning of the applicable budget year
5 minus the published value of the consumer price index for all
6 urban consumers for the month ending twenty months prior to the
7 beginning of the applicable budget year divided by the published
8 value of the consumer price index for all urban consumers for
9 the month ending twenty months prior to the beginning of the
10 applicable budget year.

11 Sec. 4. Section 331.423, subsection 2, paragraph b,
12 subparagraph (1), Code 2026, is amended to read as follows:

13 (1) For each fiscal year beginning on or after July 1,
14 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph
15 (3), the greater of three dollars and ninety-five cents per
16 thousand dollars of assessed value used to calculate taxes for
17 rural county services for the budget year and the adjusted rural
18 county basic levy rate, as adjusted under subparagraph (2), if
19 applicable.

20 Sec. 5. Section 331.423, subsection 2, paragraph c, Code
21 2026, is amended to read as follows:

22 ~~c. For each fiscal year beginning on or after July 1, 2028,~~
23 ~~three dollars and ninety-five cents per thousand dollars of~~
24 ~~assessed value. For the fiscal year beginning July 1, 2027, the~~
25 greater of:

26 (1) A levy rate per one thousand dollars of assessed value
27 equal to one thousand multiplied by the quotient of one hundred
28 two percent of the current fiscal year's actual property tax
29 dollars certified for levy under this subsection 2 divided by
30 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 (2) A levy rate per one thousand dollars of assessed value
34 that results in an amount of actual property tax dollars
35 certified for levy under this subsection 2 equal to one hundred

1 and one-half percent of the actual property tax dollars certified
2 for levy under this subsection 2 for the current fiscal year.

3 Sec. 6. Section 331.423, subsection 2, Code 2026, is amended
4 by adding the following new paragraph:

5 NEW PARAGRAPH. d. (1) For each fiscal year beginning on or
6 after July 1, 2028, the levy rate imposed under this subsection 2
7 for the current fiscal year, unless subject to subparagraph (2),
8 and for the budget year beginning July 1, 2028, only, not less
9 than a levy rate per one thousand dollars of assessed value that
10 results in an amount of actual property tax dollars certified for
11 levy under this subsection 2 equal to one hundred and one-half
12 percent of the actual property tax dollars certified for levy
13 under this subsection 2 for the current fiscal year.

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

28 (b) (i) For purposes of this subparagraph, "budget
29 *adjustment factor*" is equal to one of the following, unless
30 modified by the general assembly on or before January 31
31 immediately preceding the applicable fiscal year:

32 (A) If the percentage change in the consumer price index for
33 all urban consumers is less than four, one hundred two percent.

34 (B) If the percentage change in the consumer price index for
35 all urban consumers is equal to or greater than four but less

1 than six, one hundred three percent.

2 (C) If the percentage change in the consumer price index for
3 all urban consumers is equal to or greater than six but less than
4 eight, one hundred four percent.

5 (D) If the percentage change in the consumer price index
6 for all urban consumers is equal to or greater than eight, one
7 hundred five percent.

8 (ii) The percentage change in the consumer price index for
9 all urban consumers shall be equal to one hundred multiplied
10 by the quotient of the remainder of the published value of the
11 consumer price index for all urban consumers for the month ending
12 eight months prior to the beginning of the applicable budget year
13 minus the published value of the consumer price index for all
14 urban consumers for the month ending twenty months prior to the
15 beginning of the applicable budget year divided by the published
16 value of the consumer price index for all urban consumers for
17 the month ending twenty months prior to the beginning of the
18 applicable budget year.

19 Sec. 7. Section 331.423, subsection 3, Code 2026, 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 as shown on the assessment roll due to the following, the amount
24 of each as reported under section 331.510 by the county auditor
25 to the department of management:

26 (1) New construction.

27 (2) Additions or improvements to existing structures that are
28 not normal and necessary repairs under section 441.21, subsection
29 8.

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

33 Sec. 8. EFFECTIVE DATE. This division of this Act takes
34 effect January 1, 2027.

35 Sec. 9. APPLICABILITY. This division of this Act applies to

1 property taxes and budgets for fiscal years beginning on or after
2 July 1, 2027.

3 DIVISION II

4 CITY PROPERTY TAXES AND BUDGETS

5 Sec. 10. Section 384.1, subsection 3, paragraph c,
6 subparagraph (1), Code 2026, 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~~ 2027, subject to subparagraph
9 (3), a city's tax levy for the general fund, except for levies
10 authorized in section 384.12, shall not exceed in any tax year
11 the greater of eight dollars and ten cents per thousand dollars
12 of assessed value used to calculate taxes for the budget year
13 and the adjusted city general fund levy rate, as adjusted under
14 subparagraph (2), if applicable.

15 Sec. 11. Section 384.1, subsection 3, paragraph d, Code 2026,
16 is amended to read as follows:

17 ~~d. (1) For each fiscal year beginning on or after July 1,~~
18 ~~2028, a city's tax levy rate for the general fund, except for~~
19 ~~levies authorized in section 384.12, shall not exceed eight~~
20 ~~dollars and ten cents per thousand dollars of assessed value~~
21 ~~used to calculate taxes in any fiscal year. For the fiscal year~~
22 beginning July 1, 2027, a city's tax levy rate for the general
23 fund, except for levies authorized in section 384.12, shall not
24 exceed the greater of:

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

32 (b) A levy rate per one thousand dollars of assessed value
33 that results in an amount of actual property tax dollars
34 certified for levy under this subsection equal to one hundred and
35 one-half percent of the actual property tax dollars certified for

1 levy under this subsection for the current fiscal year.

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

11 Sec. 12. Section 384.1, subsection 3, Code 2026, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. e. (1) For each fiscal year beginning on or
14 after July 1, 2028, a city's tax levy rate for the general fund,
15 except for levies authorized in section 384.12, shall not exceed
16 the levy rate imposed under this subsection for the current
17 fiscal year, unless subject to subparagraph (2), and for the
18 budget year beginning July 1, 2028, only, not less than a levy
19 rate per one thousand dollars of assessed value that results
20 in an amount of actual property tax dollars certified for levy
21 under this subsection equal to one hundred and one-half percent
22 of the actual property tax dollars certified for levy under this
23 subsection for the current fiscal year.

24 (2) (a) If the total assessed value, excluding value
25 attributable to new valuation, used to calculate taxes under
26 this subsection for the budget year is equal to or exceeds one
27 hundred two percent of the total assessed value used to calculate
28 taxes under this subsection for the current fiscal year, the
29 city's levy rate under this subsection shall not exceed a levy
30 rate per one thousand dollars of assessed value that is equal
31 to one thousand multiplied by the quotient obtained by dividing
32 the product of the budget adjustment factor multiplied by the
33 current fiscal year's actual property tax dollars certified for
34 levy under this subsection by the remainder of the total assessed
35 value used to calculate such taxes for the budget year minus

1 value attributable to new valuation.

2 (b) (i) For purposes of this subparagraph, "budget
3 adjustment factor" is equal to one of the following, unless
4 modified by the general assembly on or before January 31
5 immediately preceding the applicable fiscal year:

6 (A) If the percentage change in the consumer price index for
7 all urban consumers is less than four, one hundred two percent.

8 (B) If the percentage change in the consumer price index for
9 all urban consumers is equal to or greater than four but less
10 than six, one hundred three percent.

11 (C) If the percentage change in the consumer price index for
12 all urban consumers is equal to or greater than six but less than
13 eight, one hundred four percent.

14 (D) If the percentage change in the consumer price index
15 for all urban consumers is equal to or greater than eight, one
16 hundred five percent.

17 (ii) The percentage change in the consumer price index for
18 all urban consumers shall be equal to one hundred multiplied
19 by the quotient of the remainder of the published value of the
20 consumer price index for all urban consumers for the month ending
21 eight months prior to the beginning of the applicable budget year
22 minus the published value of the consumer price index for all
23 urban consumers for the month ending twenty months prior to the
24 beginning of the applicable budget year divided by the published
25 value of the consumer price index for all urban consumers for
26 the month ending twenty months prior to the beginning of the
27 applicable budget year.

28 (3) Notwithstanding other provisions of this paragraph, if
29 a city's actual levy rate for the current fiscal year is zero
30 dollars per one thousand dollars of assessed value, the city's
31 levy rate under this subsection shall not exceed a levy rate
32 per one thousand dollars of assessed value equal to one thousand
33 multiplied by the quotient of one hundred two percent of the
34 city's certified general fund budget for the current fiscal year
35 divided by the remainder of the total assessed value used to

1 calculate taxes for the budget year minus value attributable to
2 new valuation.

3 Sec. 13. Section 384.1, subsection 4, Code 2026, is amended
4 by adding the following new paragraph:

5 NEW PARAGRAPH. c. "New valuation" means the increase from
6 the current fiscal year to the budget year in taxable valuation,
7 as shown on the assessment roll due to the following, the amount
8 of each as reported under section 331.510 by the county auditor
9 to the department of management:

10 (1) New construction.

11 (2) Additions or improvements to existing structures that are
12 not normal and necessary repairs under section 441.21, subsection
13 8.

14 (3) Net boundary adjustments, including annexation,
15 severance, incorporation, consolidation, or discontinuance as
16 those terms are defined in section 368.1.

17 Sec. 14. EFFECTIVE DATE. This division of this Act takes
18 effect January 1, 2027.

19 Sec. 15. APPLICABILITY. This division of this Act applies to
20 property taxes and budgets for fiscal years beginning on or after
21 July 1, 2027.

22 DIVISION III

23 SCHOOL TAXES AND BUDGETS

24 Sec. 16. Section 257.1, subsection 2, paragraph b, Code 2026,
25 is amended to read as follows:

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

30 (b) For the budget year commencing July 1, 2022, and for each
31 succeeding budget year beginning before July 1, 2027, the regular
32 program foundation base per pupil is eighty-eight and four-tenths
33 percent of the regular program state cost per pupil.

34 (c) For the budget year commencing July 1, 2027, and each
35 succeeding budget year, the regular program foundation base per

1 pupil is one hundred percent of the regular program state cost
2 per pupil.

3 (2) (a) For the budget year commencing July 1, 1991, and
4 for each succeeding budget year beginning before July 1,
5 2027, the special education support services foundation base is
6 seventy-nine percent of the special education support services
7 state cost per pupil.

8 (b) For the budget year commencing July 1, 2027, and each
9 succeeding budget year, the special education support services
10 foundation base is one hundred percent of the special education
11 support services state cost per pupil.

12 (3) The combined foundation base is the sum of the regular
13 program foundation base, the special education support services
14 foundation base, the total teacher salary supplement district
15 cost, the total professional development supplement district
16 cost, the total early intervention supplement district cost,
17 the total teacher leadership supplement district cost, and the
18 total area education agency teacher salary supplement district
19 cost, and the amounts added to the combined district cost of the
20 school district for media services and educational services under
21 section 257.37.

22 Sec. 17. Section 257.3, subsection 1, paragraph a, Code 2026,
23 is amended to read as follows:

24 a. (1) Except as provided in subsections 2 and 3, a school
25 district shall cause to be levied each budget year beginning
26 before July 1, 2027, for the school general fund, a foundation
27 property tax equal to five dollars and forty cents per thousand
28 dollars of assessed valuation on all taxable property in the
29 district. The county auditor shall spread the foundation levy
30 over all taxable property in the district.

31 (2) Except as provided in subsections 2 and 3, a school
32 district shall cause to be levied for the budget year beginning
33 July 1, 2027, and each succeeding budget year, for the school
34 general fund, a foundation property tax equal to four dollars and
35 forty-eight and six hundred sixty-two one-thousandths cents per

1 thousand dollars of assessed valuation on all taxable property
2 in the district. The county auditor shall spread the foundation
3 levy over all taxable property in the district.

4 Sec. 18. Section 257.3, subsection 2, paragraphs a and b,
5 Code 2026, are amended to read as follows:

6 a. Notwithstanding subsection 1, a reorganized school
7 district for which the reorganization takes effect on or after
8 July 1, 2027, shall cause a foundation property tax of ~~four~~
9 three dollars and ~~forty~~ sixty-six cents per thousand dollars of
10 assessed valuation to be levied on all taxable property which, in
11 the year preceding a reorganization, was within a school district
12 affected by the reorganization as defined in section 275.1, or in
13 the year preceding a dissolution was a part of a school district
14 that dissolved if the dissolution proposal has been approved by
15 the director of the department of education pursuant to section
16 275.55.

17 b. ~~In~~ For a reorganized school district for which the
18 reorganization took effect on or after July 1, 2027, in
19 succeeding school years, the foundation property tax levy on that
20 portion shall be increased to the rate of four dollars and ~~ninety~~
21 seven cents per thousand dollars of assessed valuation the first
22 succeeding year, ~~five~~ four dollars and ~~fifteen~~ twenty-eight cents
23 per thousand dollars of assessed valuation the second succeeding
24 year, and ~~five~~ four dollars and ~~forty~~ forty-eight and six hundred
25 sixty-two one-thousandths cents per thousand dollars of assessed
26 valuation the third succeeding year and each year thereafter
27 under subsection 1, paragraph "a".

28 Sec. 19. Section 257.4, subsection 1, paragraph a, Code 2026,
29 is amended by adding the following new subparagraphs:

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

33 NEW SUBPARAGRAPH. (11) The amount added to the combined
34 district cost of the school district for educational services
35 under section 257.37.

1 Sec. 20. Section 257.4, subsection 1, paragraph b, Code 2026,
2 is amended to read as follows:

3 b. For the budget year beginning July 1, 2008, and succeeding
4 budget years beginning before July 1, 2027, the department
5 of management shall annually determine an adjusted additional
6 property tax levy and a statewide maximum adjusted additional
7 property tax levy rate, not to exceed the statewide average
8 additional property tax levy rate, calculated by dividing the
9 total adjusted additional property tax levy dollars statewide by
10 the statewide total net taxable valuation. For purposes of this
11 paragraph, the adjusted additional property tax levy shall be
12 that portion of the additional property tax levy corresponding
13 to the state cost per pupil multiplied by a school district's
14 weighted enrollment, and then multiplied by one hundred percent
15 less the regular program foundation base per pupil percentage
16 pursuant to section 257.1, and then reduced by the amount of
17 the property tax replacement payment to be received under section
18 257.16B and the amount of the foundation base supplement payment
19 to be received under section 257.16D. The district shall receive
20 adjusted additional property tax levy aid in an amount equal
21 to the difference between the adjusted additional property tax
22 levy rate and the statewide maximum adjusted additional property
23 tax levy rate, as applied per thousand dollars of assessed
24 valuation on all taxable property in the district. The statewide
25 maximum adjusted additional property tax levy rate shall be
26 annually determined by the department taking into account amounts
27 allocated pursuant to section 257.15, subsection 4, and the
28 balance of the property tax equity and relief fund created in
29 section 257.16A at the end of the calendar year.

30 Sec. 21. Section 257.4, subsection 2, Code 2026, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. c. This subsection applies to budget years
33 beginning before July 1, 2027.

34 Sec. 22. Section 257.15, subsections 2 and 3, Code 2026, are
35 amended to read as follows:

1 2. *Property tax adjustment aid for 1992-1993 and succeeding*
2 *years beginning before 2027-2028*. For the budget year beginning
3 July 1, 1992, and succeeding budget years beginning before July
4 1, 2027, the department of education shall pay property tax
5 adjustment aid to a school district equal to the amount paid
6 to the district for the base year less an amount equal to the
7 product of the percent by which the taxable valuation in the
8 district increased, if the taxable valuation increased, from
9 January 1 of the year prior to the base year to January 1 of the
10 base year and the property tax adjustment aid. The department of
11 management shall adjust the rate of the additional property tax
12 accordingly and notify the department of education of the amount
13 of aid to be paid to each district from moneys appropriated for
14 property tax adjustment aid.

15 3. *Property tax adjustment aid appropriation*. There is
16 appropriated from the general fund of the state to the department
17 of education, for each fiscal year beginning before July 1, 2027,
18 an amount necessary to pay property tax adjustment aid to school
19 districts under this section. Property tax adjustment aid shall
20 be paid to school districts in the manner provided in section
21 257.16.

22 Sec. 23. Section 257.15, subsection 4, paragraph a,
23 subparagraph (1), subparagraph division (d), Code 2026, is
24 amended to read as follows:

25 (d) For the budget year beginning July 1, 2009, and
26 succeeding budget years beginning before July 1, 2027,
27 twenty-four million dollars.

28 Sec. 24. Section 257.15, subsection 4, paragraph b, Code
29 2026, is amended to read as follows:

30 b. ~~After~~ For fiscal years beginning before July 1, 2026,
31 after lowering all school district adjusted additional property
32 tax levy rates to the statewide maximum adjusted additional
33 property tax levy rate under paragraph "a", the department of
34 management shall use any remaining funds at the end of the
35 calendar year to further lower additional property taxes by

1 increasing for the budget year beginning the following July
2 1, the regular program foundation base per pupil percentage
3 under section 257.1. Moneys used pursuant to this paragraph
4 shall supplant an equal amount of the appropriation made from
5 the general fund of the state pursuant to section 257.16 that
6 represents the increase in state foundation aid. Any moneys
7 remaining at the conclusion of the fiscal year beginning July 1,
8 2025, shall be transferred by the department of management for
9 deposit in the general fund of the state.

10 Sec. 25. Section 257.16A, subsections 2 and 3, Code 2026, are
11 amended to read as follows:

12 2. There For each fiscal year beginning before July 1,
13 2027, there is appropriated annually all moneys in the fund to
14 the department of management for purposes of section 257.15,
15 subsection 4.

16 3. Notwithstanding section 8.33, any moneys remaining in the
17 property tax equity and relief fund at the end of a fiscal
18 year shall not revert to any other fund but shall remain in the
19 property tax equity and relief fund for use as provided in this
20 section for the following fiscal year. However, at the end of
21 the fiscal year beginning July 1, 2026, any moneys remaining in
22 the property tax equity and relief fund shall be transferred for
23 deposit into either the secure an advanced vision for education
24 fund or the general fund of the state based on the fund from
25 which the moneys were received.

26 Sec. 26. Section 257.16B, subsection 1, Code 2026, is amended
27 to read as follows:

28 1. For each fiscal year beginning on or after July 1, 2023,
29 but before July 1, 2027, there is appropriated from the general
30 fund of the state to the department of education an amount
31 necessary to make all school district property tax replacement
32 payments under this section, as calculated in subsection 2.

33 Sec. 27. Section 257.16D, subsection 2, paragraph a, Code
34 2026, is amended to read as follows:

35 a. There For fiscal years beginning before July 1, 2027,

1 there is appropriated annually from the fund to the department
2 of management an amount necessary to make all foundation base
3 supplement payments under this section. The department of
4 management shall calculate each school district's foundation base
5 supplement payment based on the distribution methodology under
6 paragraph "b".

7 Sec. 28. Section 257.16D, subsection 3, Code 2026, is amended
8 to read as follows:

9 3. Notwithstanding section 8.33, any moneys remaining in the
10 foundation base supplement fund at the end of a fiscal year shall
11 not revert to any other fund but shall remain in the foundation
12 base supplement fund for use as provided in this section for the
13 following fiscal year. However, at the end of the fiscal year
14 beginning July 1, 2026, any moneys remaining in the foundation
15 base supplement fund shall be transferred for deposit in the
16 secure an advanced vision for education fund.

17 Sec. 29. Section 257.31, Code 2026, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 19. a. The board of directors of each
20 school district with an unexpended fund balance in the district's
21 management levy fund under section 298A.3 at the conclusion of
22 the fiscal year beginning July 1, 2025, that exceeds an amount
23 equal to the total expenditures from the district's management
24 levy fund for the fiscal year beginning July 1, 2025, shall
25 certify such unexpended fund balance and expenditure amounts,
26 including any reserved or designated amounts in the fund and
27 the purposes therefor, to the school budget review committee by
28 November 15, 2026. The committee shall prescribe the form for
29 such certifications.

30 b. The committee shall conduct a review of the unexpended
31 fund balances and expenditures of school district management levy
32 funds certified under paragraph "a". The committee shall consult
33 with boards of directors of school districts and other relevant
34 persons to determine the appropriateness of establishing district
35 management levy fund unexpended fund balance limitations. By

1 February 1, 2027, the committee shall make recommendations to the
2 general assembly for establishing district management levy fund
3 unexpended fund balance limitations for fiscal years beginning on
4 or after July 1, 2028, including recommendations for limitations
5 based on a percentage of the district's management levy fund
6 expenditures and recommendations for management levy limitations
7 and expenditure requirements for excess funds.

8 Sec. 30. Section 298.2, subsection 1, Code 2026, is amended
9 to read as follows:

10 1. a. A physical plant and equipment levy of not exceeding
11 one dollar and ~~sixty-seven~~ eighteen cents per thousand dollars
12 of assessed valuation in the district is established except
13 as otherwise provided in this subsection. The physical plant
14 and equipment levy consists of the regular physical plant and
15 equipment levy of not exceeding ~~thirty-three~~ twenty-four cents
16 per thousand dollars of assessed valuation in the district
17 and a voter-approved physical plant and equipment levy of not
18 exceeding ~~one dollar and thirty-four~~ ninety-four cents per
19 thousand dollars of assessed valuation in the district. However,
20 the voter-approved physical plant and equipment levy may consist
21 of a combination of a physical plant and equipment property tax
22 levy and a physical plant and equipment income surtax as provided
23 in subsection 4 with the maximum amount levied and imposed
24 limited to an amount that could be raised by a ~~one dollar and~~
25 ~~thirty-four~~ ninety-four cent property tax levy. A voter-approved
26 physical plant and equipment levy approved prior to the effective
27 date of this division of this Act shall not exceed a rate that is
28 seventy percent of the rate approved at election.

29 b. For school budget years beginning on or after July 1,
30 ~~2015~~ 2027, a school district may by resolution of the board of
31 directors adopted prior to April 30 preceding the budget year
32 impose a physical plant and equipment levy at a rate in excess
33 of the levy rate limitations under paragraph "a" if the board
34 has refunded or refinanced a loan agreement entered into under
35 section 297.36 and such refunding or refinancing complies with

1 the maturity period authorized under section 297.36, subsection
2 1, paragraph "c", and results in a lower amount of interest on
3 the amount of the loan agreement. However, the rate imposed
4 by a school district under this paragraph shall not exceed the
5 rate imposed during the budget year in which the loan agreement
6 was refunded or refinanced or seventy percent of such levy rate
7 if the refunding or refinancing occurred in the budget year
8 beginning July 1, 2026. Authorization to exceed the levy rate
9 limitations of paragraph "a" shall terminate upon the maturity
10 of the loan agreement after refunding or refinancing. Upon
11 adoption of the resolution under this paragraph "b", the board
12 shall comply with the requirements of section 297.36, subsection
13 1, paragraph "b".

14 Sec. 31. Section 298.2, subsection 2, Code 2026, is amended
15 by striking the subsection.

16 Sec. 32. Section 298.4, subsection 1, unnumbered paragraph 1,
17 Code 2026, is amended to read as follows:

18 The Unless prohibited by subsection 1A, paragraph "a", the
19 board of directors of a school district may certify for levy
20 by April 30 of a school year, a tax on all taxable property in
21 the school district for a district management levy, subject to
22 the limitations in subsection 1A, paragraph "b". The revenue
23 from the tax levied in this section shall be placed in the
24 district management levy fund of the school district. The
25 district management levy shall be expended only for the following
26 purposes:

27 Sec. 33. Section 298.4, Code 2026, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 1A. α. (1) For the fiscal year beginning
30 July 1, 2028, if a school district's unexpended fund balance, as
31 defined in section 257.2, of the district's management levy fund
32 is equal to or exceeds one hundred eighty 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, the board of directors shall not certify a levy under this

1 section for the fiscal year.

2 (2) For the fiscal year beginning July 1, 2029, if a
3 school district's unexpended fund balance, as defined in section
4 257.2, of the district's management levy fund is equal to or
5 exceeds one hundred seventy-five percent of the average annual
6 expenditures from the district's management levy fund for the
7 three consecutive fiscal years immediately preceding the base
8 year, the board of directors shall not certify a levy under this
9 section for the fiscal year.

10 (3) For the fiscal year beginning July 1, 2030, if a school
11 district's unexpended fund balance, as defined in section 257.2,
12 of the district's management levy fund is equal to or exceeds one
13 hundred seventy percent of the average annual expenditures from
14 the district's management levy fund for the three consecutive
15 fiscal years immediately preceding the base year, the board of
16 directors shall not certify a levy under this section for the
17 fiscal year.

18 (4) For the fiscal year beginning July 1, 2031, if a
19 school district's unexpended fund balance, as defined in section
20 257.2, of the district's management levy fund is equal to or
21 exceeds one hundred sixty-five percent of the average annual
22 expenditures from the district's management levy fund for the
23 three consecutive fiscal years immediately preceding the base
24 year, the board of directors shall not certify a levy under this
25 section for the fiscal year.

26 (5) For the fiscal year beginning July 1, 2032, and each
27 succeeding fiscal year, if a school district's unexpended
28 fund balance, as defined in section 257.2, of the district's
29 management levy fund is equal to or exceeds one hundred sixty
30 percent of the average annual expenditures from the district's
31 management levy fund for the three consecutive fiscal years
32 immediately preceding the base year, the board of directors shall
33 not certify a levy under this section for the fiscal year.

34 b. (1) For the fiscal year beginning July 1, 2028, if a
35 school district is not prohibited from certifying a levy pursuant

1 to paragraph "a", the maximum amount that the board of directors
2 may certify for levy under this section shall be an amount equal
3 to the remainder of one hundred eighty percent of the average
4 annual expenditures from the district's management levy fund for
5 the three consecutive fiscal years immediately preceding the base
6 year minus the district's management levy fund unexpended fund
7 balance for the fiscal year preceding the base year.

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

17 (3) For the fiscal year beginning July 1, 2030, if a school
18 district is not prohibited from certifying a levy pursuant to
19 paragraph "a", the maximum amount that the board of directors
20 may certify for levy under this section shall be an amount equal
21 to the remainder of one hundred seventy percent of the average
22 annual expenditures from the district's management levy fund for
23 the three consecutive fiscal years immediately preceding the base
24 year minus the district's management levy fund unexpended fund
25 balance for the fiscal year preceding the base year.

26 (4) For the fiscal year beginning July 1, 2031, if a school
27 district is not prohibited from certifying a levy pursuant to
28 paragraph "a", the maximum amount that the board of directors may
29 certify for levy under this section shall be an amount equal to
30 the remainder of one hundred sixty-five percent of the average
31 annual expenditures from the district's management levy fund for
32 the three consecutive fiscal years immediately preceding the base
33 year minus the district's management levy fund unexpended fund
34 balance for the fiscal year preceding the base year.

35 (5) For the fiscal year beginning July 1, 2032, and each

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

10 Sec. 34. Section 298.18, subsection 1, paragraph d, Code
11 2026, is amended to read as follows:

12 d. (1) The amount estimated and certified to apply on
13 principal and interest for any one year may exceed ~~two dollars~~
14 and seventy one dollar and eighty-nine cents per thousand dollars
15 of assessed value by the amount approved by the voters of the
16 school corporation, but not exceeding ~~four~~ two dollars and ~~five~~
17 eighty-four cents per thousand dollars of the assessed value
18 of the taxable property within any school corporation, provided
19 that the registered voters of such school corporation have first
20 approved such increased amount at an election held on a date
21 specified in section 39.2, subsection 4, paragraph "c". Amounts
22 approved at election before the effective date of this division
23 of this Act shall not exceed a rate that is seventy percent of
24 the rate approved at election.

25 (2) The levy rate limitations under this paragraph shall not
26 apply to the payment of general obligation bonds approved for
27 issuance at an election held on or before November 4, 2025,
28 that are sold on or after May 1, 2026, and the payment of such
29 bonds shall be subject to the levy rate limitations under section
30 298.18, subsection 1, paragraph "d", Code 2026.

31 Sec. 35. Section 423F.2, subsection 3, paragraph b,
32 subparagraph (1), Code 2026, is amended to read as follows:

33 (1) Prior to distribution of moneys in the secure an advanced
34 vision for education fund to school districts, an amount equal
35 to the equity transfer amount for the fiscal year ~~minus the~~

1 ~~foundation base transfer amount for the fiscal year shall~~
2 ~~be distributed and credited to the property tax equity and~~
3 ~~relief fund created in section 257.16A, an amount equal to the~~
4 ~~foundation base transfer amount shall be distributed and credited~~
5 ~~to the foundation base supplement fund created in section~~
6 ~~257.16D, general fund of the state to be used for foundation aid~~
7 resulting from the increase in the regular program foundation
8 base per pupil to one hundred percent of the regular program
9 state cost per pupil and an amount equal to the career academy
10 transfer amount for the fiscal year shall be distributed and
11 credited to the career academy fund created in section 257.51.

12 Sec. 36. Section 423F.2, subsection 3, paragraph b,
13 subparagraph (3), Code 2026, is amended by striking the
14 subparagraph.

15 Sec. 37. Section 423F.3, subsection 1, paragraph a, Code
16 2026, is amended to read as follows:

17 a. Reduction of the bond levies levy under ~~sections~~ section
18 ~~298.18 and 298.18A~~ and all other debt levies.

19 Sec. 38. Section 425A.3, subsection 1, Code 2026, is amended
20 to read as follows:

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

1 credit on each eligible tract of agricultural land in the state
2 shall be proportionate and applied as provided in this chapter.

3 Sec. 39. Section 425A.5, Code 2026, is amended to read as
4 follows:

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

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

23 Sec. 40. Section 426.3, Code 2026, is amended to read as
24 follows:

25 **426.3 Where credit given.**

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

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

8 Sec. 41. Section 426.6, subsection 1, Code 2026, is amended
9 to read as follows:

10 1. The agricultural land tax credit allowed each year shall
11 be computed as follows: On or before April 1, the county auditor
12 shall list by school districts all tracts of agricultural lands
13 which are entitled to credit, together with the taxable value
14 for the previous year, together with the budget from each school
15 district for the previous year, and the tax rate determined for
16 the general fund of the district in the manner prescribed in
17 section 444.3 for the previous year, and if such tax rate is in
18 excess of ~~five dollars and forty cents per thousand dollars of~~
19 ~~assessed value~~ the levy rate under section 257.3, subsection 1,
20 paragraph "a", the auditor shall multiply the tax levy which is
21 in excess of ~~five dollars and forty cents per thousand dollars~~
22 ~~of assessed value~~ the levy rate under section 257.3, subsection
23 1, paragraph "a", by the total taxable value of the agricultural
24 lands entitled to credit in the district, and on or before April
25 1, certify the amount to the department of revenue.

26 Sec. 42. REPEAL. Section 298.18A, Code 2026, is repealed.

27 Sec. 43. ADJUSTMENT OF CALCULATIONS. For property tax
28 credits under chapters 425A and 426 for property taxes due and
29 payable in the fiscal year beginning July 1, 2027, the tax rate
30 determined for the general fund of the school district in the
31 manner prescribed in section 444.3 for the previous year shall
32 be determined using the appropriate property tax levy rate under
33 section 257.3, as amended in this division of this Act.

34 Sec. 44. EFFECTIVE DATE. Except for the section of this
35 division of this Act amending section 257.31, this division of

1 this Act takes effect January 1, 2027.

2 Sec. 45. APPLICABILITY. Except for the section of this
3 division of this Act amending section 257.31, this division
4 of this Act applies to fiscal years and school budget years
5 beginning on or after July 1, 2027.

6

DIVISION IV

7 PROPERTY CLASSIFICATIONS, VALUATIONS, AND ASSESSMENT LIMITATIONS

8 Sec. 46. Section 386.8, Code 2026, is amended to read as
9 follows:

10 **386.8 Operation tax.**

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

1 in section 384.1.

2 Sec. 47. Section 386.9, Code 2026, is amended to read as
3 follows:

4 **386.9 Capital improvement tax.**

5 A city may establish a capital improvement fund for a district
6 and may certify taxes, not to exceed the rate established by
7 the ordinance creating the district, or any subsequent amendment
8 thereto, each year to be levied for the fund against all of the
9 property in the district, for the purpose of accumulating moneys
10 for the financing or payment of a part or all of the costs of any
11 improvement or self-liquidating improvement. However, parcels of
12 property which are assessed as residential property for property
13 tax purposes are exempt from the tax levied under this section
14 except residential properties within a duly designated historic
15 district or property classified as ~~residential~~ multiresidential
16 property under section 441.21, subsection ~~44 13~~, paragraph "a",
17 subparagraph ~~(6)~~ (5). A tax levied under this section is not
18 subject to the levy limitations in section 384.1 or 384.7.

19 Sec. 48. Section 386.10, Code 2026, is amended to read as
20 follows:

21 **386.10 Debt service tax.**

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

1 part of a historic district or property classified as ~~residential~~
2 multiresidential property under section 441.21, subsection 14 13,
3 paragraph "a", subparagraph ~~(6)~~ (5).

4 Sec. 49. Section 404.2, subsection 2, paragraph f, Code 2026,
5 is amended to read as follows:

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

26 Sec. 50. Section 404.3, subsection 4, paragraph a, Code 2026,
27 is amended by striking the paragraph and inserting in lieu
28 thereof the following:

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

32 (1) Residential property.

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

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

5 Sec. 51. Section 404.3A, Code 2026, is amended to read as
6 follows:

7 **404.3A Residential development area exemption.**

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

17 Sec. 52. Section 404.3D, Code 2026, is amended to read as
18 follows:

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

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

28 Sec. 53. Section 441.21, subsection 1, paragraph b,
29 subparagraph (1), Code 2026, is amended to read as follows:

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

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

16 Sec. 54. Section 441.21, subsection 1, paragraph e, Code
17 2026, is amended to read as follows:

18 e. The actual value of agricultural property shall be
19 determined on the basis of productivity and net earning capacity
20 of the property determined on the basis of its use for
21 agricultural purposes capitalized at a rate of seven percent
22 and applied uniformly among counties and among classes of
23 property. However, for assessment years beginning on or after
24 January 1, 2027, structures on agricultural land constructed on
25 or after January 1, 2027, that are not agricultural dwellings
26 shall not be included in determination of productivity and
27 net earning capacity of agricultural property and shall not be
28 allocated any portion of the total county productivity value so
29 determined. However, such structures shall be treated similarly
30 to agricultural structures constructed before January 1, 2027,
31 when applying any equalization order of the department. Such
32 agricultural structures shall instead be valued according to the
33 structure's replacement cost less depreciation and obsolescence
34 and the structure's assessed value subject to taxation prior
35 to application of any assessment limitation under subsection 4

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

6 Sec. 55. Section 441.21, subsection 2, Code 2026, is amended
7 to read as follows:

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

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

35 Sec. 56. Section 441.21, subsections 4 and 5, Code 2026, are

1 amended to read as follows:

2 4. For valuations established as of January 1, 1979 2026, the
3 percentage of actual value at which agricultural and residential
4 property shall be assessed shall be ~~the quotient of the dividend~~
5 ~~and divisor as defined in this section~~ determined under this
6 subsection.

7 a. ~~(1)~~ The percentage of actual value at which agricultural
8 property shall be assessed shall be the quotient of the dividend
9 and divisor as defined in this paragraph. The dividend ~~for~~
10 ~~each class of property~~ shall be the dividend as determined for
11 ~~each class of~~ agricultural property for valuations established
12 as of January 1, 1978 2025, as determined under the applicable
13 law for that assessment year, adjusted by the product obtained
14 by multiplying the percentage determined for that year by the
15 amount of any additions or deletions to actual value, excluding
16 those resulting from the revaluation of existing properties, as
17 reported by the assessors on the abstracts of assessment for 1978
18 2025, plus ~~six~~ three percent of the amount so determined.

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

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

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

~~16 b.—(1) The divisor for each class of property shall be
17 the total actual value of all such agricultural property in
18 the state in the preceding year, as reported by the assessors
19 on the abstracts of assessment submitted for ~~1978~~ 2025, as
20 determined under the applicable law for that assessment year,
21 plus the amount of value added to said total actual value by
22 the revaluation of existing properties in ~~1979~~ 2026 as equalized
23 by the director of revenue pursuant to section 441.49. The
24 director shall utilize information reported on abstracts of
25 assessment submitted pursuant to section 441.45 in determining
26 such percentage. For valuations established as of January
27 1, 2027, and each assessment year thereafter, the percentage
28 of actual value as equalized by the department of revenue as
29 provided in section 441.49 at which agricultural property shall
30 be assessed shall be calculated in accordance with the methods
31 provided in this paragraph.~~

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

1 subparagraphs (2), (3), (4), (5), and (6), and the property
2 described in subsection 14, paragraph "a", subparagraph (7), that
3 contains three or more separate dwelling units.

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

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

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

35 (2) For valuations established for the assessment year

1 beginning January 1, 2026, and the assessment year beginning
2 January 1, 2027, the percentage of actual value as equalized by
3 the department of revenue as provided in section 441.49 at which
4 residential property shall be assessed shall be seventy percent.

5 (3) For valuations established for the assessment year
6 beginning January 1, 2028, the percentage of actual value as
7 equalized by the department of revenue as provided in section
8 441.49 at which residential property shall be assessed shall be
9 seventy-three percent.

10 (4) For valuations established for the assessment year
11 beginning January 1, 2029, the percentage of actual value as
12 equalized by the department of revenue as provided in section
13 441.49 at which residential property shall be assessed shall be
14 seventy-six percent.

15 (5) For valuations established for the assessment year
16 beginning January 1, 2030, the percentage of actual value as
17 equalized by the department of revenue as provided in section
18 441.49 at which residential property shall be assessed shall be
19 seventy-nine percent.

20 (6) For valuations established for the assessment year
21 beginning January 1, 2031, the percentage of actual value as
22 equalized by the department of revenue as provided in section
23 441.49 at which residential property shall be assessed shall be
24 eighty-two percent.

25 (7) For valuations established for the assessment year
26 beginning January 1, 2032, the percentage of actual value as
27 equalized by the department of revenue as provided in section
28 441.49 at which residential property shall be assessed shall be
29 eighty-five percent.

30 (8) For valuations established for the assessment year
31 beginning January 1, 2033, the percentage of actual value as
32 equalized by the department of revenue as provided in section
33 441.49 at which residential property shall be assessed shall be
34 eighty-eight percent.

35 (9) For valuations established for the assessment year

1 beginning January 1, 2034, the percentage of actual value as
2 equalized by the department of revenue as provided in section
3 441.49 at which residential property shall be assessed shall be
4 ninety-one percent.

5 (10) For valuations established for the assessment year
6 beginning January 1, 2035, the percentage of actual value as
7 equalized by the department of revenue as provided in section
8 441.49 at which residential property shall be assessed shall be
9 ninety-four percent.

10 (11) For valuations established for the assessment year
11 beginning January 1, 2036, the percentage of actual value as
12 equalized by the department of revenue as provided in section
13 441.49 at which residential property shall be assessed shall be
14 ninety-seven percent.

15 (12) For valuations established for the assessment year
16 beginning January 1, 2037, and each assessment year thereafter,
17 the percentage of actual value as equalized by the department
18 of revenue as provided in section 441.49 at which residential
19 property shall be assessed shall be one hundred percent.

20 5. a. ~~(1) For valuations established as of January 1, 1979,~~
21 ~~property valued by the department of revenue pursuant to chapter~~
22 ~~437 shall be considered as one class of property and shall be~~
23 ~~assessed as a percentage of its actual value. The percentage~~
24 ~~shall be determined by the director of revenue in accordance~~
25 ~~with the provisions of this section. For valuations established~~
26 ~~as of January 1, 1979, the percentage shall be the quotient~~
27 ~~of the dividend and divisor as defined in this section. The~~
28 ~~dividend shall be the total actual valuation established for 1978~~
29 ~~by the department of revenue, plus ten percent of the amount so~~
30 ~~determined. The divisor for property valued by the department~~
31 ~~of revenue pursuant to chapter 437 shall be the valuation~~
32 ~~established for 1978, plus the amount of value added to the total~~
33 ~~actual value by the revaluation of the property by the department~~
34 ~~of revenue as of January 1, 1979. For valuations established as~~
35 ~~of January 1, 1980, property valued by the department of revenue~~

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

19 ~~(2)~~ (1) For valuations established on or after January 1,
20 2013, property valued by the department of revenue pursuant to
21 chapter 434 shall be assessed at a portion of its actual value
22 determined in the same manner at which property assessed as
23 commercial property is assessed under paragraph "b" for the same
24 assessment year.

25 ~~(3)~~ (2) For valuations established for the assessment year
26 beginning January 1, 2025, the percentage of actual value at
27 which property valued by the department of revenue pursuant to
28 chapters 428 and 438 shall be assessed shall be ninety-eight
29 percent.

30 ~~(4)~~ (3) For valuations established for the assessment year
31 beginning January 1, 2026, and each assessment year thereafter,
32 the percentage of actual value at which property valued by the
33 department of revenue pursuant to chapters 428, 437, and 438
34 shall be assessed shall be ~~ninety-six~~ one hundred percent.

35 ~~(5)~~ For valuations established for the assessment year

1 ~~beginning January 1, 2027, the percentage of actual value at~~
2 ~~which property valued by the department of revenue pursuant to~~
3 ~~chapters 428 and 438 shall be assessed shall be ninety-four~~
4 ~~percent.~~

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

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

14 ~~b. For valuations established on or after January 1, 2013,~~
15 ~~commercial Commercial property, excluding properties referred to~~
16 ~~in section 427A.1, subsection 9, shall be assessed at a portion~~
17 ~~of its actual value, as determined in this paragraph "b".~~

18 ~~(1) For valuations established for the assessment year~~
19 ~~beginning January 1, 2013, the percentage of actual value as~~
20 ~~equalized by the department of revenue as provided in section~~
21 ~~441.49 at which commercial property shall be assessed shall~~
22 ~~be ninety-five percent. For valuations established for the~~
23 ~~assessment year beginning January 1, 2014, and each assessment~~
24 ~~year thereafter beginning before January 1, 2022, the percentage~~
25 ~~of actual value as equalized by the department of revenue as~~
26 ~~provided in section 441.49 at which commercial property shall be~~
27 ~~assessed shall be ninety percent.~~

28 ~~(2) (1) For valuations established for the assessment year~~
29 ~~beginning January 1, 2022, and each assessment year thereafter~~
30 ~~beginning before January 1, 2026, the portion of actual value at~~
31 ~~which each property unit of commercial property shall be assessed~~
32 ~~shall be the sum of the following:~~

33 ~~(a) An amount equal to the product of the assessment~~
34 ~~limitation percentage applicable to residential property under~~
35 ~~subsection 4 for that assessment year multiplied by the actual~~

1 value of the property that exceeds zero dollars but does not
2 exceed one hundred fifty thousand dollars.

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

6 (2) For valuations established for the assessment year
7 beginning January 1, 2026, and each assessment year thereafter,
8 the percentage of actual value as equalized by the department
9 of revenue as provided in section 441.49 at which commercial
10 property shall be assessed shall be one hundred percent.

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

15 ~~(1) For valuations established for the assessment year~~
16 ~~beginning January 1, 2013, the percentage of actual value as~~
17 ~~equalized by the department of revenue as provided in section~~
18 ~~441.49 at which industrial property shall be assessed shall~~
19 ~~be ninety-five percent. For valuations established for the~~
20 ~~assessment year beginning January 1, 2014, and each assessment~~
21 ~~year thereafter beginning before January 1, 2022, the percentage~~
22 ~~of actual value as equalized by the department of revenue as~~
23 ~~provided in section 441.49 at which industrial property shall be~~
24 ~~assessed shall be ninety percent.~~

25 ~~(2)~~ (1) For valuations established for the assessment year
26 beginning January 1, 2022, and each assessment year thereafter
27 beginning before January 1, 2026, the portion of actual value at
28 which each property unit of industrial property shall be assessed
29 shall be the sum of the following:

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

35 (b) An amount equal to ninety percent of the actual value of

1 the property for that assessment year that exceeds one hundred
2 fifty thousand dollars.

3 (2) For valuations established for the assessment year
4 beginning January 1, 2026, and each assessment year thereafter,
5 the percentage of actual value as equalized by the department
6 of revenue as provided in section 441.49 at which industrial
7 property shall be assessed shall be one hundred percent.

8 d. For valuations established for the assessment year
9 beginning January 1, 2019, and each assessment year thereafter
10 beginning before January 1, 2026, the percentages or portions of
11 actual value at which property is assessed, as determined under
12 this subsection, shall not be applied to the value of wind energy
13 conversion property valued under section 427B.26 the construction
14 of which is approved by the Iowa utilities commission on or after
15 July 1, 2018.

16 e. ~~(1) For the fiscal year beginning July 1, 2023, there is~~
17 ~~appropriated from the general fund of the state to the department~~
18 ~~of revenue the sum of one hundred twenty-two million three~~
19 ~~hundred fifty thousand dollars to be used for payments under this~~
20 ~~paragraph calculated as a result of the assessment limitations~~
21 ~~imposed under paragraph "b", subparagraph (2), subparagraph~~
22 ~~division (a), and paragraph "c", subparagraph (2), subparagraph~~
23 ~~division (a). For each fiscal year beginning on or after July~~
24 ~~1, 2024, but before July 1, 2027, there is appropriated from~~
25 ~~the general fund of the state to the department of revenue the~~
26 ~~sum of one hundred twenty-five million dollars to be used for~~
27 ~~payments under this paragraph calculated as a result of the~~
28 ~~assessment limitations imposed under paragraph "b", subparagraph~~
29 ~~(2), subparagraph division (a), Code 2026, and paragraph "c",~~
30 ~~subparagraph (2), subparagraph division (a), Code 2026.~~

31 (2) For fiscal years beginning on or after July 1, 2023, but
32 before July 1, 2027, each county treasurer shall be paid by the
33 department of revenue an amount calculated under subparagraph
34 (4) for the applicable fiscal year. If an amount appropriated
35 for the fiscal year is insufficient to make all payments as

1 calculated under subparagraph (4), the director of revenue shall
2 prorate the payments to the county treasurers and shall notify
3 the county auditors of the pro rata percentage on or before
4 September 30.

5 (3) On or before July 1 of each applicable fiscal year,
6 the assessor shall report to the county auditor that portion
7 of the total actual value of all commercial property and
8 industrial property in the county that is subject to the
9 assessment limitations imposed under paragraph "b", subparagraph
10 (2), subparagraph division (a), Code 2026, and paragraph "c",
11 subparagraph (2), subparagraph division (a), Code 2026, for the
12 assessment year used to calculate the taxes due and payable in
13 that fiscal year.

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

19 (a) The product of the portion of the total actual value
20 of all commercial property, industrial property, and property
21 valued by the department under chapter 434 in the county
22 that is subject to the assessment limitations imposed under
23 paragraph "b", subparagraph (2), subparagraph division (a), Code
24 2026, and paragraph "c", subparagraph (2), subparagraph division
25 (a), Code 2026, for the applicable assessment year used to
26 calculate taxes which are due and payable in the applicable
27 fiscal year multiplied by the difference, stated as a percentage,
28 between ninety percent and the assessment limitation percentage
29 applicable to residential property under subsection 4 for the
30 applicable assessment year.

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

33 (c) The amount of the payment for each county is equal to
34 the amount determined pursuant to subparagraph division (a),
35 multiplied by the tax rate specified in subparagraph division

1 (b), and then divided by one thousand dollars.

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

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

11 *f.* For the purposes of this subsection, unless the context
12 otherwise requires:

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

14 (a) Parcels that share a common boundary.

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

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

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

23 "Parcel" also means that portion of a parcel assigned a
24 classification of commercial property or industrial property
25 pursuant to ~~section 441.21~~, subsection 14, paragraph "b", Code
26 2026.

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

31 Sec. 57. Section 441.21, subsection 8, paragraph b, Code
32 2026, is amended to read as follows:

33 *b.* Notwithstanding paragraph "a", any construction or
34 installation of a solar energy system on property classified
35 as agricultural, residential, multiresidential, commercial, or

1 industrial property shall not increase the actual, assessed, and
2 taxable values of the property for five full assessment years.

3 Sec. 58. Section 441.21, subsections 9 and 10, Code 2026, are
4 amended to read as follows:

5 9. Not later than November 1, ~~1979~~ 2026, and November 1
6 of each subsequent year, the director shall certify to the
7 county auditor of each county the percentages of actual value
8 at which ~~residential property, agricultural property, commercial~~
9 ~~property, industrial property, property valued by the department~~
10 ~~of revenue pursuant to chapters 428 and 438, property valued by~~
11 ~~the department of revenue pursuant to chapter 434, and property~~
12 ~~valued by the department of revenue pursuant to chapter 437 in~~
13 ~~each assessing jurisdiction in the county~~ each classification of
14 property shall be assessed for taxation, ~~including for assessment~~
15 ~~years beginning on or after January 1, 2022, the percentages~~
16 ~~used to apply the assessment limitations under subsection 5,~~
17 ~~paragraphs "b" and "c".~~ The county auditor shall proceed
18 to determine the assessed values of ~~agricultural property,~~
19 ~~residential property, commercial property, industrial property,~~
20 ~~property valued by the department of revenue pursuant to chapters~~
21 ~~428 and 438, property valued by the department of revenue~~
22 ~~pursuant to chapter 434, and property valued by the department~~
23 ~~of revenue pursuant to chapter 437 by applying such percentages~~
24 to the current actual value of such property, as reported to
25 the county auditor by the assessor, and the assessed values so
26 determined shall be the taxable values of such properties upon
27 which the levy shall be made.

28 10. The ~~percentages~~ percentage of actual value computed by
29 the department of revenue under subsection 4 for agricultural
30 ~~property, residential property, commercial property, industrial~~
31 ~~property, property valued by the department of revenue pursuant~~
32 ~~to chapters 428 and 438, property valued by the department~~
33 ~~of revenue pursuant to chapter 434, and property valued by~~
34 ~~the department of revenue pursuant to chapter 437, including~~
35 ~~for assessment years beginning on or after January 1, 2022,~~

1 ~~the percentages used to apply the assessment limitations under~~
2 ~~subsection 5, paragraphs "b" and "c", and used to determine~~
3 ~~assessed values of those classes of agricultural property do~~ does
4 not constitute a rule as defined in section 17A.2, subsection 11.

5 Sec. 59. Section 441.21, subsection 13, paragraph a,
6 unnumbered paragraph 1, Code 2026, is amended to read as follows:

7 Beginning with valuations established on or after January 1,
8 ~~2016 2027, but before January 1, 2022,~~ all of the following
9 shall be valued as a separate class of property known as
10 multiresidential property and, excluding properties referred
11 to in section 427A.1, subsection 9, shall be assessed at a
12 percentage of its actual value, as determined in this subsection:

13 Sec. 60. Section 441.21, subsection 13, paragraph b, Code
14 2026, is amended by striking the paragraph and inserting in lieu
15 thereof the following:

16 b. (1) For valuations established for the assessment year
17 beginning January 1, 2027, the percentage of actual value as
18 equalized by the department of revenue as provided in section
19 441.49 at which multiresidential property shall be assessed shall
20 be seventy percent.

21 (2) For valuations established for the assessment year
22 beginning January 1, 2028, 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 seventy-three percent.

26 (3) For valuations established for the assessment year
27 beginning January 1, 2029, the percentage of actual value as
28 equalized by the department of revenue as provided in section
29 441.49 at which multiresidential property shall be assessed shall
30 be seventy-six percent.

31 (4) For valuations established for the assessment year
32 beginning January 1, 2030, the percentage of actual value as
33 equalized by the department of revenue as provided in section
34 441.49 at which multiresidential property shall be assessed shall
35 be seventy-nine percent.

1 (5) For valuations established for the assessment year
2 beginning January 1, 2031, the percentage of actual value as
3 equalized by the department of revenue as provided in section
4 441.49 at which multiresidential property shall be assessed shall
5 be eighty-two percent.

6 (6) For valuations established for the assessment year
7 beginning January 1, 2032, the percentage of actual value as
8 equalized by the department of revenue as provided in section
9 441.49 at which multiresidential property shall be assessed shall
10 be eighty-five percent.

11 (7) For valuations established for the assessment year
12 beginning January 1, 2033, the percentage of actual value as
13 equalized by the department of revenue as provided in section
14 441.49 at which multiresidential property shall be assessed shall
15 be eighty-eight percent.

16 (8) For valuations established for the assessment year
17 beginning January 1, 2034, the percentage of actual value as
18 equalized by the department of revenue as provided in section
19 441.49 at which multiresidential property shall be assessed shall
20 be ninety-one percent.

21 (9) For valuations established for the assessment year
22 beginning January 1, 2035, 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 ninety-four percent.

26 (10) For valuations established for the assessment year
27 beginning January 1, 2036, the percentage of actual value as
28 equalized by the department of revenue as provided in section
29 441.49 at which multiresidential property shall be assessed shall
30 be ninety-seven percent.

31 (11) For valuations established for the assessment year
32 beginning January 1, 2037, and each assessment year thereafter,
33 the percentage of actual value as equalized by the department of
34 revenue as provided in section 441.49 at which multiresidential
35 property shall be assessed shall be one hundred percent.

1 Sec. 61. Section 441.21, subsection 13, paragraph c, Code
2 2026, is amended to read as follows:

3 c. Beginning with valuations established on or after January
4 1, ~~2016~~ 2027, ~~but before January 1, 2022~~, for parcels for
5 which a portion of the parcel satisfies the requirements for
6 classification as multiresidential property pursuant to paragraph
7 "a", subparagraph (5) or (6), the assessor shall assign to that
8 portion of the parcel the classification of multiresidential
9 property and to such other portions of the parcel the property
10 classification for which such other portions qualify.

11 Sec. 62. Section 441.21, subsection 13, Code 2026, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. f. For purposes of equalization under
14 sections 441.47 through 441.49, multiresidential property shall
15 be considered residential property.

16 Sec. 63. Section 441.21, subsection 14, Code 2026, is amended
17 to read as follows:

18 14. ~~a.~~ Beginning with valuations established on or after
19 January 1, ~~2022~~ 2027, all of the following property primarily
20 used or intended for human habitation containing two or fewer
21 dwelling units shall be classified and valued as residential
22 property+.

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

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

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

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

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

29 ~~(6) A parcel primarily used or intended for human habitation~~
30 ~~containing three or more separate dwelling units. If a portion~~
31 ~~of such a parcel is used or intended for a purpose that, if~~
32 ~~the primary use, would be classified as commercial property or~~
33 ~~industrial property, each such portion, including a proportionate~~
34 ~~share of the land included in the parcel, if applicable, shall~~
35 ~~be assigned the appropriate classification pursuant to paragraph~~

1 ~~"b".~~

2 ~~(7) For a parcel that is primarily used or intended for~~
3 ~~use as commercial property or industrial property, that portion~~
4 ~~of the parcel that is used or intended for human habitation,~~
5 ~~regardless of the number of dwelling units contained on the~~
6 ~~parcel, including a proportionate share of the land included~~
7 ~~in the parcel, if applicable. The portion of such a parcel~~
8 ~~used or intended for use as commercial property or industrial~~
9 ~~property, including a proportionate share of the land included~~
10 ~~in the parcel, if applicable, shall be assigned the appropriate~~
11 ~~classification pursuant to paragraph "b".~~

12 ~~b. Beginning with valuations established on or after January~~
13 ~~1, 2022, for parcels for which a portion of the parcel satisfies~~
14 ~~the requirements for classification as residential property~~
15 ~~pursuant to paragraph "a", subparagraph (6) or (7), the assessor~~
16 ~~shall assign to that portion of the parcel the classification of~~
17 ~~residential property and to such other portions of the parcel the~~
18 ~~property classification for which such other portions qualify.~~

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

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

27 ~~(1) "Assisted living facility" means property for providing~~
28 ~~assisted living as defined in section 231C.2. "Assisted living~~
29 ~~facility" also includes a health care facility, as defined in~~
30 ~~section 135C.1, an elder group home, as defined in section~~
31 ~~231B.1, a child foster care facility under chapter 237, or~~
32 ~~property used for a hospice program as defined in section 135J.1.~~

33 ~~(2) "Dwelling unit" means an apartment, group of rooms, or~~
34 ~~single room which is occupied as separate living quarters or, if~~
35 ~~vacant, is intended for occupancy as separate living quarters,~~

1 ~~in which a tenant can live and sleep separately from any other~~
2 ~~persons in the building.~~

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

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

7 ~~(5) "Mobile home park" means the same as defined in section~~
8 ~~435.1.~~

9 Sec. 64. Section 558.46, Code 2026, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 4A. For the purposes of this section,
12 "residential property" includes multiresidential property.

13 Sec. 65. SAVINGS PROVISION. This division of this Act,
14 pursuant to section 4.13, does not affect the operation of, or
15 prohibit the application of, prior provisions of section 441.21,
16 or rules adopted under chapter 17A to administer prior provisions
17 of section 441.21, for assessment years beginning before January
18 1, 2026, or for duties, powers, protests, appeals, proceedings,
19 actions, or remedies attributable to an assessment year beginning
20 before January 1, 2026, including property taxes due and payable
21 in a fiscal year as the result of an assessment year beginning
22 before January 1, 2026.

23 Sec. 66. EFFECTIVE DATE. The following take effect January
24 1, 2027:

25 1. The section of this division of this Act amending section
26 386.8.

27 2. The section of this division of this Act amending section
28 386.9.

29 3. The section of this division of this Act amending section
30 386.10.

31 4. The section of this division of this Act amending section
32 404.2, subsection 2, paragraph "f".

33 5. The section of this division of this Act amending section
34 404.3, subsection 4, paragraph "a".

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

1 404.3A.

2 7. The section of this division of this Act amending section
3 404.3D.

4 8. The section of this division of this Act amending section
5 441.21, subsection 2.

6 9. The section of this division of this Act amending section
7 441.21, subsection 8, paragraph "b".

8 10. The sections of this division of this Act amending
9 section 441.21, subsection 13.

10 11. The section of this division of this Act amending section
11 441.21, subsection 14.

12 12. The section of this division of this Act amending section
13 558.46.

14 Sec. 67. RETROACTIVE APPLICABILITY. Except as otherwise
15 provided in this division of this Act, this division of this Act
16 applies retroactively to assessment years beginning on or after
17 January 1, 2026.

18 Sec. 68. APPLICABILITY. The following apply to assessment
19 years beginning on or after January 1, 2027:

20 1. The section of this division of this Act amending section
21 386.8.

22 2. The section of this division of this Act amending section
23 386.9.

24 3. The section of this division of this Act amending section
25 386.10.

26 4. The section of this division of this Act amending section
27 404.2, subsection 2, paragraph "f".

28 5. The section of this division of this Act amending section
29 404.3, subsection 4, paragraph "a".

30 6. The section of this division of this Act amending section
31 404.3A.

32 7. The section of this division of this Act amending section
33 404.3D.

34 8. The section of this division of this Act amending section
35 441.21, subsection 2.

1 9. The section of this division of this Act amending section
2 441.21, subsection 8, paragraph "b".

3 10. The sections of this division of this Act amending
4 section 441.21, subsection 13.

5 11. The section of this division of this Act amending section
6 441.21, subsection 14.

7 12. The section of this division of this Act amending section
8 558.46.

9

DIVISION V

10

DISABLED VETERAN AND HOMESTEAD CREDITS AND EXEMPTIONS

11

Sec. 69. Section 25B.7, subsection 2, paragraph a, Code 2026,
12 is amended to read as follows:

13

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

15

Sec. 70. Section 425.1, subsection 2, Code 2026, is amended
16 by striking the subsection and inserting in lieu thereof the
17 following:

18

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

22

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

26

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

29

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

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

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

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

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

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

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

33 (5) (a) Except as provided in subparagraph division (b),
34 the list of the names and addresses of individuals allowed
35 a credit under this paragraph and maintained by the county

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

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

16 (6) (a) For an owner who makes an application to secure the
17 credit provided in this paragraph before July 1, 2026, and for
18 the beneficiary of such an owner, "homestead" shall mean the same
19 as defined in section 425.11 for each succeeding assessment year.

20 (b) For an owner who makes an application to secure the
21 credit provided in this paragraph on or after July 1, 2026, and
22 for the beneficiary of such an owner, "homestead" shall mean the
23 same as provided in section 425.11, except the homestead shall
24 not include appurtenances and shall not exceed one-half acre.

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

1 totally disabled for purposes of disability compensation.

2 c. (1) For assessment years beginning prior to January 1,
3 2026, unless eligible under section 425.15, Code 2026, an amount
4 equal to the actual levy on the first four thousand eight hundred
5 fifty dollars of actual value for each homestead.

6 (2) For the assessment year beginning January 1, 2026, and
7 each assessment year thereafter, unless eligible under paragraph
8 "b", zero.

9 Sec. 71. Section 425.1A, subsection 1, Code 2026, is amended
10 to read as follows:

11 1. The following exemptions from taxation shall be allowed
12 ~~in addition to following application of the homestead credit~~
13 exemption under subsection 1A and the exemption under subsection
14 1B, if applicable, for an owner that has attained the age of
15 sixty-five years by January 1 of the assessment year:

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

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

23 Sec. 72. Section 425.1A, Code 2026, is amended by adding the
24 following new subsections:

25 NEW SUBSECTION. 1A. a. For the assessment year beginning
26 January 1, 2026, an exemption from taxation of twenty-five
27 percent of taxable value, not to exceed an exemption of one
28 hundred seventy-five thousand dollars in taxable value, shall be
29 allowed on each eligible homestead.

30 b. For the assessment year beginning January 1, 2027, an
31 exemption from taxation of twenty-seven and one-half percent
32 of taxable value, not to exceed an exemption of one hundred
33 ninety-two thousand five hundred dollars in taxable value, shall
34 be allowed on each eligible homestead.

35 c. For the assessment year beginning January 1, 2028, an

1 exemption from taxation of thirty percent of taxable value, not
2 to exceed an exemption of two hundred ten thousand dollars in
3 taxable value, shall be allowed on each eligible homestead.

4 *d.* For the assessment year beginning January 1, 2029, an
5 exemption from taxation of thirty-two and one-half percent
6 of taxable value, not to exceed an exemption of two hundred
7 twenty-seven thousand five hundred dollars in taxable value,
8 shall be allowed on each eligible homestead.

9 *e.* For the assessment year beginning January 1, 2030, an
10 exemption from taxation of thirty-five percent of taxable value,
11 not to exceed an exemption of two hundred forty-five thousand
12 dollars in taxable value, shall be allowed on each eligible
13 homestead.

14 *f.* For the assessment year beginning January 1, 2031, an
15 exemption from taxation of thirty-seven and one-half percent
16 of taxable value, not to exceed an exemption of two hundred
17 sixty-two thousand five hundred dollars in taxable value, shall
18 be allowed on each eligible homestead.

19 *g.* For the assessment year beginning January 1, 2032, an
20 exemption from taxation of forty percent of taxable value, not
21 to exceed an exemption of two hundred eighty thousand dollars in
22 taxable value, shall be allowed on each eligible homestead.

23 *h.* For the assessment year beginning January 1, 2033, an
24 exemption from taxation of forty-two and one-half percent of
25 taxable value, not to exceed an exemption of two hundred
26 ninety-seven thousand five hundred dollars in taxable value,
27 shall be allowed on each eligible homestead.

28 *i.* For the assessment year beginning January 1, 2034, an
29 exemption from taxation of forty-five percent of taxable value,
30 not to exceed an exemption of three hundred fifteen thousand
31 dollars in taxable value, shall be allowed on each eligible
32 homestead.

33 *j.* For the assessment year beginning January 1, 2035, an
34 exemption from taxation of forty-seven and one-half percent of
35 taxable value, not to exceed an exemption of three hundred

1 thirty-two thousand five hundred dollars in taxable value, shall
2 be allowed on each eligible homestead.

3 k. For each assessment year beginning on or after January
4 1, 2036, an exemption from taxation of fifty percent of taxable
5 value, not to exceed an exemption of three hundred fifty thousand
6 dollars in taxable value, shall be allowed on each eligible
7 homestead.

8 NEW SUBSECTION. 1B. a. For purposes of this subsection:

9 (1) "Mortgage" means the same as defined in section 554.9102.

10 (2) "Unencumbered homestead" means a homestead as defined in
11 section 425.11, but excluding appurtenances and that portion of
12 the land upon which the dwelling house is situated that exceeds
13 one-half acre, owned by an individual that has attained the age
14 of sixty years by January 1 of the applicable assessment year and
15 for which no mortgage or other indebtedness or account secured
16 by an interest in the homestead exists on January 1 of the
17 assessment year.

18 b. (1) For the assessment year beginning January 1, 2026,
19 if the homestead is an unencumbered homestead, an exemption from
20 taxation of twenty-five percent of the taxable value following
21 application of the exemption under subsection 1A, but before the
22 exemption under subsection 1, if applicable.

23 (2) For the assessment year beginning January 1, 2027,
24 if the homestead is an unencumbered homestead, an exemption
25 from taxation of fifty percent of the taxable value following
26 application of the exemption under subsection 1A, but before the
27 exemption under subsection 1, if applicable.

28 (3) For the assessment year beginning January 1, 2028, if
29 the homestead is an unencumbered homestead, an exemption from
30 taxation of seventy-five percent of the taxable value following
31 application of the exemption under subsection 1A, but before the
32 exemption under subsection 1, if applicable.

33 (4) For each assessment year beginning on or after January
34 1, 2029, if the homestead is an unencumbered homestead, an
35 exemption from taxation of one hundred percent of the taxable

1 value following application of the exemption under subsection 1A,
2 but before the exemption under subsection 1, if applicable.

3 c. The exemption under this subsection shall not apply
4 to voter-approved levies or property tax levies, or portions
5 thereof, that are for the payment of voter-approved bonds
6 or other voter-approved indebtedness. For purposes of this
7 subsection, "voter-approved levy" means a levy under chapter
8 28E, subchapter II, section 260C.22, section 260C.28, chapter
9 300, section 384.7, chapter 386, section 422D.5, and the
10 voter-approved physical plant and equipment levy under section
11 298.2.

12 Sec. 73. Section 425.1A, subsection 2, Code 2026, is amended
13 to read as follows:

14 2. Section 25B.7, subsection 1, shall not apply to the
15 property tax ~~exemption~~ exemptions provided in this section.

16 Sec. 74. Section 425.2, subsections 1 and 2, Code 2026, are
17 amended to read as follows:

18 1. A person who wishes to qualify for the homestead credit
19 or exemptions allowed under this subchapter shall obtain the
20 appropriate forms for filing ~~for the credit~~ from the assessor.

21 The forms shall include the ability to claim the credit under
22 section 425.1 and the exemptions under section 425.1A.

23 However, a separate form shall be required for claiming a credit
24 under section 425.1, subsection 2, paragraph "b". The person
25 claiming the credit or exemption shall file a verified statement
26 and designation of homestead with the assessor for the year for
27 which the person is first claiming the credit or exemption. The
28 claim shall be filed not later than July 1 of the year for which
29 the person is claiming the credit or exemption. A claim filed
30 after July 1 of the year for which the person is claiming the
31 credit or exemption shall be considered as a claim filed for the
32 following year.

33 2. Upon the filing and allowance of the claim, the claim
34 shall be allowed on that homestead for successive years without
35 further filing as long as the property is legally or equitably

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

23 Sec. 75. Section 425.2, subsection 4, Code 2026, is amended
24 by striking the subsection.

25 Sec. 76. Section 425.2, subsections 5 and 6, Code 2026, are
26 amended to read as follows:

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

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

10 Sec. 77. Section 425.8, subsection 1, Code 2026, is amended
11 to read as follows:

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

26 Sec. 78. Section 425.11, subsection 1, paragraph d,
27 subparagraph (1), unnumbered paragraph 1, Code 2026, is amended
28 to read as follows:

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

34 Sec. 79. Section 425.11, subsection 1, paragraph d,
35 subparagraph (3), Code 2026, is amended to read as follows:

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

7 Sec. 80. Section 425.11, subsection 1, paragraph e,
8 subparagraph (2), Code 2026, is amended to read as follows:

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

18 Sec. 81. Section 483A.24, subsection 20, Code 2026, is
19 amended to read as follows:

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

28 Sec. 82. REPEAL. Section 425.15, Code 2026, is repealed.

29 Sec. 83. IMPLEMENTATION. Homestead owners who have filed for
30 or that are receiving homestead credits or exemptions under
31 chapter 425, subchapter I, before the effective date of this
32 division of this Act shall continue to receive such credits and
33 exemptions for which the owner is eligible for assessment years
34 beginning on or after January 1, 2026, without refileing, and, if
35 the owner is eligible, shall receive the exemption under section

1 425.1A, subsection 1A, as enacted in this division of this Act,
2 without filing for such exemption.

3 Sec. 84. RETROACTIVE APPLICABILITY. This division of this
4 Act applies retroactively to assessment years beginning on or
5 after January 1, 2026.

6 DIVISION VI

7 MILITARY SERVICE PROPERTY TAX EXEMPTION

8 Sec. 85. Section 426A.11, subsection 2, Code 2026, is amended
9 to read as follows:

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

16 b. The property, not to exceed four thousand dollars in
17 taxable value for the assessment years beginning on or after
18 January 1, 2023, but before January 1, 2026, of an honorably
19 separated, retired, furloughed to a reserve, placed on inactive
20 status, or discharged veteran, as defined in section 35.1,
21 subsection 2, paragraph "a" or "b".

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

26 (1) Five thousand dollars in taxable value for the assessment
27 year beginning January 1, 2026.

28 (2) Six thousand dollars in taxable value for the assessment
29 year beginning January 1, 2027.

30 (3) Seven thousand dollars in taxable value for assessment
31 years beginning on or after January 1, 2028.

32 Sec. 86. RETROACTIVE APPLICABILITY. This division of this
33 Act applies retroactively to January 1, 2026, for assessment
34 years beginning on or after that date.

35 DIVISION VII

1 HOSPITAL AND EMERGENCY MEDICAL SERVICES PROPERTY TAX LEVIES

2 Sec. 87. Section 347.7, Code 2026, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 3A. a. For fiscal years beginning on or
5 after July 1, 2027, any property tax levy imposed for a county
6 hospital under this chapter that is limited by law to a specific
7 property tax levy rate per one thousand dollars of assessed value
8 shall not exceed a levy rate per one thousand dollars of assessed
9 value that is equal to one thousand multiplied by the quotient
10 obtained by dividing the product of the budget adjustment factor
11 multiplied by the current fiscal year's actual property tax
12 dollars certified for such levy by the remainder of the total
13 assessed value used to calculate such taxes for the budget year
14 minus value attributable to new valuation.

15 b. For purposes of this subsection, "budget adjustment
16 factor", "budget year", "current fiscal year", and "new
17 valuation" mean the same as defined in section 331.423.

18 Sec. 88. Section 347A.3, Code 2026, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 3. a. For fiscal years beginning on or
21 after July 1, 2027, any property tax levy imposed for a county
22 hospital under this chapter that is limited by law to a specific
23 property tax levy rate per one thousand dollars of assessed value
24 shall not exceed a levy rate per one thousand dollars of assessed
25 value that is equal to one thousand multiplied by the quotient
26 obtained by dividing the product of the budget adjustment factor
27 multiplied by the current fiscal year's actual property tax
28 dollars certified for such levy by the remainder of the total
29 assessed value used to calculate such taxes for the budget year
30 minus value attributable to new valuation.

31 b. For purposes of this subsection, "budget adjustment
32 factor", "budget year", "current fiscal year", and "new
33 valuation" mean the same as defined in section 331.423.

34 Sec. 89. Section 357F.8, Code 2026, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 3. a. For fiscal years beginning on or
2 after July 1, 2027, any property tax levy imposed for the
3 district under this chapter that is limited by law to a specific
4 property tax levy rate per one thousand dollars of assessed value
5 shall not exceed a levy rate per one thousand dollars of assessed
6 value that is equal to one thousand multiplied by the quotient
7 obtained by dividing the product of the budget adjustment factor
8 multiplied by the current fiscal year's actual property tax
9 dollars certified for such levy by the remainder of the total
10 assessed value used to calculate such taxes for the budget year
11 minus value attributable to new valuation.

12 b. For purposes of this subsection, "budget adjustment
13 factor", "budget year", "current fiscal year", and "new
14 valuation" mean the same as defined in section 331.423.

15 Sec. 90. Section 357G.8, Code 2026, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 3. a. For fiscal years beginning on or
18 after July 1, 2027, any property tax levy imposed for the
19 district under this chapter that is limited by law to a specific
20 property tax levy rate per one thousand dollars of assessed value
21 shall not exceed a levy rate per one thousand dollars of assessed
22 value that is equal to one thousand multiplied by the quotient
23 obtained by dividing the product of the budget adjustment factor
24 multiplied by the current fiscal year's actual property tax
25 dollars certified for such levy by the remainder of the total
26 assessed value used to calculate such taxes for the budget year
27 minus value attributable to new valuation.

28 b. For purposes of this subsection, "budget adjustment
29 factor", "budget year", "current fiscal year", and "new
30 valuation" mean the same as defined in section 384.1.

31 Sec. 91. NEW SECTION. **422D.5A Levy limitation.**

32 1. For fiscal years beginning on or after July 1, 2027, any
33 property tax levy imposed under this chapter that is limited
34 by law to a specific property tax levy rate per one thousand
35 dollars of assessed value shall not exceed a levy rate per one

1 thousand dollars of assessed value that is equal to one thousand
2 multiplied by the quotient obtained by dividing the product of
3 the budget adjustment factor multiplied by the current fiscal
4 year's actual property tax dollars certified for such levy by
5 the remainder of the total assessed value used to calculate
6 such taxes for the budget year minus value attributable to new
7 valuation.

8 2. For purposes of this section, "budget adjustment factor",
9 "budget year", "current fiscal year", and "new valuation" mean
10 the same as defined in section 331.423.

11 DIVISION VIII

12 PROPERTY TAX LEVY RATES

13 Sec. 92. Section 176A.10, subsection 2, Code 2026, is amended
14 by striking the subsection.

15 Sec. 93. Section 312.2, subsection 5, paragraph a, Code 2026,
16 is amended to read as follows:

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

24 (1) From the general fund of the county, the dollar
25 equivalent of a tax of ~~sixteen and seven-eighths~~ eleven and
26 thirteen-sixteenths cents per thousand dollars of assessed value
27 on all taxable property in the county.

28 (2) From the rural services fund of the county, the dollar
29 equivalent of a tax of ~~three~~ two dollars and ~~three-eighths of~~
30 ~~a-cent~~ ten and twenty-one eightieths cents per thousand dollars
31 of assessed value on all taxable property not located within the
32 corporate limits of a city in the county.

33 Sec. 94. NEW SECTION. **444.25 Maximum property tax levy**
34 **rates — adjustments.**

35 1. For purposes of this section:

1 a. "Budget year" is the fiscal year beginning during the
2 calendar year in which a budget is certified.

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

5 c. "Rate-limited property tax levy" includes any ad valorem
6 property tax levy limited by law to a specific property tax levy
7 rate per one thousand dollars of assessed value used to calculate
8 taxes, but does not include the school district foundation levy
9 under section 257.3, the county general services levy under
10 section 331.423, subsection 1, the county rural services levy
11 under section 331.423, subsection 2, the city general fund
12 levy under section 384.1, subsection 3, the physical plant and
13 equipment levies under section 298.2, the school district bond
14 tax under section 298.18, any levy under chapter 28M, a levy
15 under section 384.12, subsection 1, paragraph "b", levied for
16 operation and maintenance of a regional transit district, a levy
17 for the office of the assessor under section 441.16, a levy
18 for a county agricultural extension under section 176A.10, any
19 levy under chapter 347 or 347A, any levy under chapter 386,
20 and any levy under chapter 357F, 357G, or 422D. In addition,
21 "rate-limited property tax levy" does not include levy rates used
22 in the calculations under section 312.2, subsection 5, paragraph
23 "a".

24 2. For the fiscal year beginning July 1, 2027, each
25 rate-limited property tax levy may only be imposed if the
26 governmental entity imposed such levy for the fiscal year
27 beginning July 1, 2026, and shall, by operation of this section,
28 be limited to a levy rate per one thousand dollars of assessed
29 value that is equal to one thousand multiplied by the quotient
30 of one hundred two percent of the current fiscal year's actual
31 property tax dollars certified for such levy divided by the
32 total assessed value used to calculate such taxes for the budget
33 year, but not less than a levy rate per one thousand dollars of
34 assessed value that results in an amount of actual property tax
35 dollars certified for levy for such levy equal to one hundred and

1 one-half percent of the actual property tax dollars certified for
2 such levy for the fiscal year beginning July 1, 2026.

3 3. For the fiscal year beginning July 1, 2028, and each
4 fiscal year thereafter, rate-limited property tax levies may
5 be imposed by any governmental entity otherwise authorized by
6 law, regardless of whether the governmental entity imposed the
7 levy for the fiscal year beginning July 1, 2026, at rates not
8 to exceed those established by the general assembly by statute
9 following receipt and consideration of the report submitted by
10 the legislative interim committee requested to be established by
11 the legislative council in this division of this Act.

12 Sec. 95. NEW SECTION. **444.26 Use of bonds and indebtedness**
13 **for general operations — prohibition.**

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

22 2. On or after July 1, 2026, a city or county shall not issue
23 bonds or other indebtedness payable from an ad valorem property
24 tax levy for the purpose of funding the general operations of
25 the city or general operations of the county, as applicable, or
26 otherwise use proceeds from the sale of bonds or issuance of
27 other indebtedness to fund general operations.

28 3. The city finance committee shall adopt rules under chapter
29 17A for cities to implement this section. The county finance
30 committee shall adopt rules under chapter 17A for counties to
31 implement this section.

32 Sec. 96. PROPERTY TAXATION RATES — STUDY COMMITTEE.

33 1. a. The legislative council is requested to establish a
34 legislative study committee during the 2026 legislative interim
35 and the 2027 legislative interim to examine appropriate rates of

1 property taxation imposed by governmental entities following the
2 adjustments to assessment limitations and levy rate limitations
3 made in this Act and determine an alternative methodology and
4 period of time to increase the percentage of actual value at
5 which residential and multiresidential property are subject to
6 tax under section 441.21, subsections 4 and 13, from seventy-five
7 percent to one hundred percent.

8 b. The study committee shall consist of the following voting
9 members of the general assembly:

10 (1) Two members of the senate appointed by the majority
11 leader of the senate.

12 (2) One member of the senate appointed by the minority leader
13 of the senate.

14 (3) Two members of the house of representatives appointed by
15 the speaker of the house of representatives.

16 (4) One member of the house of representatives appointed by
17 the minority leader of the house of representatives.

18 2. The committee shall make recommendations to and file a
19 report with the general assembly relating to the appropriate
20 rates of property taxation imposed by governmental entities
21 and appropriate assessment limitations for residential and
22 multiresidential property following enactment of this Act, no
23 later than January 15, 2028.

24 Sec. 97. EFFECTIVE DATE. The following take effect January
25 1, 2027:

26 1. The section of this division of this Act amending section
27 176A.10.

28 2. The section of this division of this Act amending section
29 312.2.

30 Sec. 98. APPLICABILITY. The following apply to fiscal years
31 beginning on or after July 1, 2027:

32 1. The section of this division of this Act amending section
33 176A.10.

34 2. The section of this division of this Act amending section
35 312.2.

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DIVISION IX

LOCAL SALES AND SERVICES TAX

Sec. 99. Section 423B.1, subsection 5, paragraph d, Code 2026, is amended to read as follows:

d. The rate of a local sales and services tax shall be either one percent or one and one-half percent.

Sec. 100. Section 423B.1, subsection 6, paragraph a, subparagraph (1), Code 2026, is amended to read as follows:

(1) (a) A local option tax may be repealed or the rate of ~~the local vehicle tax~~ increased or decreased or the use of a local option tax revenue changed after an election at which a majority of those voting on the question of repeal or rate or use change favors the repeal or rate or use change.

(b) The date on which the repeal, rate change, or use change is to take effect shall not be earlier than ninety days following the election. The election at which the question of repeal, ~~or~~ rate change, or use change is offered shall be called and held in the same manner and under the same conditions as provided in subsections 4 and 5 for the election on the imposition of the local option tax. However, in the case of a local sales and services tax where the tax has not been imposed countywide, the question of repeal or imposition, rate change, or use change shall be voted on only by the registered voters of the areas of the county where the tax has been imposed or has not been imposed, as appropriate.

(c) The governing body of the city or unincorporated area where the local sales and services tax is imposed may, upon its own motion, request the county commissioner of elections to hold an election in the city, or portion thereof located in the county, or unincorporated area, as appropriate, on the question of the change in use of local sales and services tax revenues. The election may be held at any time but not sooner than sixty days following publication of the ballot proposition. If a majority of those voting in the city, or portion thereof located in the county, or unincorporated area on the change in

1 use favors the change, the governing body of that area shall
2 change the use to which the revenues shall be used. The Subject
3 to paragraph "d", and section 423B.7, subsection 7, paragraph
4 "b", the ballot proposition shall list the present use of the
5 revenues, the proposed use, and the date after which revenues
6 received will be used for the new use.

7 Sec. 101. Section 423B.1, subsection 6, Code 2026, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. d. For amendments to local sales and services
10 tax revenue purpose statements approved at election on or after
11 the effective date of this division of this Act, if the existing
12 revenue purpose statement expressly provides for an amount or
13 percentage of revenue for uses related to road construction,
14 repair, or maintenance, the amended revenue purpose statement
15 shall require amounts or percentages of revenue equal to or
16 greater than those in the existing revenue purpose statement for
17 such uses.

18 Sec. 102. EFFECTIVE DATE. This division of this Act, being
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION X

21 ADJUSTMENTS TO MOTOR VEHICLE REGISTRATION FEES AND FUEL TAXES

22 Sec. 103. Section 321.116, Code 2026, is amended to read as
23 follows:

24 **321.116 Battery electric and plug-in hybrid electric motor**
25 **vehicle fees.**

26 1. For each battery electric motor vehicle subject to an
27 annual registration fee under section 321.109, subsection 1,
28 paragraph "a", and operated on the public highways of this state,
29 the owner shall pay an annual battery electric motor vehicle
30 registration fee, which shall be in addition to the annual
31 registration fee imposed for the vehicle under section 321.109,
32 subsection 1, paragraph "a". For purposes of this subsection,
33 "battery electric motor vehicle" means a motor vehicle equipped
34 with electrical drivetrain components and not equipped with an
35 internal combustion engine, that is propelled exclusively by one

1 or more electrical motors using electrical energy stored in a
2 battery or other energy storage device that can be recharged by
3 plugging into an electrical outlet or electric vehicle charging
4 station. ~~The amount of the fee shall be~~ is one hundred thirty
5 dollars, subject to adjustment pursuant to section 321.118.

6 2. For each plug-in hybrid electric motor vehicle subject
7 to an annual registration fee under section 321.109, subsection
8 1, paragraph "a", and operated on the public highways of this
9 state, the owner shall pay an annual plug-in hybrid electric
10 motor vehicle registration fee, which shall be in addition to
11 the annual registration fee imposed for the vehicle under section
12 321.109, subsection 1, paragraph "a". For purposes of this
13 subsection, "*plug-in hybrid electric motor vehicle*" means a
14 motor vehicle equipped with electrical drivetrain components, an
15 internal combustion engine, and a battery or other energy storage
16 device that can be recharged by plugging into an electrical
17 outlet or electric vehicle charging station. ~~The amount of~~
18 ~~the fee shall be~~ is sixty-five dollars, subject to adjustment
19 pursuant to section 321.118.

20 Sec. 104. Section 321.117, subsection 2, Code 2026, is
21 amended to read as follows:

22 2. In addition to the fee required for a motorcycle under
23 subsection 1, the owner of a motorcycle that is a battery
24 electric motor vehicle or plug-in hybrid electric motor vehicle,
25 as those terms are defined in section 321.116, shall pay an
26 annual electric motorcycle registration fee. ~~The amount of the~~
27 ~~fee shall be~~ is nine dollars, subject to adjustment pursuant to
28 section 321.118.

29 Sec. 105. NEW SECTION. **321.118 Electric motor vehicle**
30 **registration fee adjustments.**

31 1. a. The electric motor vehicle registration fees imposed
32 under section 321.116 and section 321.117, subsection 2, shall
33 be adjusted annually beginning July 1 in accordance with this
34 section to reflect the increase, if any, in the consumer price
35 index for all urban consumers.

1 b. Notwithstanding paragraph "a", a fee shall not be adjusted
2 if any of the following occur:

3 (1) The general assembly nullifies the adjustment by joint
4 resolution, signed by the governor on or before April 30
5 preceding the adjustment.

6 (2) The fee was adjusted under this section each of the
7 preceding three years.

8 (3) The change in the consumer price index for all urban
9 consumers for the calendar year ending on the most recent
10 December 31 was zero or less than zero.

11 2. a. On or before January 15 each year, the department
12 shall calculate the adjusted fees in accordance with subsection
13 3 and submit a report with the adjusted fees in an electronic
14 format to all of the following:

15 (1) The general assembly. Copies of the report shall also
16 be sent by electronic mail to the co-chairpersons of the joint
17 appropriations subcommittee on transportation, infrastructure,
18 and capitals, the chairpersons of the senate and house standing
19 committees on transportation, and the chairpersons of the senate
20 and house standing committees on ways and means.

21 (2) The director of the department of management.

22 b. The report required by this subsection may be submitted
23 jointly with the department of revenue's report required under
24 section 452A.3A.

25 3. a. The department shall calculate the adjusted fees
26 by multiplying the applicable fee in effect with one of the
27 following, as applicable:

28 (1) The sum of one plus the percentage change, expressed as
29 a decimal, in the consumer price index for all urban consumers
30 for the calendar year ending on the most recent December 31, as
31 published in the federal register by the United States department
32 of labor, bureau of labor statistics, if the change is more than
33 zero percent but less than three percent.

34 (2) One and three one-hundredths, if the percentage change in
35 the consumer price index for all urban consumers for the calendar

1 year ending on the most recent December 31, as published in the
2 federal register by the United States department of labor, bureau
3 of labor statistics, is three percent or more.

4 b. (1) The adjusted fees shall be rounded to the nearest
5 whole dollar.

6 (2) When rounded to the nearest whole dollar, if the
7 adjusted annual electric motorcycle registration fee under
8 section 321.117, subsection 2, does not result in an increase,
9 the department shall use the unrounded adjusted fee as the fee in
10 effect when the department calculates the next adjusted fee.

11 4. The department shall adopt rules pursuant to chapter 17A
12 to administer this section.

13 Sec. 106. Section 452A.3, Code 2026, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 01. The excise taxes imposed in this
16 section, except for the excise tax imposed on the use of aviation
17 gasoline under subsection 2 and on the use of special fuel for
18 aircraft under subsection 3, paragraph "a", subparagraph (3), are
19 subject to adjustment pursuant to section 452A.3A.

20 Sec. 107. NEW SECTION. **452A.3A Excise tax adjustments.**

21 1. a. The excise taxes imposed under section 452A.3,
22 subsections 1, 4, 5, 6, and 7, section 452A.3, subsection 3,
23 paragraph "a", subparagraphs (1), (2), and (4), and section
24 452A.41 shall be adjusted annually in accordance with this
25 section to reflect the increase, if any, in the consumer price
26 index for all urban consumers. The adjusted excise taxes shall
27 be imposed for twelve months beginning each July 1 after the
28 adjusted excise tax is calculated pursuant to this section.

29 b. Notwithstanding paragraph "a", an excise tax shall not be
30 adjusted if any of the following occur:

31 (1) The general assembly nullifies the adjustment by joint
32 resolution, signed by the governor on or before April 30
33 preceding the adjustment.

34 (2) The excise tax was adjusted under this section each of
35 the preceding three years.

1 (3) The change in the consumer price index for all urban
2 consumers for the calendar year ending on the most recent
3 December 31 was zero or less than zero.

4 2. a. On or before January 15 each year, the department
5 shall calculate the adjusted excise taxes in accordance with
6 subsection 3 and submit a report with the adjusted excise taxes
7 in an electronic format to all of the following:

8 (1) The general assembly. Copies of the report shall also
9 be sent by electronic mail to the co-chairpersons of the joint
10 appropriations subcommittee on transportation, infrastructure,
11 and capitals, the chairpersons of the senate and house standing
12 committees on transportation, and the chairpersons of the senate
13 and house standing committees on ways and means.

14 (2) The director of the department of management.

15 b. The report required by this subsection may be submitted
16 jointly with the department of transportation's report required
17 under section 321.118.

18 3. a. The department shall calculate the adjusted excise
19 taxes by multiplying the applicable excise tax in effect for the
20 twelve-month period ending on June 30 with one of the following,
21 as applicable:

22 (1) The sum of one plus the percentage change, expressed as
23 a decimal, in the consumer price index for all urban consumers
24 for the calendar year ending on the most recent December 31, as
25 published in the federal register by the United States department
26 of labor, bureau of labor statistics, if the change is more than
27 zero percent but less than three percent.

28 (2) One and three one-hundredths, if the percentage change in
29 the consumer price index for all urban consumers for the calendar
30 year ending on the most recent December 31, as published in the
31 federal register by the United States department of labor, bureau
32 of labor statistics, is three percent or more.

33 b. The adjusted excise taxes imposed shall be rounded to the
34 nearest one-tenth of one cent.

35 Sec. 108. Section 452A.41, subsection 1, Code 2026, is

1 amended to read as follows:

2 1. An excise tax of two and six-tenths cents is imposed on
3 each kilowatt hour of electric fuel delivered or placed into
4 the battery or other energy storage device of an electric motor
5 vehicle at a location in this state other than a residence. This
6 excise tax is subject to adjustment pursuant to section 452A.3A.

7 Sec. 109. EFFECTIVE DATE. This division of this Act takes
8 effect January 1, 2027.

9

DIVISION XI

10

OFFICE OF THE ASSESSOR — BUDGET AND LEVY

11 Sec. 110. Section 441.16, subsection 2, Code 2026, is amended
12 by adding the following new paragraph:

13 NEW PARAGRAPH. c. For fiscal years beginning on or after
14 July 1, 2027, expenses of the office of the assessor, the
15 examining board, and the board of review related to duties or
16 expenses authorized to be paid using funds levied under sections
17 96.31, 97B.9, and 97C.10 shall not be paid from the levy under
18 subsection 5.

19 Sec. 111. Section 441.16, subsection 5, paragraph a, Code
20 2026, is amended to read as follows:

21 a. (1) (a) Any For fiscal years beginning before July 1,
22 2027, any tax for the maintenance of the office of assessor and
23 other assessment procedure shall be levied only upon the property
24 in the area assessed by the assessor, and such tax levy shall
25 not exceed sixty-seven and one-half cents per thousand dollars of
26 assessed value in the assessing area.

27 (b) For the fiscal year beginning July 1, 2027, any tax for
28 the maintenance of the office of assessor and other assessment
29 procedure shall be levied only upon the property in the area
30 assessed by the assessor, and such tax levy shall not exceed
31 a rate per one thousand dollars of assessed value in the
32 assessing area that is equal to one thousand multiplied by the
33 quotient of one hundred two percent of the current fiscal year's
34 actual property tax dollars certified for such levy, excluding
35 the amounts attributable to the types of expenses described in

1 subsection 2, paragraph "c", divided by the total assessed value
2 used to calculate such taxes for the budget year.

3 (c) For each fiscal year beginning on or after July 1, 2028,
4 any tax for the maintenance of the office of assessor and other
5 assessment procedure shall be levied only upon the property in
6 the area assessed by the assessor, and such tax levy shall not
7 exceed a rate per one thousand dollars of assessed value in the
8 assessing area that is equal to one thousand multiplied by the
9 quotient of one hundred two percent of the current fiscal year's
10 actual property tax dollars certified for such levy divided by
11 the total assessed value used to calculate such taxes for the
12 budget year.

13 (d) For purposes of this subparagraph, "budget year" and
14 "current fiscal year" mean the same as defined in section
15 331.423.

16 (2) The county treasurer shall credit the sums received from
17 such levy to a separate fund to be known as the assessment
18 expense fund and from which fund all expenses incurred under this
19 chapter shall be paid. In the case of a county where there
20 is more than one assessor the treasurer shall maintain separate
21 assessment expense funds for each assessor.

22 Sec. 112. Section 441.16, subsection 6, Code 2026, is amended
23 to read as follows:

24 6. The assessor shall not issue requisitions so as to
25 increase the total expenditures budgeted for the operation of
26 the assessor's office. However, for purposes of promoting
27 operational efficiency, the assessor shall, except as provided
28 in subsection 2, paragraph "c", have authority to transfer funds
29 budgeted for specific items for the operation of the assessor's
30 office from one unexpended balance to another; such transfer
31 shall not be made so as to increase the total amount budgeted
32 for the operation of the office of assessor, and no funds
33 shall be used to increase the salary of the assessor or the
34 salaries of permanent deputy assessors. The assessor shall issue
35 requisitions for the examining board and for the board of review

1 on order of the chairperson of each board and for costs and
2 expenses incident to assessment appeals, only on order of the
3 city legal department, in the case of cities and of the county
4 attorney in the case of counties.

5 Sec. 113. EFFECTIVE DATE. This division of this Act takes
6 effect January 1, 2027.

7 Sec. 114. APPLICABILITY. This division of this Act applies
8 to property taxes due and payable in fiscal years beginning on or
9 after July 1, 2027.

10 DIVISION XII

11 REGIONAL TRANSIT DISTRICT LEVY

12 Sec. 115. Section 28M.5, subsection 1, Code 2026, is amended
13 to read as follows:

14 1. a. The commission, with the approval of the board of
15 supervisors of participating counties and the city council
16 of participating cities in the chapter 28E agreement, may,
17 subject to paragraph "b", levy annually a tax not to exceed
18 ninety-five eighty cents per thousand dollars of the assessed
19 value of all taxable property in a regional transit district
20 to the extent provided in this section. The chapter 28E
21 agreement may authorize the commission to levy the tax at
22 different rates within the participating cities and counties in
23 amounts sufficient to meet the revenue responsibilities of such
24 cities and counties as allocated in the budget adopted by the
25 commission. However, for a city participating in a regional
26 transit district, the total of all the tax levies imposed in the
27 city pursuant to section 384.12, subsection 1, paragraph "b", and
28 this section shall not exceed the aggregate of ninety-five eighty
29 cents per thousand dollars of the assessed value of all taxable
30 property in the participating city.

31 b. For each fiscal year beginning on or after July 1,
32 2027, the sum of property tax dollars levied for the regional
33 transit district under this subsection and property tax dollars
34 received by the regional transit district from participating
35 cities and counties shall not exceed an amount equal to one

1 hundred two percent of the sum of property tax dollars levied
2 for the regional transit district under this subsection for
3 the immediately preceding fiscal year and property tax dollars
4 received by the regional transit district from participating
5 cities and counties for the immediately preceding fiscal year.

6 Sec. 116. Section 384.12, subsection 1, Code 2026, is amended
7 to read as follows:

8 1. a. A tax for the operation and maintenance of a municipal
9 transit system ~~or for operation and maintenance of a regional~~
10 ~~transit district,~~ and for the creation of a reserve fund for
11 the system ~~or district,~~ in an amount not to exceed ninety-five
12 cents per thousand dollars of assessed value each year, when the
13 revenues from the transit system ~~or district~~ are insufficient for
14 such purposes.

15 b. A tax for the operation and maintenance of a regional
16 transit district, and for the creation of a reserve fund for the
17 district under chapter 28M, in an amount not to exceed eighty
18 cents per thousand dollars of assessed value each year, when the
19 revenues from the district are insufficient for such purposes.

20 Sec. 117. EFFECTIVE DATE. This division of this Act takes
21 effect January 1, 2027.

22 Sec. 118. APPLICABILITY. This division of this Act applies
23 to property taxes due and payable in fiscal years beginning on or
24 after July 1, 2027.

25 DIVISION XIII

26 UTILITY REPLACEMENT TAX TASK FORCE

27 Sec. 119. Section 437A.15, subsection 7, paragraph b, Code
28 2026, is amended to read as follows:

29 b. The task force shall study the accuracy of the taxes
30 imposed under this chapter and chapter 437B, ways to modernize
31 the administration of such taxes, methods of simplifying
32 administration of the replacement taxes, elimination of property
33 taxes imposed under this chapter or chapter 437B, simplification
34 of thresholds for replacement tax rate adjustments while
35 retaining tax stability, the effects of ~~the replacement~~ such

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

12 Sec. 120. EFFECTIVE DATE. This division of this Act, being
13 deemed of immediate importance, takes effect upon enactment.

14 DIVISION XIV

15 LOCAL GOVERNMENT BUDGET STATEMENTS

16 Sec. 121. Section 24.2A, subsection 2, paragraph a, Code
17 2026, is amended to read as follows:

18 a. On or before 4:00 p.m. on March 5 of each year,
19 each political subdivision shall file with the department of
20 management a report containing all necessary information for
21 the department of management to compile and calculate amounts
22 required to be included in the statements mailed under paragraph
23 "b" or provided under paragraph "c". If a county or city
24 fails to file all necessary information with the department of
25 management by 4:00 p.m. on March 5, taxes levied by the county or
26 city shall be limited to the prior year's budget amount.

27 Sec. 122. Section 24.2A, subsection 2, paragraph b,
28 unnumbered paragraph 1, Code 2026, is amended to read as follows:

29 Not later than March 15, the county auditor, using information
30 compiled and calculated by the department of management under
31 paragraph "a", shall send to each property owner or taxpayer
32 within the county by regular mail an individual or post under
33 paragraph "c" a statement containing all of the following for
34 each of the political subdivisions comprising the owner's or
35 taxpayer's taxing district:

1 Sec. 123. Section 24.2A, subsection 2, Code 2026, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. c. For budgets for fiscal years beginning
4 on or after July 1, 2027, statements under paragraph "b", in
5 lieu of regular mail, may be provided by posting the statement
6 not later than March 15 on the political subdivision's internet
7 site for public viewing and shall be maintained on the political
8 subdivision's internet site with all such prior year statements.
9 Additionally, if the political subdivision maintains a social
10 media account on one or more social media applications, the
11 statement or an electronic link to the statement shall be posted
12 on each such account on a date no later than March 15.

13 Sec. 124. Section 24.2A, subsection 3, Code 2026, is amended
14 to read as follows:

15 3. The department of management shall prescribe the form
16 for the report required under subsection 2, paragraph "a", the
17 statements required to be mailed under subsection 2, paragraph
18 "b", or provided under subsection 2, paragraph "c", and the
19 public hearing notice required under subsection 4, paragraph "b".

20 Sec. 125. Section 24.2A, subsection 4, paragraph b,
21 subparagraph (4), subparagraph division (a), Code 2026, is
22 amended to read as follows:

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

26 Sec. 126. Section 24.3, unnumbered paragraph 1, Code 2026, is
27 amended to read as follows:

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

34 Sec. 127. Section 331.434, subsection 3, Code 2026, is
35 amended to read as follows:

1 3. Following, and not until, the requirements of section
2 24.2A are completed, the board shall set a time and place for
3 a public hearing on the budget before the final certification
4 date and shall publish notice of the hearing not less than ten
5 nor more than twenty days prior to the hearing in the county
6 newspapers selected under chapter 349. A summary of the proposed
7 budget and a description of the procedure for protesting the
8 county budget under section 331.436, in the form prescribed by
9 the director of the department of management, shall be included
10 in the notice. Proof of publication of the notice under this
11 subsection 3 shall be filed with and preserved by the county
12 auditor. A levy is not valid unless and until the notice
13 is published and ~~individual~~ statements under section 24.2A are
14 mailed or posted. The department of management shall prescribe
15 the form for the public hearing notice for use by counties.

16 Sec. 128. Section 331.435, subsection 2, Code 2026, is
17 amended to read as follows:

18 2. The board shall prepare and adopt a budget amendment in
19 the same manner as the original budget as provided in section
20 331.434, but excluding the requirements for ~~mailing individual~~
21 statements under section 24.2A, and the amendment is subject
22 to protest as provided in section 331.436, except that the
23 director of the department of management may by rule provide that
24 amendments of certain types or up to certain amounts may be made
25 without public hearing and without being subject to protest. A
26 county budget for the ensuing fiscal year shall be amended by May
27 31 to allow time for a protest hearing to be held and a decision
28 rendered before June 30. An amendment of a budget after May 31
29 which is properly appealed but without adequate time for hearing
30 and decision before June 30 is void.

31 Sec. 129. Section 384.17, Code 2026, is amended to read as
32 follows:

33 **384.17 Levy by county.**

34 At the time required by law, the county board of supervisors
35 shall levy the taxes necessary for each city fund for the

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

9 Sec. 130. Section 384.18, subsection 2, Code 2026, is amended
10 to read as follows:

11 2. A budget amendment must be prepared and adopted in the
12 same manner as the original budget, as provided in section
13 384.16, excluding the requirement for the mailing of individual
14 statements under section 24.2A, and is subject to protest as
15 provided in section 384.19, except that the committee may by rule
16 provide that amendments of certain types or up to certain amounts
17 may be made without public hearing and without being subject to
18 protest. A city budget shall be amended by May 31 of the current
19 fiscal year to allow time for a protest hearing to be held and
20 a decision rendered before June 30. The amendment of a budget
21 after May 31, which is properly appealed but without adequate
22 time for hearing and decision before June 30 is void.

23 Sec. 131. APPLICABILITY. This division of this Act applies
24 to taxpayer statements under section 24.2A for budgets for fiscal
25 years beginning on or after July 1, 2027.

26 DIVISION XV

27 REAL ESTATE TRANSFER TAX FORMS

28 Sec. 132. Section 428A.7, Code 2026, is amended to read as
29 follows:

30 **428A.7 Forms provided by director of revenue.**

31 The director of revenue shall prescribe the form of the
32 declaration of value and shall include an appropriate place
33 for the inclusion of special facts and circumstances relating
34 to the actual sales price in real estate transfers including
35 but not limited to factors that distort market value such as

1 built-to-suit sales, sale-leaseback sales, leased fee sales,
2 and the abnormal transactions identified in section 441.21,
3 subsection 1, paragraph "b", subparagraph (1). The director
4 shall provide an adequate number of the declaration of value
5 forms to each county recorder in the state. If the declaration
6 of value form requires or provides for the inclusion of the
7 social security number or federal tax identification number of
8 a seller or buyer, the department shall provide that the social
9 security number or federal tax identification number remains
10 confidential and cannot be obtained by public examination.

11 DIVISION XVI

12 DIVISION OF REVENUE — DATA CENTERS

13 Sec. 133. Section 403.19, subsection 2, paragraph a, Code
14 2026, is amended to read as follows:

15 a. That portion of the taxes each year in excess of such
16 amount shall be allocated to and when collected be paid into
17 a special fund of the municipality to pay the principal of and
18 interest on loans, moneys advanced to, or indebtedness, whether
19 funded, refunded, assumed, or otherwise, including bonds issued
20 under the authority of section 403.9, subsection 1, incurred by
21 the municipality to finance or refinance, in whole or in part, an
22 urban renewal project within the area, and to provide assistance
23 for low and moderate income family housing as provided in section
24 403.22. However, except as provided in paragraph "b", taxes
25 for the regular and voter-approved physical plant and equipment
26 levy of a school district imposed pursuant to section 298.2,
27 foundation property taxes of a school district imposed under
28 section 257.3 levied against property that is a qualified data
29 center or upon which a qualified data center is operated, and
30 taxes for the instructional support program of a school district
31 imposed pursuant to section 257.19, taxes for the payment of
32 bonds and interest of each taxing district, and taxes imposed
33 under section 346.27, subsection 22, related to joint county-city
34 buildings shall be collected against all taxable property within
35 the taxing district without limitation by the provisions of

1 this subsection. For purposes of this paragraph, "qualified
2 data center" means a data center, as defined in section 423.3,
3 subsection 95, for which site preparation activities, as defined
4 in section 423.3, subsection 95, began on or after the effective
5 date of this division of this Act.

6 Sec. 134. EFFECTIVE DATE. This division of this Act, being
7 deemed of immediate importance, takes effect upon enactment.

8 Sec. 135. APPLICABILITY. This division of this Act applies
9 to property taxes due and payable in fiscal years beginning on or
10 after July 1, 2027.

11 EXPLANATION

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

14 This bill relates to state and local government taxes,
15 financial authority, and budgets.

16 DIVISION I — COUNTY PROPERTY TAXES AND BUDGETS. Code section
17 331.423 establishes a levy rate limitation for the general county
18 services levy and a limitation for the rural county services
19 levy. The bill modifies the general county services levy rate
20 limitation for the fiscal year beginning July 1, 2027, to be
21 a levy rate not to exceed the greater of: (1) a levy rate
22 per \$1,000 of assessed value equal to 1,000 multiplied by the
23 quotient of 102 percent of the current fiscal year's (immediately
24 preceding fiscal year) actual property tax dollars certified for
25 levy for general county services divided by the remainder of the
26 total assessed value used to calculate such taxes for the budget
27 year minus value attributable to new valuation, as defined in
28 the bill; and (2) a levy rate per \$1,000 of assessed value that
29 results in an amount of actual property tax dollars certified
30 for levy for general county services equal to 100.5 percent of
31 the actual property tax dollars certified for such levy for the
32 current fiscal year.

33 For each fiscal year beginning on or after July 1, 2028,
34 the maximum levy rate is the levy rate imposed by the county
35 for the current fiscal year unless the total assessed value,

1 excluding new valuation, used to calculate taxes for general
2 county services for the budget year is equal to or exceeds 102
3 percent of the total assessed value used to calculate taxes for
4 general county services for the current fiscal year, and for the
5 budget year beginning July 1, 2028, only, not less than a levy
6 rate per \$1,000 of assessed value that results in an amount of
7 actual property tax dollars certified for levy equal to 100.5
8 percent of the actual property tax dollars certified for levy for
9 the current fiscal year.

10 If the total assessed value, excluding value attributable
11 to new valuation, used to calculate taxes for general county
12 services for the budget year is equal to or exceeds 102 percent
13 of the total assessed value used to calculate taxes for general
14 county services for the current fiscal year, the levy rate
15 imposed shall not exceed a levy rate per \$1,000 of assessed
16 value that is equal to 1,000 multiplied by the quotient obtained
17 by dividing the product of the budget adjustment factor, as
18 defined in the bill, unless modified by the general assembly on
19 or before January 31 immediately preceding the applicable fiscal
20 year, and which ranges from 102 percent to 105 percent depending
21 upon the amount of annual increase in the consumer price index,
22 multiplied by the current fiscal year's actual property tax
23 dollars certified for levy by the remainder of the total assessed
24 value used to calculate such taxes for the budget year minus
25 value attributable to new valuation.

26 The bill similarly modifies the maximum levy rate for rural
27 county services for fiscal years beginning on or after July 1,
28 2027.

29 This division takes effect January 1, 2027, and applies to
30 county taxes and budgets for fiscal years beginning on or after
31 July 1, 2027.

32 DIVISION II — CITY PROPERTY TAXES AND BUDGETS. Code section
33 384.1 establishes the city general fund levy and limits on
34 the levy rate. The bill modifies the general fund levy rate
35 limitation for the fiscal year beginning July 1, 2027, to be

1 a levy rate not to exceed the greater of: (1) a levy rate
2 per \$1,000 of assessed value equal to 1,000 multiplied by the
3 quotient of 102 percent of the current fiscal year's (immediately
4 preceding fiscal year) actual property tax dollars certified for
5 levy divided by the remainder of the total assessed value used to
6 calculate such taxes for the budget year minus value attributable
7 to new valuation, as defined in the bill; and (2) a levy rate
8 per \$1,000 of assessed value that results in an amount of actual
9 property tax dollars certified for levy equal to 100.5 percent of
10 the actual property tax dollars certified for such levy for the
11 current fiscal year.

12 For each fiscal year beginning on or after July 1, 2028, the
13 maximum levy rate is the levy rate imposed by the city for the
14 current fiscal year unless the total assessed value, excluding
15 new valuation, used to calculate taxes for the budget year is
16 equal to or exceeds 102 percent of the total assessed value
17 used to calculate taxes for the current fiscal year, and for the
18 budget year beginning July 1, 2028, only, not less than a levy
19 rate per \$1,000 of assessed value that results in an amount of
20 actual property tax dollars certified for levy equal to 100.5
21 percent of the actual property tax dollars certified for levy for
22 the current fiscal year.

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

1 of the total assessed value used to calculate such taxes for the
2 budget year minus value attributable to new valuation.

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

6 This division takes effect January 1, 2027, and applies to
7 property taxes and budgets for fiscal years beginning on or after
8 July 1, 2027.

9 DIVISION III — SCHOOL TAXES AND BUDGETS. As part of the state
10 school foundation program, for school budget years beginning
11 on or after July 1, 2022, Code section 257.1 establishes the
12 regular program foundation base to be 88.4 percent of the regular
13 program state cost per pupil. Beginning with the budget year
14 beginning July 1, 2027, the bill increases that percentage to
15 100 percent. Similarly, the bill increases the special education
16 support services foundation base percentage from 79 percent to
17 100 percent.

18 Code section 257.3 requires school districts to levy a
19 foundation property tax of \$5.40 per \$1,000 of assessed value on
20 all taxable property in the school district. The bill reduces
21 the foundation property tax levy rate to \$4.48662 per \$1,000 of
22 assessed value for budget years beginning on or after July 1,
23 2027.

24 Code section 257.3 provides an exception to the foundation
25 property tax levy rate of \$5.40 for those school districts that
26 have recently been reorganized. Such districts are provided
27 reduced foundation property tax levy rates for three years
28 following the reorganization. The bill adjusts those reduced
29 rates for reorganizations that take effect on or after July 1,
30 2027, to reflect the reduction made in the bill to the foundation
31 property tax levy imposed by school districts that are not
32 subject to a reorganization and eliminates certain supplemental
33 aid related to such reorganized school district rates for budget
34 years beginning on or after July 1, 2027.

35 The bill eliminates certain property tax adjustment aid under

1 Code section 257.15(2) and (3) for fiscal years beginning on or
2 after July 1, 2027.

3 The bill eliminates the \$24 million general fund appropriation
4 for adjusted additional property tax levy aid under Code section
5 257.15(4) for fiscal years beginning on or after July 1, 2027.
6 The bill also eliminates the annual appropriation of the balance
7 of the property tax equity and relief fund under Code section
8 257.16A for purposes designated under Code section 257.15(4)
9 and requires remaining moneys at the end of a specified fiscal
10 year to be transferred back to the funds from which they were
11 received.

12 The bill eliminates the payment of school district property
13 tax replacement payments for fiscal years beginning on or after
14 July 1, 2027.

15 The bill eliminates the annual appropriation of moneys in the
16 foundation base supplement fund for fiscal years beginning on or
17 after July 1, 2027, and requires the remaining moneys at the end
18 of a specified fiscal year to be transferred for deposit in the
19 secure an advanced vision for education fund.

20 The bill eliminates transfers from the secure an advanced
21 vision for education fund to the property tax equity and relief
22 fund and the foundation base supplement fund for fiscal years
23 beginning on or after July 1, 2027, and instead provides that
24 such amounts shall be credited to the state general fund to be
25 used for increased foundation aid resulting from the increase in
26 the regular program foundation base per pupil to 100 percent of
27 the regular program state cost per pupil.

28 In Code chapters 425A (family farm tax credit) and 426
29 (agricultural land tax credit), the bill replaces references
30 to the school foundation property tax levy rate (\$5.40) with
31 citations to the appropriate provision of the Code section
32 establishing the foundation property tax rate.

33 The bill requires each school district with an unexpended fund
34 balance in the district's management levy fund under Code section
35 298A.3 at the conclusion of the fiscal year beginning July 1,

1 2025, that exceeds an amount equal to the total expenditures from
2 the district's management fund for the fiscal year beginning July
3 1, 2025, to certify such unexpended fund balance and expenditure
4 amounts, including any reserved or designated amounts in the fund
5 and the purposes therefor, to the school budget review committee
6 by November 15, 2026. The committee is then required to conduct
7 a review of the unexpended fund balances and expenditures of
8 school district management levy funds certified under the bill.
9 By February 1, 2027, the committee shall make recommendations
10 to the general assembly for establishing district management
11 levy fund unexpended fund balance limitations for fiscal years
12 beginning on or after July 1, 2028, including recommendations for
13 limitations based on a percentage of the district's management
14 levy fund expenditures and recommendations for management levy
15 limitations and expenditure requirements for excess funds.

16 The bill amends several provisions relating to the state
17 school foundation program funding formula to include funding
18 for the media services funding and educational services funding
19 under Code section 257.37 to be included and funded as part
20 of foundation aid paid by the state instead of funding through
21 a school district's additional property tax under Code section
22 257.4 for school budget years beginning on or after July 1, 2027.

23 The bill reduces by approximately 30 percent the maximum levy
24 rates for the regular and voter-approved physical plant and
25 equipment levy under Code section 298.2 and the school district
26 bond tax under Code section 298.18. The bill provides that the
27 reduced levy rate limitations under Code section 298.18(1)(d) do
28 not apply to the payment of general obligation bonds approved
29 for issuance at an election held on or before November 4,
30 2025, that are sold on or after May 1, 2026, but instead are
31 subject to the limits specified under the prior rate limits.
32 The bill also repeals an obsolete provision relating to levy
33 adjustments authorized to occur before June 30, 2007, in Code
34 section 298.18A.

35 The bill also amends Code section 298.4 by providing that for

1 fiscal years beginning on or after July 1, 2028, if a school
2 district's unexpended fund balance of the district's management
3 levy fund is equal to or exceeds a specified percentage of the
4 average annual expenditures from the district's management levy
5 fund for the three consecutive fiscal years immediately preceding
6 the base year, the board of directors may not certify a district
7 management levy for the fiscal year. Additionally, if a school
8 district is not prohibited from certifying a levy under the bill,
9 the maximum amount that the board of directors may certify for
10 levy under the district management levy shall be an amount equal
11 to the remainder of a specified percentage of the average annual
12 expenditures from the district's management levy fund for the
13 three consecutive fiscal years immediately preceding the base
14 year minus the district's management levy fund unexpended fund
15 balance for the fiscal year preceding the base year.

16 Except for the section of the division amending Code section
17 257.31, which relates to the school budget review committee, this
18 division of the bill takes effect January 1, 2027, and applies to
19 fiscal years and school budget years beginning on or after July
20 1, 2027.

21 DIVISION IV — PROPERTY VALUATIONS AND ASSESSMENT

22 LIMITATIONS. Code section 441.21 provides that the actual value
23 of agricultural property shall be determined on the basis of
24 productivity and net earning capacity and that any formula
25 or method employed to determine productivity and net earning
26 capacity of property shall be adopted in full by rule of the
27 department of revenue (IDR). The bill amends that provision
28 by specifying that for assessment years beginning on or after
29 January 1, 2027, structures on agricultural land constructed on
30 or after January 1, 2027, that are not agricultural dwellings
31 shall not be included in determination of productivity and
32 net earning capacity of agricultural property and shall not be
33 allocated any portion of the total county productivity value so
34 determined. Such agricultural structures shall instead be valued
35 according to the structure's replacement cost less depreciation

1 and obsolescence and the structure's assessed value subject to
2 taxation prior to application of any assessment limitation shall
3 be equal to the product of the structure's value multiplied
4 by the agricultural factor, as determined in 701 IAC 102.3(2)
5 or succeeding rule of the department. The bill also provides
6 that such structures shall be treated similarly to agricultural
7 structures constructed before January 1, 2027, when applying any
8 IDR equalization order.

9 The bill modifies the list of examples of abnormal property
10 transactions that are to be excluded from consideration or
11 adjusted to eliminate distortions of market value when valuing
12 property to include built-to-suit construction, sale-leaseback
13 transactions, leased fee sales, and instead of sales to immediate
14 family, sales between related parties.

15 Code section 441.21(4) establishes the calculation for
16 assessment limitations (rollback) for residential property and
17 agricultural property. The bill strikes the calculation of
18 the residential property assessment limitation for assessment
19 years beginning on or after January 1, 2026, and strikes
20 the provision within the agricultural property assessment
21 limitation calculation that limits growth of residential or
22 agricultural property to the growth in the other classification
23 (ag-residential tie). The bill provides that residential
24 property is assessed at 70 percent of the property's actual value
25 for assessment years beginning January 1, 2026, and January 1,
26 2027. The bill then increases the percentage of actual value
27 at which residential property is assessed by 3 percent each
28 assessment year until the percentage reaches 100 percent for
29 assessment years beginning on or after January 1, 2037. By
30 operation of law and through changes in the bill, all other
31 classifications of property, except for agricultural property,
32 residential property, and multiresidential property, are assessed
33 at 100 percent of actual value for assessment years beginning on
34 or after January 1, 2026.

35 The bill modifies provisions governing the calculation

1 of payments made to local governments under Code section
2 441.21(5)(e) that are made to replace property taxes due to the
3 application of the residential property assessment limitation to
4 certain portions of commercial and industrial property valuations
5 and eliminates the appropriation for such payments for fiscal
6 years beginning on or after July 1, 2027, due to elimination of
7 the assessment limitations.

8 The bill also reestablishes a multiresidential property
9 classification for assessment years beginning on or after
10 January 1, 2027, that includes types of property that were
11 classified as multiresidential property for assessment years
12 beginning before January 1, 2022. Such property is included
13 within the residential property classification under current
14 law. Under the bill, for purposes of equalization under Code
15 sections 441.47 through 441.49, multiresidential property shall
16 be considered residential property. The bill provides that
17 multiresidential property is assessed at 70 percent of actual
18 value for the assessment year beginning January 1, 2027.

19 The bill then increases the percentage of actual value at
20 which multiresidential property is assessed by 3 percent each
21 assessment year until the percentage reaches 100 percent for
22 assessment years beginning on or after January 1, 2037.

23 Except for provisions relating to the reestablishment of the
24 multiresidential property classification, this division of the
25 bill applies retroactively to assessment years beginning on or
26 after January 1, 2026.

27 DIVISION V — DISABLED VETERAN AND HOMESTEAD CREDITS AND
28 EXEMPTIONS. Starting with the assessment year beginning January
29 1, 2026, the bill replaces the homestead property tax credit,
30 other than the portion of the credit provided to certain disabled
31 veterans, with a homestead property tax exemption. For the
32 assessment year beginning January 1, 2026, the exemption amount
33 is 25 percent of taxable value, not to exceed \$175,000 in
34 taxable value. The exemption percentage increases by 2.5 percent
35 and the maximum exemption amount increases by \$17,500 each

1 assessment year until the percentage is 50 percent for assessment
2 years beginning on or after January 1, 2036, and the maximum
3 exemption amount is \$350,000. The bill specifies that the
4 elderly homestead exemption of \$6,500 in taxable value applies in
5 addition to the homestead exemption established in the bill and
6 the unencumbered homestead exemption established in the bill.

7 The bill establishes a homestead exemption for homesteads
8 that are unencumbered homesteads. The bill defines "unencumbered
9 homestead" to be a homestead as defined in Code section 425.11,
10 but excluding appurtenances and that portion of the land upon
11 which the dwelling house is situated that exceeds one-half acre,
12 owned by an individual that has attained the age of 60 years
13 by January 1 of the applicable assessment year and for which no
14 mortgage or other indebtedness or account secured by an interest
15 in the homestead exists on January 1 of the assessment year. For
16 the assessment year beginning January 1, 2026, the unencumbered
17 homestead exemption is 25 percent of the taxable value following
18 application of the other homestead exemption established in the
19 bill, but before the homestead exemption for persons 65 years
20 of age, if applicable. The exemption percentage increases by 25
21 percent each assessment year until the percentage is 100 percent
22 for assessment years beginning on or after January 1, 2029.
23 The unencumbered homestead exemption, however, does not apply
24 to voter-approved levies, as defined in the bill, or property
25 tax levies, or portions thereof, that are for the payment of
26 voter-approved bonds or other voter-approved indebtedness. The
27 provisions of Code section 25B.7 relating to funding of new
28 property tax credits and exemptions are made inapplicable to the
29 exemptions in the bill.

30 The bill moves the disabled veteran homestead credit from
31 Code section 425.15 to Code section 425.1, and makes changes
32 to the scope of the disabled veteran homestead credit for new
33 applicants. Currently, a disabled veteran with a 100 percent
34 permanent and total disability rating receives a homestead credit
35 on the entire amount of tax levied on the homestead. The bill

1 specifies that a separate application form is required to claim
2 the disabled veteran homestead credit. The bill does not change
3 the homestead credit for an eligible disabled veteran who makes
4 an application for the homestead credit before July 1, 2026. For
5 a disabled veteran who makes an application for the homestead
6 credit on or after July 1, 2026, the bill changes the definition
7 of "homestead" to exclude appurtenances and limits the size of
8 the homestead credit to property on one-half acre.

9 The state continues to reimburse local governments for the
10 homestead credit, which for assessment years beginning on or
11 after January 1, 2026, includes only the disabled veterans
12 homestead credit, but does not reimburse local governments for
13 the homestead exemption under current law and in the bill.

14 The bill provides that homestead owners who have filed for
15 or who are receiving homestead credits or exemptions before
16 the effective date of this division of the bill shall continue
17 to receive such credits and exemptions for which the owner is
18 eligible for assessment years beginning on or after January 1,
19 2026, without refileing, and, if the owner is eligible, shall
20 receive the exemption under Code section 425.1A(1A), as enacted
21 in this division of the bill, without filing for such exemption.

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

24 DIVISION VI — MILITARY SERVICE PROPERTY TAX EXEMPTION. Under
25 current law, a veteran receives a property tax exemption of
26 \$4,000 in taxable value on property owned by the veteran.
27 The bill increases the veterans property tax exemption from
28 \$4,000 to the following exemption amounts: for the assessment
29 year beginning January 1, 2026, \$5,000; for the assessment year
30 beginning January 1, 2027, \$6,000; and for assessment years
31 beginning on or after January 1, 2028, \$7,000.

32 This division applies retroactively to assessment years
33 beginning on or after January 1, 2026.

34 DIVISION VII — HOSPITAL AND EMERGENCY MEDICAL SERVICES
35 PROPERTY TAX LEVIES. The bill provides that for fiscal years

1 beginning on or after July 1, 2027, any property tax levy
2 imposed for a county hospital under Code chapter 347 that is
3 limited by law to a specific property tax levy rate per \$1,000
4 of assessed value shall not exceed a levy rate per \$1,000 of
5 assessed value that is equal to 1,000 multiplied by the quotient
6 obtained by dividing the product of the budget adjustment factor
7 multiplied by the current fiscal year's actual property tax
8 dollars certified for such levy by the remainder of the total
9 assessed value used to calculate such taxes for the budget year
10 minus value attributable to new valuation. The bill defines
11 "budget adjustment factor", "budget year", "current fiscal year",
12 and "new valuation" to mean the same as defined in Code section
13 331.423, as amended in the bill.

14 The bill establishes similar limitations for levies imposed
15 under Code chapters 347A (county hospitals payable from revenue),
16 357F (emergency medical services districts), 357G (city emergency
17 medical services districts), and 422D (optional taxes for
18 emergency medical services) that are limited by law to a specific
19 property tax levy rate per \$1,000 of assessed value.

20 DIVISION VIII — PROPERTY TAX LEVY RATES. The bill
21 establishes a reduction for rate-limited property tax levies.
22 The bill defines "rate-limited property tax levy" to be any ad
23 valorem property tax levy limited by law to a specific property
24 tax levy rate per \$1,000 of assessed value used to calculate
25 taxes, but does not include the school district foundation levy
26 under Code section 257.3, the county general services levy under
27 Code section 331.423(1), the county rural services levy under
28 Code section 331.423(2), the city general fund levy under Code
29 section 384.1(3), the physical plant and equipment levies under
30 Code section 298.2, the school district bond tax under Code
31 section 298.18, any levy under Code chapter 28M, a levy under
32 Code section 384.12(1)(b) levied for operation and maintenance
33 of a regional transit district, a levy for the office of
34 the assessor under Code section 441.16, a levy for a county
35 agricultural extension under section 176A.10, any levy under Code

1 chapter 386, any levy under Code chapter 347 or 347A, and any
2 levy under Code chapter 357F, 357G, or 422D. In addition,
3 "rate-limited property tax levy" does not include levy rates used
4 in the calculations under Code section 312.2(5)(a).

5 For the fiscal year beginning July 1, 2027, each rate-limited
6 property tax levy may only be imposed if the governmental entity
7 imposed such levy for the fiscal year beginning July 1, 2026,
8 and shall, by operation of the bill, be limited to a levy
9 rate that is equal to 1,000 multiplied by the quotient of 102
10 percent of the current fiscal year's actual property tax dollars
11 certified for such levy divided by the total assessed value used
12 to calculate such taxes for the budget year, but not less than
13 a levy rate per \$1,000 of assessed value that results in an
14 amount of actual property tax dollars certified for levy for such
15 levy equal to 100.5 percent of the actual property tax dollars
16 certified for such levy for the fiscal year beginning July 1,
17 2026.

18 For the fiscal year beginning July 1, 2028, and each
19 fiscal year thereafter, rate-limited property tax levies may
20 be imposed by any governmental entity otherwise authorized by
21 law, regardless of whether the governmental entity imposed the
22 levy for the fiscal year beginning July 1, 2026, at rates not
23 to exceed those established by the general assembly by statute
24 following receipt and consideration of the report submitted by
25 the legislative interim committee requested to be established by
26 the legislative council in this division of the bill.

27 The bill also provides that, on or after July 1, 2026, a city
28 or county shall not issue bonds or other indebtedness payable
29 from an ad valorem property tax levy for the purpose of funding
30 the general operations of the city or general operations of
31 the county, as applicable, or otherwise use proceeds from the
32 sale of bonds or issuance of other indebtedness to fund general
33 operations. The bill defines "general operations" to mean
34 services or activities generally funded from the governmental
35 entity's general fund, which are necessary for the operation

1 of the governmental entity, including salaries and benefits, or
2 which are for the health and welfare of the governmental entity's
3 citizens or primarily intended to benefit all residents of the
4 governmental entity, but excluding services financed by statutory
5 funds other than a debt service fund.

6 The city finance committee is required to adopt rules under
7 Code chapter 17A for cities to implement the new Code section
8 governing funding of general operations. The county finance
9 committee is required to adopt rules under Code chapter 17A for
10 counties to implement the new Code section governing funding of
11 general operations.

12 The bill reduces levy rates used to make certain calculations
13 related to the secondary road fund allocations under Code section
14 312.2.

15 The bill requests the legislative council to establish a
16 legislative study committee during the 2026 legislative interim
17 and the 2027 legislative interim to examine appropriate rates
18 of property taxation imposed by governmental entities following
19 enactment of the bill and determine an alternative methodology
20 and period of time to increase the percentage of actual value
21 at which residential and multiresidential property are subject
22 to tax from 75 percent to 100 percent. The study committee
23 shall consist of six voting members of the general assembly. Two
24 members shall be appointed by the majority leader of the senate,
25 one member appointed by the minority member of the senate, two
26 members appointed by the speaker of the house of representatives,
27 and one member appointed by the minority leader of the house
28 of representatives. The study committee is required to make
29 recommendations to the general assembly by January 15, 2028.

30 DIVISION IX — LOCAL SALES AND SERVICES TAX. Code chapter 423B
31 authorizes a local sales and services tax to be imposed at a rate
32 of 1 percent. The bill authorizes the local sales and services
33 tax to be imposed at either 1 percent or 1.5 percent. The bill
34 also provides that for amendments to local sales and services
35 tax revenue purpose statements approved at election on or after

1 the effective date of this division of the bill, if the existing
2 revenue purpose statement expressly provides for an amount or
3 percentage of revenue for uses related to road construction,
4 repair, or maintenance, the amended revenue purpose statement
5 shall require amounts or percentages of revenue equal to or
6 greater than those in the existing revenue purpose statement.

7 This division of the bill takes effect upon enactment.

8 DIVISION X — ADJUSTMENTS TO MOTOR VEHICLE REGISTRATION FEES
9 AND FUEL TAXES. Under current law, in addition to the required
10 annual registration fee, the owner of a battery electric motor
11 vehicle or a plug-in hybrid electric motor vehicle, including
12 a motorcycle, must pay an additional electric motor vehicle
13 registration fee each year. The additional fee for a battery
14 electric motor vehicle is \$130, the additional fee for a plug-in
15 hybrid electric motor vehicle is \$65, and the additional fee for
16 an electric motorcycle is \$9.

17 The bill requires the department of transportation (DOT)
18 to adjust these fees beginning July 1 each year to account
19 for increases in the consumer price index (CPI) for all urban
20 consumers. The DOT must calculate the adjusted fees using
21 a formula based on the change in CPI. The fees must increase
22 with a positive change in CPI, up to 3 percent, rounded to
23 the nearest dollar. However, if the general assembly nullifies
24 the adjustment by joint resolution signed by the governor on
25 or before April 30, or if the CPI is zero or negative for
26 the prior year ending December 31, the applicable adjusted fees
27 in effect at the time of the calculation are not adjusted.
28 Similarly, if a fee increased for three consecutive years prior
29 to the calculation, the fee must not be adjusted in the fourth
30 year. If, when rounded to the nearest dollar, the adjusted
31 annual electric motorcycle registration fee does not result in an
32 increase, the DOT is required to use the unrounded adjusted fee
33 as the fee in effect when the DOT calculates the next adjusted
34 fee.

35 Under current law, the excise tax on each gallon of motor

1 fuel, other than ethanol blended gasoline classified as E-15
2 or higher, is 30 cents. The excise tax on each gallon of
3 special fuel for diesel engines of motor vehicles, other than
4 biodiesel blended fuel classified as B-20 or higher, is 32.5
5 cents. The excise taxes on each gallon of ethanol blended
6 gasoline classified as E-15 or higher and biodiesel blended
7 fuel classified as B-20 or higher are based on the distribution
8 percentage of those fuels compared to the distribution of other
9 gasoline and special fuels, and range from 24 cents to 30 cents,
10 and 29.5 cents to 32.5 cents, respectively. The excise tax is
11 30 cents per gallon on liquefied petroleum gas used as a special
12 fuel, 31 cents per gallon on compressed natural gas used as a
13 special fuel, 32.5 cents per gallon on liquefied natural gas used
14 as a special fuel, and 65 cents per gallon on hydrogen used
15 as a special fuel. Other than electricity used at a person's
16 residence, the excise tax is 2.6 cents on each kilowatt hour
17 of electric fuel delivered or placed into the battery or other
18 energy storage device of an electric motor vehicle.

19 The bill requires IDR to adjust the excise taxes imposed on
20 certain motor fuels, certain special fuels, and electric fuel to
21 account for increases in the CPI each year. The excise taxes
22 imposed on the use of aviation gasoline (8 cents per gallon) and
23 on the use of special fuel for aircraft (5 cents per gallon) are
24 not subject to adjustment.

25 The bill requires IDR to calculate the adjusted excise taxes
26 using a formula based on the change in CPI. The adjusted excise
27 taxes must increase with a positive change in CPI, up to 3
28 percent, rounded to the nearest one-tenth of 1 cent. However, if
29 the general assembly nullifies the adjustment by joint resolution
30 signed by the governor on or before April 30, or if the CPI
31 is zero or negative for the prior year ending December 31, the
32 applicable excise taxes in effect at the time of the calculation
33 are not adjusted. Similarly, if an excise tax increased for
34 three consecutive years prior to the calculation, the excise tax
35 must not be adjusted in the fourth year.

1 By January 15 each year, DOT and IDR must calculate and report
2 the adjusted fees and excise taxes, respectively, to the general
3 assembly and the director of the department of management. The
4 reports may be submitted jointly.

5 Pursuant to Code section 452A.59, IDR is empowered to
6 adopt administrative rules relating to the administration and
7 enforcement of Code chapter 452A, including as amended by the
8 bill, as IDR deems necessary.

9 Article VII, section 8, of the Constitution of the State
10 of Iowa requires all motor vehicle registration fees and
11 excise taxes on motor vehicle fuel, other than the cost of
12 administration, to be used exclusively for the construction,
13 maintenance, and supervision of the public highways exclusively
14 within Iowa, or for the payment of bonds issued for such
15 purposes. Code section 312.2 provides the formula for
16 distribution of the road use tax fund.

17 This division of the bill takes effect January 1, 2027.

18 DIVISION XI — OFFICE OF THE ASSESSOR — BUDGET AND LEVY. Code
19 section 441.16(5) authorizes a \$0.675 per \$1,000 of assessed
20 value property tax levy for the maintenance of the office of the
21 assessor and other assessment procedure. The bill provides that
22 for fiscal years beginning on or after July 1, 2027, expenses of
23 the office of the assessor, the examining board, and the board
24 of review related to duties or expenses authorized to be paid
25 using funds levied under Code sections 96.31, 97B.9, and 97C.10
26 shall not be paid from the levy under Code section 441.16(5).
27 The bill also provides that the levy under Code section 441.16(5)
28 for the fiscal year beginning July 1, 2027, shall not exceed
29 a rate per \$1,000 of assessed value that is equal to 1,000
30 multiplied by the quotient of 102 percent of the current fiscal
31 year's actual property tax dollars certified for such levy,
32 excluding amounts attributable to specified types of expenses
33 under Code sections 97B.9 and 97C.10 and insurance expenses, tort
34 claims, and judgments, divided by the total assessed value used
35 to calculate such taxes for the budget year. The bill then

1 provides that for each fiscal year beginning on or after July 1,
2 2028, any tax for the maintenance of the office of assessor and
3 other assessment procedure shall be levied only upon the property
4 in the area assessed by the assessor, and such tax levy shall
5 not exceed a rate per \$1,000 of assessed value in the assessing
6 area that is equal to 1,000 multiplied by the quotient of 102
7 percent of the current fiscal year's actual property tax dollars
8 certified for such levy divided by the total assessed value used
9 to calculate such taxes for the budget year.

10 This division takes effect January 1, 2027, and applies to
11 property taxes due and payable in fiscal years beginning on or
12 after July 1, 2027.

13 DIVISION XII — REGIONAL TRANSIT DISTRICT LEVY. Code section
14 28M.5 authorizes a regional transit district to levy a property
15 tax not to exceed \$0.95 per \$1,000 of assessed value. The
16 bill lowers that levy to \$0.80 per \$1,000 of assessed value
17 and makes corresponding changes to other provisions of law
18 governing the levy rates for municipal transit systems and
19 regional transit districts. In addition, the bill establishes
20 an annual limitation on the total amount of property taxes that
21 a regional transit district may receive. For each fiscal year
22 beginning on or after July 1, 2027, the total amount of property
23 taxes for support of a regional transit district shall not exceed
24 102 percent of the total amount of property taxes for support
25 of the regional transit district for the immediately preceding
26 fiscal year.

27 This division takes effect January 1, 2027, and applies to
28 property taxes due and payable in fiscal years beginning on or
29 after July 1, 2027.

30 DIVISION XIII — UTILITY REPLACEMENT TAX TASK FORCE. Code
31 section 437A.15(7) establishes a utility replacement tax task
32 force. The bill modifies the duties of the task force to
33 study the accuracy of the taxes imposed under Code chapters
34 437A and 437B, ways to modernize the administration of such
35 taxes, methods of simplifying administration of the replacement

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

12 DIVISION XIV — LOCAL GOVERNMENT BUDGET STATEMENTS. Code
13 section 24.2A requires the county auditor to mail statements
14 containing certain county, city, and school district budget and
15 property tax information to each property owner or taxpayer. For
16 budgets for fiscal years beginning on or after July 1, 2027,
17 the bill authorizes those statements to be to be posted on the
18 political subdivision's internet site by March 15 in lieu of
19 mailing individual statements. Additionally, if the political
20 subdivision maintains a social media account on one or more
21 social media applications, the statement or an electronic link to
22 the statement shall be posted on each such account on a date no
23 later than March 15.

24 DIVISION XV — REAL ESTATE TRANSFER TAX FORMS. The bill amends
25 Code section 428A.7 governing real estate transfer tax forms
26 for the declaration of value prescribed by the department of
27 revenue by specifying examples of the types of special facts and
28 circumstances that may distort market value.

29 DIVISION XVI — DIVISION OF REVENUE — DATA CENTERS. The bill
30 excludes the school district foundation property tax imposed
31 under Code section 257.3 from the division of revenue under
32 Code section 403.19 (tax increment financing) for taxes levied
33 against a qualified data center. The bill defines "qualified
34 data center" to be a data center, as defined in Code section
35 423.3(95), for which site preparation activities, as defined in

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1 Code section 423.3(95), began on or after the effective date of
2 the division of the bill, which is effective upon enactment. The
3 bill prohibits such foundation property tax from being divided
4 and paid into the municipality's special fund for the payment
5 of urban renewal indebtedness but instead requires the tax to
6 be levied, collected, and paid to the school district in the
7 same manner as all other property taxes. The exclusion in the
8 bill applies to property taxes due and payable in fiscal years
9 beginning on or after July 1, 2027.

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