

FEB 10 2005  
WAYS AND MEANS

HOUSE FILE 266  
BY PAULSEN

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to a limitation on certain county and city  
2 property taxes in certain fiscal years and providing for the  
3 Act's applicability.

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

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HF 266

1 Section 1. NEW SECTION. 331.422A LIMITATION ON TAXES  
2 CERTIFIED -- EQUALIZATION ORDERS.

3 1. Notwithstanding any provision in this part to the  
4 contrary, if the equalization order issued by the department  
5 of revenue to an assessing jurisdiction that is a county,  
6 provides, in the aggregate for all classes of property, a  
7 percentage increase in assessed values for the assessing  
8 jurisdiction, the maximum amount of property tax dollars that  
9 may be certified by the county in the fiscal year beginning  
10 July 1 of the even-numbered year following issuance of the  
11 equalization order shall not exceed the amount certified in  
12 the previous fiscal year, unless the board adopts a resolution  
13 pursuant to subsection 2.

14 2. Not less than thirty-five days before the certification  
15 date of the budget for the fiscal year beginning July 1 of the  
16 even-numbered year following issuance of an equalization order  
17 described in subsection 1, the board may adopt a resolution  
18 declaring that for such budget the board does not intend to  
19 reduce its tax levy rates from the current fiscal year in  
20 order to compensate for the increase in property valuations  
21 due to the equalization orders issued by the department of  
22 revenue. The board shall publish notice of a hearing on the  
23 resolution in a newspaper of general circulation in the county  
24 not less than four nor more than ten days before the hearing.  
25 The notice shall contain a copy of the resolution. After the  
26 public hearing, the board may abandon the declaration  
27 contained in the resolution or the board may proceed with the  
28 declaration contained in the resolution.

29 Sec. 2. NEW SECTION. 384.1A LIMITATION ON TAXES  
30 CERTIFIED -- EQUALIZATION ORDERS.

31 1. Notwithstanding any provision in this division to the  
32 contrary, if the equalization order issued by the department  
33 of revenue to an assessing jurisdiction that is a city,  
34 provides, in the aggregate for all classes of property, a  
35 percentage increase in assessed values for the assessing

1 jurisdiction, the maximum amount of property tax dollars that  
2 may be certified by the city in the fiscal year beginning July  
3 1 of the even-numbered year following issuance of the  
4 equalization order shall not exceed the amount certified in  
5 the previous fiscal year, unless the city council adopts a  
6 resolution pursuant to subsection 3.

7 2. Notwithstanding any provision in this division to the  
8 contrary, if the equalization order issued by the department  
9 of revenue to an assessing jurisdiction that is a county,  
10 provides, in the aggregate for all classes of property, a  
11 percentage increase in assessed values for the assessing  
12 jurisdiction, the maximum amount of property tax dollars that  
13 may be certified by any city located in that county in the  
14 fiscal year beginning July 1 of the even-numbered year  
15 following issuance of the equalization order shall not exceed  
16 the amount certified in the previous fiscal year, unless the  
17 city council adopts a resolution pursuant to subsection 3.

18 3. Not less than thirty-five days before the certification  
19 date of the budget for the fiscal year beginning July 1 of the  
20 even-numbered year following issuance of an equalization order  
21 described in subsection 1, the city council may adopt a  
22 resolution declaring that for such budget the city council  
23 does not intend to reduce its tax levy rates from the current  
24 fiscal year in order to compensate for the increase in  
25 property valuations due to the equalization orders issued by  
26 the department of revenue. The city council shall publish  
27 notice of a hearing on the resolution in a newspaper of  
28 general circulation in the city not less than four nor more  
29 than ten days before the hearing. The notice shall contain a  
30 copy of the resolution. After the public hearing, the city  
31 council may abandon the declaration contained in the  
32 resolution or the city council may proceed with the  
33 declaration contained in the resolution.

34 Sec. 3. APPLICABILITY DATE. This Act applies to budgets  
35 certified for the fiscal year beginning July 1, 2006, and to

1 subsequent fiscal years beginning July 1 of the even-numbered  
2 year.

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EXPLANATION

4 This bill requires that if an equalization order issued to  
5 an assessing jurisdiction that is a city is, in the aggregate,  
6 a percentage increase in assessed values, then property taxes  
7 certified by the city for the fiscal year beginning July 1 of  
8 the even-numbered year following issuance of the equalization  
9 order are limited to the amount certified in the previous  
10 year, unless the city adopts a resolution declaring that it  
11 does not intend to reduce its levy rates to compensate for the  
12 increase in valuation due to the equalization orders. If the  
13 assessing jurisdiction is a county and the equalization order,  
14 in the aggregate, is a percentage increase in assessed values,  
15 then property taxes certified by the county and each city in  
16 the county for the fiscal year beginning July 1 of the even-  
17 numbered year following issuance of the equalization order are  
18 limited to the amount certified in the previous year, unless  
19 the county or the city, as applicable, adopts a resolution  
20 declaring that it does not intend to reduce its levy rates to  
21 compensate for the increase in valuation due to the  
22 equalization orders.

23 The bill provides that the board or city council adopting  
24 such a resolution shall hold a public hearing on the  
25 resolution. After the public hearing, the board or council  
26 may abandon the resolution or proceed with the resolution.

27 The bill applies to the fiscal year beginning July 1, 2006,  
28 and to subsequent fiscal years beginning July 1 of the even-  
29 numbered year.

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