SENATE FILE 2472
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3001)

(As Amended and Passed by the Senate April 8, 2026)

_____ and [= New Language by the Senate

* = Language Stricken by the Senate

A BILL FOR

An Act relating to state and local government taxes, fees, financial authority, and budgets, modifying divisions of revenue, establishing a program for first-time homebuyers, modifying appropriations, and including effective date, applicability, and retroactive applicability provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

COUNTY PROPERTY TAXES AND BUDGETS

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

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph (3), the greater of three dollars and fifty cents per thousand dollars of assessed value used to calculate taxes for general county services for the budget year and the adjusted general county basic levy rate, as adjusted under subparagraph (2), if applicable.

Sec. 2. Section 331.423, subsection 1, paragraph c, Code 2026, is amended to read as follows:

c. (1) ~~For each fiscal year beginning on or after July 1, 2028, three dollars and fifty cents per thousand dollars of assessed value.~~ For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, the greater of:

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

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

(2) For the fiscal year beginning July 1, 2029, the greater of:

(a) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax

dollars certified for levy under this subsection 1 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

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

Sec. 3. Section 331.423, subsection 1, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* (1) For each fiscal year beginning on or after July 1, 2030, the levy rate imposed under this subsection 1 for the current fiscal year, unless subject to subparagraph (2), and for the budget year beginning July 1, 2030, only, not less than a levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy under this subsection 1 equal to one hundred and one-half percent of the actual property tax dollars certified for levy under this subsection 1 for the current fiscal year.

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

minus value attributable to new valuation.

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

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

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

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

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

(ii) The percentage change in the consumer price index for all urban consumers shall be equal to one hundred multiplied by the quotient of the remainder of the published value of the consumer price index for all urban consumers for the month ending eight months prior to the beginning of the applicable budget year minus the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year divided by the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year.

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

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

applicable.

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

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

(a) A levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for levy under this subsection 2 divided by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

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

(2) For the fiscal year beginning July 1, 2029, the greater of:

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

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

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

NEW PARAGRAPH. *d.* (1) For each fiscal year beginning on or after July 1, 2030, the levy rate imposed under this subsection 2 for the current fiscal year, unless subject to subparagraph (2), and for the budget year beginning July 1, 2030, only, not less than a levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy under this subsection 2 equal to one hundred and one-half percent of the actual property tax dollars certified for levy under this subsection 2 for the current fiscal year.

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

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

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

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

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

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

(ii) The percentage change in the consumer price index for all urban consumers shall be equal to one hundred multiplied by the quotient of the remainder of the published value of the consumer price index for all urban consumers for the month ending eight months prior to the beginning of the applicable budget year minus the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year divided by the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year.

Sec. 7. Section 331.423, subsection 3, Code 2026, is amended by adding the following new paragraph:

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

(1) New construction.

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

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

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

Sec. 9. APPLICABILITY. This division of this Act applies to property taxes and budgets for fiscal years beginning on or

after July 1, 2027.

DIVISION II

CITY PROPERTY TAXES AND BUDGETS

Sec. 10. Section 384.1, subsection 3, paragraph c, subparagraph (1), Code 2026, is amended to read as follows:

(1) For each fiscal year beginning on or after July 1, 2024, but before July 1, ~~2028~~ 2027, subject to subparagraph (3), a city's tax levy for the general fund, except for levies authorized in section 384.12, shall not exceed in any tax year the greater of eight dollars and ten cents per thousand dollars of assessed value used to calculate taxes for the budget year and the adjusted city general fund levy rate, as adjusted under subparagraph (2), if applicable.

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

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

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

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

certified for levy under this subsection for the current fiscal year.

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

(2) (a) For the fiscal year beginning July 1, 2029, a city's tax levy rate for the general fund, except for levies authorized in section 384.12, shall not exceed the greater of:

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

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

(b) Notwithstanding other provisions of this subparagraph, if a city's actual levy rate for the current fiscal year is zero dollars per one thousand dollars of assessed value, a levy rate per one thousand dollars of assessed value equal to one thousand multiplied by the quotient of one hundred two percent of the city's certified general fund budget for the current fiscal year divided by the remainder of the total assessed value used to calculate taxes for the budget year minus value

attributable to new valuation.

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

NEW PARAGRAPH. *e.* (1) For each fiscal year beginning on or after July 1, 2030, a city's tax levy rate for the general fund, except for levies authorized in section 384.12, shall not exceed the levy rate imposed under this subsection for the current fiscal year, unless subject to subparagraph (2), and for the budget year beginning July 1, 2030, only, not less than a levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy under this subsection equal to one hundred and one-half percent of the actual property tax dollars certified for levy under this subsection for the current fiscal year.

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

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

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

(B) If the percentage change in the consumer price index for

all urban consumers is equal to or greater than four but less than six, one hundred three percent.

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

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

(ii) The percentage change in the consumer price index for all urban consumers shall be equal to one hundred multiplied by the quotient of the remainder of the published value of the consumer price index for all urban consumers for the month ending eight months prior to the beginning of the applicable budget year minus the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year divided by the published value of the consumer price index for all urban consumers for the month ending twenty months prior to the beginning of the applicable budget year.

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

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

NEW PARAGRAPH. *c. "New valuation"* means the increase from the current fiscal year to the budget year in taxable valuation, as shown on the assessment roll due to the following, the amount of each as reported under section 331.510

by the county auditor to the department of management:

(1) New construction.

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

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

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

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

DIVISION III

SCHOOL TAXES AND BUDGETS

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

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

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

(c) For the budget year commencing July 1, 2027, and each succeeding budget year, the regular program foundation base per pupil is one hundred percent of the regular program state cost per pupil.

(2) For the budget year commencing July 1, 1991, and for each succeeding budget year the special education support services foundation base is seventy-nine percent of the special education support services state cost per pupil.

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

Sec. 17. Section 257.4, subsection 1, paragraph b, Code 2026, is amended to read as follows:

b. For the budget year beginning July 1, 2008, and succeeding budget years beginning before July 1, 2027, the department of management shall annually determine an adjusted additional property tax levy and a statewide maximum adjusted additional property tax levy rate, not to exceed the statewide average additional property tax levy rate, calculated by dividing the total adjusted additional property tax levy dollars statewide by the statewide total net taxable valuation. For purposes of this paragraph, the adjusted additional property tax levy shall be that portion of the additional property tax levy corresponding to the state cost per pupil multiplied by a school district's weighted enrollment, and then multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1, and then reduced by the amount of the property tax replacement payment to be received under section 257.16B and the amount of the foundation base supplement payment to be received under section 257.16D. The district shall receive adjusted additional property tax levy aid in an amount equal to the difference between the adjusted additional property tax levy rate and the statewide maximum adjusted additional property tax levy rate, as applied per thousand dollars of assessed valuation on all taxable property in the district. The statewide maximum adjusted additional property tax levy rate shall be annually determined by the department taking

into account amounts allocated pursuant to section 257.15, subsection 4, and the balance of the property tax equity and relief fund created in section 257.16A at the end of the calendar year.

Sec. 18. Section 257.4, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 19. Section 257.15, subsections 2 and 3, Code 2026, are amended to read as follows:

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

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

Sec. 20. Section 257.15, subsection 4, paragraph a, subparagraph (1), subparagraph division (d), Code 2026, is amended to read as follows:

(d) For the budget year beginning July 1, 2009, and

succeeding budget years beginning before July 1, 2027, twenty-four million dollars.

Sec. 21. Section 257.15, subsection 4, paragraph b, Code 2026, is amended to read as follows:

b. ~~After~~ For fiscal years beginning before July 1, 2026, after lowering all school district adjusted additional property tax levy rates to the statewide maximum adjusted additional property tax levy rate under paragraph "*a*", the department of management shall use any remaining funds at the end of the calendar year to further lower additional property taxes by increasing for the budget year beginning the following July 1, the regular program foundation base per pupil percentage under section 257.1. Moneys used pursuant to this paragraph shall supplant an equal amount of the appropriation made from the general fund of the state pursuant to section 257.16 that represents the increase in state foundation aid. Any moneys remaining at the conclusion of the fiscal year beginning July 1, 2025, shall be transferred by the department of management for deposit in the general fund of the state.

Sec. 22. Section 257.16A, subsections 2 and 3, Code 2026, are amended to read as follows:

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

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

Sec. 23. Section 257.16B, subsection 1, Code 2026, is amended to read as follows:

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

Sec. 24. Section 257.16D, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. ~~There~~ For fiscal years beginning before July 1, 2027, there is appropriated annually from the fund to the department of management an amount necessary to make all foundation base supplement payments under this section. The department of management shall calculate each school district's foundation base supplement payment based on the distribution methodology under paragraph "*b*".

Sec. 25. Section 257.16D, subsection 3, Code 2026, is amended to read as follows:

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

Sec. 26. Section 257.31, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 19. *a.* The board of directors of each school district with an unexpended fund balance in the district's management levy fund under section 298A.3 at the conclusion of the fiscal year beginning July 1, 2025, that exceeds an amount equal to the total expenditures from the district's management levy fund for the fiscal year beginning July 1, 2025, shall certify such unexpended fund balance and

expenditure amounts, including any reserved or designated amounts in the fund and the purposes therefor, to the school budget review committee by November 15, 2026. The committee shall prescribe the form for such certifications.

b. The committee shall conduct a review of the unexpended fund balances and expenditures of school district management levy funds certified under paragraph "*a*". The committee shall consult with boards of directors of school districts and other relevant persons to determine the appropriateness of establishing district management levy fund unexpended fund balance limitations. By February 1, 2027, the committee shall make recommendations to the general assembly for establishing district management levy fund unexpended fund balance limitations for fiscal years beginning on or after July 1, 2028, including recommendations for limitations based on a percentage of the district's management levy fund expenditures and recommendations for management levy limitations and expenditure requirements for excess funds.

Sec. 27. Section 298.2, subsection 1, Code 2026, is amended to read as follows:

1. *a.* A physical plant and equipment levy of not exceeding one dollar and ~~sixty-seven~~ eighteen cents per thousand dollars of assessed valuation in the district is established except as otherwise provided in this subsection. The physical plant and equipment levy consists of the regular physical plant and equipment levy of not exceeding ~~thirty-three~~ twenty-four cents per thousand dollars of assessed valuation in the district and a voter-approved physical plant and equipment levy of not exceeding ~~one dollar and thirty-four~~ ninety-four cents per thousand dollars of assessed valuation in the district. However, the voter-approved physical plant and equipment levy may consist of a combination of a physical plant and equipment property tax levy and a physical plant and equipment income surtax as provided in subsection 4 with the maximum amount levied and imposed limited to an amount that could be raised

by a ~~one dollar and thirty-four~~ ninety-four cent property tax levy. A voter-approved physical plant and equipment levy approved prior to the effective date of this division of this Act shall not exceed a rate that is seventy percent of the rate approved at election.

b. For school budget years beginning on or after July 1, ~~2015~~ 2027, a school district may by resolution of the board of directors adopted prior to April 30 preceding the budget year impose a physical plant and equipment levy at a rate in excess of the levy rate limitations under paragraph *"a"* if the board has refunded or refinanced a loan agreement entered into under section 297.36 and such refunding or refinancing complies with the maturity period authorized under section 297.36, subsection 1, paragraph *"c"*, and results in a lower amount of interest on the amount of the loan agreement. However, the rate imposed by a school district under this paragraph shall not exceed the rate imposed during the budget year in which the loan agreement was refunded or refinanced or seventy percent of such levy rate if the refunding or refinancing occurred in the budget year beginning July 1, 2026. Authorization to exceed the levy rate limitations of paragraph *"a"* shall terminate upon the maturity of the loan agreement after refunding or refinancing. Upon adoption of the resolution under this paragraph *"b"*, the board shall comply with the requirements of section 297.36, subsection 1, paragraph *"b"*.

Sec. 28. Section 298.2, subsection 2, Code 2026, is amended by striking the subsection.

Sec. 29. Section 298.4, subsection 1, unnumbered paragraph 1, Code 2026, is amended to read as follows:

~~The~~ Unless prohibited by subsection 1A, paragraph *"a"*, the board of directors of a school district may certify for levy by April 30 of a school year, a tax on all taxable property in the school district for a district management levy, subject to the limitations in subsection 1A, paragraph *"b"*. The revenue from the tax levied in this section shall be placed in the district

management levy fund of the school district. The district management levy shall be expended only for the following purposes:

Sec. 30. Section 298.4, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. *a.* (1) For the fiscal year beginning July 1, 2028, if a school district's unexpended fund balance, as defined in section 257.2, of the district's management levy fund is equal to or exceeds one hundred eighty percent of the average annual expenditures from the district's management levy fund for the three consecutive fiscal years immediately preceding the base year, the board of directors shall not certify a levy under this section for the fiscal year.

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

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

(4) For the fiscal year beginning July 1, 2031, if a school district's unexpended fund balance, as defined in section 257.2, of the district's management levy fund is equal to or exceeds one hundred sixty-five percent of the average annual expenditures from the district's management levy fund for the three consecutive fiscal years immediately preceding the base

year, the board of directors shall not certify a levy under this section for the fiscal year.

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

b. (1) For the fiscal year beginning July 1, 2028, if a school district is not prohibited from certifying a levy pursuant to paragraph *"a"*, the maximum amount that the board of directors may certify for levy under this section shall be an amount equal to the remainder of one hundred eighty percent of the average annual expenditures from the district's management levy fund for the three consecutive fiscal years immediately preceding the base year minus the district's management levy fund unexpended fund balance for the fiscal year preceding the base year.

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

(3) For the fiscal year beginning July 1, 2030, if a school district is not prohibited from certifying a levy pursuant to paragraph *"a"*, the maximum amount that the board of directors may certify for levy under this section shall be an amount

equal to the remainder of one hundred seventy percent of the average annual expenditures from the district's management levy fund for the three consecutive fiscal years immediately preceding the base year minus the district's management levy fund unexpended fund balance for the fiscal year preceding the base year.

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

(5) For the fiscal year beginning July 1, 2032, and each succeeding fiscal year, if a school district is not prohibited from certifying a levy pursuant to paragraph "a", the maximum amount that the board of directors may certify for levy under this section shall be an amount equal to the remainder of one hundred sixty percent of the average annual expenditures from the district's management levy fund for the three consecutive fiscal years immediately preceding the base year minus the district's management levy fund unexpended fund balance for the fiscal year preceding the base year.

Sec. 31. Section 298.18, subsection 1, paragraph d, Code 2026, is amended to read as follows:

d. (1) The amount estimated and certified to apply on principal and interest for any one year may exceed ~~two dollars and seventy~~ one dollar and eighty-nine cents per thousand dollars of assessed value by the amount approved by the voters of the school corporation, but not exceeding ~~four~~ two dollars and ~~five~~ eighty-four cents per thousand dollars of the assessed value of the taxable property within any school corporation,

provided that the registered voters of such school corporation have first approved such increased amount at an election held on a date specified in section 39.2, subsection 4, paragraph "c". Amounts approved at election before the effective date of this division of this Act shall not exceed a rate that is seventy percent of the rate approved at election.

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

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

(1) Prior to distribution of moneys in the secure an advanced vision for education fund to school districts, an amount equal to the equity transfer amount for the fiscal year ~~minus the foundation base transfer amount for the fiscal year~~ shall be ~~distributed and~~ credited to the ~~property tax equity and relief fund created in section 257.16A, an amount equal to the foundation base transfer amount shall be distributed and credited to the foundation base supplement fund created in section 257.16D,~~ general fund of the state to be used for foundation aid resulting from the increase in the regular program foundation base per pupil to one hundred percent of the regular program state cost per pupil and an amount equal to the career academy transfer amount for the fiscal year shall be distributed and credited to the career academy fund created in section 257.51.

Sec. 33. Section 423F.2, subsection 3, paragraph b, subparagraph (3), Code 2026, is amended by striking the subparagraph.

Sec. 34. Section 423F.3, subsection 1, paragraph a, Code 2026, is amended to read as follows:

a. Reduction of the bond ~~levies~~ levy under ~~sections~~ section

298.18 ~~and 298.18A~~ and all other debt levies.

Sec. 35. Section 425A.3, subsection 1, Code 2026, is amended to read as follows:

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

Sec. 36. Section 425A.5, Code 2026, is amended to read as follows:

425A.5 Computation by county auditor.

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

is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", by the total taxable value of the agricultural land entitled to credit in the school district, and on or before April 1, certify the total amount of credit and the total number of acres entitled to the credit to the department of revenue.

Sec. 37. Section 426.3, Code 2026, is amended to read as follows:

426.3 Where credit given.

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

Sec. 38. Section 426.6, subsection 1, Code 2026, is amended to read as follows:

1. The agricultural land tax credit allowed each year shall be computed as follows: On or before April 1, the county auditor shall list by school districts all tracts of agricultural lands which are entitled to credit, together with the taxable value for the previous year, together with the budget from each school district for the previous year, and the

tax rate determined for the general fund of the district in the manner prescribed in section 444.3 for the previous year, and if such tax rate is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", the auditor shall multiply the tax levy which is in excess of ~~five dollars and forty cents per thousand dollars of assessed value~~ the levy rate under section 257.3, subsection 1, paragraph "a", by the total taxable value of the agricultural lands entitled to credit in the district, and on or before April 1, certify the amount to the department of revenue.

Sec. 39. REPEAL. Section 298.18A, Code 2026, is repealed.

Sec. 40. EFFECTIVE DATE. Except for the section of this division of this Act amending section 257.31, this division of this Act takes effect January 1, 2027.

Sec. 41. APPLICABILITY. Except for the section of this division of this Act amending section 257.31, this division of this Act applies to fiscal years and school budget years beginning on or after July 1, 2027.

DIVISION IV

PROPERTY CLASSIFICATIONS, VALUATIONS, AND ASSESSMENT LIMITATIONS

Sec. 42. Section 386.8, Code 2026, is amended to read as follows:

386.8 Operation tax.

A city may establish a self-supported improvement district operation fund, and may certify taxes not to exceed the rate limitation as established in the ordinance creating the district, or any amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of paying the administrative expenses of the district, which may include but are not limited to administrative personnel salaries, a separate administrative office, planning costs including consultation fees, engineering fees, architectural fees, and legal fees and all other expenses

reasonably associated with the administration of the district and the fulfilling of the purposes of the district. The taxes levied for this fund may also be used for the purpose of paying maintenance expenses of improvements or self-liquidating improvements for a specified length of time with one or more options to renew if such is clearly stated in the petition which requests the council to authorize construction of the improvement or self-liquidating improvement, whether or not such petition is combined with the petition requesting creation of a district. Parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under this section except residential properties within a duly designated historic district or property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph "a", subparagraph ~~(6)~~ (5). A tax levied under this section is not subject to the levy limitation in section 384.1.

Sec. 43. Section 386.9, Code 2026, is amended to read as follows:

386.9 Capital improvement tax.

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

Sec. 44. Section 386.10, Code 2026, is amended to read as follows:

386.10 Debt service tax.

A city shall establish a self-supported municipal improvement district debt service fund whenever any self-supported municipal improvement district bonds are issued and outstanding, other than revenue bonds, and shall certify taxes to be levied against all of the property in the district for the debt service fund in the amount necessary to pay interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all self-supported municipal improvement district bonds as authorized in section 386.11, issued by the city. However, parcels of property which are assessed as residential property for property tax purposes at the time of the issuance of the bonds are exempt from the tax levied under this section until the parcels are no longer assessed as residential property or until the residential properties are designated as a part of a historic district or property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph "*a*", subparagraph ~~(6)~~ (5).

Sec. 45. Section 404.2, subsection 2, paragraph f, Code 2026, is amended to read as follows:

f. A statement specifying whether the revitalization is applicable to none, some, or all of the property assessed as residential, multiresidential, agricultural, commercial, or industrial property within the designated area or a combination thereof and whether the revitalization is for rehabilitation and additions to existing buildings or new construction or both. If revitalization is made applicable only to some property within an assessment classification, the definition of that subset of eligible property must be by uniform criteria which further some planning objective identified in the plan. The city shall state how long it is estimated that the area shall remain a designated revitalization area which time

shall be longer than one year from the date of designation and shall state any plan by the city to issue revenue bonds for revitalization projects within the area. For a county, a revitalization area shall include only property which will be used as industrial property, commercial property, multiresidential property, or residential property. However, a county shall not provide a tax exemption under this chapter to commercial property, multiresidential property, or residential property which is located within the limits of a city.

Sec. 46. Section 404.3, subsection 4, paragraph a, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

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

(1) Residential property.

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

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

Sec. 47. Section 404.3A, Code 2026, is amended to read as follows:

404.3A Residential development area exemption.

Notwithstanding the schedules provided for in section 404.3, all qualified real estate assessed as residential property or multiresidential property, excluding property classified as ~~residential~~ multiresidential property under section 441.21, subsection ~~14~~ 13, paragraph "*a*", subparagraph ~~(6)~~ (5), in an area designated under section 404.1, subsection 5, is eligible to receive an exemption from taxation on the first seventy-five

thousand dollars of actual value added by the improvements. The exemption is for a period of five years.

Sec. 48. Section 404.3D, Code 2026, is amended to read as follows:

404.3D Exemptions for residential and multiresidential property.

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

Sec. 49. Section 441.21, subsection 1, paragraph b, subparagraph (1), Code 2026, is amended to read as follows:

(1) The actual value of all property subject to assessment and taxation shall be the fair and reasonable market value of such property except as otherwise provided in this section. "*Market value*" is defined as the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property. Sale prices of the property or comparable property in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property, shall be taken into consideration in arriving at its market value. In arriving at market value, sale prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including but not limited to built-to-suit construction, sale-leaseback transactions, leased fee sales, sales ~~to immediate family of the seller~~ between related parties, foreclosure or other forced sales, contract sales, discounted

purchase transactions or purchase of adjoining land or other land to be operated as a unit.

Sec. 50. Section 441.21, subsection 1, paragraph e, Code 2026, is amended to read as follows:

e. The actual value of agricultural property shall be determined on the basis of productivity and net earning capacity of the property determined on the basis of its use for agricultural purposes capitalized at a rate of seven percent and applied uniformly among counties and among classes of property. However, for assessment years beginning on or after January 1, 2027, structures on agricultural land constructed on or after January 1, 2027, that are not agricultural dwellings shall not be included in determination of productivity and net earning capacity of agricultural property and shall not be allocated any portion of the total county productivity value so determined. However, such structures shall be treated similarly to agricultural structures constructed before January 1, 2027, when applying any equalization order of the department. Such agricultural structures shall instead be valued according to the structure's replacement cost less depreciation and obsolescence and the structure's assessed value subject to taxation prior to application of any assessment limitation under subsection 4 shall be equal to the product of the structure's value multiplied by the agricultural factor, as determined in 701 IAC 102.3(2) or succeeding rule of the department. Any formula or method employed to determine productivity and net earning capacity of property shall be adopted in full by rule.

Sec. 51. Section 441.21, subsection 2, Code 2026, is amended to read as follows:

2. In the event market value of the property being assessed cannot be readily established in the foregoing manner, then the assessor may determine the value of the property using the other uniform and recognized appraisal methods including its productive and earning capacity, if any, industrial conditions,

its cost, physical and functional depreciation and obsolescence and replacement cost, and all other factors which would assist in determining the fair and reasonable market value of the property but the actual value shall not be determined by use of only one such factor. The following shall not be taken into consideration: Special value or use value of the property to its present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property. In addition, for assessment years beginning on or after January 1, 2018, and unless otherwise required for property valued by the department of revenue pursuant to chapters 428, 437, and 438, the assessor shall not take into consideration and shall not request from any person sales or receipts data, expense data, balance sheets, bank account information, or other data related to the financial condition of a business operating in whole or in part on the property if the property is both classified as commercial or industrial property and owned and used by the owner of the business. However, in assessing property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, as amended, and which section limits the amount that the individual or family pays for the rental or lease of units in the property, the assessor shall, unless the owner elects to withdraw the property from the assessment procedures for section 42 property, use the productive and earning capacity from the actual rents received as a method of appraisal and shall take into account the extent to which that use and limitation reduces the market value of the property. The assessor shall not consider any tax credit equity or other subsidized financing as income provided to the property in determining the assessed value. The property owner shall notify the assessor when property is withdrawn from section 42 eligibility under the Internal Revenue Code or if the owner elects to withdraw the property from the assessment procedures for section 42 property under this

subsection. The property shall not be subject to section 42 assessment procedures for the assessment year for which section 42 eligibility is withdrawn or an election is made. This notification must be provided to the assessor no later than March 1 of the assessment year or the owner will be subject to a penalty of five hundred dollars for that assessment year. The penalty shall be collected at the same time and in the same manner as regular property taxes. An election to withdraw from the assessment procedures for section 42 property is irrevocable. Property that is withdrawn from the assessment procedures for section 42 property shall be classified and assessed as ~~residential~~ multiresidential property unless the property otherwise fails to meet the requirements of subsection ~~14~~ 13. Upon adoption of uniform rules by the department of revenue or succeeding authority covering assessments and valuations of such properties, the valuation on such properties shall be determined in accordance with such rules and in accordance with forms and guidelines contained in the real property appraisal manual prepared by the department as updated from time to time for assessment purposes to assure uniformity, but such rules, forms, and guidelines shall not be inconsistent with or change the foregoing means of determining the actual, market, taxable, and assessed values.

Sec. 52. Section 441.21, subsections 4 and 5, Code 2026, are amended to read as follows:

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

a. ~~(1)~~ The percentage of actual value at which agricultural property shall be assessed shall be the quotient of the dividend and divisor as defined in this paragraph. The dividend ~~for each class of property~~ shall be the dividend as determined for ~~each class of~~ agricultural property

for valuations established as of January 1, ~~1978~~ 2025, as determined under the applicable law for that assessment year, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for ~~1978~~ 2025, plus ~~six~~ three percent of the amount so determined.

~~(2) However, if the difference between the dividend so determined for either class of property and the dividend for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, is less than six percent, the 1979 dividend for the other class of property shall be the dividend as determined for that class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, plus a percentage of the amount so determined which is equal to the percentage by which the dividend as determined for the other class of property for valuations established as of January 1, 1978, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1978, is increased in arriving at the 1979 dividend for the other class of property.~~

~~(3) For valuations established for assessment years~~

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

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

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

~~c. (1) For valuations established as of January 1, 1980, and each assessment year thereafter beginning before January 1, 2013, the percentage of actual value as equalized by the director of revenue as provided in section 441.49 at which~~

~~agricultural and residential property shall be assessed shall be calculated in accordance with the methods provided in this subsection, including the limitation of increases in agricultural and residential assessed values to the percentage increase of the other class of property if the other class increases less than the allowable limit adjusted to include the applicable and current values as equalized by the director of revenue, except that any references to six percent in this subsection shall be four percent.~~

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

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

(2) For valuations established for the assessment year beginning January 1, 2026, the percentage of actual value as equalized by the department of revenue as provided in section 441.49 at which residential property shall be assessed shall be fifty-five percent.

(3) For valuations established for the assessment year beginning January 1, 2027, and each assessment year thereafter, the percentage of actual value as equalized by the department

of revenue as provided in section 441.49 at which residential property shall be assessed shall be sixty-five percent.

5. *a.* ~~(1) For valuations established as of January 1, 1979, property valued by the department of revenue pursuant to chapter 437 shall be considered as one class of property and shall be assessed as a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1978 by the department of revenue, plus ten percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapter 437 shall be the valuation established for 1978, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1979. For valuations established as of January 1, 1980, property valued by the department of revenue pursuant to chapter 437 shall be assessed at a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1979 by the department of revenue, plus eight percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapter 437 shall be the valuation established for 1979, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1980. For valuations established as of January 1, 1981, and each year thereafter, the percentage of actual value at which property valued by the department of revenue pursuant to chapter 437 shall be assessed shall be calculated in accordance with the~~

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) For valuations established for the assessment year beginning January 1, 2026, the portion of actual value at which each property unit of commercial property shall be assessed shall be the sum of the following:

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

(b) An amount equal to ninety-three percent of the actual

value of the property for that assessment year that exceeds one hundred fifty thousand dollars.

(3) For valuations established for the assessment year beginning January 1, 2027, and each assessment year thereafter, the portion of actual value at which each property unit of commercial property shall be assessed shall be the sum of the following:

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

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

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

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

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

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

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

(2) For valuations established for the assessment year beginning January 1, 2026, the portion of actual value at which each property unit of industrial property shall be assessed shall be the sum of the following:

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

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

(3) For valuations established for the assessment year beginning January 1, 2027, and each assessment year thereafter, the portion of actual value at which each property unit of industrial property shall be assessed shall be the sum of the following:

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

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

d. For valuations established for the assessment year beginning January 1, 2019, and each assessment year thereafter,

the percentages or portions of actual value at which property is assessed, as determined under this subsection, shall not be applied to the value of wind energy conversion property valued under section 427B.26 the construction of which is approved by the Iowa utilities commission on or after July 1, 2018.

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

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

(3) On or before July 1 of each applicable fiscal year, the assessor shall report to the county auditor that portion of the total actual value of all commercial property and industrial property in the county that is subject to the assessment limitations imposed under paragraph "b", subparagraph (2),

subparagraph division (a), Code 2026, and paragraph "c", subparagraph (2), subparagraph division (a), Code 2026, for the assessment year used to calculate the taxes due and payable in that fiscal year.

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

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

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

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

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

(6) The amounts determined under this paragraph shall be paid by the department to the county treasurers in equal installments in September and March of each year. The county treasurer shall apportion the payments among the eligible taxing districts in the county and the amounts received by each

taxing authority shall be treated the same as property taxes paid.

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

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

(a) Parcels that share a common boundary.

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

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

(2) *"Parcel"* means the same as defined in section 445.1. *"Parcel"* also means that portion of a parcel assigned a classification of commercial property or industrial property pursuant to ~~section 441.21,~~ subsection 14, paragraph *"b"*, Code 2026.

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

Sec. 53. Section 441.21, subsection 8, paragraph b, Code 2026, is amended to read as follows:

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

Sec. 54. Section 441.21, subsections 9 and 10, Code 2026, are amended to read as follows:

9. Not later than November 1, ~~1979~~ 2026, and November 1 of each subsequent year, the director shall certify to the county auditor of each county the percentages of actual

value at which ~~residential property, agricultural property, commercial property, industrial property, property valued by the department of revenue pursuant to chapters 428 and 438, property valued by the department of revenue pursuant to chapter 434, and property valued by the department of revenue pursuant to chapter 437 in each assessing jurisdiction in the county~~ each classification of property shall be assessed for taxation~~, including for assessment years beginning on or after January 1, 2022, the percentages used to apply the assessment limitations under subsection 5, paragraphs "b" and "c"~~. The county auditor shall proceed to determine the assessed values ~~of agricultural property, residential property, commercial property, industrial property, property valued by the department of revenue pursuant to chapters 428 and 438, property valued by the department of revenue pursuant to chapter 434, and property valued by the department of revenue pursuant to chapter 437~~ by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

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

Sec. 55. Section 441.21, subsection 13, paragraph a,

unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 56. Section 441.21, subsection 13, paragraph b, Code 2026, is amended by striking the paragraph and inserting in lieu thereof the following:

b. For valuations established for the assessment year beginning January 1, 2027, and each assessment year thereafter, the percentage of actual value as equalized by the department of revenue as provided in section 441.49 at which multiresidential property shall be assessed shall be eighty percent.

Sec. 57. Section 441.21, subsection 13, paragraph c, Code 2026, is amended to read as follows:

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

Sec. 58. Section 441.21, subsection 13, Code 2026, is amended by adding the following new paragraph:

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

Sec. 59. Section 441.21, subsection 14, Code 2026, is

amended to read as follows:

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

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

~~(2) Mobile home parks.~~

~~(3) Manufactured home communities.~~

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

~~(5) Assisted living facilities.~~

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

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

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

~~classification of residential property and to such other portions of the parcel the property classification for which such other portions qualify.~~

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

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

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

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

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

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

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

Sec. 60. Section 441.33, Code 2026, is amended by adding the following new subsection:

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

Sec. 61. Section 558.46, Code 2026, is amended by adding the

following new subsection:

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

Sec. 62. SAVINGS PROVISION. This division of this Act, pursuant to section 4.13, does not affect the operation of, or prohibit the application of, prior provisions of section 441.21, or rules adopted under chapter 17A to administer prior provisions of section 441.21, for assessment years beginning before January 1, 2026, or for duties, powers, protests, appeals, proceedings, actions, or remedies attributable to an assessment year beginning before January 1, 2026, including property taxes due and payable in a fiscal year as the result of an assessment year beginning before January 1, 2026.

Sec. 63. EFFECTIVE DATE. The following take effect January 1, 2027:

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 64. RETROACTIVE APPLICABILITY. Except as otherwise provided in this division of this Act, this division of this Act applies retroactively to assessment years beginning on or after January 1, 2026.

Sec. 65. APPLICABILITY. The following apply to assessment years beginning on or after January 1, 2027:

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

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

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

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

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

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

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

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

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

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

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

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

DIVISION V

DISABLED VETERAN AND HOMESTEAD CREDITS AND EXEMPTIONS

Sec. 66. Section 25B.7, subsection 2, paragraph a, Code 2026, is amended to read as follows:

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

Sec. 67. Section 425.1, subsection 2, Code 2026, is amended by striking the subsection and inserting in lieu thereof the following:

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

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

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

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

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

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

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

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

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

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

(5) (a) Except as provided in subparagraph division (b), the list of the names and addresses of individuals allowed a credit under this paragraph and maintained by the county recorder, county treasurer, county assessor, city assessor, or other government body is confidential information and shall not be disseminated to any person unless otherwise ordered by a court or released by the lawful custodian of the records pursuant to state or federal law. The county recorder, county treasurer, county assessor, city assessor, or other government body responsible for maintaining the names and addresses of individuals allowed a credit under this paragraph may display such credit on individual paper records and individual

electronic records, including display on an internet site.

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

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

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

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

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

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

Sec. 68. Section 425.1A, subsection 1, Code 2026, is amended to read as follows:

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

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

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

Sec. 69. Section 425.1A, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. *a.* (1) Except as provided in subparagraph (2), for the assessment year beginning January 1, 2026, an exemption from taxation of five percent of taxable value, but not less than four thousand eight hundred fifty dollars in taxable value and not to exceed an exemption of thirty-five thousand dollars in taxable value, shall be allowed on each eligible homestead.

(2) (a) For an owner that has attained the age of sixty years but has not yet attained the age of seventy by January 1 of the assessment year, the amount of the exemption shall be sixty percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(b) For an owner that has attained the age of seventy years but has not yet attained the age of eighty by January 1 of the assessment year, the amount of the exemption shall be seventy percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(c) For an owner that has attained the age of eighty years but has not yet attained the age of ninety by January 1 of the

assessment year, the amount of the exemption shall be eighty percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(d) For an owner that has attained the age of ninety years but has not yet attained the age of one hundred by January 1 of the assessment year, the amount of the exemption shall be ninety percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(e) For an owner that has attained the age of one hundred years by January 1 of the assessment year, the amount of the exemption shall be one hundred percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

b. (1) Except as provided in subparagraph (2), for each assessment year beginning on or after January 1, 2027, an exemption from taxation of fifteen percent of taxable value, but not less than four thousand eight hundred fifty dollars in taxable value and not to exceed an exemption of one hundred fifty thousand dollars in taxable value, shall be allowed on each eligible homestead.

(2) (a) For an owner that has attained the age of sixty years but has not yet attained the age of seventy by January 1 of the assessment year, the amount of the exemption shall be sixty percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(b) For an owner that has attained the age of seventy years but has not yet attained the age of eighty by January 1 of the assessment year, the amount of the exemption shall be seventy percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(c) For an owner that has attained the age of eighty years but has not yet attained the age of ninety by January 1 of the assessment year, the amount of the exemption shall be eighty percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(d) For an owner that has attained the age of ninety years but has not yet attained the age of one hundred by January 1 of the assessment year, the amount of the exemption shall be ninety percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

(e) For an owner that has attained the age of one hundred years by January 1 of the assessment year, the amount of the exemption shall be one hundred percent of taxable value, not to exceed an exemption of three hundred fifty thousand dollars in taxable value.

c. (1) For the assessment year beginning January 1, 2028, and for each subsequent assessment year, the maximum exemption amounts under paragraph *"b"* shall be multiplied by the cumulative adjustment factor for that assessment year. *"Cumulative adjustment factor"* means the product of the annual adjustment factor for the assessment year beginning January 1, 2027, and all annual adjustment factors for subsequent assessment years. The cumulative adjustment factor applies to the assessment year beginning in the calendar year for which the latest annual adjustment factor has been determined.

(2) The annual adjustment factor for the assessment year beginning January 1, 2027, is one hundred percent. For each subsequent assessment year, the annual adjustment factor equals the annual inflation factor for the calendar year, in which the assessment year begins, as computed in section 422.4 for purposes of the individual income tax.

(3) The cumulative adjustment factor shall be determined annually by the department of revenue.

Sec. 70. Section 425.1A, subsection 2, Code 2026, is amended to read as follows:

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

Sec. 71. Section 425.2, subsections 1 and 2, Code 2026, are amended to read as follows:

1. A person who wishes to qualify for the homestead credit

or exemptions allowed under this subchapter shall obtain the appropriate forms for filing ~~for the credit~~ from the assessor. The forms shall include the ability to claim the credit under section 425.1 and the exemptions under section 425.1A. However, a separate form shall be required for claiming a credit under section 425.1, subsection 2, paragraph "b". The person claiming the credit or exemption shall file a verified statement and designation of homestead with the assessor for the year for which the person is first claiming the credit or exemption. The claim shall be filed not later than July 1 of the year for which the person is claiming the credit or exemption. A claim filed after July 1 of the year for which the person is claiming the credit or exemption shall be considered as a claim filed for the following year.

2. Upon the filing and allowance of the claim, the claim shall be allowed on that homestead for successive years without further filing as long as the property is legally or equitably owned and used as a homestead by that person or that person's spouse on July 1 of each of those successive years, and the owner of the property being claimed as a homestead declares residency in Iowa for purposes of income taxation, and the property is occupied by that person or that person's spouse for at least six months in each of those calendar years in which the fiscal year begins. When the property is sold or transferred, the buyer or transferee who wishes to qualify shall refile for the credit or exemption. However, when the property is transferred as part of a distribution made pursuant to chapter 598, the transferee who is the spouse retaining ownership of the property is not required to refile for the credit or exemption. Property divided pursuant to chapter 598 shall not be modified following the division of the property. An owner who ceases to use a property for a homestead or intends not to use it as a homestead for at least six months in a calendar year shall provide written notice to the assessor by July 1 following the date on which the use is changed. A

person who sells or transfers a homestead or the personal representative of a deceased person who had a homestead at the time of death, shall provide written notice to the assessor that the property is no longer the homestead of the former claimant.

Sec. 72. Section 425.2, subsection 4, Code 2026, is amended by striking the subsection.

Sec. 73. Section 425.2, subsections 5 and 6, Code 2026, are amended to read as follows:

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

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

Sec. 74. Section 425.8, subsection 1, Code 2026, is amended to read as follows:

1. The director of revenue shall prescribe the form for the making of a verified statement and designation of homestead, the form for the supporting affidavits required herein, and such other forms as may be necessary for the proper administration of this subchapter. Whenever necessary, the

department of revenue shall forward to the county auditors of the several counties in the state the prescribed sample forms, and the county auditors shall furnish blank forms prepared in accordance therewith with the assessment rolls, books, and supplies delivered to the assessors. The department of revenue shall prescribe and the county auditors shall provide on the forms ~~for claiming the homestead credit~~ a statement to the effect that the owner realizes that the owner must give written notice to the assessor when the owner changes the use of the property.

Sec. 75. Section 425.11, subsection 1, paragraph d, subparagraph (1), unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 76. Section 425.11, subsection 1, paragraph d, subparagraph (3), Code 2026, is amended to read as follows:

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

Sec. 77. Section 425.11, subsection 1, paragraph e, subparagraph (2), Code 2026, is amended to read as follows:

(2) For the purpose of this subchapter, the word *"owner"* shall be construed to mean a bona fide owner and not one for the purpose only of availing the person of the benefits of this subchapter. In order to qualify for the homestead tax credit ~~and~~ or exemption, evidence of ownership shall be on file in the office of the clerk of the district court or recorded in the office of the county recorder at the time the owner files with

the assessor a verified statement of the homestead claimed by the owner as provided in section 425.2.

Sec. 78. Section 425.17, subsection 4, Code 2026, is amended to read as follows:

4. "*Homestead*" means the dwelling owned or rented and actually used as a home by the claimant during the period specified in subsection 2, and so much of the land surrounding it including one or more contiguous lots or tracts of land, as is reasonably necessary for use of the dwelling as a home, but not exceeding one-half acre, and may consist of a part of a multidwelling or multipurpose building and a part of the land upon which it is built. It does not include personal property except that a manufactured or mobile home may be a homestead. Any dwelling or a part of a multidwelling or multipurpose building which is exempt from taxation, except for an exemption under section 425.1A, does not qualify as a homestead under this subchapter. However, solely for purposes of claimants living in a property and receiving reimbursement for rent constituting property taxes paid immediately before the property becomes tax exempt, and continuing to live in it after it becomes tax exempt, the property shall continue to be classified as a homestead. A homestead must be located in this state. When a person is confined in a nursing home, extended-care facility, or hospital, the person shall be considered as occupying or living in the person's homestead if the person is the owner of the homestead and the person maintains the homestead and does not lease, rent, or otherwise receive profits from other persons for the use of the homestead.

Sec. 79. Section 483A.24, subsection 20, Code 2026, is amended to read as follows:

20. Upon payment of a fee established by rules adopted pursuant to section 483A.1 for a lifetime trout fishing license, the department shall issue a lifetime trout fishing license to a person who is at least sixty-five years of age or

to a person who qualifies for the disabled veteran homestead credit under section ~~425.15~~ 425.1, subsection 2, paragraph "b". The department shall prepare an application to be used by a person requesting a lifetime trout fishing license under this subsection.

Sec. 80. REPEAL. Section 425.15, Code 2026, is repealed.

Sec. 81. IMPLEMENTATION. Homestead owners who have filed for or that are receiving homestead credits or exemptions under chapter 425, subchapter I, before the effective date of this division of this Act shall continue to receive such credits and exemptions for which the owner is eligible for assessment years beginning on or after January 1, 2026, without refiling, and, if the owner is eligible, shall receive the exemption under section 425.1A, subsection 1A, as enacted in this division of this Act, without filing for such exemption.

Sec. 82. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to assessment years beginning on or after January 1, 2026.

DIVISION VI

MILITARY SERVICE PROPERTY TAX EXEMPTION

Sec. 83. Section 426A.11, subsection 2, Code 2026, is amended to read as follows:

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

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

c. For assessment years beginning on or after January

1, 2026, the property of an honorably separated, retired, furloughed to a reserve, placed on inactive status, or discharged veteran, as defined in section 35.1, subsection 2, paragraph "a" or "b" not to exceed the lesser of two percent of the taxable value of the property or fourteen thousand dollars, but not less than five thousand dollars.

Sec. 84. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2026, for assessment years beginning on or after that date.

DIVISION VII

HOSPITAL AND EMERGENCY MEDICAL SERVICES PROPERTY TAX LEVIES

Sec. 85. Section 347.7, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. *a.* (1) For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) For fiscal years beginning on or after July 1, 2029, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred five percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value

attributable to new valuation.

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

Sec. 86. Section 347A.3, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. *a.* (1) For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) For fiscal years beginning on or after July 1, 2029, any property tax levy imposed for a county hospital under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred five percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

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

Sec. 87. Section 357F.8, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. *a.* (1) For the fiscal year beginning

July 1, 2027, and the fiscal year beginning July 1, 2028, any property tax levy imposed for the district under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

(2) For fiscal years beginning on or after July 1, 2029, any property tax levy imposed for the district under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred five percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

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

Sec. 88. Section 357G.8, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3. *a.* (1) For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, any property tax levy imposed for the district under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy by

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

(2) For fiscal years beginning on or after July 1, 2029, any property tax levy imposed for the district under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred five percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

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

Sec. 89. NEW SECTION. **422D.5A Levy limitation.**

1. *a.* For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, any property tax levy imposed under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

b. For fiscal years beginning on or after July 1, 2029, any property tax levy imposed under this chapter that is limited by law to a specific property tax levy rate per one thousand dollars of assessed value shall not exceed a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient obtained by dividing one hundred five percent of the current fiscal year's actual

property tax dollars certified for such levy by the remainder of the total assessed value used to calculate such taxes for the budget year minus value attributable to new valuation.

2. For purposes of this section, "*budget year*", "*current fiscal year*", and "*new valuation*" mean the same as defined in section 331.423.

DIVISION VIII

PROPERTY TAX LEVY RATES

Sec. 90. Section 176A.10, subsection 2, Code 2026, is amended by striking the subsection.

Sec. 91. Section 312.2, subsection 5, paragraph a, Code 2026, is amended to read as follows:

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

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

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

Sec. 92. NEW SECTION. **444.25 Maximum property tax levy rates — adjustments.**

1. For purposes of this section:

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

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

certified.

c. *"Rate-limited property tax levy"* includes any ad valorem property tax levy limited by law to a specific property tax levy rate for a fiscal year beginning on or after July 1, 2027, expressed in statute as a specific amount of money due other than a calculated amount, per one thousand dollars of assessed value used to calculate taxes. This paragraph shall not be construed to include the school district foundation levy under section 257.3, the county general services levy under section 331.423, subsection 1, the county rural services levy under section 331.423, subsection 2, the city general fund levy under section 384.1, subsection 3, the physical plant and equipment levies under section 298.2, the school district bond tax under section 298.18, any levy under chapter 28M, a levy under section 384.12, subsection 1, paragraph *"a"*, levied for operation and maintenance of a municipal transit system, a levy under section 384.12, subsection 1, paragraph *"b"*, levied for operation and maintenance of a regional transit district, a levy for the office of the assessor under section 441.16, a levy for a county agricultural extension under section 176A.10, any levy under chapter 347 or 347A, any levy under chapter 386, and any levy under chapter 357F, 357G, or 422D. In addition, *"rate-limited property tax levy"* does not include levy rates used in the calculations under section 312.2, subsection 5, paragraph *"a"*.

2. *a.* For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, each rate-limited property tax levy may only be imposed if the governmental entity imposed such levy for the immediately preceding fiscal year, and shall, by operation of this section, be limited to a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient of one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy divided by the total assessed value used to calculate such taxes for the

budget year, but not less than a levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy for such levy equal to one hundred and one-half percent of the actual property tax dollars certified for such levy for the immediately preceding fiscal year.

b. For the fiscal year beginning July 1, 2029, each rate-limited property tax levy may only be imposed if the governmental entity imposed such levy for the immediately preceding fiscal year, and shall, by operation of this section, be limited to a levy rate per one thousand dollars of assessed value that is equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for such levy divided by the total assessed value used to calculate such taxes for the budget year, but not less than a levy rate per one thousand dollars of assessed value that results in an amount of actual property tax dollars certified for levy for such levy equal to one hundred and one-half percent of the actual property tax dollars certified for such levy for the immediately preceding fiscal year.

3. For the fiscal year beginning July 1, 2030, and each fiscal year thereafter, rate-limited property tax levies may be imposed by any governmental entity otherwise authorized by law, regardless of whether the governmental entity imposed the levy for the immediately preceding fiscal year, at rates not to exceed those established by the general assembly by statute following receipt and consideration of the report submitted by the legislative interim committee requested to be established by the legislative council in this division of this Act.

Sec. 93. NEW SECTION. **444.26 Use of bonds and indebtedness for general operations — prohibition.**

1. For purposes of this section:

a. *"Exempt finance lease"* means a finance lease of the governmental entity if the aggregate principal amount of all

finance leases of the governmental entity is less than one and one-fourth percent of the governmental entity's general fund budget for the most recently completed fiscal year.

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

c. "Indebtedness" includes but is not limited to leases and finance leases, excluding exempt finance leases, for public safety vehicles, maintenance vehicles and equipment, sanitation vehicles and equipment, transit vehicles, public works vehicles and machinery, recreation equipment and facilities, and information technology and office equipment, but does not include subscription-based information technology arrangements for software.

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

3. The department of management shall adopt rules under chapter 17A to implement this section.

Sec. 94. PROPERTY TAXATION RATES — STUDY COMMITTEE.

1. a. The legislative council is requested to establish a legislative study committee during the 2026 legislative interim and the 2027 legislative interim to examine appropriate rates of property taxation imposed by governmental entities.

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

(1) Two members of the senate appointed by the majority

leader of the senate.

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

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

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

2. The committee shall make recommendations to and file a report with the general assembly relating to the appropriate rates of property taxation imposed by governmental entities, no later than January 15, 2028.

Sec. 95. EFFECTIVE DATE. The following take effect January 1, 2027:

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

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

Sec. 96. APPLICABILITY. The following apply to fiscal years beginning on or after July 1, 2027:

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

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

DIVISION IX

LOCAL SALES AND SERVICES TAX

Sec. 97. Section 423B.1, subsection 5, paragraph d, Code 2026, is amended to read as follows:

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

Sec. 98. Section 423B.1, subsection 6, paragraph a, subparagraph (1), Code 2026, is amended to read as follows:

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

use change favors the repeal or rate or use change.

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

(c) The governing body of the city or unincorporated area where the local sales and services tax is imposed may, upon its own motion, request the county commissioner of elections to hold an election in the city, or portion thereof located in the county, or unincorporated area, as appropriate, on the question of the change in use of local sales and services tax revenues. The election may be held at any time but not sooner than sixty days following publication of the ballot proposition. If a majority of those voting in the city, or portion thereof located in the county, or unincorporated area on the change in use favors the change, the governing body of that area shall change the use to which the revenues shall be used. ~~The~~ Subject to paragraph "*d*", and section 423B.7, subsection 7, paragraph "*b*", the ballot proposition shall list the present use of the revenues, the proposed use, and the date after which revenues received will be used for the new use.

Sec. 99. Section 423B.1, subsection 6, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* For amendments to local sales and services tax revenue purpose statements approved at election on or after the effective date of this division of this Act, if the existing revenue purpose statement expressly provides

for an amount or percentage of revenue for uses related to road construction, repair, or maintenance, the amended revenue purpose statement shall require amounts or percentages of revenue equal to or greater than those in the existing revenue purpose statement for such uses.

Sec. 100. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION X

ADJUSTMENTS TO MOTOR VEHICLE REGISTRATION FEES AND FUEL TAXES

Sec. 101. Section 321.116, Code 2026, is amended to read as follows:

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

1. For each battery electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph *"a"*, and operated on the public highways of this state, the owner shall pay an annual battery electric motor vehicle registration fee, which shall be in addition to the annual registration fee imposed for the vehicle under section 321.109, subsection 1, paragraph *"a"*. For purposes of this subsection, *"battery electric motor vehicle"* means a motor vehicle equipped with electrical drivetrain components and not equipped with an internal combustion engine, that is propelled exclusively by one or more electrical motors using electrical energy stored in a battery or other energy storage device that can be recharged by plugging into an electrical outlet or electric vehicle charging station. The ~~amount of the~~ fee ~~shall be~~ is one hundred thirty dollars, subject to adjustment pursuant to section 321.118.

2. For each plug-in hybrid electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph *"a"*, and operated on the public highways of this state, the owner shall pay an annual plug-in hybrid electric motor vehicle registration fee, which shall be in addition to the annual registration fee imposed for the vehicle under

section 321.109, subsection 1, paragraph *"a"*. For purposes of this subsection, *"plug-in hybrid electric motor vehicle"* means a motor vehicle equipped with electrical drivetrain components, an internal combustion engine, and a battery or other energy storage device that can be recharged by plugging into an electrical outlet or electric vehicle charging station. The ~~amount of the~~ fee ~~shall be~~ is sixty-five dollars, subject to adjustment pursuant to section 321.118.

Sec. 102. Section 321.117, subsection 2, Code 2026, is amended to read as follows:

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

Sec. 103. NEW SECTION. **321.118 Electric motor vehicle registration fee adjustments.**

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

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

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

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

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

2. *a.* On or before January 15 each year, the department

shall calculate the adjusted fees in accordance with subsection 3 and submit a report with the adjusted fees in an electronic format to all of the following:

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

(2) The director of the department of management.

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

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

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

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

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

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

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

Sec. 104. Section 452A.3, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 01. The excise taxes imposed in this section are subject to adjustment pursuant to section 452A.3A.

Sec. 105. NEW SECTION. **452A.3A Excise tax adjustments.**

1. *a.* The excise taxes imposed under sections 452A.3 and 452A.41 shall be adjusted annually in accordance with this section to reflect the increase, if any, in the consumer price index for all urban consumers. The adjusted excise taxes shall be imposed for twelve months beginning each July 1 after the adjusted excise tax is calculated pursuant to this section.

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

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

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

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

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

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

(2) The director of the department of management.

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

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

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

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

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

Sec. 106. Section 452A.41, subsection 1, Code 2026, is amended to read as follows:

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

Sec. 107. EFFECTIVE DATE. This division of this Act takes effect January 1, 2027.

DIVISION XI

OFFICE OF THE ASSESSOR —— BUDGET AND LEVY

Sec. 108. Section 441.16, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 109. Section 441.16, subsection 5, paragraph a, Code 2026, is amended to read as follows:

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

(b) For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, any tax for the maintenance of the office of assessor and other assessment procedure shall be levied only upon the property in the area assessed by the assessor, and such tax levy shall not exceed a rate per one thousand dollars of assessed value in the assessing area that is equal to one thousand multiplied by the quotient of one hundred one and three-fourths percent of the current fiscal year's actual property tax dollars certified for such levy, excluding the amounts attributable to the types of expenses described in subsection 2, paragraph "*c*", divided by the total assessed value used to calculate such taxes for the budget year.

(c) For each fiscal year beginning on or after July 1, 2029, any tax for the maintenance of the office of assessor and other assessment procedure shall be levied only upon the property in the area assessed by the assessor, and such tax levy shall not exceed a rate per one thousand dollars of assessed value in the assessing area that is equal to one thousand multiplied by the quotient of one hundred two percent of the current fiscal year's actual property tax dollars certified for such levy

divided by the total assessed value used to calculate such taxes for the budget year.

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

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

Sec. 110. Section 441.16, subsection 6, Code 2026, is amended to read as follows:

6. The assessor shall not issue requisitions so as to increase the total expenditures budgeted for the operation of the assessor's office. However, for purposes of promoting operational efficiency, the assessor shall, except as provided in subsection 2, paragraph "*c*", have authority to transfer funds budgeted for specific items for the operation of the assessor's office from one unexpended balance to another; such transfer shall not be made so as to increase the total amount budgeted for the operation of the office of assessor, and no funds shall be used to increase the salary of the assessor or the salaries of permanent deputy assessors. The assessor shall issue requisitions for the examining board and for the board of review on order of the chairperson of each board and for costs and expenses incident to assessment appeals, only on order of the city legal department, in the case of cities and of the county attorney in the case of counties.

Sec. 111. EFFECTIVE DATE. This division of this Act takes effect January 1, 2027.

Sec. 112. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2027.

DIVISION XII

REGIONAL TRANSIT DISTRICT LEVY

Sec. 113. Section 28M.5, subsection 1, Code 2026, is amended to read as follows:

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

b. (1) For the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, the sum of property tax dollars levied for the regional transit district under this subsection and property tax dollars received by the regional transit district from participating cities and counties shall not exceed an amount equal to one hundred one and three-fourths percent of the sum of property tax dollars levied for the regional transit district under this subsection for the immediately preceding fiscal year and property tax dollars received by the regional transit district from participating cities and counties for the immediately preceding fiscal year.

(2) For each fiscal year beginning on or after July 1, 2029, the sum of property tax dollars levied for the regional transit district under this subsection and property tax dollars

received by the regional transit district from participating cities and counties shall not exceed an amount equal to one hundred five percent of the sum of property tax dollars levied for the regional transit district under this subsection for the immediately preceding fiscal year and property tax dollars received by the regional transit district from participating cities and counties for the immediately preceding fiscal year.

Sec. 114. Section 384.12, subsection 1, Code 2026, is amended to read as follows:

1. *a.* A tax for the operation and maintenance of a municipal transit system ~~or for operation and maintenance of a regional transit district,~~ and for the creation of a reserve fund for the system ~~or district,~~ in an amount not to exceed ~~ninety-five~~eighty-eight cents per thousand dollars of assessed value each year, when the revenues from the transit system ~~or district~~ are insufficient for such purposes. In addition to the levy rate limitation, for the fiscal year beginning July 1, 2027, and the fiscal year beginning July 1, 2028, the sum of property tax dollars levied for the municipal transit system under this paragraph shall not exceed an amount equal to one hundred one and three-fourths percent of the sum of property tax dollars levied for the municipal transit system under this paragraph for the immediately preceding fiscal year. In addition to the levy rate limitation, for each fiscal year beginning on or after July 1, 2029, the sum of property tax dollars levied for the municipal transit system under this paragraph shall not exceed an amount equal to one hundred five percent of the sum of property tax dollars levied for the municipal transit system under this paragraph for the immediately preceding fiscal year.

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

such purposes.

Sec. 115. EFFECTIVE DATE. This division of this Act takes effect January 1, 2027.

Sec. 116. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2027.

DIVISION XIII

UTILITY REPLACEMENT TAX TASK FORCE

Sec. 117. Section 437A.15, subsection 7, paragraph b, Code 2026, is amended to read as follows:

b. The task force shall study the accuracy of the taxes imposed under this chapter and chapter 437B, ways to modernize the administration of such taxes, methods of simplifying administration of the replacement taxes, elimination of property taxes imposed under this chapter or chapter 437B, simplification of thresholds for replacement tax rate adjustments while retaining tax stability, the effects of ~~the replacement~~ such taxes ~~under this chapter and chapter 437B~~ on local taxing authorities, local taxing districts, consumers, and taxpayers through ~~January 1, 2024~~ December 31, 2026, including ways to maintain continuity for local taxing districts and consumers and ways to provide a competitive and equitable tax environment for taxpayers. If the task force recommends modifications to the replacement ~~tax that will further the purposes of tax neutrality for local taxing authorities, local taxing districts, taxpayers, and consumers, consistent with the stated purposes of this chapter~~ taxes, the department of management shall transmit those recommendations to the general assembly.

Sec. 118. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XIV

LOCAL GOVERNMENT BUDGET STATEMENTS

Sec. 119. Section 24.2A, subsection 2, paragraph a, Code 2026, is amended to read as follows:

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

Sec. 120. Section 24.2A, subsection 2, paragraph b, unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 121. Section 24.2A, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 122. Section 24.2A, subsection 3, Code 2026, is amended to read as follows:

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

Sec. 123. Section 24.2A, subsection 4, paragraph b, subparagraph (4), subparagraph division (a), Code 2026, is amended to read as follows:

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

Sec. 124. Section 24.3, unnumbered paragraph 1, Code 2026, is amended to read as follows:

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

Sec. 125. Section 331.434, subsection 3, Code 2026, is amended to read as follows:

3. Following, and not until, the requirements of section 24.2A are completed, the board shall set a time and place for a public hearing on the budget before the final certification date and shall publish notice of the hearing not less than ten nor more than twenty days prior to the hearing in the county newspapers selected under chapter 349. A summary of the proposed budget and a description of the procedure for protesting the county budget under section 331.436, in the form prescribed by the director of the department of management, shall be included in the notice. Proof of publication of the notice under this subsection 3 shall be filed with and preserved by the county auditor. A levy is not valid unless

and until the notice is published and ~~individual~~ statements under section 24.2A are mailed or posted. The department of management shall prescribe the form for the public hearing notice for use by counties.

Sec. 126. Section 331.435, subsection 2, Code 2026, is amended to read as follows:

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

Sec. 127. Section 384.17, Code 2026, is amended to read as follows:

384.17 Levy by county.

At the time required by law, the county board of supervisors shall levy the taxes necessary for each city fund for the following fiscal year. The levy must be as shown in the adopted city budget and as certified by the clerk, subject to any changes made after a protest hearing, and any additional tax rates approved at a city election. A city levy is not valid until proof of publication or posting of notice of a budget hearing under section 384.16, subsection 3, is filed with the county auditor and ~~individual~~ statements are mailed or posted under section 24.2A.

Sec. 128. Section 384.18, subsection 2, Code 2026, is amended to read as follows:

2. A budget amendment must be prepared and adopted in the

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

Sec. 129. APPLICABILITY. This division of this Act applies to taxpayer statements under section 24.2A for budgets for fiscal years beginning on or after July 1, 2027.

DIVISION XV

REAL ESTATE TRANSFER TAX FORMS

Sec. 130. Section 428A.7, Code 2026, is amended to read as follows:

428A.7 Forms provided by director of revenue.

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

DIVISION XVI

DIVISION OF REVENUE — DATA CENTERS AND WEB SEARCH PORTAL BUSINESSES

Sec. 131. Section 403.19, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in section 403.22. However, except as provided in paragraph "*b*", taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to section 298.2, foundation property taxes of a school district imposed under section 257.3 levied against property that is a qualified data center or a qualified web search portal business or upon which a qualified data center or a qualified web search portal business is operated, and taxes for the instructional support program of a school district imposed pursuant to section 257.19, taxes for the payment of bonds and interest of each taxing district, and taxes imposed under section 346.27, subsection 22, related to joint county-city buildings shall be collected against all taxable property within the taxing district without limitation by the provisions of this subsection. For purposes of this paragraph, "*qualified data center*" means a data center, as defined in section 423.3, subsection 95, for which site preparation activities, as defined in section 423.3, subsection 95, began on or after the effective date of this division of this Act. For purposes of this paragraph, "*qualified web search portal business*" means a web search portal business, as defined in

section 423.3, subsection 92 or 93, for which site preparation activities, as defined in section 423.3, subsection 95, began on or after the effective date of this division of this Act.

Sec. 132. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 133. APPLICABILITY. This division of this Act applies to property taxes due and payable in fiscal years beginning on or after July 1, 2027.

DIVISION XVII

FIRSTHOME IOWA ACCOUNTS

Sec. 134. Section 12G.2, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Create strategies for coordination of the program with the FirstHome Iowa program trust established in chapter 12L.

Sec. 135. NEW SECTION. **12L.1 FirstHome Iowa program — purpose and definitions.**

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

2. As used in this chapter, unless the context otherwise

requires:

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

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

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

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

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

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

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

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

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

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

(1) A down payment or closing costs for the qualified purchase of a single-family residence in Iowa that is to be the

homestead, as defined in section 425.11, of the beneficiary if such beneficiary is a first-time homebuyer with respect to such purchase.

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

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

k. *"Qualified purchase"* means the purchase of a single-family residence in Iowa by the account's beneficiary for which the account's beneficiary will use as a homestead, as defined in section 425.11, one year or more after the date the participant first opened the account.

l. *"Resident"* means the same as defined in section 422.4.

m. *"Single-family residence"* means a single-family residence owned and occupied by a beneficiary as the beneficiary's homestead within the meaning of section 425.1, including but not limited to a manufactured home, mobile home, condominium unit, or cooperative.

Sec. 136. NEW SECTION. **12L.2 Creation of FirstHome Iowa program trust.**

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

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

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

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

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

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

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

7. Procure insurance against any loss in connection with the property, assets, or activities of the trust.

8. Enter into participation agreements with participants.

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

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

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

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

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

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

15. Administer the funds of the trust.

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

Sec. 137. NEW SECTION. **12L.3 Participation agreements for trust.**

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

1. Each participation agreement may require a participant to agree to invest a specific amount of money in the trust for a specific period of time for the benefit of a specific beneficiary. A participant shall not be required to make an annual contribution on behalf of a beneficiary. The maximum contribution that may be deducted for Iowa income tax purposes shall be the amount contributed by the participant during the applicable tax year, not to exceed five thousand five hundred dollars per beneficiary per year adjusted annually to reflect increases in the consumer price index.

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

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

b. Participation agreements may otherwise be freely amended throughout their terms in order to enable participants to increase or decrease the level of participation, change the

designation of beneficiaries, and carry out similar matters as authorized by rule.

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

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

a. The beneficiary of the account, if eighteen years of age or older, shall become the owner of the account as well as remain the beneficiary upon filing the appropriate forms in accordance with rules adopted by the treasurer of state.

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

Sec. 138. NEW SECTION. **12L.4 FirstHome Iowa program and administrative funds — investment and payments.**

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

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

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

d. A participant or beneficiary may, directly or indirectly, direct the investment of any contributions to the trust or any

earnings thereon no more than four times in a calendar year.

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

Sec. 139. NEW SECTION. **12L.5 Cancellation of agreements.**

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

Sec. 140. NEW SECTION. **12L.6 Ownership of payments and investment income — transfer of ownership rights.**

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

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

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

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

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

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

Sec. 141. NEW SECTION. **12L.7 Annual audited financial report to governor and general assembly.**

1. *a.* The treasurer of state shall submit an annual

audited financial report, prepared in accordance with generally accepted accounting principles, on the operations of the trust by November 1 to the governor and the general assembly.

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

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

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

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

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

Sec. 142. NEW SECTION. **12L.8 Tax considerations.**

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

Sec. 143. NEW SECTION. **12L.9 Property rights to assets in trust.**

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

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

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

Sec. 144. NEW SECTION. **12L.10 Construction.**

This chapter shall be construed liberally in order to

effectuate its purpose.

Sec. 145. Section 232D.503, subsection 6, Code 2026, is amended by adding the following new paragraph:

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

Sec. 146. Section 422.7, Code 2026, is amended by adding the following new subsections:

NEW SUBSECTION. 46. *a.* Subtract the contribution that may be deducted for Iowa income tax purposes as a participant in the FirstHome Iowa program trust pursuant to section 12L.3, subsection 1. For purposes of this paragraph, a participant who makes a contribution on or before the date prescribed in section 422.21 for making and filing an individual income tax return, excluding extensions, or the date for making and filing an individual income tax return determined by the director pursuant to an order issued under section 421.17, subsection 30, may elect to be deemed to have made the contribution on the last day of the preceding calendar year. The director, after consultation with the treasurer of state, shall prescribe by rule the manner and method by which a participant may make an election authorized by the preceding sentence.

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

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

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

Sec. 147. Section 541B.4, Code 2026, is amended by adding the following new subsections:

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

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

Sec. 148. Section 627.6, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 18. The debtor's interest, whether as participant or beneficiary, in contributions and assets, including the accumulated earnings and market increases in value, held in an account in the FirstHome Iowa program trust organized under chapter 12L.

Sec. 149. Section 633.108, subsection 2, Code 2026, is amended by adding the following new paragraph:

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

Sec. 150. Section 633.555, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 151. Section 633.678, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 152. Section 633.681, subsection 1, Code 2026, is amended by adding the following new paragraph:

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

Sec. 153. APPLICABILITY. The following applies to contributions made under chapter 12L on or after July 1, 2026, for tax years ending on or after that date:

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

DIVISION XVIII

ELDERLY AND DISABLED PROPERTY TAX CREDIT AND RENT REIMBURSEMENT

Sec. 154. Section 25B.7, subsection 2, paragraph b, Code 2026, is amended to read as follows:

b. Low-income property tax credit and elderly and disabled property tax credit pursuant to sections 425.16 through 425.40~~, subject to the limitation of section 425.39, subsection 1, paragraph "b"~~.

Sec. 155. Section 425.17, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. "*Claimant*" means any of the following:

(1) A person filing a claim for credit under this subchapter who has attained the age of sixty-five years ~~but who has not attained the age of seventy years~~ on or before December 31 of the base year, a person filing a claim for credit or reimbursement under this subchapter who is totally disabled and was totally disabled on or before December 31 of the base year, or a person filing a claim for reimbursement under this subchapter who has attained the age of sixty-five years on or before December 31 of the base year and who is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate.

(2) A person filing a claim for credit or reimbursement under this subchapter who has attained the age of twenty-three years on or before December 31 of the base year or was a head of household on December 31 of the base year, as defined in

the Internal Revenue Code, but has not attained the age or disability status described in subparagraph (1) ~~or the age status and eligibility criteria of subparagraph (3),~~ and is domiciled in this state at the time the claim is filed or at the time of the person's death in the case of a claim filed by the executor or administrator of the claimant's estate, and was not claimed as a dependent on any other person's tax return for the base year.

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

Sec. 156. Section 425.23, subsection 1, paragraph c, Code 2026, is amended by striking the paragraph.

Sec. 157. Section 425.23, subsection 4, paragraph a, Code 2026, is amended to read as follows:

a. For the base year beginning in the 1999 calendar year and for each subsequent base year, the dollar amounts set forth in ~~subsection 1, paragraphs "a" and "b", and subsection~~ subsections 1 and 3 shall be multiplied by the cumulative adjustment factor for that base year. *"Cumulative adjustment factor"* means the product of the annual adjustment factor for the 1998 base year and all annual adjustment factors for subsequent base years. The cumulative adjustment factor applies to the base year beginning in the calendar year for which the latest annual adjustment factor has been determined.

Sec. 158. Section 425.24, Code 2026, is amended to read as follows:

425.24 Maximum property tax for purpose of credit or

reimbursement.

~~For claimants under section 425.17, subsection 2, paragraph "a", subparagraphs (1) and (2), and for the calculation under section 425.23, subsection 1, paragraph "c", subparagraph (1), in~~ In any case in which property taxes due or rent constituting property taxes paid for any household exceeds one thousand five hundred dollars, the amount of property taxes due or rent constituting property taxes paid shall be deemed to have been one thousand five hundred dollars for purposes of this subchapter.

Sec. 159. Section 425.39, subsection 1, Code 2026, is amended to read as follows:

1. ~~a.~~ The elderly and disabled property tax credit fund is created. There is appropriated annually from the general fund of the state to the department of revenue to be credited to the elderly and disabled property tax credit fund, from funds not otherwise appropriated, an amount sufficient to implement this subchapter for credits for property taxes due for claimants described in section 425.17, subsection 2, paragraph "a", ~~subparagraphs~~ subparagraph (1) ~~and (3), subject to paragraph "b"~~.

~~b. Regardless of the amount of the credit determined under section 425.23, subsection 1, paragraph "c", the amount paid by the director of revenue to each county treasurer for credits for claimants described under section 425.17, subsection 2, paragraph "a", subparagraph (3), shall not exceed the amount calculated for the claimant under section 425.23, subsection 1, paragraph "c", subparagraph (1), and section 25B.7, subsection 1, shall not apply to the amount of the credit in excess of the amount paid by the director of revenue.~~

Sec. 160. EFFECTIVE DATE. This division of this Act takes effect January 1, 2030.

Sec. 161. APPLICABILITY.

1. This division of this Act applies to claims under chapter 425, subchapter II, for credits against property taxes due and

payable in fiscal years beginning on or after July 1, 2030.

2. This division of this Act applies to claims under chapter 425, subchapter II, for reimbursement for rent constituting property taxes paid in base years beginning on or after January 1, 2029.

DIVISION XIX

PROPERTY TAX EXEMPTIONS — IMPOUNDMENT STRUCTURES AND SPECULATIVE SHELL BUILDINGS

Sec. 162. Section 331.401, subsection 1, paragraph i, Code 2026, is amended by striking the paragraph.

Sec. 163. Section 427.1, subsections 20 and 27, Code 2026, are amended by striking the subsections.

Sec. 164. EFFECTIVE DATE. This division of this Act takes effect January 1, 2031.

Sec. 165. APPLICABILITY. This division of this Act applies to assessment years beginning on or after January 1, 2031.

DIVISION XX

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

Sec. 166. Section 257.7, Code 2026, is amended by adding the following new subsection:

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

Sec. 167. Section 257.13, Code 2026, is amended to read as follows:

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

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

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

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

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

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

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

enrollment may be submitted to the school budget review committee as provided in section 257.31.

Sec. 168. NEW SECTION. 279.63A Unspent balance — policy.

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

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

Sec. 169. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION XXI

PROPERTY PARCEL INFORMATION

Sec. 170. Section 331.510, Code 2026, is amended by adding the following new subsection:

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

b. In addition to the information required under paragraph

"a", the department of management may require additional parcel-level data deemed necessary by the director of the department of management. The department shall prescribe the form and manner of submitting the annual report under this subsection.

DIVISION XXII

URBAN RENEWAL

Sec. 171. NEW SECTION. **403.18A Division of revenue ordinances duration — limitations.**

1. An ordinance providing for a division of revenue under section 403.19 adopted before the effective date of this division of this Act and that is not limited in duration under section 403.17, subsection 10, or section 403.22, subsection 5, shall be subject to the duration limitation in subsection 2.

2. *a.* A division of revenue ordinance described in subsection 1 may continue in effect under this chapter until such time that the urban renewal area is dissolved by the municipality, the ordinance is repealed by the municipality, or the ordinance terminates under the conditions of paragraph "c", whichever occurs first.

b. A municipality shall not incur additional indebtedness including loans, advances, and bonds, payable from the special fund created in section 403.19 using revenue resulting from the ordinance described under subsection 1 on or after the effective date of this division of this Act. For the purposes of this paragraph "b", the refinancing of indebtedness incurred prior to the effective date of this division of this Act shall not constitute an additional indebtedness, unless such refinancing results in an increase in the amount of debt service that qualifies for payment from the special fund or extends the term for payment or retirement of the indebtedness.

c. An ordinance described in subsection 1 providing for a division of revenue shall terminate and be of no further force and effect at the conclusion of the fiscal year during which the retirement or payment of all indebtedness payable from such

division of revenue in existence on the effective date of this division of this Act occurs or after twenty years following the effective date of this division of this Act, whichever occurs first. Upon request filed by the municipality, the department of management may extend the termination date under this paragraph if such an extension is necessary to retire and pay all indebtedness incurred prior to the effective date of this division of this Act.

d. An ordinance described in subsection 1 or any applicable urban renewal area shall not be amended on or after the effective date of this division of this Act to include territory that is not subject to the ordinance on the effective date of this division of this Act.

3. The duration limits under this section and the limitations on the duration of ordinances providing for a division of revenue under section 403.19, subsection 3A, shall not apply to divisions of taxes established by community colleges under chapter 260E or rural improvement zones under chapter 357H.

4. The department of management may adopt rules pursuant to chapter 17A necessary to implement and administer this section.

Sec. 172. Section 403.19, subsection 2, paragraph a, Code 2026, is amended to read as follows:

a. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in section 403.22. However, except as provided in paragraph "*b*", taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed

pursuant to section 298.2; ~~and~~ taxes for the instructional support program of a school district imposed pursuant to section 257.19~~,~~; taxes for the payment of bonds and interest of each taxing district~~,~~; taxes levied against wind energy conversion property, as defined in section 427B.26, for which construction begins on or after the effective date of this division of this Act; foundation property taxes of a school district imposed under section 257.3 levied against property upon which new construction or renovations begin on or after the effective date of this division of this Act, unless such construction or renovations were approved and subject to an agreement adopted before January 1, 2027; taxes for emergency medical services imposed pursuant to chapter 357F, 357G, or 422D; and taxes imposed under section 346.27, subsection 22, related to joint county-city buildings shall be collected against all taxable property within the taxing district without limitation by the provisions of this subsection.

Sec. 173. Section 403.19, Code 2026, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. An ordinance providing for a division of revenue under this section that is adopted on or after the effective date of this division of this Act and that is not limited in duration under section 403.17, subsection 10, or section 403.22, subsection 5, shall be limited to twenty years from the calendar year following the calendar year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds that qualify for payment from the division of revenue provided for in this section. The ordinance shall terminate and be of no further force and effect following the twenty-year period provided in this subsection.

Sec. 174. Section 403.19, Code 2026, is amended by adding the following new subsections:

NEW SUBSECTION. 9A. *a.* In addition to the limitations and requirements for relocations under subsection 9, moneys

from any source deposited into the special fund created in this section shall not be expended for or otherwise used in connection with an urban renewal project approved on or after the effective date of this division of this Act that includes the relocation of a commercial or industrial enterprise receiving assistance or incentives from a different municipality's special fund under this section and not presently located within the municipality, if the total amount of assistance or incentives for such enterprise exceeds the total amount of assistance or incentives received or agreed to be received from the other municipality.

b. For the purposes of this subsection, *"relocation"* means the closure or substantial reduction of an enterprise's existing operations in one area of the state and the initiation of substantially the same operation in the same metropolitan statistical area. This subsection does not prohibit an enterprise from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced.

NEW SUBSECTION. 12. For any fiscal year beginning on or after July 1, 2027, following written request filed with the county auditor and the board of directors of the school district, a school district may approve by resolution of the board of directors the payment from the school district's general fund to the municipality for deposit in the special fund under this section all or a portion of the school district's foundation property taxes under section 257.3 levied against property upon which new construction or renovations begin on or after the effective date of this division of this Act, unless such construction or renovations were approved and subject to an agreement adopted before January 1, 2027, for one or more applicable fiscal years. If approved, the board of directors shall file such resolution with the county auditor. Payments approved under this subsection are voluntary and a school district is not required to pay over the revenue to the

municipality unless approved by resolution. Amounts paid by a school district under this subsection shall continue to be considered foundation property taxes levied under section 257.3 and such payment shall not result in the adjustment of state foundation aid or other amounts under chapter 257.

Sec. 175. Section 403.19, subsection 10, Code 2026, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* For fiscal years beginning on or after July 1, 2027, moneys from any source deposited into the special fund created in this section shall not be expended for salaries or benefits of a permanent staff member of a municipality or local or regional economic development entity.

Sec. 176. URBAN RENEWAL REPORT — TASK FORCE.

1. By January 1, 2027, the department of revenue shall prepare and submit a report, including any recommended changes, to the general assembly regarding statewide use of chapter 403 and divisions of revenue.

2. The department of revenue shall convene a task force of local and state officials, state legislators, and technical experts to assist in the review undertaken pursuant to subsection 1.

Sec. 177. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 178. APPLICABILITY. The following applies to property taxes due and payable in fiscal years beginning on or after July 1, 2027:

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

DIVISION XXIII

PROPERTY TAX DEFERRAL — TASK FORCE

Sec. 179. PROPERTY TAX DEFERRAL TASK FORCE — REPORT.

1. By January 10, 2027, the department of revenue shall prepare and submit a report approved by the task force created under subsection 2, including recommended legislative actions, to the general assembly regarding the establishment of a

program under which low-income elderly homestead owners may apply to defer property taxes owed until the occurrence of a qualifying event, including but not limited to death of the owner, sale of the property, or transfer of the property to someone other than a surviving spouse.

2. The department shall convene a task force consisting of at least all of the following persons:

a. The director of revenue, or the director's designee.

b. The director of the department of management, or the director's designee.

c. A representative of the Iowa league of cities.

d. A representative of the Iowa state association of counties.

e. Three homestead owners from this state, selected by the director of revenue.

f. Four ex officio, nonvoting legislative members consisting of the following:

(1) Two state senators, one appointed by the president of the senate after consultation with the majority leader of the senate and one appointed by the minority leader of the senate from their respective parties.

(2) Two state representatives, one appointed by the speaker and one appointed by the minority leader of the house of representatives from their respective parties.

3. Task force meetings shall be open to the public.

4. The task force shall compile and analyze at least all of the following prior to preparation of the department's report under subsection 1:

a. An inventory of potentially eligible property in the state.

b. Feasible program structures.

c. Possible methods for calculation and payment of deferred amounts.

d. Implementation timelines and procedures.

DIVISION XXIV

PAYMENTS IN LIEU OF PROPERTY TAXES —— TASK FORCE

Sec. 180. PAYMENTS IN LIEU OF PROPERTY TAXES TASK FORCE —— REPORT.

1. By January 10, 2027, the department of revenue shall prepare and submit a report approved by the task force created under subsection 2, including recommended legislative actions, to the general assembly regarding the establishment of a program under which counties may implement a program for the collection of payments in lieu of property taxes from owners of property that is exempt, in whole or in part, from ad valorem property taxes, but excluding government-owned property.

2. The department shall convene a task force consisting of at least all of the following persons:

a. The director of revenue, or the director's designee.

b. The director of the department of management, or the director's designee.

c. All members of the Polk county board of supervisors.

d. One mayor from a city located, in whole or in part, within Polk county, selected by the director of revenue.

e. Three representatives from tax-exempt entities located in Polk county of varying sizes, selected by the director of revenue.

f. One private property owner, selected by the director of revenue.

g. Four ex officio, nonvoting legislative members consisting of the following:

(1) Two state senators, one appointed by the president of the senate after consultation with the majority leader of the senate and one appointed by the minority leader of the senate from their respective parties.

(2) Two state representatives, one appointed by the speaker and one appointed by the minority leader of the house of representatives from their respective parties.

3. Task force meetings shall be open to the public.

4. The task force shall compile and analyze at least all of

the following prior to preparation of the department's report under subsection 1:

a. An inventory of tax-exempt property.

b. Interest and feasibility of county participation in such a program.

c. Feasible program structures.

d. Possible methods for calculation of program payment amounts, not to exceed the proportionate amount of a county's budget for law enforcement, fire protection, and public works services.

e. Implementation timelines and procedures.