

**Senate File 634 - Reprinted**

SENATE FILE 634

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1260)

(As Amended and Passed by the Senate April 24, 2019)

**A BILL FOR**

1 An Act relating to local government budgets and property  
2 taxation by modifying provisions governing the establishment  
3 and approval of county and city budgets, modifying  
4 provisions relating to the state appraisal manual, and  
5 including applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

COUNTY AND CITY PROPERTY TAX PUBLIC HEARING AND RESOLUTION

Section 1. Section 24.17, unnumbered paragraph 1, Code 2019, is amended to read as follows:

The local budgets of the various political subdivisions shall be certified by the chairperson of the certifying board or levying board, as the case may be, in duplicate to the county auditor not later than March 15 of each year on forms, and pursuant to instructions, prescribed by the department of management. However, if the political subdivision is a county or a city, its budget shall be certified not later than March 31 of each year, and if the political subdivision is a school district, as defined in section 257.2, its budget shall be certified not later than April 15 of each year.

Sec. 2. Section 24.27, Code 2019, is amended to read as follows:

**24.27 Protest to budget.**

Not later than March 25, or April 10 for a county or a city, or April 25 if the municipality is a school district, a number of persons in any municipality equal to one-fourth of one percent of those voting for the office of governor, at the last general election in the municipality, but the number shall not be less than ten, and the number need not be more than one hundred persons, who are affected by any proposed budget, expenditure or tax levy, or by any item thereof, may appeal from any decision of the certifying board or the levying board by filing with the county auditor of the county in which the municipal corporation is located, a written protest setting forth their objections to the budget, expenditure or tax levy, or to one or more items thereof, and the grounds for their objections. If a budget is certified after March 15, or March 31 in the case of a county or a city, or April 15 in the case of a school district, all appeal time limits shall be extended to correspond to allowances for a timely filing. Upon the filing of a protest, the county auditor shall immediately prepare

1 a true and complete copy of the written protest, together  
2 with the budget, proposed tax levy or expenditure to which  
3 objections are made, and shall transmit them forthwith to the  
4 state board, and shall also send a copy of the protest to the  
5 certifying board or to the levying board, as the case may be.

6 Sec. 3. Section 24.48, subsection 4, Code 2019, is amended  
7 to read as follows:

8 4. ~~a.~~ The city finance committee shall have officially  
9 notified any city of its approval, modification or rejection  
10 of the city's appeal of the decision of the director of the  
11 department of management regarding a city's request for a  
12 suspension of the statutory property tax levy limitation prior  
13 to thirty-five days before March ~~15~~ 31.

14 ~~b. The state appeals board shall have officially notified~~  
15 ~~any county of its approval, modification or rejection of the~~  
16 ~~county's request for a suspension of the statutory property tax~~  
17 ~~levy limitation prior to thirty-five days before March 15.~~

18 Sec. 4. Section 76.2, subsection 1, paragraph b, Code 2019,  
19 is amended to read as follows:

20 b. If the resolution is filed prior to April 1, or April 15,  
21 if the political subdivision is a county or a city, or May 1, if  
22 the political subdivision is a school district, the annual levy  
23 shall begin with the tax levy for collection commencing July  
24 1 of that year. If the resolution is filed on or after April  
25 1, or April 15, in the case of a county or a city, or May 1, in  
26 the case of a school district, the annual levy shall begin with  
27 the tax levy for collection in the next succeeding fiscal year.  
28 However, the governing authority of a political subdivision may  
29 adjust a levy of taxes made under **this section** for the purpose  
30 of adjusting the annual levies and collections for property  
31 severed from the political subdivision, subject to the approval  
32 of the director of the department of management.

33 Sec. 5. NEW SECTION. 331.433A Resolution establishing  
34 maximum property tax dollars — notice — hearing.

35 1. For purposes of this section, unless the context

1 otherwise requires:

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

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

7     *c.* "Effective property tax rate" means the property tax rate  
8 per one thousand dollars of assessed value and is equal to  
9 one thousand multiplied by the quotient of the current fiscal  
10 year's actual property tax dollars certified for levy under  
11 the levies specified in subsection 2, paragraph "a" or "b",  
12 as applicable, divided by the total assessed value used to  
13 calculate taxes for the budget year.

14     2. For budget years beginning on or after July 1, 2020,  
15 prior to filing the proposed budget with the auditor under  
16 section 331.434, subsection 2, the board shall adopt a  
17 resolution establishing the total maximum property tax dollars  
18 that may be certified for levy for general county services and  
19 the total maximum property tax dollars that may be certified  
20 for levy for rural county services that includes the following,  
21 as applicable:

22     *a.* For general county services, the sum of the property  
23 tax dollars levied under section 331.423, subsection 1,  
24 section 331.424, subsection 1, and those amounts for general  
25 county services under section 331.426, but excluding additions  
26 approved at election under section 331.425.

27     *b.* For rural county services, the sum of the property tax  
28 dollars levied under section 331.423, subsection 2, section  
29 331.424, subsection 2, and those amounts for rural county  
30 services under section 331.426, but excluding additions  
31 approved at election under section 331.425.

32     3. The maximum property tax dollars calculated and approved  
33 by resolution under this section includes those amounts  
34 received by the county as replacement taxes under chapter 437A  
35 or 437B.

1 4. a. The board shall set a time and place for a public  
2 hearing on the resolution before the date for adoption of the  
3 resolution and shall publish notice of the hearing not less  
4 than ten nor more than twenty days prior to the hearing in the  
5 county newspapers selected under chapter 349. If the county  
6 has an internet site, the notice shall also be posted and  
7 clearly identified on the county's internet site for public  
8 viewing beginning on the date of the newspaper publication.  
9 Additionally, if the county maintains a social media account  
10 on one or more social media applications, the public hearing  
11 notice or an electronic link to the public hearing notice  
12 shall be posted on each such account on the same day as the  
13 publication of the notice. All of the following shall be  
14 included in the notice:

15 (1) The sum of the current fiscal year's actual property  
16 taxes certified for levy for general county services and the  
17 sum of the current fiscal year's actual property taxes for  
18 rural county services under the levies specified in subsection  
19 2, paragraphs "a" and "b", and the current fiscal year's  
20 combined property tax levy rate for each such amount.

21 (2) The effective tax rate for general county services and  
22 the effective tax rate for rural county services calculated  
23 using the sum of the current fiscal year's actual property  
24 taxes certified for levy for general county services and  
25 the sum of the current fiscal year's actual property taxes  
26 certified for levy for rural county services under the  
27 levies specified in subsection 2, paragraphs "a" and "b", as  
28 applicable.

29 (3) The proposed maximum property tax dollars that may be  
30 certified for levy for general county services and certified  
31 for levy for rural county services under the levies specified  
32 in subsection 2, paragraphs "a" and "b", as applicable, for the  
33 budget year and the proposed corresponding combined property  
34 tax levy rate for each such amount.

35 (4) If the proposed maximum property tax dollars specified

1 under subparagraph (3) for either general county services  
2 or rural county services exceeds the current fiscal year's  
3 actual property tax dollars certified for levy for general  
4 county services or for rural county services as specified in  
5 subparagraph (1), a statement of the major reasons for the  
6 increase.

7     *b.* Proof of publication shall be filed with and preserved  
8 by the auditor. The department of management shall prescribe  
9 the form for the public hearing notice for use by counties and  
10 the form for the resolution to be adopted by the board under  
11 subsection 5.

12     5. *a.* At the public hearing, the board shall receive oral  
13 or written objections from any resident or property owner  
14 of the county. After all objections have been received and  
15 considered, the board may decrease, but not increase, the  
16 proposed maximum property tax dollar amounts for inclusion in  
17 the resolution and shall adopt the resolution and file the  
18 resolution with the auditor as required under section 331.434,  
19 subsection 3.

20     *b.* If the sum of the maximum property tax dollars for the  
21 budget year specified in the resolution for either general  
22 county services or for rural county services under the  
23 levies specified in subsection 2, paragraphs "a" and "b", as  
24 applicable, exceeds one hundred two percent of the sum of the  
25 current fiscal year's actual property taxes certified for levy  
26 for general county services or rural county services under the  
27 levies specified in subsection 2, paragraphs "a" and "b", as  
28 applicable, the board shall be required to adopt the resolution  
29 by a two-thirds majority of the membership of the board.

30     *c.* If the county has an internet site, in addition to  
31 filing the resolution with the auditor under section 331.434,  
32 subsection 3, the adopted resolution shall be posted and  
33 clearly identified on the county's internet site for public  
34 viewing within ten days of approval by the board. The posted  
35 resolution for a budget year shall continue to be accessible

1 for public viewing on the internet site along with resolutions  
2 posted for all subsequent budget years.

3 Sec. 6. Section 331.434, unnumbered paragraph 1, Code 2019,  
4 is amended to read as follows:

5 Annually, the board of each county, subject to section  
6 331.403, subsection 4, sections 331.423 through 331.426,  
7 section 331.433A, and other applicable state law, shall prepare  
8 and adopt a budget, certify taxes, and provide appropriations  
9 as follows:

10 Sec. 7. Section 331.434, subsection 3, Code 2019, is amended  
11 to read as follows:

12 3. The Following, and not until adoption of the resolution  
13 under section 331.433A, the board shall set a time and  
14 place for a public hearing on the budget before the final  
15 certification date and shall publish notice of the hearing not  
16 less than ten nor more than twenty days prior to the hearing in  
17 the county newspapers selected under chapter 349. A summary  
18 of the proposed budget and a description of the procedure for  
19 protesting the county budget under section 331.436, in the form  
20 prescribed by the director of the department of management,  
21 shall be included in the notice. Proof of publication of the  
22 notice under this subsection 3 and a copy of the resolution  
23 adopted under section 331.433A shall be filed with and  
24 preserved by the auditor. A levy is not valid unless and until  
25 the notice is published and the notice and resolution adopted  
26 under section 331.433A are filed. The department of management  
27 shall prescribe the form for the public hearing notice for use  
28 by counties.

29 Sec. 8. Section 331.434, subsection 5, paragraph a, Code  
30 2019, is amended to read as follows:

31 a. After the hearing, the board shall adopt by resolution  
32 a budget and certificate of taxes for the next fiscal year  
33 and shall direct the auditor to properly certify and file the  
34 budget and certificate of taxes as adopted. The board shall  
35 not adopt a tax in excess of the estimate published or the

1 applicable amounts specified in the resolution adopted under  
2 section 331.433A, except a tax which is approved by a vote of  
3 the people, and a greater tax than that adopted shall not be  
4 levied or collected. A county budget and certificate of taxes  
5 adopted for the following fiscal year becomes effective on the  
6 first day of that year.

7 Sec. 9. Section 331.434, subsection 7, Code 2019, is amended  
8 to read as follows:

9 7. Taxes levied by a county whose budget is certified after  
10 March ~~15~~ 31 shall be limited to the prior year's budget amount.  
11 However, this penalty may be waived by the director of the  
12 department of management if the county demonstrates that the  
13 March ~~15~~ 31 deadline was missed because of circumstances beyond  
14 the control of the county.

15 Sec. 10. Section 331.435, Code 2019, is amended to read as  
16 follows:

17 **331.435 Budget amendment.**

18 1. The board may amend the adopted county budget, subject  
19 to sections 331.423 through 331.426 and other applicable state  
20 law, to permit increases in any class of proposed expenditures  
21 contained in the budget summary published under section  
22 331.434, subsection 3.

23 2. The board shall prepare and adopt a budget amendment in  
24 the same manner as the original budget, as provided in section  
25 331.434, but excluding the requirements for adoption of the  
26 resolution under section 331.433A, and the amendment is subject  
27 to protest as provided in section 331.436, except that the  
28 director of the department of management may by rule provide  
29 that amendments of certain types or up to certain amounts may  
30 be made without public hearing and without being subject to  
31 protest. A county budget for the ensuing fiscal year shall be  
32 amended by May 31 to allow time for a protest hearing to be  
33 held and a decision rendered before June 30. An amendment of  
34 a budget after May 31 which is properly appealed but without  
35 adequate time for hearing and decision before June 30 is void.



1     Sec. 11. Section 331.436, Code 2019, is amended to read as  
2 follows:

3     **331.436 Protest.**

4     Protests to the adopted budget must be made in accordance  
5 with [sections 24.27 through 24.32](#) as if the county were the  
6 municipality under those sections except that the protest  
7 must be filed no later than April 10 and the number of people  
8 necessary to file a protest under [this section](#) shall not be  
9 less than one hundred.

10    Sec. 12. Section 384.2, unnumbered paragraph 1, Code 2019,  
11 is amended to read as follows:

12    Except as otherwise provided for special charter cities,  
13 a city's fiscal year shall be as provided in section 24.2,  
14 subsection 3. All city property taxes must be certified by a  
15 city to the county auditor on or before ~~the fifteenth day of~~  
16 March 31 of each year, unless otherwise provided by state law.  
17 However, municipal utilities, if not supported by taxation  
18 or the proceeds of outstanding indebtedness payable from  
19 taxes may, with the council's consent, choose to operate on a  
20 fiscal year which is the calendar year. The receipt by the  
21 utility of payments from other governmental funds for public  
22 fire protection, street lighting, or other public use of the  
23 utility's services shall not be deemed support by taxation.  
24 After notice and hearing in the same manner as required for the  
25 city's regular budget under [section 384.16](#), the utility budget  
26 must be approved by resolution of the council not later than  
27 twenty days prior to the beginning of the calendar year for  
28 which the budget applies.

29    Sec. 13. NEW SECTION. **384.15A Resolution establishing**  
30 **maximum property tax dollars — notice — hearing.**

31    1. For purposes of this section, unless the context  
32 otherwise requires:

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

35    *b.* "Current fiscal year" is the fiscal year ending during

1 the calendar year in which a budget for the budget year is  
2 certified.

3     *c.* "Effective property tax rate" means the property tax rate  
4 per one thousand dollars of assessed value and is equal to  
5 one thousand multiplied by the quotient of the current fiscal  
6 year's actual property tax dollars certified for levy under the  
7 levies specified in subsection 2 divided by the total assessed  
8 value used to calculate taxes for the budget year.

9     2. For budget years beginning on or after July 1, 2020,  
10 prior to the period of time for distribution of the budget  
11 under section 384.16, subsection 2, the council shall adopt a  
12 resolution establishing the total maximum property tax dollars  
13 that may be certified for levy that includes taxes for city  
14 government purposes under section 384.1, for the city's trust  
15 and agency fund under section 384.6, subsection 1, for the  
16 city's emergency fund under section 384.8, and for the levies  
17 authorized under section 384.12, subsections 8, 10, 11, 12, 13,  
18 17, and 21, but excluding additions approved at election under  
19 section 384.12, subsection 19.

20     3. The maximum property tax dollars calculated and approved  
21 by resolution under this section includes those amounts  
22 received by the city as replacement taxes under chapter 437A  
23 or 437B.

24     4. *a.* The council shall set a time and place for a public  
25 hearing on the resolution before the date for adoption of the  
26 resolution and shall publish notice of the hearing not less  
27 than ten nor more than twenty days prior to the hearing in a  
28 newspaper published at least once weekly and having general  
29 circulation in the city. However, if the city has a population  
30 of two hundred or less, publication may be made by posting in  
31 three public places in the city. If the city has an internet  
32 site, the notice shall also be posted and clearly identified  
33 on the city's internet site for public viewing beginning on  
34 the date of the newspaper publication or public posting, as  
35 applicable. Additionally, if the city maintains a social media

1 account on one or more social media applications, the public  
2 hearing notice or an electronic link to the public hearing  
3 notice shall be posted on each such account on the same day as  
4 the publication of the notice. All of the following shall be  
5 included in the notice:

6 (1) The sum of the current fiscal year's actual property  
7 taxes certified for levy under the levies specified in  
8 subsection 2 and the current fiscal year's combined property  
9 tax levy rate for such amount that is applicable to taxable  
10 property in the city other than property used and assessed for  
11 agricultural or horticultural purposes.

12 (2) The effective tax rate calculated using the sum of  
13 the current fiscal year's actual property taxes certified for  
14 levy under the levies specified in subsection 2, applicable  
15 to taxable property in the city other than property used and  
16 assessed for agricultural or horticultural purposes.

17 (3) The sum of the proposed maximum property tax dollars  
18 that may be certified for levy for the budget year under the  
19 levies specified in subsection 2 and the proposed combined  
20 property tax levy rate for such amount applicable to taxable  
21 property in the city other than property used and assessed for  
22 agricultural or horticultural purposes.

23 (4) If the proposed maximum property tax dollars specified  
24 under subparagraph (3) exceeds the current fiscal year's  
25 actual property tax dollars certified for levy specified in  
26 subparagraph (1), a statement of the major reasons for the  
27 increase.

28 *b.* Proof of publication shall be filed with and preserved  
29 by the county auditor. The department of management shall  
30 prescribe the form for the public hearing notice for use by  
31 cities and the form for the resolution to be adopted by the  
32 council under subsection 5.

33 5. *a.* At the public hearing, the council shall receive  
34 oral or written objections from any resident or property owner  
35 of the city. After all objections have been received and

1 considered, the council may decrease, but not increase, the  
2 proposed maximum property tax dollar amount for inclusion in  
3 the resolution and shall adopt the resolution and file the  
4 resolution with the county auditor as required under section  
5 384.16, subsection 3.

6     *b.* If the sum of the maximum property tax dollars for  
7 the budget year specified in the resolution under the levies  
8 specified in subsection 2 exceeds one hundred two percent of  
9 the sum of the current fiscal year's actual property taxes  
10 certified for levy under the levies specified in subsection  
11 2, the council shall be required to adopt the resolution by a  
12 two-thirds majority of the membership of the council.

13     *c.* If the city has an internet site, in addition to  
14 filing the resolution with the auditor under section 384.16,  
15 subsection 3, the adopted resolution shall be posted and  
16 clearly identified on the city's internet site for public  
17 viewing within ten days of approval by the council. The posted  
18 resolution for a budget year shall continue to be accessible  
19 for public viewing on the internet site along with resolutions  
20 posted for all subsequent budget years.

21     Sec. 14. Section 384.16, unnumbered paragraph 1, Code 2019,  
22 is amended to read as follows:

23     Annually, a city that has satisfied the requirements of  
24 section 384.15A and section 384.22, subsection 3, shall prepare  
25 and adopt a budget, and shall certify taxes as follows:

26     Sec. 15. Section 384.16, subsections 3, 5, and 6, Code 2019,  
27 are amended to read as follows:

28     3. The Following, and not until adoption of the resolution  
29 under section 384.15A, the council shall set a time and place  
30 for public hearing on the budget before the final certification  
31 date and shall publish notice of the hearing not less than ten  
32 nor more than twenty days before the hearing in a newspaper  
33 published at least once weekly and having general circulation  
34 in the city. However, if the city has a population of two  
35 hundred or less, publication may be made by posting in three

1 public places in the city. A summary of the proposed budget  
2 and a description of the procedure for protesting the city  
3 budget under section 384.19, in the form prescribed by the  
4 director of the department of management, shall be included  
5 in the notice. Proof of publication of the notice under this  
6 subsection 3 and a copy of the resolution adopted under section  
7 384.15A must be filed with the county auditor. The department  
8 of management shall prescribe the form for the public hearing  
9 notice for use by cities.

10 5. After the hearing, the council shall adopt by resolution  
11 a budget for at least the next fiscal year, and the clerk  
12 shall certify the necessary tax levy for the next fiscal year  
13 to the county auditor and the county board of supervisors.  
14 The tax levy certified may be less than but not more than  
15 the amount estimated in the proposed budget submitted at  
16 the final hearing or the applicable amount specified in the  
17 resolution adopted under section 384.15A, unless an additional  
18 tax levy is approved at a city election. Two copies each of  
19 the detailed budget as adopted and of the tax certificate must  
20 be transmitted to the county auditor, who shall complete the  
21 certificates and transmit a copy of each to the department of  
22 management.

23 6. Taxes levied by a city whose budget is certified after  
24 ~~March 15~~ 31 shall be limited to the prior year's budget amount.  
25 However, this penalty may be waived by the director of the  
26 department of management if the city demonstrates that the  
27 ~~March 15~~ 31 deadline was missed because of circumstances beyond  
28 the control of the city.

29 Sec. 16. Section 384.17, Code 2019, is amended to read as  
30 follows:

31 **384.17 Levy by county.**

32 At the time required by law, the county board of supervisors  
33 shall levy the taxes necessary for each city fund for the  
34 following fiscal year. The levy must be as shown in the  
35 adopted city budget and as certified by the clerk, subject to

1 any changes made after a protest hearing, and any additional  
2 tax rates approved at a city election. A city levy is not valid  
3 until proof of publication or posting of notice of a budget  
4 hearing ~~is~~ under section 384.16, subsection 3, and the notice  
5 and resolution adopted under section 384.15A are filed with the  
6 county auditor.

7 Sec. 17. APPLICABILITY. This division of this Act applies  
8 to city and county budgets and taxes for fiscal years beginning  
9 on or after July 1, 2020.

10 DIVISION II

11 STATE APPRAISAL MANUAL

12 Sec. 18. Section 421.17, subsection 17, Code 2019, is  
13 amended to read as follows:

14 17. To prepare and issue a state appraisal manual which each  
15 county and city assessor shall use in assessing and valuing all  
16 classes of property in the state. The appraisal manual shall  
17 be continuously revised and the manual and revisions shall be  
18 issued to the county and city assessors in such form and manner  
19 as prescribed by the director. Each county and city assessor  
20 shall use the most recently issued manual in assessing and  
21 valuing all classes of property in the state within two years  
22 of the publication date of the most recently issued manual.  
23 The department may grant an extension of up to two years to  
24 a county or city assessor upon request and demonstration of  
25 substantial hardship by an assessor.