

**House File 2745 - Introduced**

HOUSE FILE 2745

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 596)

**A BILL FOR**

1 An Act relating to state and local government taxes, budgets,  
2 and authority, by modifying provisions relating to the  
3 assessment and taxation of property, funding from the secure  
4 an advanced vision for education fund, urban renewal areas,  
5 establishing a program for certain first-time homebuyers,  
6 establishing a local government efficiency grant fund,  
7 making appropriations, and including effective date,  
8 applicability, and retroactive applicability provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I  
2 PROPERTY TAX REVENUE LIMITATIONS — BOND REVENUE USE  
3 LIMITATIONS

4 Section 1. Section 11.11, Code 2026, is amended to read as  
5 follows:

6 **11.11 Scope of audits.**

7 The written report of the audit of a governmental  
8 subdivision shall include the auditor's opinion as to whether a  
9 governmental subdivision's financial statements are presented  
10 fairly in all material respects in conformity with generally  
11 accepted accounting principles or with ~~an other~~ another  
12 comprehensive basis of accounting. As a part of conducting an  
13 audit of a governmental subdivision, an evaluation of internal  
14 control and tests for compliance with laws and regulations  
15 shall be performed. As part of conducting an audit of a  
16 governmental subdivision, an examination of the governmental  
17 subdivision's compliance with the reporting requirements of  
18 section 331.403, subsection 3, or [section 384.22, subsection 2](#),  
19 if applicable, shall be performed. As part of conducting an  
20 audit of a governmental subdivision for fiscal years beginning  
21 on or after July 1, 2027, an examination of the governmental  
22 subdivision's compliance with section 24.35 shall be performed,  
23 including verification of the circumstances resulting in actual  
24 reserve funds exceeding the specified limits.

25 Sec. 2. Section 24.34, Code 2026, is amended to read as  
26 follows:

27 **24.34 Unliquidated obligations.**

28 A city, county, or other political subdivision governmental  
29 entity, as defined in section 24.35, may establish an  
30 encumbrance system for any obligation not liquidated at the  
31 close of the fiscal year in which the obligation has been  
32 encumbered assigned, committed, restricted, or specified as  
33 nonspendable. The encumbered obligations may be retained upon  
34 the books of the city, county, or other political subdivision  
35 until liquidated, all in accordance with generally accepted

1 ~~governmental accounting practices~~ principles, as established by  
2 the governmental accounting standards board.

3 Sec. 3. NEW SECTION. 24.35 General fund reserves —  
4 limitations.

5 1. For purposes of this section:

6 a. "*Budget year*" is the fiscal year beginning during the  
7 calendar year in which a budget is certified.

8 b. "*Current fiscal year*" is the fiscal year ending during  
9 the calendar year in which a budget for the budget year is  
10 certified.

11 c. "*General fund*" means a governmental entity's fund  
12 designated as such by law or the governmental entity's fund  
13 from which primary general operations of the governmental  
14 entity are funded.

15 d. "*Governmental entity*" means any unit of government  
16 or other public body or public corporation, including any  
17 intergovernmental entity, that has the power to impose or  
18 certify a property tax levy. "*Governmental entity*" does not  
19 include a school district.

20 e. "*Unassigned*" means funds that are not restricted,  
21 committed, assigned, or nonspendable within the meaning of  
22 generally accepted accounting principles, as established by the  
23 governmental accounting standards board.

24 2. a. For budgets certified for budget years beginning  
25 on or after July 1, 2027, proposed unassigned reserve funds  
26 identified within a governmental entity's general fund shall  
27 not exceed an amount equal to thirty-five percent of the  
28 budgeted expenditures from the governmental entity's general  
29 fund for the current fiscal year prior to budgeted transfers  
30 from such general fund.

31 b. If the governmental entity's budget does not comply with  
32 the requirements of paragraph "a", the department of management  
33 shall not certify the governmental entity's taxes back to the  
34 county auditor under section 24.17 and the governmental entity  
35 shall remedy the violation and recertify the budget.

1 3. To ensure uniformity, accuracy, and efficiency in the  
2 certification of governmental entity budgets according to the  
3 requirements of this section, the department of management  
4 shall prescribe the procedures to be used and instruct the  
5 appropriate officials of the various governmental entities on  
6 implementation of the procedures.

7 Sec. 4. Section 24.48, Code 2026, is amended by adding the  
8 following new subsection:

9 NEW SUBSECTION. 6. The authority to suspend property tax  
10 levy limitations under this section shall not apply to the  
11 limitations of section 444.25.

12 Sec. 5. Section 176A.8, subsection 13, Code 2026, is amended  
13 by striking the subsection.

14 Sec. 6. NEW SECTION. **444.25 Maximum property tax levy**  
15 **dollars.**

16 1. For purposes of this section, unless the context  
17 otherwise requires:

18 a. "*Budget year*" is the fiscal year beginning during the  
19 calendar year in which a budget is certified.

20 b. "*Current fiscal year*" is the fiscal year ending during  
21 the calendar year in which a budget for the budget year is  
22 certified.

23 c. "*Governmental entity*" means any unit of government  
24 or other public body or public corporation, including any  
25 intergovernmental entity or special purpose district, that  
26 has the power to impose or certify a property tax levy.  
27 "*Governmental entity*" does not include a school district.

28 d. "*New valuation*" means the increase from the current  
29 fiscal year to the budget year in taxable valuation, as shown  
30 on the assessment roll due to the following, the amount of each  
31 as reported under section 331.510 by the county auditor to the  
32 department of management:

33 (1) New construction.

34 (2) Additions or improvements to existing structures that  
35 are not normal and necessary repairs under section 441.21,

1 subsection 8.

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

5 (4) Valuation exempt from property tax for the current  
6 fiscal year as the result of prior new construction, additions,  
7 or improvements under section 15.332, Code 2025, section  
8 15.500, chapter 404, or chapter 427B, subchapter I, but which  
9 is not exempt from property tax in the budget year.

10 *e.* "Property tax levy" means each ad valorem property tax  
11 authorized by law to be imposed by a governmental entity, but  
12 excluding any levy the revenue from which is specified by law  
13 for debt service or required to be used exclusively for the  
14 repayment of bonds or other indebtedness.

15 2. *a.* For the budget year beginning July 1, 2027, and  
16 each budget year thereafter, the maximum aggregate amount of  
17 property tax dollars that may be certified for levy among all  
18 property tax levies imposed by a governmental entity against  
19 property that is not new valuation shall not exceed an amount  
20 equal to the sum of one hundred two percent of the aggregate  
21 amount of property tax dollars certified for levy by the  
22 governmental entity among all property tax levies imposed by  
23 the governmental entity for the current fiscal year.

24 *b.* If the budget year includes a voter-approved property tax  
25 levy that was not approved for imposition in the current fiscal  
26 year, the maximum aggregate amount of property tax dollars for  
27 the governmental entity under paragraph "a" for the budget  
28 year shall be increased by the amount of the voter-approved  
29 property tax levy approved at election for the budget year. If  
30 the current fiscal year includes a voter-approved property tax  
31 levy that is not approved for imposition in the budget year,  
32 the maximum aggregate amount of property tax dollars for the  
33 governmental entity under paragraph "a" for the budget year  
34 shall be reduced by the amount of the voter-approved property  
35 tax levy for the current fiscal year.

1 c. The amount of property tax dollars calculated under this  
2 section includes those amounts budgeted by the governmental  
3 entity as replacement taxes under chapter 437A or 437B, if  
4 applicable.

5 3. For purposes of this section, if the governmental  
6 entity's taxes for a property tax levy were not certified  
7 back by the department of management under section 24.17 for  
8 the current fiscal year due to an act or omission of the  
9 governmental entity, the current fiscal year's property tax  
10 dollars certified for levy for that property tax levy shall  
11 be equal to the amount certified for levy for the fiscal year  
12 immediately preceding the current fiscal year.

13 4. If a governmental entity certifies a budget that violates  
14 this section, the department of management shall reduce each of  
15 the applicable governmental entity's property tax levies on a  
16 pro rata basis so that the governmental entity is in compliance  
17 with this section.

18 5. This section shall not be construed as removing or  
19 otherwise affecting the property tax limitations, including  
20 levy rate and use limitations, otherwise provided by law for  
21 any property tax levy of the governmental entity.

22 Sec. 7. NEW SECTION. **444.26 Use of bonds and indebtedness**  
23 **for general operations — prohibition.**

24 1. For purposes of this section:

25 a. "*General operations*" means services or activities  
26 generally funded from the governmental entity's general fund,  
27 which are necessary for the operation of the governmental  
28 entity, including salaries and benefits, or which are for the  
29 health and welfare of the governmental entity's citizens or  
30 primarily intended to benefit all residents of the governmental  
31 entity, but excluding services financed by statutory funds  
32 other than a debt service fund.

33 b. "*Governmental entity*" means any unit of government  
34 or other public body or public corporation, including any  
35 intergovernmental entity, that has the power to impose or

1 certify a property tax levy.

2 2. On or after July 1, 2026, the governing body of a  
3 governmental entity shall not issue bonds or other indebtedness  
4 payable from an ad valorem property tax levy for the purpose of  
5 funding the general operations of the governmental entity or  
6 otherwise use proceeds from the sale of bonds or issuance of  
7 other indebtedness to fund general operations.

8 3. The department of management, following consultation  
9 with the city finance committee and the county finance  
10 committee, may adopt rules under chapter 17A for governmental  
11 entities to implement this section.

12 DIVISION II

13 COMMERCIAL AND INDUSTRIAL PROPERTY ASSESSMENT LIMITATIONS

14 Sec. 8. Section 441.21, subsection 5, paragraph b,  
15 subparagraph (2), subparagraph divisions (a) and (b), Code  
16 2026, are amended to read as follows:

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

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

25 Sec. 9. Section 441.21, subsection 5, paragraph c,  
26 subparagraph (2), subparagraph divisions (a) and (b), Code  
27 2026, are amended to read as follows:

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

33 (b) An amount equal to ninety percent of the actual value of  
34 the property for that assessment year that exceeds ~~one~~ three  
35 hundred fifty thousand dollars.

1 Sec. 10. Section 441.21, subsection 5, paragraph e,  
2 subparagraphs (1), (2), and (3), Code 2026, are amended to read  
3 as follows:

4 (1) ~~For the fiscal year beginning July 1, 2023, there~~  
5 ~~is appropriated from the general fund of the state to the~~  
6 ~~department of revenue the sum of one hundred twenty-two million~~  
7 ~~three hundred fifty thousand dollars to be used for payments~~  
8 ~~under this paragraph calculated as a result of the assessment~~  
9 ~~limitations imposed under paragraph "b", subparagraph (2),~~  
10 ~~subparagraph division (a), and paragraph "c", subparagraph (2),~~  
11 ~~subparagraph division (a).~~ For each fiscal year beginning  
12 on or after July 1, 2024, but before July 1, 2027, there  
13 is appropriated from the general fund of the state to the  
14 department of revenue the sum of one hundred twenty-five  
15 million dollars to be used for payments under this paragraph  
16 calculated as a result of the assessment limitations imposed  
17 under paragraph "b", subparagraph (2), subparagraph division  
18 (a), and paragraph "c", subparagraph (2), subparagraph division  
19 (a).

20 (2) For fiscal years beginning on or after July 1, 2023, but  
21 before July 1, 2027, each county treasurer shall be paid by the  
22 department of revenue an amount calculated under subparagraph  
23 (4) for the applicable fiscal year. If an amount appropriated  
24 for the fiscal year is insufficient to make all payments as  
25 calculated under subparagraph (4), the director of revenue  
26 shall prorate the payments to the county treasurers and shall  
27 notify the county auditors of the pro rata percentage on or  
28 before September 30.

29 (3) On or before July 1 of each applicable fiscal year, the  
30 assessor shall report to the county auditor that portion of the  
31 total actual value of all commercial property and industrial  
32 property in the county that is subject to the assessment  
33 limitations imposed under paragraph "b", subparagraph (2),  
34 subparagraph division (a), and paragraph "c", subparagraph (2),  
35 subparagraph division (a), for the assessment year used to

1 calculate the taxes due and payable in that fiscal year.

2 Sec. 11. Section 441.21, subsection 5, paragraph e,  
3 subparagraph (4), unnumbered paragraph 1, Code 2026, is amended  
4 to read as follows:

5 On or before September 1 of each applicable fiscal year, the  
6 county auditor shall prepare a statement, based on the report  
7 received in subparagraph (3) and information transmitted to  
8 the county auditor under chapter 434, listing for each taxing  
9 district in the county:

10 Sec. 12. RETROACTIVE APPLICABILITY. The following apply  
11 retroactively to assessment years beginning on or after January  
12 1, 2026:

13 1. The section of this division of this Act amending  
14 section 441.21, subsection 5, paragraph "b", subparagraph (2),  
15 subparagraph divisions (a) and (b).

16 2. The section of this division of this Act amending  
17 section 441.21, subsection 5, paragraph "c", subparagraph (2),  
18 subparagraph divisions (a) and (b).

19 DIVISION III

20 HOMESTEAD PROPERTY TAX EXEMPTION

21 Sec. 13. Section 427.1, Code 2026, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 43. *Residential homestead property.*

24 a. For assessment years beginning on or after January 1,  
25 2026, an exemption from taxation shall be allowed on each  
26 property classified as residential property as defined in  
27 section 441.21, subsection 14, that is a homestead receiving  
28 the homestead credit under chapter 425, subchapter I, for the  
29 assessment year. The exemption under this subsection shall be  
30 in addition to any exemption or credit for such property under  
31 any other provision of law, if applicable. The exemption from  
32 taxation under this subsection shall be ten percent of the  
33 taxable value of the property or twenty-five thousand dollars  
34 in taxable value, whichever is less. However, the exemption  
35 under this subsection shall not apply to a property tax imposed

1 by a school district.

2 *b.* Section 25B.7, subsection 1, shall not apply to the  
3 property tax exemption provided in this subsection.

4 Sec. 14. RETROACTIVE APPLICABILITY. This division of this  
5 Act applies retroactively to assessment years beginning on or  
6 after January 1, 2026.

7 DIVISION IV

8 SECURE AN ADVANCED VISION FOR EDUCATION FUND — EQUITY TRANSFER  
9 PERCENTAGE — FUTURE REPEAL

10 Sec. 15. Section 423.2, subsection 12, Code 2026, is amended  
11 to read as follows:

12 12. The sales tax rate of six percent is reduced to five  
13 percent on January 1, ~~2051~~ 2071.

14 Sec. 16. Section 423.2A, subsection 2, paragraph c, Code  
15 2026, is amended to read as follows:

16 *c.* Transfer one-sixth of the remaining revenues to the  
17 secure an advanced vision for education fund created in section  
18 423F.2. This paragraph "*c*" is repealed January 1, ~~2051~~ 2071.

19 Sec. 17. Section 423.5, subsection 4, Code 2026, is amended  
20 to read as follows:

21 4. The use tax rate of six percent is reduced to five  
22 percent on January 1, ~~2051~~ 2071.

23 Sec. 18. Section 423.43, subsection 1, paragraph b, Code  
24 2026, is amended to read as follows:

25 *b.* Subsequent to the deposit into the general fund of  
26 the state and after the transfer of such revenues collected  
27 under [chapter 423B](#), the department shall transfer one-sixth of  
28 such remaining revenues to the secure an advanced vision for  
29 education fund created in [section 423F.2](#). This paragraph is  
30 repealed January 1, ~~2051~~ 2071.

31 Sec. 19. Section 423F.2, subsection 3, paragraph b,  
32 subparagraph (2), subparagraph division (b), Code 2026, is  
33 amended to read as follows:

34 (b) For each fiscal year beginning on or after July 1,  
35 2020, but before July 1, 2026, the equity transfer percentage

1 is equal to the equity transfer percentage for the immediately  
2 preceding fiscal year, unless the amount of moneys available  
3 in the secure an advanced vision for education fund in the  
4 immediately preceding fiscal year equals or exceeds one hundred  
5 two percent of the amount of moneys available in the fund for  
6 the fiscal year prior to the immediately preceding fiscal year,  
7 in which case the equity transfer percentage shall be the  
8 equity transfer percentage for the immediately preceding fiscal  
9 year plus one percent subject to the limitation in subparagraph  
10 division (c).

11 Sec. 20. Section 423F.2, subsection 3, paragraph b,  
12 subparagraph (2), subparagraph division (c), Code 2026, is  
13 amended by striking the subparagraph division and inserting in  
14 lieu thereof the following:

15 (c) (i) For the fiscal year beginning July 1, 2026, the  
16 equity transfer percentage is ten percent.

17 (ii) For the fiscal year beginning July 1, 2027, the equity  
18 transfer percentage is twelve and one-half percent.

19 (iii) For the fiscal year beginning July 1, 2028, the equity  
20 transfer percentage is fifteen percent.

21 (iv) For the fiscal year beginning July 1, 2029, the equity  
22 transfer percentage is seventeen and one-half percent.

23 (v) For the fiscal year beginning July 1, 2030, the equity  
24 transfer percentage is twenty percent.

25 (vi) For the fiscal year beginning July 1, 2031, the equity  
26 transfer percentage is twenty-two and one-half percent.

27 (vii) For the fiscal year beginning July 1, 2032, the equity  
28 transfer percentage is twenty-five percent.

29 (viii) For the fiscal year beginning July 1, 2033, the  
30 equity transfer percentage is twenty-seven and one-half  
31 percent.

32 (ix) For the fiscal year beginning July 1, 2034, and each  
33 fiscal year thereafter, the equity transfer percentage is  
34 thirty percent.

35 Sec. 21. Section 423F.6, Code 2026, is amended to read as

1 follows:

2 **423F.6 Repeal.**

3 This chapter is repealed January 1, ~~2051~~ 2071.

4 Sec. 22. SCHOOL DISTRICT FUNDING RECONCILIATION.

5 For amounts allocated under section 423F.2 for fiscal  
6 years beginning on or after July 1, 2026, the department of  
7 management shall adjust or reconcile actual amounts to be  
8 received by school districts in the fiscal year immediately  
9 following the fiscal year during which the revenues were  
10 collected.

11 DIVISION V

12 PROPERTY PARCEL INFORMATION

13 Sec. 23. Section 331.510, Code 2026, is amended by adding  
14 the following new subsection:

15 NEW SUBSECTION. 5. *a.* An annual report not later  
16 than January 1 to the department of management containing  
17 parcel-level property data, including parcel identification  
18 information, location, size, valuation, classification, types  
19 of structures and improvements, exemptions, credits, historical  
20 amounts of property taxes due and payable, and whether the  
21 parcel is subject to a division of revenue.

22 *b.* In addition to the information required under paragraph  
23 "a", the department of management may require additional  
24 parcel-level data deemed necessary by the director of the  
25 department of management. The department shall prescribe the  
26 form and manner of submitting the annual report under this  
27 subsection.

28 DIVISION VI

29 URBAN RENEWAL

30 Sec. 24. Section 15A.1, subsection 1, paragraph b, Code  
31 2026, is amended to read as follows:

32 *b.* For purposes of **this chapter**, "economic development"  
33 means private or joint public and private investment involving  
34 the creation of new jobs and income or the retention of  
35 existing jobs and income that would otherwise be lost or the

1 provision of workforce housing.

2 Sec. 25. Section 15A.1, subsection 2, Code 2026, is amended  
3 by adding the following new paragraph:

4 NEW PARAGRAPH. e. Development policies that advance the  
5 development of workforce housing.

6 Sec. 26. Section 403.17, subsection 14, Code 2026, is  
7 amended to read as follows:

8 14. "~~Low or~~ and moderate income families" means those  
9 families, including single person households, earning no  
10 more than eighty percent of the higher of the median family  
11 income of the county or the statewide nonmetropolitan area as  
12 determined by the latest United States department of housing  
13 and urban development, section 8 income guidelines.

14 Sec. 27. Section 403.17, Code 2026, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 14A. "Low and moderate income family  
17 housing" means housing for low and moderate income families and  
18 includes housing that meets the requirements of section 15.353.

19 Sec. 28. Section 403.19, subsection 2, paragraph a, Code  
20 2026, is amended to read as follows:

21 a. That portion of the taxes each year in excess of such  
22 amount shall be allocated to and when collected be paid into  
23 a special fund of the municipality to pay the principal of  
24 and interest on loans, moneys advanced to, or indebtedness,  
25 whether funded, refunded, assumed, or otherwise, including  
26 bonds issued under the authority of section 403.9, subsection  
27 1, incurred by the municipality to finance or refinance, in  
28 whole or in part, an urban renewal project within the area,  
29 and to provide assistance for low and moderate income family  
30 housing as provided in [section 403.22](#). However, except  
31 as provided in paragraph "b", taxes for the regular and  
32 voter-approved physical plant and equipment levy of a school  
33 district imposed pursuant to [section 298.2](#); ~~and~~ taxes for the  
34 instructional support program of a school district imposed  
35 pursuant to [section 257.19](#); taxes for the payment of bonds

1 and interest of each taxing district, foundation property  
2 taxes of a school district imposed under section 257.3 levied  
3 against property located in an incorporated area upon which new  
4 construction or renovations begin on or after the effective  
5 date of this division of this Act, unless such construction or  
6 renovations were approved and subject to an agreement adopted  
7 before January 1, 2026; taxes for emergency medical services  
8 imposed pursuant to chapters 357F, 357G, or 422D; and taxes  
9 imposed under section 346.27, subsection 22, related to joint  
10 county-city buildings shall be collected against all taxable  
11 property within the taxing district without limitation by the  
12 provisions of this subsection.

13 Sec. 29. Section 403.19, subsection 2, Code 2026, is amended  
14 by adding the following new paragraph:

15 NEW PARAGRAPH. e. For urban renewal areas for which an  
16 ordinance providing for a division of revenue is not limited  
17 in duration under section 403.17, subsection 10, or section  
18 403.22, subsection 5, after twenty years following the  
19 effective date of this division of this Act or after twenty  
20 years from the calendar year following the calendar year in  
21 which the municipality first certifies to the county auditor  
22 the amount of any loans, advances, indebtedness, or bonds which  
23 qualify for payment from the division of revenue, whichever  
24 is later, the amount determined under paragraph "a" that  
25 may be paid into the municipality's special fund shall not  
26 exceed sixty percent of the amount otherwise determined under  
27 paragraph "a" but for this paragraph and such excess amounts  
28 shall be allocated and paid to the respective taxing districts  
29 in the same manner as amounts under subsection 1. The  
30 municipality may exceed the limitation in this paragraph to the  
31 extent necessary for payments of bonds or other indebtedness  
32 incurred before the effective date of this division of this  
33 Act. This paragraph shall not apply to divisions of revenue  
34 established by community colleges under chapter 260E or rural  
35 improvement zones under chapter 357H.

1     Sec. 30. Section 403.19, Code 2026, is amended by adding the  
2 following new subsection:

3     NEW SUBSECTION. 3A. Unless otherwise limited in duration  
4 under section 403.17, subsection 10, an ordinance providing  
5 for a division of revenue under this section that is adopted  
6 on or after the effective date of this division of this Act  
7 shall be limited to twenty-three years from the calendar year  
8 following the calendar year in which the municipality first  
9 certifies to the county auditor the amount of any loans,  
10 advances, indebtedness, or bonds that qualify for payment  
11 from the division of revenue provided for in this section.  
12 The ordinance shall terminate and be of no further force and  
13 effect following the twenty-three-year period provided in this  
14 subsection. This subsection shall not apply to divisions of  
15 revenue established by community colleges under chapter 260E or  
16 rural improvement zones under chapter 357H.

17     Sec. 31. Section 403.22, subsection 1, paragraphs a, b, and  
18 c, Code 2026, are amended to read as follows:

19     a. For a municipality with a population over ~~fifteen~~ five  
20 thousand, the amount to be provided for low and moderate income  
21 family housing for such projects shall be either equal to  
22 or greater than the percentage of the original project cost  
23 that is equal to the percentage of low and moderate income  
24 residents for the county in which the urban renewal area is  
25 located as determined by the United States department of  
26 housing and urban development using section 8 guidelines ~~or~~  
27 ~~by providing such other amount as set out in a plan adopted~~  
28 ~~by the municipality and approved by the economic development~~  
29 ~~authority if the municipality can show that it cannot undertake~~  
30 ~~the project if it has to meet the low and moderate income~~  
31 ~~assistance requirements.~~ However, the amount provided for low  
32 and moderate income family housing for such projects shall not  
33 be less than an amount equal to ten percent of the original  
34 project cost required to exceed the lesser of twenty percent  
35 of the original project cost or three hundred fifty thousand

1 dollars if the municipality is a city or three hundred thousand  
2 dollars if the municipality is a county.

3 ~~b. For a municipality with a population of fifteen thousand~~  
4 ~~or less, the amount to be provided for low and moderate income~~  
5 ~~family housing shall be the same as for a municipality of over~~  
6 ~~fifteen thousand in population, except that a municipality~~  
7 ~~of fifteen thousand or less in population is not subject to~~  
8 ~~the requirement to provide not less than an amount equal to~~  
9 ~~ten percent of the original project cost for low and moderate~~  
10 ~~income family housing.~~

11 ~~e. b. For a municipality with a population of five thousand~~  
12 ~~or less, the municipality need not provide any low and moderate~~  
13 ~~income family housing assistance if the municipality has~~  
14 ~~completed a housing needs assessment meeting the standards set~~  
15 ~~out by the economic development authority, which shows no low~~  
16 ~~and moderate income housing need, and the economic development~~  
17 ~~authority agrees that no low and moderate income family housing~~  
18 ~~assistance is needed.~~

19 Sec. 32. Section 403.22, subsection 5, paragraph a, Code  
20 2026, is amended to read as follows:

21 a. Except For ordinances providing for a division of  
22 revenue adopted before the effective date of this division of  
23 this Act, except for a municipality with a population under  
24 fifteen thousand, the division of the revenue under section  
25 403.19 for each project under this section shall be limited  
26 to tax collections for ten fiscal years beginning with the  
27 second fiscal year after the year in which the municipality  
28 first certifies to the county auditor the amount of any loans,  
29 advances, indebtedness, or bonds which qualify for payment from  
30 the division of the revenue in connection with the project.

31 Sec. 33. Section 403.22, subsection 5, paragraph d, Code  
32 2026, is amended by striking the paragraph.

33 Sec. 34. EFFECTIVE DATE. This division of this Act, being  
34 deemed of immediate importance, takes effect upon enactment.

35 Sec. 35. APPLICABILITY. The following applies to property

1 taxes due and payable in fiscal years beginning on or after  
2 July 1, 2027:

3 The section of this division of this Act amending section  
4 403.19, subsection 2, paragraph "a".

5 Sec. 36. APPLICABILITY. The following apply to urban  
6 renewal areas in existence on or established on or after the  
7 effective date of this division of this Act:

8 1. The section of this division of this Act amending section  
9 403.22, subsection 1, paragraphs "a", "b", and "c".

10 2. The section of this division of this Act amending section  
11 403.22, subsection 5, paragraph "d".

12 DIVISION VII

13 ASSESSMENT PROCEDURES

14 Sec. 37. Section 441.21, subsection 3, Code 2026, is amended  
15 to read as follows:

16 3. a. *"Actual value", "taxable value", or "assessed*  
17 *value"* as used in other sections of the Code in relation to  
18 assessment of property for taxation shall mean the valuations  
19 as determined by [this section](#); however, other provisions of  
20 the Code providing special methods or formulas for assessing  
21 or valuing specified property shall remain in effect, but this  
22 section shall be applicable to the extent consistent with such  
23 provisions. The assessor and department of revenue shall  
24 disclose at the written request of the taxpayer all information  
25 in any formula or method used to determine the actual value of  
26 the taxpayer's property. In addition, for assessment years  
27 beginning on or after January 1, 2027, if the taxpayer's  
28 property has increased in actual value by ten percent or more  
29 from the immediately preceding assessment year, the assessor  
30 shall provide the taxpayer with a statement of the reasons  
31 for the increase in actual value, information specifying the  
32 portion of actual value increase attributable to a change in  
33 classification, revaluation, new construction, improvements, or  
34 renovations to the property, and all information in any formula  
35 or method used to determine the actual value.

1     ~~b. (1) For assessment years beginning before January~~  
2 ~~1, 2018, the burden of proof shall be upon any complainant~~  
3 ~~attacking such valuation as excessive, inadequate, inequitable,~~  
4 ~~or capricious. However, in protest or appeal proceedings when~~  
5 ~~the complainant offers competent evidence by at least two~~  
6 ~~disinterested witnesses that the market value of the property~~  
7 ~~is less than the market value determined by the assessor, the~~  
8 ~~burden of proof thereafter shall be upon the officials or~~  
9 ~~persons seeking to uphold such valuation to be assessed.~~

10     ~~(2) (1) For assessment years beginning on or after January~~  
11 ~~1, 2018, the~~ Except as provided in subparagraph (3), the burden  
12 of proof shall be upon any complainant attacking such valuation  
13 as excessive, inadequate, inequitable, or capricious. However,  
14 in protest or appeal proceedings when the complainant offers  
15 competent evidence that the market value of the property is  
16 different than the market value determined by the assessor,  
17 the burden of proof thereafter shall be upon the officials or  
18 persons seeking to uphold such valuation to be assessed.

19     ~~(3) (2)~~ (2) If the classification of a property has been  
20 previously adjudicated by the property assessment appeal board  
21 or a court as part of an appeal under [this chapter](#), there  
22 is a presumption that the classification of the property has  
23 not changed for each of the four subsequent assessment years,  
24 unless a subsequent such adjudication of the classification of  
25 the property has occurred, and the burden of demonstrating a  
26 change in use shall be upon the person asserting a change to  
27 the property's classification.

28     (3) For assessment years beginning on or after January 1,  
29 2027, if the taxpayer's property actual value increased by ten  
30 percent or more from the immediately preceding assessment year,  
31 including an increase as the result of an equalization order,  
32 and the property did not change classification or primary use  
33 and the increase in actual value is not the result of new  
34 construction, improvements, or renovations to the property, the  
35 actual value so determined by the assessor is not presumed to

1 be the actual value and in any protest or appeal the assessor  
2 shall have the burden of proof that the valuation is not  
3 excessive, inadequate, inequitable, or capricious.

4 Sec. 38. Section 441.33, Code 2026, is amended by adding the  
5 following new subsection:

6 NEW SUBSECTION. 3. Ex parte communications with board of  
7 review members are prohibited in protests before the board.

8 DIVISION VIII

9 LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM

10 Sec. 39. NEW SECTION. **28E.20 Local government efficiency**  
11 **grant program.**

12 1. A local government efficiency grant fund is created  
13 and established as a separate and distinct fund in the  
14 state treasury under the control of Iowa state university  
15 of science and technology. For purposes of this section,  
16 "*local government*" means a county, city, township, or any  
17 special-purpose district or authority.

18 2. *a.* There is appropriated from the general fund of  
19 the state to the local government efficiency grant fund for  
20 the fiscal year beginning July 1, 2026, and ending July 1,  
21 2027, ten million dollars. In addition to moneys deposited  
22 in the local government efficiency grant fund pursuant to  
23 appropriations made by the general assembly, Iowa state  
24 university of science and technology or the commission  
25 established under paragraph "*c*" may accept gifts, grants,  
26 bequests, and other private contributions, as well as state  
27 or federal funds, and shall deposit the moneys in the fund  
28 to be used for purposes of this section. Moneys in the fund  
29 are appropriated to the Iowa state university of science and  
30 technology and shall be used only, after commission approval,  
31 to provide grants to local governments to assist in efforts  
32 to increase government efficiency, including but not limited  
33 to efforts to consolidate government positions and pursue  
34 agreements with other local governments to share services  
35 and reduce the use of property tax revenues for such shared

1 services. Grant funds may be used by the local government  
2 for costs to implement efficiency initiatives including  
3 but not limited to service-sharing or service-consolidation  
4 initiatives and transitional or temporary costs of eliminating  
5 services, and to the extent necessary shall be coordinated with  
6 Iowa cooperative extension service in agriculture and home  
7 economics of Iowa state university of science and technology  
8 and extension districts under chapter 176A.

9     *b.* Notwithstanding section 8.33, moneys in the fund  
10 that remain unawarded at the close of the fiscal year shall  
11 not revert but shall remain in the fund for expenditure in  
12 succeeding fiscal years. Notwithstanding section 12C.7,  
13 subsection 2, interest earned on moneys in the local government  
14 efficiency grant fund shall be credited to the fund.

15     *c.* A local government efficiency commission shall be  
16 established at Iowa state university of science and technology  
17 comprised of not more than ten individuals appointed by the  
18 president of the university who have experience in local  
19 government operations and budgeting, local government planning,  
20 and cooperative extension services. The local government  
21 efficiency commission shall review and approve or deny each  
22 grant application.

23     3. The local government efficiency commission shall  
24 establish and administer the grant program to provide for the  
25 allocation of moneys in the fund in the form of competitive  
26 grants to local governments in accordance with the purposes and  
27 objectives of this section. The rules for the program adopted  
28 by the commission shall specify the eligibility of applicants,  
29 eligible services and items for grant funding, the electronic  
30 application process, and the maximum award per grant.

31                                   DIVISION IX

32                                   FIRSTHOME IOWA ACCOUNTS

33     Sec. 40. Section 12G.2, Code 2026, is amended by adding the  
34 following new subsection:

35     NEW SUBSECTION. 6. Create strategies for coordination of

1 the program with the FirstHome Iowa program trust established  
2 in chapter 12L.

3 Sec. 41. NEW SECTION. 12L.1 FirstHome Iowa program —  
4 **purpose and definitions.**

5 1. The general assembly finds that the general welfare and  
6 well-being of the state are directly related to homeownership  
7 of the citizens of the state, and that a vital and valid  
8 public purpose is served by the creation and implementation  
9 of programs which encourage and make possible the attainment  
10 of homeownership by the greatest number of citizens of the  
11 state. The general welfare of the citizens of the state will  
12 be enhanced by establishing a FirstHome Iowa program which  
13 allows citizens of the state to invest money in a public trust  
14 for future application to the payment of qualified homebuyer  
15 expenses. The creation of the means of encouragement for  
16 citizens to invest in such a program represents the carrying  
17 out of a vital and valid public purpose. In order to make  
18 available to the citizens of the state an opportunity to fund  
19 future first-time homeownership, it is necessary that a public  
20 trust be established in which moneys may be invested for future  
21 use.

22 2. As used in this chapter, unless the context otherwise  
23 requires:

24 a. *"Administrative fund"* means the administrative fund  
25 established under section 12L.4.

26 b. *"Beneficiary"* means the individual designated by a  
27 participation agreement to benefit from advance payments of  
28 qualified homebuyer expenses on behalf of the beneficiary.

29 c. *"First-time homebuyer"* means an individual who is a  
30 resident of Iowa and who does not own, either individually or  
31 jointly, a single-family or multifamily residence, and who  
32 has not owned or purchased, either individually or jointly, a  
33 single-family or multifamily residence for a period of three  
34 years prior to the date of the qualified purchase for which the  
35 eligible home costs are paid or reimbursed from an account.

1     *d. "FirstHome Iowa program trust" or "trust" means the trust*  
2     *created under section 12L.2.*

3     *e. "FirstHome Iowa program trust account" or "account"*  
4     *means an account within the trust that was established for*  
5     *the purpose of paying or reimbursing a beneficiary's eligible*  
6     *qualified homebuyer expenses in connection with a qualified*  
7     *purchase.*

8     *f. "Individual" means a natural person.*

9     *g. "Participant" means an individual, individual's legal*  
10    *representative, trust, or estate that has entered into a*  
11    *participation agreement under this chapter, either individually*  
12    *or jointly with the individual's spouse, for the advance*  
13    *payment of qualified homebuyer expenses on behalf of a*  
14    *beneficiary.*

15    *h. "Participation agreement" means an agreement between a*  
16    *participant and the trust entered into under this chapter.*

17    *i. "Program fund" means the program fund established under*  
18    *section 12L.4.*

19    *j. "Qualified homebuyer expenses" means any of the*  
20    *following:*

21        (1) A down payment or closing costs for the qualified  
22        purchase of a single-family residence in Iowa that is the  
23        principal residence of the beneficiary if such beneficiary is a  
24        first-time homebuyer with respect to such purchase.

25        (2) A cost, fee, tax, or payment incurred by, or charged  
26        or assigned to, a beneficiary as part of the purchase under  
27        subparagraph (1) and listed on the statement of receipts and  
28        disbursements for the sale, including any statement prescribed  
29        by 12 C.F.R. §1026.38, as amended.

30        (3) Any United States veterans administration funding  
31        fee incurred by, or charged or assigned to, a beneficiary in  
32        connection with a veterans administration home loan guaranty  
33        program.

34    *k. "Qualified purchase" means the purchase of a*  
35    *single-family residence in Iowa by the account's beneficiary*

1 ninety or more days after the date the participant first opened  
2 the account.

3 1. *Resident* means the same as defined in section 422.4.

4 m. *Single-family residence* means a single-family  
5 residence owned and occupied by a beneficiary as the  
6 beneficiary's principal residence, including but not limited  
7 to a manufactured home, mobile home, condominium unit, or  
8 cooperative.

9 Sec. 42. NEW SECTION. 12L.2 **Creation of FirstHome Iowa**  
10 **program trust.**

11 A FirstHome Iowa program trust is created. The treasurer of  
12 state is the trustee of the trust, and has all powers necessary  
13 to carry out and effectuate the purposes, objectives, and  
14 provisions of this chapter pertaining to the trust, including  
15 the power to do all of the following:

16 1. Make and enter into contracts necessary for the  
17 administration of the trust created under this chapter.

18 2. Enter into agreements with any financial institution,  
19 the state, or any federal or other state agency, or other  
20 entity as required to implement this chapter.

21 3. Carry out the duties and obligations of the trust  
22 pursuant to this chapter.

23 4. Accept any grants, gifts, legislative appropriations,  
24 and other moneys from the state, any unit of federal, state, or  
25 local government, or any other person, firm, partnership, or  
26 corporation which the treasurer of state shall deposit into the  
27 administrative fund or the program fund.

28 5. Carry out studies and projections so the treasurer of  
29 state may advise participants regarding present and estimated  
30 future qualified homebuyer expenses and levels of financial  
31 participation in the trust required in order to enable  
32 participants to achieve their qualifying purchase objectives.

33 6. Participate in any federal, state, or local governmental  
34 program for the benefit of the trust.

35 7. Procure insurance against any loss in connection with the

1 property, assets, or activities of the trust.

2 8. Enter into participation agreements with participants.

3 9. Make payments to or on behalf of beneficiaries for  
4 qualified homebuyer expenses pursuant to participation  
5 agreements.

6 10. Make refunds to participants upon the termination  
7 of participation agreements, and partial nonqualified  
8 distributions to participants, pursuant to the provisions,  
9 limitations, and restrictions set forth in this chapter.

10 11. Invest moneys from the program fund in any investments  
11 which are determined by the treasurer of state to be  
12 appropriate.

13 12. Engage investment advisors, if necessary, to assist in  
14 the investment of trust assets.

15 13. Contract for goods and services and engage personnel  
16 as necessary, including consultants, actuaries, managers,  
17 legal counsel, and auditors for the purpose of rendering  
18 professional, managerial, and technical assistance and advice  
19 to the treasurer of state regarding trust administration and  
20 operation.

21 14. Establish, impose, and collect administrative fees  
22 and charges in connection with transactions of the trust for  
23 deposit in the administrative fund and provide for reasonable  
24 service charges.

25 15. Administer the funds of the trust.

26 16. Adopt rules pursuant to chapter 17A for the  
27 administration of the trust.

28 **Sec. 43. NEW SECTION. 12L.3 Participation agreements for**  
29 **trust.**

30 The trust may enter into participation agreements with  
31 participants on behalf of beneficiaries pursuant to the  
32 following terms and agreements:

33 1. Each participation agreement may require a participant  
34 to agree to invest a specific amount of money in the trust  
35 for a specific period of time for the benefit of a specific

1 beneficiary. A participant shall not be required to make an  
2 annual contribution on behalf of a beneficiary. The maximum  
3 contribution that may be deducted for Iowa income tax purposes  
4 shall be the amount contributed by the participant during the  
5 applicable tax year, not to exceed five thousand five hundred  
6 dollars per beneficiary per year adjusted annually to reflect  
7 increases in the consumer price index.

8 2. The execution of a participation agreement by the  
9 trust shall not guarantee in any way that qualified homebuyer  
10 expenses will be equal to projections and estimates provided by  
11 the trust or that the beneficiary named in any participation  
12 agreement will qualify for a mortgage, home loan, or other  
13 forms of credit for a qualified purchase.

14 3. a. A beneficiary under a participation agreement may be  
15 changed as permitted under rules adopted by the treasurer of  
16 state upon written request of the participant as long as the  
17 substitute beneficiary is eligible for participation.

18 b. Participation agreements may otherwise be freely amended  
19 throughout their terms in order to enable participants to  
20 increase or decrease the level of participation, change the  
21 designation of beneficiaries, and carry out similar matters as  
22 authorized by rule.

23 4. Each participation agreement shall provide that the  
24 participation agreement may be canceled upon the terms and  
25 conditions, and upon payment of applicable fees and costs set  
26 forth and contained in the rules adopted by the treasurer of  
27 state.

28 5. A participant may designate a successor in accordance  
29 with rules adopted by the treasurer of state. The designated  
30 successor shall succeed to the ownership of the account in  
31 the event of the death of the participant. In the event a  
32 participant dies and has not designated a successor to the  
33 account, the following criteria shall apply:

34 a. The beneficiary of the account, if eighteen years of  
35 age or older, shall become the owner of the account as well as

1 remain the beneficiary upon filing the appropriate forms in  
2 accordance with rules adopted by the treasurer of state.

3 *b.* If the beneficiary of the account is under the age of  
4 eighteen, account ownership shall be transferred to the first  
5 surviving parent or other legal guardian of the beneficiary to  
6 file the appropriate forms in accordance with rules adopted by  
7 the treasurer of state.

8 **Sec. 44. NEW SECTION. 12L.4 FirstHome Iowa program and**  
9 **administrative funds — investment and payments.**

10 1. *a.* The treasurer of state shall segregate moneys  
11 received by the trust into two funds: the FirstHome Iowa  
12 program fund and the administrative fund to be used for  
13 administration of the program.

14 *b.* All moneys paid by participants in connection with  
15 participation agreements shall be deposited as received into  
16 separate accounts within the program fund.

17 *c.* Contributions to the trust made by participants may only  
18 be made in the form of cash.

19 *d.* A participant or beneficiary may, directly or indirectly,  
20 direct the investment of any contributions to the trust or any  
21 earnings thereon no more than four times in a calendar year.

22 2. Moneys accrued by participants in the program fund of the  
23 trust may be used for payments to or on behalf of a beneficiary  
24 for qualified homebuyer expenses.

25 **Sec. 45. NEW SECTION. 12L.5 Cancellation of agreements.**

26 A participant may cancel a participation agreement at will.  
27 Upon cancellation of a participation agreement, a participant  
28 shall be entitled to the return of the participant's account  
29 balance.

30 **Sec. 46. NEW SECTION. 12L.6 Ownership of payments and**  
31 **investment income — transfer of ownership rights.**

32 1. *a.* A participant retains ownership of all payments  
33 made under a participation agreement up to the date of  
34 utilization for payment of qualified homebuyer expenses for the  
35 beneficiary.

1     *b.* All income derived from the investment of the payments  
2 made by the participant shall be considered to be held in trust  
3 for the benefit of the beneficiary.

4     2. In the event the FirstHome Iowa program is terminated  
5 prior to payment of qualified homebuyer expenses for the  
6 beneficiary, the participant is entitled to a refund of the  
7 participant's account balance.

8     3. Any amounts which may be paid to any person or persons  
9 pursuant to the FirstHome Iowa program trust but which are not  
10 listed in this section are owned by the trust.

11    4. A participant may transfer ownership rights to another  
12 participant or may transfer funds to another account under the  
13 trust. The transfer shall be made and the property distributed  
14 in accordance with rules adopted by the treasurer of state or  
15 with the terms of the participation agreement.

16    5. A participant shall not be entitled to utilize any  
17 interest in the trust as security for a loan.

18    Sec. 47. NEW SECTION. 12L.7 **Annual audited financial report**  
19 **to governor and general assembly.**

20    1. *a.* The treasurer of state shall submit an annual  
21 audited financial report, prepared in accordance with generally  
22 accepted accounting principles, on the operations of the trust  
23 by November 1 to the governor and the general assembly.

24    *b.* The annual audit shall be made either by the auditor  
25 of state or by an independent certified public accountant  
26 designated by the auditor of state and shall include direct and  
27 indirect costs attributable to the use of outside consultants,  
28 independent contractors, and any other persons who are not  
29 state employees.

30    2. The annual audit shall be supplemented by all of the  
31 following information prepared by the treasurer of state:

32    *a.* Any related studies or evaluations prepared in the  
33 preceding year.

34    *b.* A summary of the benefits provided by the trust including  
35 the number of participants and beneficiaries in the trust.

1     *c.* Any other information which is relevant in order to make  
2 a full, fair, and effective disclosure of the operations of the  
3 trust.

4     Sec. 48. NEW SECTION. 12L.8 Tax considerations.

5     State income tax treatment of the FirstHome Iowa program  
6 trust shall be as provided in section 422.7, subsections 46 and  
7 47.

8     Sec. 49. NEW SECTION. 12L.9 Property rights to assets in  
9 trust.

10    1. The assets of the trust shall at all times be preserved,  
11 invested, and expended solely and only for the purposes of  
12 the trust and shall be held in trust for the participants and  
13 beneficiaries.

14    2. No property rights in the trust shall exist in favor of  
15 the state.

16    3. The assets of the trust shall not be transferred or used  
17 by the state for any purposes other than the purposes of the  
18 trust.

19     Sec. 50. NEW SECTION. 12L.10 Construction.

20     This chapter shall be construed liberally in order to  
21 effectuate its purpose.

22     Sec. 51. Section 232D.503, subsection 6, Code 2026, is  
23 amended by adding the following new paragraph:

24     NEW PARAGRAPH. *g.* A FirstHome Iowa program trust account  
25 established for the minor pursuant to chapter 12L.

26     Sec. 52. Section 422.7, Code 2026, is amended by adding the  
27 following new subsections:

28     NEW SUBSECTION. 46. *a.* Subtract the contribution that may  
29 be deducted for Iowa income tax purposes as a participant in  
30 the FirstHome Iowa program trust pursuant to section 12L.3,  
31 subsection 1. For purposes of this paragraph, a participant  
32 who makes a contribution on or before the date prescribed in  
33 section 422.21 for making and filing an individual income tax  
34 return, excluding extensions, or the date for making and filing  
35 an individual income tax return determined by the director

1 pursuant to an order issued under section 421.17, subsection  
2 30, may elect to be deemed to have made the contribution on the  
3 last day of the preceding calendar year. The director, after  
4 consultation with the treasurer of state, shall prescribe by  
5 rule the manner and method by which a participant may make an  
6 election authorized by the preceding sentence.

7     *b.* Add the amount resulting from the cancellation of  
8 a participation agreement refunded to the taxpayer as a  
9 participant in the FirstHome Iowa program trust to the extent  
10 previously deducted as a contribution to the trust.

11     *c.* Add, to the extent previously deducted as a contribution  
12 to the trust, the amount resulting from a withdrawal or  
13 transfer made by the taxpayer from the FirstHome Iowa program  
14 trust for purposes other than the payment of qualified  
15 homebuyer expenses.

16     NEW SUBSECTION. 47. Subtract, to the extent included,  
17 income from interest and earnings received from the FirstHome  
18 Iowa program trust created in chapter 12L.

19     Sec. 53. Section 541B.4, Code 2026, is amended by adding the  
20 following new subsections:

21     NEW SUBSECTION. 5. *Withdrawal for deposit into FirstHome*  
22 *Iowa program trust account.* First-time homebuyer account  
23 balances under this chapter may be withdrawn without penalty or  
24 taxation in this state if such withdrawal is deposited in an  
25 account within the FirstHome Iowa program trust under chapter  
26 12L within thirty days of the withdrawal. The treasurer of  
27 state may by rule provide for the direct transfer of moneys  
28 within an account under this chapter to a FirstHome Iowa  
29 program trust account and such transfer shall not be subject to  
30 penalty or taxation in this state.

31     NEW SUBSECTION. 6. *No new accounts.* New accounts shall not  
32 be established under this chapter on or after July 1, 2026.

33     Sec. 54. Section 627.6, Code 2026, is amended by adding the  
34 following new subsection:

35     NEW SUBSECTION. 18. The debtor's interest, whether as

1 participant or beneficiary, in contributions and assets,  
2 including the accumulated earnings and market increases in  
3 value, held in an account in the FirstHome Iowa program trust  
4 organized under chapter 12L.

5 Sec. 55. Section 633.108, subsection 2, Code 2026, is  
6 amended by adding the following new paragraph:

7 NEW PARAGRAPH. e. A FirstHome Iowa program trust account  
8 established for the minor pursuant to chapter 12L.

9 Sec. 56. Section 633.555, subsection 1, Code 2026, is  
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. f. An account owner or participant under  
12 a FirstHome Iowa program trust account established for the  
13 protected person pursuant to chapter 12L.

14 Sec. 57. Section 633.678, subsection 1, Code 2026, is  
15 amended by adding the following new paragraph:

16 NEW PARAGRAPH. f. An account owner or participant under  
17 a FirstHome Iowa program trust account established for the  
18 protected person pursuant to chapter 12L.

19 Sec. 58. Section 633.681, subsection 1, Code 2026, is  
20 amended by adding the following new paragraph:

21 NEW PARAGRAPH. e. An account owner or participant under  
22 a FirstHome Iowa program trust account established for the  
23 protected person pursuant to chapter 12L.

24 Sec. 59. APPLICABILITY. The following applies to  
25 contributions made under chapter 12L on or after July 1, 2026,  
26 for tax years ending on or after that date:

27 The section of this division of this Act enacting section  
28 422.7, subsections 46 and 47.

29

DIVISION X

30 VALUATIONS — ABNORMAL TRANSACTIONS — REAL ESTATE TRANSFER TAX  
31 FORMS

32 Sec. 60. Section 428A.7, Code 2026, is amended to read as  
33 follows:

34 **428A.7 Forms provided by director of revenue.**

35 The director of revenue shall prescribe the form of the

1 declaration of value and shall include an appropriate place  
 2 for the inclusion of special facts and circumstances relating  
 3 to the actual sales price in real estate transfers including  
 4 but not limited to factors that distort market value such as  
 5 built-to-suit sales, sale-leaseback sales, leased fee sales,  
 6 and the abnormal transactions identified in section 441.21,  
 7 subsection 1, paragraph "b", subparagraph (1). The director  
 8 shall provide an adequate number of the declaration of value  
 9 forms to each county recorder in the state. If the declaration  
 10 of value form requires or provides for the inclusion of the  
 11 social security number or federal tax identification number of  
 12 a seller or buyer, the department shall provide that the social  
 13 security number or federal tax identification number remains  
 14 confidential and cannot be obtained by public examination.

15 Sec. 61. Section 441.21, subsection 1, paragraph b,  
 16 subparagraph (1), Code 2026, is amended to read as follows:

17 (1) The actual value of all property subject to assessment  
 18 and taxation shall be the fair and reasonable market value of  
 19 such property except as otherwise provided in [this section](#).

20 "*Market value*" is defined as the fair and reasonable exchange  
 21 in the year in which the property is listed and valued between  
 22 a willing buyer and a willing seller, neither being under any  
 23 compulsion to buy or sell and each being familiar with all  
 24 the facts relating to the particular property. Sale prices  
 25 of the property or comparable property in normal transactions  
 26 reflecting market value, and the probable availability  
 27 or unavailability of persons interested in purchasing the  
 28 property, shall be taken into consideration in arriving at  
 29 its market value. In arriving at market value, sale prices  
 30 of property in abnormal transactions not reflecting market  
 31 value shall not be taken into account, or shall be adjusted to  
 32 eliminate the effect of factors which distort market value,  
 33 including but not limited to built-to-suit construction,  
 34 sale-leaseback transactions, leased fee sales, sales to  
 35 immediate family of the seller between related parties,

1 foreclosure or other forced sales, contract sales, discounted  
2 purchase transactions or purchase of adjoining land or other  
3 land to be operated as a unit.

4 Sec. 62. RETROACTIVE APPLICABILITY. This division of this  
5 Act applies retroactively to assessment years beginning on or  
6 after January 1, 2026.

7 DIVISION XI

8 LOCAL GOVERNMENT BUDGET STATEMENTS

9 Sec. 63. Section 24.2A, subsection 1, paragraph c, Code  
10 2026, is amended by striking the paragraph.

11 Sec. 64. Section 24.2A, subsection 1, paragraph d, Code  
12 2026, is amended to read as follows:

13 *d. "Political subdivision" means a school district, a*  
14 *county, or a city. In addition, for purposes of the statements*  
15 *required under subsection 2, paragraph "b", only, all*  
16 *certifying boards that are not a political subdivision shall be*  
17 *considered a single political subdivision and identified under*  
18 *a designation of special taxing districts on such statements.*

19 Sec. 65. Section 24.2A, subsection 2, paragraph a, Code  
20 2026, is amended to read as follows:

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

32 Sec. 66. Section 24.2A, subsection 2, paragraph b, Code  
33 2026, is amended by striking the paragraph and inserting in  
34 lieu thereof the following:

35 *b. Not later than March 15, the county auditor, using*

1 information compiled and calculated by the department of  
2 management under paragraph "a", shall send to each property  
3 owner or taxpayer within the county by regular mail or post  
4 under paragraph "c" a statement, identified as not being a  
5 property tax bill and indicating the approximate date when  
6 a property tax bill will be delivered, but containing a  
7 minimum of all of the following, including the information  
8 in subparagraphs (3), (4), (5), (7), and (8) for each of the  
9 political subdivisions comprising the owner's or taxpayer's  
10 taxing district:

11 (1) The address, property description, parcel  
12 identification number, actual value, and taxable value of the  
13 owner's or taxpayer's property.

14 (2) The classification of the owner's or taxpayer's  
15 property, including identification of all assessment  
16 limitations under section 441.21, and identification of each  
17 property tax exemption or credit being received by the owner  
18 or taxpayer for the property for the assessment year and the  
19 immediately preceding assessment year.

20 (3) The sum of the current fiscal year's actual property  
21 taxes certified for levy for all of the political subdivision's  
22 levies on the owner's or taxpayer's property, the percentage  
23 that such amount represents of the total taxes due on the  
24 property, and the allocation of such amounts to specified  
25 categories of the political subdivision's services and  
26 activities.

27 (4) The combined amount of the proposed property tax dollars  
28 to be certified for all of the political subdivision's levies  
29 for the budget year on the owner's or taxpayer's property,  
30 the percentage that such amount represents of the proposed  
31 total taxes due on the property, the percentage increase of  
32 such amount from the current fiscal year and the potential  
33 reasons for any increases, and the allocation of such amounts  
34 to specified categories of the political subdivision's services  
35 and activities, including that portion of such amount subject

1 to the limitation under section 444.25.

2 (5) Tax amounts provided under subparagraphs (3) and (4)  
3 as a per month amount and a percentage change in the per month  
4 amount between the current fiscal year and the budget year.

5 (6) A comparison of the combined amount of property taxes  
6 due on the owner's or taxpayer's property for all political  
7 subdivisions for the current fiscal year and the combined  
8 proposed amount of property taxes due on the owner's or  
9 taxpayer's property for all political subdivisions for the  
10 budget year, including the percentage in change in such  
11 amounts.

12 (7) The date, time, and location of the political  
13 subdivision's public hearing under subsection 4, including  
14 a statement of the owner or taxpayer's ability to provide  
15 feedback at the public hearing and protest property  
16 assessments.

17 (8) Information on how to access on the political  
18 subdivision's internet site the political subdivision's  
19 statements under this section and other budget documents for  
20 prior fiscal years.

21 (9) A link to the department of management's internet site  
22 where the property owner or taxpayer may view an example of the  
23 statement and a brief explanation of the information included  
24 on the statement.

25 Sec. 67. Section 24.2A, subsection 2, Code 2026, is amended  
26 by adding the following new paragraph:

27 NEW PARAGRAPH. *c.* For budgets for fiscal years beginning  
28 on or after July 1, 2027, statements under paragraph "b", in  
29 lieu of regular mail, may be provided by posting the statement  
30 not later than March 15 on the political subdivision's  
31 internet site for public viewing and shall be maintained on  
32 the political subdivision's internet site with all such prior  
33 year statements. Additionally, if the political subdivision  
34 maintains a social media account on one or more social media  
35 applications, the statement or an electronic link to the

1 statement shall be posted on each such account on a date no  
2 later than March 15.

3 Sec. 68. Section 24.2A, subsection 3, Code 2026, is amended  
4 to read as follows:

5 3. The department of management shall prescribe the form  
6 for the report required under subsection 2, paragraph "a";  
7 following consultation with the Iowa league of cities and the  
8 Iowa state association of counties, the statements required to  
9 be mailed under subsection 2, paragraph "b", or provided under  
10 subsection 2, paragraph "c"; and the public hearing notice  
11 required under subsection 4, paragraph "b". The statements  
12 required under subsection 2, paragraph "b", shall be clear,  
13 concise, written in plain language, and may be presented  
14 using tables, written narrative, and graphic representations  
15 and shall contain the internet site, mailing address, and a  
16 telephone number for each political subdivision that owners  
17 and taxpayers may call if they have questions related to the  
18 statement.

19 Sec. 69. Section 24.2A, subsection 4, paragraph b,  
20 subparagraph (4), subparagraph division (a), Code 2026, is  
21 amended to read as follows:

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

26 Sec. 70. Section 24.3, unnumbered paragraph 1, Code 2026,  
27 is 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,  
31 and for school districts, the ~~individual~~ statements have been  
32 mailed or posted, as applicable, and public hearings held, as  
33 provided in this chapter:

34 Sec. 71. 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  
5 ten nor more than twenty days prior to the hearing in the  
6 county newspapers selected under [chapter 349](#). A summary of  
7 the proposed budget and a description of the procedure for  
8 protesting the county budget under [section 331.436](#), in the form  
9 prescribed by the director of the department of management,  
10 shall be included in the notice. Proof of publication of  
11 the notice under [this subsection 3](#) shall be filed with and  
12 preserved by the county auditor. A levy is not valid unless  
13 and until the notice is published and ~~individual~~ statements  
14 under [section 24.2A](#) are mailed or posted. The department of  
15 management shall prescribe the form for the public hearing  
16 notice for use by counties.

17 Sec. 72. Section 331.435, subsection 2, Code 2026, is  
18 amended to read as follows:

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

32 Sec. 73. Section 384.17, Code 2026, is amended to read as  
33 follows:

34 **384.17 Levy by county.**

35 At the time required by law, the county board of supervisors

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

10 Sec. 74. Section 384.18, subsection 2, Code 2026, is amended  
11 to read as follows:

12 2. A budget amendment must be prepared and adopted in the  
13 same manner as the original budget, as provided in section  
14 384.16, excluding the requirement for ~~the mailing of individual~~  
15 statements under [section 24.2A](#), and is subject to protest as  
16 provided in [section 384.19](#), except that the committee may by  
17 rule provide that amendments of certain types or up to certain  
18 amounts may be made without public hearing and without being  
19 subject to protest. A city budget shall be amended by May  
20 31 of the current fiscal year to allow time for a protest  
21 hearing to be held and a decision rendered before June 30. The  
22 amendment of a budget after May 31, which is properly appealed  
23 but without adequate time for hearing and decision before June  
24 30 is void.

25 Sec. 75. IMPLEMENTATION OF DIVISION OF ACT. Section 25B.2,  
26 subsection 3, shall not apply to this division of this Act.

27 Sec. 76. APPLICABILITY. This division of this Act applies  
28 to political subdivision budgets for fiscal years beginning on  
29 or after July 1, 2027.

30 DIVISION XII

31 DIVISION OF REVENUE — DATA CENTERS

32 Sec. 77. Section 403.19, subsection 2, paragraph a, Code  
33 2026, is amended to read as follows:

34 a. That portion of the taxes each year in excess of such  
35 amount shall be allocated to and when collected be paid into

1 a special fund of the municipality to pay the principal of  
 2 and interest on loans, moneys advanced to, or indebtedness,  
 3 whether funded, refunded, assumed, or otherwise, including  
 4 bonds issued under the authority of section 403.9, subsection  
 5 1, incurred by the municipality to finance or refinance, in  
 6 whole or in part, an urban renewal project within the area,  
 7 and to provide assistance for low and moderate income family  
 8 housing as provided in [section 403.22](#). However, except  
 9 as provided in paragraph "b", taxes for the regular and  
 10 voter-approved physical plant and equipment levy of a school  
 11 district imposed pursuant to [section 298.2](#), foundation property  
 12 taxes of a school district imposed under section 257.3 levied  
 13 against property that is a qualified data center or upon  
 14 which a qualified data center is operated, and taxes for the  
 15 instructional support program of a school district imposed  
 16 pursuant to [section 257.19](#), taxes for the payment of bonds  
 17 and interest of each taxing district, and taxes imposed under  
 18 section 346.27, subsection 22, related to joint county-city  
 19 buildings shall be collected against all taxable property  
 20 within the taxing district without limitation by the provisions  
 21 of [this subsection](#). For purposes of this paragraph, "qualified  
 22 data center" means a data center, as defined in section 423.3,  
 23 subsection 95, for which site preparation activities, as  
 24 defined in section 423.3, subsection 95, began on or after the  
 25 effective date of this division of this Act.

26 Sec. 78. EFFECTIVE DATE. This division of this Act, being  
 27 deemed of immediate importance, takes effect upon enactment.

28 Sec. 79. APPLICABILITY. This division of this Act applies  
 29 to property taxes due and payable in fiscal years beginning on  
 30 or after July 1, 2027.

### 31 DIVISION XIII

#### 32 ELECTION DATES — BONDS

33 Sec. 80. Section 39.2, subsection 4, paragraph d, Code 2026,  
 34 is amended to read as follows:

35 *d.* For any political subdivision of this state, if the

1 special election is in whole or in part for the question of  
2 issuing bonds or other indebtedness, the first Tuesday after  
3 the first Monday in June or the first Tuesday after the first  
4 Monday in November. However, a political subdivision shall  
5 not hold an election on the question of issuing bonds or other  
6 indebtedness on two consecutive election dates authorized under  
7 this paragraph.

8 DIVISION XIV

9 EMERGENCY MEDICAL SERVICES LEVY

10 Sec. 81. Section 422D.1, subsection 1, paragraph a,  
11 subparagraph (2), Code 2026, is amended to read as follows:

12 (2) (a) An For fiscal years beginning before July 1, 2027,  
13 an ad valorem property tax not to exceed seventy-five cents per  
14 one thousand dollars of assessed value on all taxable property  
15 within the county.

16 (b) For fiscal years beginning on or after July 1, 2027,  
17 an ad valorem property tax not to exceed one dollar and fifty  
18 cents per one thousand dollars of assessed value on all taxable  
19 property within the county. However, for counties authorized  
20 to impose the ad valorem property tax under this subparagraph  
21 for the fiscal year beginning July 1, 2026, the maximum levy  
22 rate for such county shall not exceed a rate of seventy-five  
23 cents per one thousand dollars of assessed value unless a rate  
24 in excess thereof, not to exceed one dollar and fifty cents  
25 per one thousand dollars of assessed value, is approved at an  
26 election held on or after July 1, 2026.

27 DIVISION XV

28 UTILITY REPLACEMENT TAX TASK FORCE

29 Sec. 82. Section 437A.15, subsection 7, paragraph b, Code  
30 2026, is amended to read as follows:

31 b. The task force shall study the accuracy of the taxes  
32 imposed under this chapter and chapter 437B, ways to modernize  
33 the administration of such taxes, methods of simplifying  
34 administration of the replacement taxes, elimination of  
35 property taxes imposed under this chapter or chapter 437B,

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

15 Sec. 83. EFFECTIVE DATE. This division of this Act, being  
16 deemed of immediate importance, takes effect upon enactment.

17 DIVISION XVI

18 SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME FUNDING AND  
19 MODIFIED SUPPLEMENTAL AMOUNTS

20 Sec. 84. Section 257.7, Code 2026, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 3. *Unspent balances.* For school budget  
23 years beginning on or after July 1, 2026, a school district's  
24 actual unspent balance from the preceding year used to  
25 calculate the authorized budget under subsection 1 shall  
26 not exceed an amount equal to thirty-five percent of the  
27 school district's authorized expenditures for the budget year  
28 immediately preceding the base year unless a greater amount  
29 is authorized by the school budget review committee based on  
30 one or more grounds authorized for the approval of a modified  
31 supplemental amount under section 257.31.

32 Sec. 85. Section 257.13, Code 2026, is amended to read as  
33 follows:

34 **257.13 On-time ~~funding~~ budget adjustment.**

35 1. a. For the school budget year beginning July 1, 2001,

1 and succeeding budget years beginning before July 1, 2026, if a  
2 district's actual enrollment for the budget year, determined  
3 under section 257.6, is greater than its budget enrollment for  
4 the budget year, the district shall be eligible to receive an  
5 on-time ~~funding~~ budget adjustment. The adjustment shall be in  
6 an amount equal to the difference between the actual enrollment  
7 for the budget year and the budget enrollment for the budget  
8 year, multiplied by the district cost per pupil.

9 2. b. The board of directors of a school district that  
10 wishes to receive an on-time ~~funding~~ budget adjustment under  
11 this subsection shall adopt a resolution to receive the  
12 adjustment and notify the school budget review committee  
13 annually, but not earlier than November 1, as determined by the  
14 department of education. The school budget review committee  
15 shall establish a modified supplemental amount pursuant to  
16 subsection 1 paragraph "a".

17 2. a. For the school budget years beginning on or after  
18 July 1, 2026, if a district's actual enrollment for the budget  
19 year, determined under section 257.6, is greater than its  
20 budget enrollment for the budget year, the district may request  
21 an on-time budget adjustment. The adjustment shall not exceed  
22 an amount equal to the difference between the actual enrollment  
23 for the budget year and the budget enrollment for the budget  
24 year, multiplied by the district cost per pupil.

25 b. To request an on-time budget adjustment under this  
26 subsection, the board of directors of a school district shall  
27 adopt a resolution to receive the adjustment and notify the  
28 school budget review committee on or before a date established  
29 by the committee. The school budget review committee may  
30 establish a modified supplemental amount pursuant to paragraph  
31 "a".

32 3. If the board of directors of a school district determines  
33 that a need exists for additional funds exceeding the on-time  
34 ~~funding~~ budget adjustment pursuant to this section, a request  
35 for a modified supplemental amount based upon increased

1 enrollment may be submitted to the school budget review  
2 committee as provided in [section 257.31](#).

3 **Sec. 86. NEW SECTION. 279.63A Unspent balance — policy.**

4 1. The board of directors of each school district shall  
5 establish a policy that defines a targeted range and maximum  
6 amount of unspent balance of authorized expenditures,  
7 determined by a percent of authorized expenditures under  
8 section 257.7 or other methodology specified in the policy.  
9 The policy shall also state the date the policy was adopted  
10 and the date the policy was most recently reviewed or revised  
11 under subsection 2. The targeted range and maximum amount  
12 established in the policy shall be made with the intent to  
13 equalize educational opportunity, provide a good education  
14 for all the children of the school district, provide property  
15 tax relief, decrease the percentage of school costs paid from  
16 property taxes, and to provide reasonable control of school  
17 costs.

18 2. Targeted ranges and maximum amounts defined in the policy  
19 under subsection 1 shall be reviewed annually by the board of  
20 directors and such review shall be entered in the minutes of  
21 the board and approved revisions shall be made to the policy.

22 **Sec. 87. EFFECTIVE DATE.** This division of this Act, being  
23 deemed of immediate importance, takes effect upon enactment.

24 **EXPLANATION**

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

27 This bill relates to state and local government taxes,  
28 budgets, and authority, by modifying provisions relating to the  
29 assessment and taxation of property, funding from the secure  
30 an advanced vision for education fund, urban renewal areas,  
31 establishing a program for certain first-time homebuyers, and  
32 establishing a local government efficiency grant fund.

33 **DIVISION I — PROPERTY TAX REVENUE LIMITATIONS — BOND**  
34 **REVENUE USE LIMITATIONS.** Under the bill, new Code section  
35 24.35 provides that for governmental entity budgets certified

1 for budget years beginning on or after July 1, 2027, proposed  
2 unassigned reserve funds identified within a governmental  
3 entity's general fund shall not exceed an amount equal to 35  
4 percent of the budgeted expenditures from the governmental  
5 entity's general fund for the prior fiscal year before any  
6 budgeted transfers from such general fund. If the governmental  
7 entity's budget does not comply with the requirement, the  
8 department of management shall not certify the governmental  
9 entity's taxes back to the county auditor under Code section  
10 24.17 and the governmental entity shall remedy the violation  
11 and recertify the budget. For purposes of this provision,  
12 the bill defines "governmental entity" to mean any unit  
13 of government or other public body or public corporation,  
14 including any intergovernmental entity, that has the power to  
15 impose or certify a property tax levy, but excludes school  
16 districts. The bill strikes a provision in Code section 176A.8  
17 relating to unexpended funds of county agricultural extensions.

18 As part of conducting an audit of a governmental subdivision  
19 under Code chapter 11 for fiscal years beginning on or after  
20 July 1, 2027, an examination of the governmental subdivision's  
21 compliance with new Code section 24.35 shall be performed,  
22 including verification of the circumstances resulting in actual  
23 reserve funds exceeding the specified limits.

24 The bill enacts new Code section 444.25, which establishes a  
25 maximum aggregate amount of property tax dollars that may be  
26 certified for levy among all property tax levies imposed by a  
27 governmental entity other than a school district, excluding  
28 debt service levies. For the budget year beginning July 1,  
29 2027, and each budget year thereafter, the maximum aggregate  
30 amount of property tax dollars that may be certified for  
31 levy among all property tax levies imposed by a governmental  
32 entity against property that is not new valuation, as defined  
33 in the bill, shall not exceed an amount equal to the sum of  
34 102 percent of the aggregate amount of property tax dollars  
35 certified for levy by the governmental entity among all

1 property tax levies imposed by the governmental entity for the  
2 preceding fiscal year for each of the governmental entity's  
3 property tax levies for the budget year. If the budget  
4 year includes a voter-approved property tax levy that was  
5 not approved for imposition in the preceding fiscal year,  
6 the maximum aggregate amount of property tax dollars for  
7 the governmental entity for the budget year is increased by  
8 the amount of the voter-approved property tax levy approved  
9 at election for the budget year. If a governmental entity  
10 certifies a budget that violates new Code section 444.25, the  
11 department of management shall reduce each of the applicable  
12 governmental entity's property tax levies on a pro rata basis  
13 so that the governmental entity is in compliance. New Code  
14 section 444.25 does not remove or otherwise affect property tax  
15 limitations, including levy rate and use limitations, otherwise  
16 provided by law for any property tax levy of the governmental  
17 entity. The authority of the state appeal board under Code  
18 section 24.48 to suspend property tax levy limitations does not  
19 apply to the limitations of new Code section 444.25.

20 The bill also enacts new Code section 444.26, which  
21 provides that, on or after July 1, 2026, a governmental  
22 entity, as defined in the bill, shall not issue bonds or  
23 other indebtedness payable from an ad valorem property tax  
24 levy for the purpose of funding the general operations of the  
25 governmental entity or otherwise use proceeds from the sale  
26 of bonds or issuance of other indebtedness to fund general  
27 operations. The bill defines "general operations" to mean  
28 services or activities generally funded from the governmental  
29 entity's general fund, which are necessary for the operation  
30 of the governmental entity, including salaries and benefits,  
31 or which are for the health and welfare of the governmental  
32 entity's citizens or primarily intended to benefit all  
33 residents of the governmental entity, but excluding services  
34 financed by statutory funds other than a debt service fund.  
35 The department of management, following consultation with the

1 city finance committee and the county finance committee, may  
2 adopt rules under Code chapter 17A to implement the new Code  
3 section governing funding of general operations.

4 DIVISION II — COMMERCIAL AND INDUSTRIAL PROPERTY ASSESSMENT  
5 LIMITATIONS. Current Code section 441.21 imposes an assessment  
6 limitation (rollback) on commercial property, industrial  
7 property, and property valued by the department of revenue  
8 under Code chapter 434 (railway company property). For  
9 valuations established for the assessment year beginning  
10 January 1, 2022, and each assessment year thereafter, the  
11 portion of actual value at which each property unit of  
12 commercial property shall be assessed shall be the sum of  
13 the following: (1) an amount equal to the product of the  
14 assessment limitation percentage applicable to residential  
15 property multiplied by the actual value of the property that  
16 exceeds \$0 but does not exceed \$150,000; and (2) an amount  
17 equal to 90 percent of the actual value of the property for  
18 that assessment year that exceeds \$150,000. The limitation,  
19 by operation of law, applies to the assessed value of railway  
20 company property. The bill increases the amount of value  
21 subject to the residential assessment limitation rates from  
22 \$150,000 to \$350,000 for each property unit. The sections of  
23 the division of the bill amending Code section 441.21(5)(b)(2)  
24 and 441.21(5)(c)(2) apply retroactively to assessment years  
25 beginning on or after January 1, 2026. For fiscal years  
26 beginning on or after July 1, 2027, the bill eliminates the  
27 \$125 million annual appropriation used under Code section  
28 441.21(5)(e) for payments to replace property taxes due to the  
29 application of the residential property assessment limitation  
30 to certain portions of commercial and industrial property  
31 valuations.

32 DIVISION III — HOMESTEAD PROPERTY TAX EXEMPTION. The  
33 bill establishes a property tax exemption for residential  
34 property that is receiving a homestead property tax credit.  
35 For assessment years beginning on or after January 1, 2026,

1 a property tax exemption is allowed on each such property in  
2 addition to any exemption or credit for such property under  
3 any other provision of law. The exemption is 10 percent of  
4 the taxable value of the property or \$25,000 in taxable value,  
5 whichever is less. However, the exemption shall not apply to a  
6 property tax imposed by a school district.

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

16 DIVISION IV — SECURE AN ADVANCED VISION FOR EDUCATION FUND  
17 — EQUITY TRANSFER PERCENTAGE — FUTURE REPEAL. Prior to  
18 allocation of moneys available in the secure an advanced vision  
19 for education fund to school districts on a per-pupil basis,  
20 certain amounts are calculated and allocated to other funds.  
21 Code section 423F.2 establishes a calculation for an equity  
22 transfer percentage that is used, in part, to determine amounts  
23 distributed and credited to the foundation base supplement  
24 fund and the property tax equity and relief fund. For fiscal  
25 years beginning on or after July 1, 2026, the bill eliminates  
26 the calculation of the equity transfer percentage based on  
27 increases in the amount in the secure an advanced vision for  
28 education fund and instead specifies that the equity transfer  
29 percentage for the fiscal year beginning July 1, 2026, is 10  
30 percent; for the fiscal year beginning July 1, 2027, is 12.5  
31 percent; for the fiscal year beginning July 1, 2028, is 15  
32 percent; for the fiscal year beginning July 1, 2029, is 17.5  
33 percent; for the fiscal year beginning July 1, 2030, is 20  
34 percent; for the fiscal year beginning July 1, 2031, is 22.5  
35 percent; for the fiscal year beginning July 1, 2032, is 25

1 percent; for the fiscal year beginning July 1, 2033, is 27.5  
2 percent; and for the fiscal year beginning July 1, 2034, and  
3 each fiscal year thereafter, is 30 percent.

4 The bill provides that for amounts allocated under Code  
5 section 423F.2 for fiscal years beginning on or after July 1,  
6 2026, the department of management shall adjust or reconcile  
7 actual amounts to be received by school districts in the fiscal  
8 year immediately following the fiscal year during which the  
9 revenues were collected.

10 Current law repeals Code chapter 423F that establishes the  
11 secure an advanced vision for education fund and lowers the  
12 state sales and use tax rate from 6 percent to 5 percent on  
13 January 1, 2051. The bill extends that repeal and reduction  
14 date to January 1, 2071.

15 DIVISION V — PROPERTY PARCEL INFORMATION. The bill  
16 requires each county auditor to submit an annual report not  
17 later than January 1 to the department of management containing  
18 parcel-level property data, including parcel identification  
19 information, location, size, valuation, classification, types  
20 of structures and improvements, exemptions, credits, and  
21 whether the parcel is subject to a division of revenue. The  
22 bill authorizes the department of management to require the  
23 report to include additional parcel-level data deemed necessary  
24 by the director of the department of management. The bill  
25 requires the department of management to prescribe the form and  
26 manner of submitting such annual report.

27 DIVISION VI — URBAN RENEWAL. The bill amends the definition  
28 of "economic development" for purposes of Code chapter 15 to  
29 also include the provision of workforce housing.

30 The bill adds development policies that advance the  
31 development of workforce housing to the list of factors  
32 required to be considered by the public body before public  
33 funds are used for grants, loans, tax incentives, or other  
34 financial assistance to private persons or on behalf of private  
35 persons for economic development under Code chapter 15.

1 The bill also defines "low and moderate income family  
2 housing" for Code chapter 403 to mean housing for low  
3 and moderate income families and housing that meets the  
4 requirements of Code section 15.353 (workforce housing).

5 The bill also modifies the defined term "low or moderate  
6 income families" in Code chapter 403 to "low and moderate  
7 income families" to align with the terminology usage within the  
8 Code chapter.

9 The bill excludes the school district foundation property  
10 tax imposed under Code section 257.3 from the division of  
11 revenue under Code section 403.19 (tax increment financing)  
12 if levied against property located in an incorporated area  
13 upon which new construction or renovations begin on or after  
14 the effective date of this division of the bill, unless such  
15 construction or renovations were approved and subject to an  
16 agreement adopted before January 1, 2026. The bill also  
17 excludes taxes for emergency medical services imposed pursuant  
18 to Code chapter 357F, 357G, or 422D from the division of  
19 revenue. The bill prohibits such taxes from being divided and  
20 paid into the municipality's special fund for the payment of  
21 urban renewal indebtedness but instead requires the tax to be  
22 levied, collected, and paid to the school district, emergency  
23 medical services district, city emergency medical services  
24 district, or county in the same manner as all other property  
25 taxes. The exclusions in the bill apply to property taxes due  
26 and payable in fiscal years beginning on or after July 1, 2027.

27 Under the bill, for urban renewal areas for which an  
28 ordinance providing for a division of revenue is not limited  
29 in duration under Code section 403.17(10) (20 years) or Code  
30 section 403.22(5) (10 years), after 20 years following the  
31 effective date of this division of the bill or after 20 years  
32 from the calendar year following the calendar year in which  
33 the municipality first certifies to the county auditor the  
34 amount of any loans, advances, indebtedness, or bonds which  
35 qualify for payment from the division of revenue, whichever

1 is later, the amount of taxes that is authorized to be paid  
2 into the municipality's urban renewal special fund shall not  
3 exceed 60 percent of the amount otherwise authorized, but for  
4 the bill, and such excess amounts shall be allocated and paid  
5 to the respective taxing districts in the same manner as other  
6 taxes. The municipality may exceed this limitation to the  
7 extent necessary for the payment of bonds or other indebtedness  
8 incurred before the effective date of this division of the bill  
9 and this limitation does not apply to divisions of revenue  
10 established by community colleges under Code chapter 260E or by  
11 rural improvement zones under Code chapter 357H.

12 The bill provides that, unless otherwise limited in duration  
13 under Code section 403.17(10) (20 years), an ordinance  
14 providing for a division of revenue adopted on or after the  
15 effective date of this division of the bill shall be limited to  
16 23 years from the calendar year following the calendar year in  
17 which the municipality first certifies to the county auditor  
18 the amount of any loans, advances, indebtedness, or bonds  
19 that qualify for payment from the division of revenue. The  
20 ordinance shall terminate and be of no further force and effect  
21 following the 23-year period. The 23-year limitation does not  
22 apply to divisions of revenue established by community colleges  
23 under Code chapter 260E or rural improvement zones under Code  
24 chapter 357H.

25 Under current law, any urban renewal area established upon  
26 the determination that the area is an economic development  
27 area, a division of revenue (tax increment financing) shall  
28 not be allowed for the purpose of providing or aiding in  
29 the provision of public improvements related to housing and  
30 residential development, unless the municipality assures that  
31 the project will include assistance for low and moderate income  
32 family housing, subject to certain municipality population  
33 thresholds. The bill modifies such assistance requirements and  
34 the population thresholds.

35 Current law provides that for municipalities with a

1 population of 5,000 or less, the municipality need not provide  
2 any low or moderate income family housing assistance if a  
3 housing needs assessment shows there is no need. The bill  
4 eliminates the housing needs assessment requirement.

5 The bill combines the two population threshold categories  
6 for municipalities over 5,000 in population and provides that  
7 the amount of assistance for low and moderate income family  
8 housing shall be equal to or greater than the percentage of the  
9 original project cost that is equal to the percentage of low  
10 and moderate income residents for the county in which the urban  
11 renewal area is located as determined by the United States  
12 department of housing and urban development using section 8  
13 guidelines. The bill, however, establishes a maximum amount  
14 of assistance that is the lesser of 20 percent of the original  
15 project cost, or \$350,000 if the municipality is a city or  
16 \$300,000 if the municipality is a county. These changes apply  
17 to existing and newly established urban renewal areas.

18 The bill also eliminates the 10-year limitation on the  
19 division of revenue for certain projects relating to housing  
20 and residential development in urban renewal areas that  
21 are economic development areas for ordinances adopted on or  
22 after the effective date of this division of the bill. Such  
23 ordinances adopted on or after the effective date of this  
24 division of the bill are subject to the 20-year limitation for  
25 economic development areas.

26 This division of the bill takes effect upon enactment.

27 DIVISION VII — ASSESSMENT PROCEDURES. The bill amends  
28 Code section 441.21(3) by providing that for assessment years  
29 beginning on or after January 1, 2027, if the taxpayer's  
30 property has increased in actual value by 10 percent or more  
31 from the immediately preceding reassessment year or the most  
32 recent assessment year following such reassessment year if  
33 the property was revalued or reassessed in that assessment  
34 year, the assessor shall provide the taxpayer with a statement  
35 of the reasons for the increase in actual value, information

1 specifying the portion of actual value increase attributable  
2 to a change in classification, revaluation, new construction,  
3 improvements, or renovations to the property, and all  
4 information in any formula or method used to determine the  
5 actual value.

6 Under current Code section 441.21(3), the burden of proof  
7 is upon any complainant attacking a property valuation as  
8 excessive, inadequate, inequitable, or capricious. However,  
9 when the complainant offers competent evidence that the market  
10 value of the property is different than the market value  
11 determined by the assessor, the burden of proof thereafter is  
12 upon the officials or persons seeking to uphold such valuation  
13 to be assessed. The bill modifies the burden of proof in  
14 certain circumstances. For assessment years beginning on  
15 or after January 1, 2027, if the taxpayer's property actual  
16 value increased by 10 percent or more from the immediately  
17 preceding reassessment year or the most recent assessment year  
18 following such reassessment year if the property was revalued  
19 or reassessed in that assessment year, including an increase as  
20 the result of an equalization order, and the property did not  
21 change classification or primary use and the increase in actual  
22 value is not the result of new construction, improvements, or  
23 renovations to the property, the actual value so determined by  
24 the assessor is not presumed to be the actual value and in any  
25 protest or appeal the assessor shall have the burden of proof  
26 that the valuation is not excessive, inadequate, inequitable,  
27 or capricious.

28 The bill amends Code section 441.33 to provide that ex parte  
29 communications with board of review members are prohibited in  
30 protests before the board.

31 DIVISION VIII — LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM.  
32 The bill establishes a local government efficiency grant fund  
33 program and fund. The bill appropriates \$10 million to the  
34 fund. For purposes of the program, "local government" means  
35 a county, city, township, or any special-purpose district or

1 authority. The bill appropriates moneys in the fund to Iowa  
2 state university to provide, following approval by a commission  
3 provided for in the bill, grants to local governments to  
4 assist in efforts to increase government efficiency. The  
5 bill requires the commission to adopt rules to establish and  
6 administer the grant program to provide for the allocation of  
7 moneys in the fund in the form of competitive grants to local  
8 governments.

9 DIVISION IX — FIRSTMOME IOWA ACCOUNTS. The bill  
10 establishes a FirstHome Iowa program, which allows citizens  
11 of the state to invest money in a public trust for future  
12 application to the payment of qualified homebuyer expenses.  
13 A FirstHome Iowa program trust is created and the treasurer  
14 of state is the trustee of the trust. The bill grants to  
15 the treasurer of state all powers necessary to carry out and  
16 effectuate the purposes and objectives of the trust, including  
17 the power to make and enter into contracts, accept any moneys  
18 for purposes of the program, carry out studies and projections  
19 to advise participants regarding present and estimated future  
20 qualified homebuyer expenses, procure insurance against any  
21 loss in connection with the trust, enter into participation  
22 agreements with participants, make payments to or on behalf  
23 of beneficiaries for qualified homebuyer expenses, and invest  
24 moneys from the program fund in any investments which are  
25 determined by the treasurer of state to be appropriate.

26 The trust may enter into participation agreements with  
27 participants on behalf of beneficiaries. The participant  
28 contributes moneys into an account for a beneficiary, who is  
29 an individual to benefit from advance payments of qualified  
30 homebuyer expenses on behalf of the beneficiary. Moneys  
31 accrued by participants in an account may be used for payments  
32 to or on behalf of a beneficiary for qualified homebuyer  
33 expenses. The bill defines "qualified homebuyer expenses"  
34 to mean any of the following: (1) a down payment or closing  
35 costs for the qualified purchase of a single-family residence

1 in Iowa that is the principal residence of the beneficiary if  
2 such beneficiary is a first-time homebuyer with respect to such  
3 purchase; (2) a cost, fee, tax, or payment incurred by, or  
4 charged or assigned to, a beneficiary as part of the purchase;  
5 or (3) any United States veterans administration funding fee  
6 incurred by the beneficiary in connection with a veterans  
7 administration home loan guaranty program. The bill defines  
8 "first-time homebuyer" to mean an individual who is a resident  
9 of Iowa and who does not own, either individually or jointly, a  
10 single-family or multifamily residence, and who has not owned  
11 or purchased, either individually or jointly, a single-family  
12 or multifamily residence for a period of three years prior to  
13 the date of the qualified purchase for which the eligible home  
14 costs are paid or reimbursed from an account. Under the bill,  
15 "qualified purchase" means the purchase of a single-family  
16 residence in Iowa by the account's beneficiary 90 or more days  
17 after the date the participant first opened the account.

18 The bill establishes an Iowa income tax deduction for the  
19 participant in an agreement for amounts contributed to an  
20 account by the participant during the applicable tax year, not  
21 to exceed \$5,500 per beneficiary per year adjusted annually to  
22 reflect increases in the consumer price index. Additionally,  
23 income from interest and earnings received from the FirstHome  
24 Iowa program trust created in new Code chapter 12L is deducted  
25 from income. Distributions or transfers from an account are  
26 considered income for Iowa income tax purposes, to the extent  
27 such amount was previously deducted as a contribution to the  
28 trust, if the amount is used for purposes other than the  
29 payment of qualified homebuyer expenses.

30 The bill allows a beneficiary under an agreement to be  
31 changed and allows agreements to be amended in order to  
32 enable participants to increase or decrease the level of  
33 participation, change the designation of successors, and carry  
34 out similar matters as authorized by rule.

35 The bill requires the treasurer of state to segregate moneys

1 received by the trust into two funds: (1) the FirstHome Iowa  
2 program fund, which includes moneys paid into accounts by  
3 participants; and (2) the administrative fund to be used for  
4 administration of the program, which includes administrative  
5 fees collected.

6 The bill establishes procedures for the cancellation of  
7 agreements or termination of the program, requirements for  
8 ownership of payments made under an agreement, requirements  
9 related to income derived from investments, and establishes  
10 audit and reporting requirements for the program.

11 The bill amends the Iowa first-time homebuyer savings  
12 account Act under Code chapter 541B to allow for the withdrawal  
13 and deposit of account balances under Code chapter 541B to  
14 accounts within the FirstHome Iowa program trust without  
15 penalty or taxation in this state if such withdrawal is  
16 deposited in an account within the FirstHome Iowa program trust  
17 within 30 days of the withdrawal. The bill also authorizes  
18 the treasurer of state to, by rule, provide for the direct  
19 transfer of moneys within an account under Code chapter 541B  
20 to a FirstHome Iowa program trust account without penalty or  
21 taxation in this state. The bill prohibits new accounts under  
22 Code chapter 541B from being established on or after July 1,  
23 2026.

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

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

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

3 DIVISION XI — LOCAL GOVERNMENT BUDGET STATEMENTS. Code  
4 section 24.2A requires the county auditor to mail statements  
5 containing certain county, city, and school district budget and  
6 property tax information to each property owner or taxpayer.  
7 For budgets for fiscal years beginning on or after July 1,  
8 2027, the bill authorizes those statements to be to be posted  
9 on the political subdivision's internet site by March 15 in  
10 lieu of mailing individual statements. Additionally, if the  
11 political subdivision maintains a social media account on  
12 one or more social media applications, the statement or an  
13 electronic link to the statement shall be posted on each such  
14 account on a date no later than March 15.

15 Code section 24.2A, in part, requires the county auditor to  
16 provide by mail individual statements to property taxpayers  
17 that includes various pieces of information relating to the  
18 property tax dollars and levies of cities, counties, and school  
19 districts. The bill provides that such statements will also  
20 include information for all other certifying boards that are  
21 not a city, county, or school; however, all such entities shall  
22 be considered a single political subdivision and identified  
23 under a designation of "special taxing districts" on each  
24 statement.

25 The bill also strikes the current list of items that must  
26 be included on each individual statement and establishes the  
27 minimum contents for the statement.

28 The bill requires that the statements be clear, concise, and  
29 written in plain language, and provides that the information  
30 in the individual statements may be presented using tables,  
31 written narrative, and graphic representations, and shall  
32 contain the internet site, mailing address, and a telephone  
33 number for each political subdivision that owners and taxpayers  
34 may call if they have questions related to the statement. The  
35 bill requires the department of management to consult with

1 the Iowa league of cities and the Iowa state association of  
2 counties prior to prescribing the form for the statements.

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

10 This division of the bill applies to political subdivision  
11 budgets for fiscal years beginning on or after July 1, 2027.

12 DIVISION XII — DIVISION OF REVENUE — DATA CENTERS. The  
13 bill excludes the school district foundation property tax  
14 imposed under Code section 257.3 from the division of revenue  
15 under Code section 403.19 (tax increment financing) for taxes  
16 levied against a qualified data center. The bill defines  
17 "qualified data center" to be a data center, as defined in  
18 Code section 423.3(95), for which site preparation activities,  
19 as defined in Code section 423.3(95), began on or after the  
20 effective date of the division of the bill, which is effective  
21 upon enactment. The bill prohibits such foundation property  
22 tax from being divided and paid into the municipality's special  
23 fund for the payment of urban renewal indebtedness but instead  
24 requires the tax to be levied, collected, and paid to the  
25 school district in the same manner as all other property taxes.  
26 The exclusion in the bill applies to property taxes due and  
27 payable in fiscal years beginning on or after July 1, 2027.

28 DIVISION XIII — ELECTION DATES — BONDS. Current Code  
29 section 39.2(4)(d) specifies the special election date for  
30 political subdivisions if the election is in whole or in part  
31 for the question of issuing bonds or other indebtedness is  
32 the first Tuesday after the first Monday in November. The  
33 bill adds the first Tuesday after the first Monday in June  
34 as a date for such an election. The bill, however, provides  
35 that a political subdivision shall not hold an election on the

1 question of issuing bonds or other indebtedness on two such  
2 consecutive election dates authorized under that provision.

3 DIVISION XIV — EMERGENCY MEDICAL SERVICES LEVY. Code  
4 chapter 422D authorizes a \$0.75 per \$1,000 of assessed value  
5 county property tax levy for emergency medical services if  
6 approved at election. For fiscal years beginning on or after  
7 July 1, 2027, the bill increases the maximum authorized levy  
8 rate to \$1.50 per \$1,000 of assessed value if such increased  
9 rate is approved at an election held on or after July 1, 2026.

10 DIVISION XV — UTILITY REPLACEMENT TAX TASK FORCE. Code  
11 section 437A.15(7) establishes a utility replacement tax task  
12 force. The bill modifies the duties of the task force to study  
13 the accuracy of the taxes imposed under Code chapters 437A  
14 and 437B, ways to modernize the administration of such taxes,  
15 methods of simplifying administration of the replacement taxes,  
16 elimination of property taxes imposed under Code chapter 437A  
17 or 437B, simplification of thresholds for replacement tax rate  
18 adjustments while retaining tax stability, and the effects of  
19 such taxes on local taxing authorities, local taxing districts,  
20 consumers, and taxpayers through December 31, 2026, including  
21 ways to maintain continuity for local taxing districts and  
22 consumers and ways to provide a competitive and equitable  
23 tax environment for taxpayers. If the task force recommends  
24 modifications to the replacement taxes, the department  
25 of management shall transmit those recommendations to the  
26 general assembly. This division of the bill takes effect upon  
27 enactment.

28 DIVISION XVI — SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME  
29 FUNDING AND MODIFIED SUPPLEMENTAL AMOUNTS. Code section 257.7  
30 determines the authorized expenditures of a school district  
31 for a budget year, which in part includes the addition of the  
32 actual unspent balance from the preceding year. The bill  
33 limits such additional amount to an amount equal to 35 percent  
34 of the school district's authorized expenditures for the budget  
35 year immediately preceding the base year unless a greater

1 amount is authorized by the school budget review committee  
2 based on one or more grounds authorized for the approval of a  
3 modified supplemental amount under Code section 257.31.

4 Code section 257.13 authorizes an on-time funding budget  
5 adjustment for school districts when the district's actual  
6 enrollment for the budget year is greater than the district's  
7 budget enrollment for the budget year and the school  
8 budget review committee is required to establish a modified  
9 supplemental amount for such a school district if the district  
10 adopts a resolution to receive the adjustment and notifies the  
11 school budget review committee. Under the bill, for school  
12 budget years beginning on or after July 1, 2026, the school  
13 budget review committee may establish a modified supplemental  
14 amount if the district has adopted a resolution and notifies  
15 the school budget review committee on or before a date  
16 established by the committee.

17 The bill also requires the board of directors of each  
18 school district to establish a policy that defines a  
19 targeted range and maximum amount of unspent balance of  
20 authorized expenditures, determined by a percent of authorized  
21 expenditures under Code section 257.7 or other methodology  
22 specified in the policy. The policy shall also state the  
23 date the policy was adopted and the date the policy was most  
24 recently reviewed or revised. The targeted range and maximum  
25 amount established in the policy shall be made with the intent  
26 to equalize educational opportunity, provide a good education  
27 for all the children of the school district, provide property  
28 tax relief, decrease the percentage of school costs paid from  
29 property taxes, and to provide reasonable control of school  
30 costs. Targeted ranges and maximum amounts defined in the  
31 policy shall be reviewed annually by the board of directors and  
32 such review shall be entered in the minutes of the board and  
33 approved revisions shall be made to the policy.

34 This division of the bill takes effect upon enactment.