

MAR 27 2006
WAYS & MEANS CALENDAR

HOUSE FILE 2771
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 766)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation and local budgets by
2 imposing requirements on those cities, counties, townships,
3 and other property tax certifying boards that seek to increase
4 the amount of property taxes certified for levy, relating to
5 notice of a meeting of a board of township trustees, requiring
6 funding of real property-related services, changing the number
7 of signatures necessary to protest an adopted county budget,
8 requiring a transition for the imposition of city taxes
9 against annexed property, abolishing county compensation
10 boards, tying together the assessment limitations of certain
11 classes of property, and including effective and retroactive
12 and other applicability date provisions.

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

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HC 2771

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DIVISION I
LOCAL BUDGETS

Section 1. Section 24.9, Code 2005, is amended to read as follows:

24.9 FILING ESTIMATES -- NOTICE OF HEARING -- RESOLUTION TO INCREASE TAXES -- AMENDMENTS.

1. Each municipality shall file with the secretary or clerk thereof the estimates required to be made in sections 24.3 to 24.8, at least twenty days before the date fixed by law for certifying the same to the levying board and shall forthwith fix a date for a hearing thereon, and shall publish such estimates and any annual levies previously authorized as provided in section 76.2, with a notice of the time when and the place where such hearing shall be held not less than ten nor more than twenty days before the hearing. Provided that in municipalities of less than two hundred population such estimates and the notice of hearing thereon shall be posted in three public places in the district in lieu of publication. For any other municipality such publication shall be in a newspaper published therein, if any; if not, then in a newspaper of general circulation therein. The department of management shall prescribe the form for public hearing notices for use by municipalities.

~~For any other municipality such publication shall be in a newspaper published therein, if any, if not, then in a newspaper of general circulation therein.~~

~~The department of management shall prescribe the form for public hearing notices for use by municipalities.~~

2. Effective for the fiscal year beginning July 1, 2007, and all subsequent fiscal years, the maximum amount of property tax dollars that may be certified by the certifying board of a municipality shall not exceed the amount certified in the previous fiscal year, unless the certifying board adopts a resolution pursuant to this subsection. The resolution shall be filed in the same manner and at the same

1 time as the estimates in subsection 1. The resolution shall
2 be published along with the estimates and the notice of public
3 hearing required in subsection 1. After the public hearing,
4 the certifying board may abandon the declaration contained in
5 the resolution or the certifying board may proceed with the
6 declaration contained in the resolution.

7 3. Budget estimates adopted and certified in accordance
8 with this chapter may be amended and increased as the need
9 arises to permit appropriation and expenditure during the
10 fiscal year covered by the budget of unexpended cash balances
11 on hand at the close of the preceding fiscal year and which
12 cash balances had not been estimated and appropriated for
13 expenditure during the fiscal year of the budget sought to be
14 amended, and also to permit appropriation and expenditure
15 during the fiscal year covered by the budget of amounts of
16 cash anticipated to be available during the year from sources
17 other than taxation and which had not been estimated and
18 appropriated for expenditure during the fiscal year of the
19 budget sought to be amended. Such amendments to budget
20 estimates may be considered and adopted at any time during the
21 fiscal year covered by the budget sought to be amended, by
22 filing the amendments and upon publishing them and giving
23 notice of the public hearing in the manner required in this
24 section. Within ten days of the decision or order of the
25 certifying or levying board, the proposed amendment of the
26 budget is subject to protest, hearing on the protest, appeal
27 to the state appeal board and review by that body, all in
28 accordance with sections 24.27 to 24.32, so far as applicable.
29 A local budget shall be amended by May 31 of the current
30 fiscal year to allow time for a protest hearing to be held and
31 a decision rendered before June 30. An amendment of a budget
32 after May 31 which is properly appealed but without adequate
33 time for hearing and decision before June 30 is void.
34 Amendments to budget estimates accepted or issued under this
35 section are not within section 24.14.

1 Sec. 2. NEW SECTION. 331.422A LIMITATION ON TAX DOLLARS
2 CERTIFIED.

3 1. Effective for the fiscal year beginning July 1, 2007,
4 and all subsequent fiscal years, the maximum amount of
5 property tax dollars that may be certified by the county board
6 of supervisors shall not exceed the amount certified in the
7 previous fiscal year, unless the board adopts a resolution
8 pursuant to subsection 2.

9 2. Not less than thirty-five days before the certification
10 date of the budget for the following fiscal year, the board
11 may adopt a resolution declaring that for such budget the
12 board intends to increase the amount of taxes from the current
13 fiscal year. The board shall schedule a hearing on the
14 resolution and publish notice of the hearing in a newspaper of
15 general circulation in the county not less than four nor more
16 than ten days before the hearing. The notice shall contain a
17 copy of the resolution. After the public hearing, the board
18 may abandon the declaration contained in the resolution or the
19 board may proceed with the declaration contained in the
20 resolution.

21 Sec. 3. Section 331.436, Code 2005, is amended to read as
22 follows:

23 331.436 PROTEST.

24 Protests to the adopted budget must be made in accordance
25 with sections 24.27 through 24.32 as if the county were the
26 municipality under those sections ~~except that the number of~~
27 ~~people necessary to file a protest under this section shall~~
28 ~~not be less than one hundred.~~

29 Sec. 4. NEW SECTION. 331.437A REAL PROPERTY -- RELATED
30 SERVICES -- FUNDING.

31 1. If a county's property tax capacity is reduced or the
32 amount of revenue to be received by a county from sources
33 other than property taxes is reduced, a county is prohibited
34 from reducing funding for real property-related services
35 provided by the county from the level such services were

1 funded in the previous year without first reducing funding for
2 services that are not real property-related services.

3 2. If funding for real property-related services is
4 reduced under the circumstances described in subsection 1, the
5 budget summary required to be published by the county pursuant
6 to section 331.434 shall include a listing of the real
7 property-related services, by service area and item, for which
8 funding is reduced from the previous year, the previous year's
9 funding for such service area and item, and the proposed
10 funding for such service area and item. The listing shall be
11 prefaced by the following statement:

12 "State law requires that when the revenue capacity of a
13 county is reduced, funding for services that are not related
14 to real property shall be reduced before reductions are made
15 in funding of real property-related services. Following is
16 the list of real property-related services for which funding
17 is reduced in this proposed budget."

18 3. For purposes of this section, "real property-related
19 services" means a public service having a direct relationship
20 to property ownership, including law enforcement, fire
21 protection service, emergency medical services, street lights,
22 water, sewage and sewage disposal, garbage pickup and garbage
23 disposal, landfills, roads and road maintenance, streets and
24 street maintenance, bridges and bridge maintenance, sidewalks
25 and sidewalk maintenance, snow removal, and local emergency
26 management to the extent such real property-related services
27 are mandated by statute or have been provided at the
28 discretion of the county board of supervisors.

29 Sec. 5. Section 359.17, Code 2005, is amended to read as
30 follows:

31 359.17 TRUSTEES -- DUTIES -- MEETINGS.

32 1. The board of township trustees in each township shall
33 consist of three registered voters of the township. However,
34 in townships with a taxable valuation for property tax
35 purposes of two hundred fifty million dollars or more, the

1 board of township trustees shall consist of five registered
2 voters of the township. The trustees shall act as fence
3 viewers and shall perform other duties assigned them by law.
4 The board of trustees shall meet not less than two times a
5 year. At least one of the meetings shall be scheduled to meet
6 the requirements of section 359.49.

7 2. The trustees may give notice of a meeting of the board
8 of township trustees. If the trustees choose to give notice
9 of a meeting, the notice shall give the time, date, and place
10 of the meeting and its tentative agenda. The notice shall be
11 posted at the building in which the meeting is to be held at
12 least twenty-four hours prior to the commencement of the
13 meeting. After the notice has been posted, the township clerk
14 shall send a copy of the notice to the county auditor. The
15 clerk shall note on the copy the time and date the notice was
16 posted and the place where the notice was posted.

17 If the trustees choose not to give notice of a meeting, the
18 trustees shall not be eligible to receive compensation for the
19 time spent attending the meeting. Compensation for the time
20 spent attending a meeting shall not be paid to the trustees by
21 the county board of supervisors unless the county auditor
22 verifies that notice containing the required information was
23 posted at the proper place in a timely manner.

24 Sec. 6. Section 359.46, subsection 1, Code 2005, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. c. When the trustees do not give notice of
27 a meeting as provided in section 359.17, subsection 2.

28 Sec. 7. Section 359.49, Code 2005, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 2A. Effective for the fiscal year
31 beginning July 1, 2007, and all subsequent fiscal years, the
32 maximum amount of property tax dollars that may be certified
33 by the township board of trustees shall not exceed the amount
34 certified in the previous fiscal year, unless the board of
35 trustees adopts a resolution pursuant to this subsection.

1 Not less than twenty days before the date set for the
2 regular meeting of the board of trustees at which objections
3 and arguments on the budget will be heard, the board may adopt
4 a resolution declaring that for such budget the board intends
5 to increase the amount of taxes from the current fiscal year.
6 The resolution shall be forwarded to the county auditor for
7 posting with the proposed budget pursuant to subsection 4.
8 After the meeting, the board may abandon the declaration
9 contained in the resolution or the board may proceed with the
10 declaration contained in the resolution.

11 Sec. 8. Section 368.7, subsection 5, Code Supplement 2005,
12 is amended to read as follows:

13 5. In the discretion of a city council, the resolution
14 provided for in subsection 1, paragraph "d", or subsection 2
15 or 3, may include a provision for a transition for the
16 imposition of city taxes against property within the
17 annexation area as provided in section 368.11, subsection 3,
18 paragraph "m". However, the city shall provide for such
19 transition for the imposition of city taxes against that
20 property that is included in the territory to be annexed
21 without the consent of the landowner.

22 Sec. 9. Section 368.11, subsection 3, paragraph m, Code
23 Supplement 2005, is amended to read as follows:

24 m. ~~In the discretion of a city council,~~ a A provision for
25 a transition for the imposition of city taxes against property
26 within an annexation area. The provision shall allow for an
27 exemption from taxation of the following percentages of
28 assessed valuation according to the following schedule:

- 29 (1) For the first and second years, seventy-five percent.
- 30 (2) For the third and fourth years, sixty percent.
- 31 (3) For the fifth and sixth years, forty-five percent.
- 32 (4) For the seventh and eighth years, thirty percent.
- 33 (5) For the ninth and tenth years, fifteen percent.

34 An alternative schedule may be adopted by the city council.
35 ~~However,~~ an An alternative schedule shall not allow a greater

1 an exemption that is equivalent to or greater than that
2 provided in this paragraph. The exemption shall be applied in
3 the levy and collection of taxes. The provision may also
4 allow for the partial provision of city services during the
5 time in which the exemption from taxation is in effect.

6 Sec. 10. NEW SECTION. 384.1A LIMITATION ON TAX DOLLARS
7 CERTIFIED.

8 1. Effective for the fiscal year beginning July 1, 2007,
9 and all subsequent fiscal years, the maximum amount of
10 property tax dollars that may be certified by the city council
11 shall not exceed the amount certified in the previous fiscal
12 year, unless the city council adopts a resolution pursuant to
13 subsection 2.

14 2. Not less than thirty-five days before the certification
15 date of the budget for the following fiscal year, the city
16 council may adopt a resolution declaring that for such budget
17 the city council intends to increase the amount of taxes from
18 the current fiscal year. The city council shall schedule a
19 hearing on the resolution and publish notice of the hearing in
20 a newspaper of general circulation in the city not less than
21 four nor more than ten days before the hearing. The notice
22 shall contain a copy of the resolution. After the public
23 hearing, the city council may abandon the declaration
24 contained in the resolution or the city council may proceed
25 with the declaration contained in the resolution.

26 Sec. 11. NEW SECTION. 384.20A REAL PROPERTY-RELATED
27 SERVICES -- FUNDING.

28 1. If a city's property tax capacity is reduced or the
29 amount of revenue to be received by a city from sources other
30 than property taxes is reduced, a city is prohibited from
31 reducing funding for real property-related services provided
32 by the city from the level such services were funded in the
33 previous year without first reducing funding for services that
34 are not real property-related services.

35 2. If funding for real property-related services is

1 reduced under the circumstances described in subsection 1, the
2 budget summary required to be published by the city pursuant
3 to section 384.16 shall include a listing of the real
4 property-related services, by service area and item, for which
5 funding is reduced from the previous year, the previous year's
6 funding for such service area and item, and the proposed
7 funding for such service area and item. The listing shall be
8 prefaced by the following statement:

9 "State law requires that when the revenue capacity of a
10 city is reduced, funding for services that are not related to
11 real property shall be reduced before reductions are made in
12 funding of real property-related services. Following is the
13 list of real property-related services for which funding is
14 reduced in this proposed budget."

15 3. For purposes of this section, "real property-related
16 services" means a public service having a direct relationship
17 to property ownership, including law enforcement, fire
18 protection service, emergency medical services, street lights,
19 water, sewage and sewage disposal, garbage pickup and garbage
20 disposal, landfills, roads and road maintenance, streets and
21 street maintenance, bridges and bridge maintenance, sidewalks
22 and sidewalk maintenance, snow removal, and local emergency
23 management to the extent such real property-related services
24 are mandated by statute or have been provided at the
25 discretion of the city council.

26 Sec. 12. EFFECTIVE AND APPLICABILITY PROVISIONS. The
27 sections of this division of this Act amending sections 368.7
28 and 368.11, being deemed of immediate importance, take effect
29 upon enactment and apply to annexation applications submitted
30 to a city council and petitions for involuntary annexation
31 filed with the city development board on or after the date of
32 enactment.

33 DIVISION II

34 PROPERTY ASSESSMENT LIMITATION (ROLLBACK)

35 Sec. 13. Section 441.21, subsections 4 and 5, Code

1 Supplement 2005, are amended to read as follows:

2 4. For valuations established as of January 1, 1979, the
3 percentage of actual value at which agricultural and
4 residential property shall be assessed shall be the quotient
5 of the dividend and divisor as defined in this section. The
6 dividend for each class of property shall be the dividend as
7 determined for each class of property for valuations
8 established as of January 1, 1978, adjusted by the product
9 obtained by multiplying the percentage determined for that
10 year by the amount of any additions or deletions to actual
11 value, excluding those resulting from the revaluation of
12 existing properties, as reported by the assessors on the
13 abstracts of assessment for 1978, plus six percent of the
14 amount so determined. ~~However, if the difference between the~~
15 ~~dividend so determined for either class of property and the~~
16 ~~dividend for that class of property for valuations established~~
17 ~~as of January 1, 1978, adjusted by the product obtained by~~
18 ~~multiplying the percentage determined for that year by the~~
19 ~~amount of any additions or deletions to actual value,~~
20 ~~excluding those resulting from the revaluation of existing~~
21 ~~properties, as reported by the assessors on the abstracts of~~
22 ~~assessment for 1978, is less than six percent, the 1979~~
23 ~~dividend for the other class of property shall be the dividend~~
24 ~~as determined for that class of property for valuations~~
25 ~~established as of January 1, 1978, adjusted by the product~~
26 ~~obtained by multiplying the percentage determined for that~~
27 ~~year by the amount of any additions or deletions to actual~~
28 ~~value, excluding those resulting from the revaluation of~~
29 ~~existing properties, as reported by the assessors on the~~
30 ~~abstracts of assessment for 1978, plus a percentage of the~~
31 ~~amount so determined which is equal to the percentage by which~~
32 ~~the dividend as determined for the other class of property for~~
33 ~~valuations established as of January 1, 1978, adjusted by the~~
34 ~~product obtained by multiplying the percentage determined for~~
35 ~~that year by the amount of any additions or deletions to~~

1 ~~actual value, excluding those resulting from the revaluation~~
2 ~~of existing properties, as reported by the assessors on the~~
3 ~~abstracts of assessment for 1978, is increased in arriving at~~
4 ~~the 1979 dividend for the other class of property.~~ The
5 divisor for each class of property shall be the total actual
6 value of all such property in the state in the preceding year,
7 as reported by the assessors on the abstracts of assessment
8 submitted for 1978, plus the amount of value added to said
9 total actual value by the revaluation of existing properties
10 in 1979 as equalized by the director of revenue pursuant to
11 section 441.49. The director shall utilize information
12 reported on abstracts of assessment submitted pursuant to
13 section 441.45 in determining such percentage. For valuations
14 established as of January 1, 1980, and each year thereafter,
15 the percentage of actual value as equalized by the director of
16 revenue as provided in section 441.49 at which agricultural
17 and residential property shall be assessed shall be calculated
18 in accordance with the methods provided ~~herein including the~~
19 ~~limitation of increases in agricultural and residential~~
20 ~~assessed values to the percentage increase of the other class~~
21 ~~of property if the other class increases less than the~~
22 ~~allowable limit adjusted to include the applicable and current~~
23 ~~values as equalized by the director of revenue in this~~
24 subsection, except that any references to six percent in this
25 subsection shall be four percent. For valuations established
26 for the assessment year beginning January 1, 2006, and each
27 year thereafter, the percentage of actual value as equalized
28 by the director of revenue as provided in section 441.49 at
29 which agricultural and residential property shall be assessed
30 shall be calculated in accordance with the methods provided in
31 this subsection and subsection 5A, except that any references
32 to six percent in this subsection shall be four percent.

33 5. For valuations established as of January 1, 1979,
34 commercial property and industrial property, excluding
35 properties referred to in section 427A.1, subsection 7, shall

1 be assessed as a percentage of the actual value of each class
2 of property. The percentage shall be determined for each
3 class of property by the director of revenue for the state in
4 accordance with the provisions of this section. For
5 valuations established as of January 1, 1979, the percentage
6 shall be the quotient of the dividend and divisor as defined
7 in this section. The dividend for each class of property
8 shall be the total actual valuation for each class of property
9 established for 1978, plus six percent of the amount so
10 determined. The divisor for each class of property shall be
11 the valuation for each class of property established for 1978,
12 as reported by the assessors on the abstracts of assessment
13 for 1978, plus the amount of value added to the total actual
14 value by the revaluation of existing properties in 1979 as
15 equalized by the director of revenue pursuant to section
16 441.49. For valuations established as of January 1, 1979,
17 property valued by the department of revenue pursuant to
18 chapters 428, 433, 437, and 438 shall be considered as one
19 class of property and shall be assessed as a percentage of its
20 actual value. The percentage shall be determined by the
21 director of revenue in accordance with the provisions of this
22 section. For valuations established as of January 1, 1979,
23 the percentage shall be the quotient of the dividend and
24 divisor as defined in this section. The dividend shall be the
25 total actual valuation established for 1978 by the department
26 of revenue, plus ten percent of the amount so determined. The
27 divisor for property valued by the department of revenue
28 pursuant to chapters 428, 433, 437, and 438 shall be the
29 valuation established for 1978, plus the amount of value added
30 to the total actual value by the revaluation of the property
31 by the department of revenue as of January 1, 1979. For
32 valuations established as of January 1, 1980, commercial
33 property and industrial property, excluding properties
34 referred to in section 427A.1, subsection 7, shall be assessed
35 at a percentage of the actual value of each class of property.

1 The percentage shall be determined for each class of property
2 by the director of revenue for the state in accordance with
3 the provisions of this section. For valuations established as
4 of January 1, 1980, the percentage shall be the quotient of
5 the dividend and divisor as defined in this section. The
6 dividend for each class of property shall be the dividend as
7 determined for each class of property for valuations
8 established as of January 1, 1979, adjusted by the product
9 obtained by multiplying the percentage determined for that
10 year by the amount of any additions or deletions to actual
11 value, excluding those resulting from the revaluation of
12 existing properties, as reported by the assessors on the
13 abstracts of assessment for 1979, plus four percent of the
14 amount so determined. The divisor for each class of property
15 shall be the total actual value of all such property in 1979,
16 as equalized by the director of revenue pursuant to section
17 441.49, plus the amount of value added to the total actual
18 value by the revaluation of existing properties in 1980. The
19 director shall utilize information reported on the abstracts
20 of assessment submitted pursuant to section 441.45 in
21 determining such percentage. For valuations established as of
22 January 1, 1980, property valued by the department of revenue
23 pursuant to chapters 428, 433, 437, and 438 shall be assessed
24 at a percentage of its actual value. The percentage shall be
25 determined by the director of revenue in accordance with the
26 provisions of this section. For valuations established as of
27 January 1, 1980, the percentage shall be the quotient of the
28 dividend and divisor as defined in this section. The dividend
29 shall be the total actual valuation established for 1979 by
30 the department of revenue, plus eight percent of the amount so
31 determined. The divisor for property valued by the department
32 of revenue pursuant to chapters 428, 433, 437, and 438 shall
33 be the valuation established for 1979, plus the amount of
34 value added to the total actual value by the revaluation of
35 the property by the department of revenue as of January 1,

1 1980. For valuations established as of January 1, 1981, and
2 each year thereafter, the percentage of actual value as
3 equalized by the director of revenue as provided in section
4 441.49 at which commercial property and industrial property,
5 excluding properties referred to in section 427A.1, subsection
6 7, shall be assessed shall be calculated in accordance with
7 the methods provided herein in this subsection, except that
8 any references to six percent in this subsection shall be four
9 percent. For valuations established as of January 1, 1981,
10 and each year thereafter, the percentage of actual value at
11 which property valued by the department of revenue pursuant to
12 chapters 428, 433, 437, and 438 shall be assessed shall be
13 calculated in accordance with the methods provided herein,
14 except that any references to ten percent in this subsection
15 shall be eight percent. Beginning with valuations established
16 as of January 1, 1979, and each year thereafter, property
17 valued by the department of revenue pursuant to chapter 434
18 shall also be assessed at a percentage of its actual value
19 which percentage shall be equal to the percentage determined
20 by the director of revenue for commercial property, industrial
21 property, or property valued by the department of revenue
22 pursuant to chapters 428, 433, 437, and 438, whichever is
23 lowest. For valuations established for the assessment year
24 beginning January 1, 2006, and each year thereafter, the
25 percentage of actual value as equalized by the director of
26 revenue as provided in section 441.49 at which commercial and
27 industrial property shall be assessed shall be calculated in
28 accordance with the methods provided in this subsection and
29 subsection 5A, except that any references to six percent in
30 this subsection shall be four percent.

31 Sec. 14. Section 441.21, Code Supplement 2005, is amended
32 by adding the following new subsection:

33 NEW SUBSECTION. 5A. Notwithstanding the limitation of
34 increases for agricultural and residential property in
35 subsection 4 and the limitation of increases for commercial

1 and industrial property in subsection 5, for valuations
2 established for the assessment year beginning January 1, 2006,
3 and each year thereafter, for residential, agricultural, and
4 commercial property, the assessed values of these three
5 classes of property shall be limited to the percentage
6 increase of that class of property that is the lowest
7 percentage increase under the allowable limit adjusted to
8 include the applicable and current values as equalized by the
9 director of revenue. The lowest percentage increase
10 determined under this subsection shall also be applied to
11 industrial property in the same manner it is applied to the
12 other three classes of property.

13 Sec. 15. RETROACTIVE APPLICABILITY. This division of this
14 Act applies retroactively to January 1, 2006, for assessment
15 years beginning on or after that date.

16 DIVISION III

17 COUNTY COMPENSATION BOARDS

18 Sec. 16. Section 331.212, subsection 2, Code 2005, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. i. Setting the compensation schedule of
21 the elected county officers.

22 Sec. 17. Section 331.321, subsection 1, paragraph 1, Code
23 2005, is amended by striking the paragraph.

24 Sec. 18. Section 331.322, subsection 6, Code 2005, is
25 amended to read as follows:

26 6. Review Annually review and prepare the final
27 compensation schedule of-the-county-compensation-board-and
28 determine-the-final-compensation-schedule in accordance with
29 section 331.907.

30 Sec. 19. Section 331.322, subsection 7, Code 2005, is
31 amended by striking the subsection.

32 Sec. 20. Section 331.323, subsection 1, unnumbered
33 paragraph 5, Code 2005, is amended to read as follows:

34 When If the duties of an officer or employee are assigned
35 to one or more elected officers, the board shall set the an

1 initial salary for each elected officer;--~~Thereafter,~~ the
2 salary and, thereafter, shall ~~be-determined~~ determine the
3 salary as provided in section 331.907.

4 Sec. 21. Section 331.907, subsections 1 and 2, Code
5 Supplement 2005, are amended to read as follows:

6 1. The annual compensation of the auditor, treasurer,
7 recorder, sheriff, county attorney, and supervisors shall be
8 determined as provided in this section. The county
9 compensation board of supervisors annually shall review the
10 compensation paid to comparable officers in other counties of
11 this state, other states, private enterprise, and the federal
12 government. In setting the salary of the county sheriff, the
13 ~~county-compensation~~ board shall consider setting the sheriff's
14 salary so that it is comparable to salaries paid to
15 professional law enforcement administrators and command
16 officers of the state patrol, the division of criminal
17 investigation of the department of public safety, and city
18 police agencies in this state. The ~~county-compensation~~ board
19 shall prepare a compensation schedule for the elective county
20 officers for the succeeding fiscal year. ~~A-recommended~~
21 Approval of a compensation schedule requires a majority vote
22 of the membership of the ~~county-compensation~~ board.

23 2. At the public hearing held on the county budget as
24 provided in section 331.434, the ~~county-compensation~~ board
25 shall submit its ~~recommended~~ compensation schedule for the
26 next fiscal year ~~to-the-board-of-supervisors~~ for inclusion in
27 the county budget. ~~The-board-of-supervisors-shall-review-the~~
28 ~~recommended-compensation-schedule-for-the-elected-county~~
29 ~~officers-and-determine-the-final-compensation-schedule-which~~
30 ~~shall-not-exceed-the-compensation-schedule-recommended-by-the~~
31 ~~county-compensation-board;--In-determining-the-final~~
32 ~~compensation-schedule-if-the-board-of-supervisors-wishes-to~~
33 ~~reduce-the-amount-of-the-recommended-compensation-schedule,~~
34 ~~the-amount-of-salary-increase-proposed-for-each-elected-county~~
35 ~~officer-shall-be-reduced-an-equal-percentage.~~ A copy of the

1 ~~final~~ compensation schedule shall be filed with the county
2 budget at the office of the director of the department of
3 management. The ~~final~~ compensation schedule takes effect on
4 July 1 following its adoption by the board of supervisors.
5 Sec. 22. Section 331.905, Code 2005, is repealed.

6 EXPLANATION

7 This bill makes changes relating to local governments by
8 imposing requirements on those cities, counties, townships,
9 and other property tax certifying boards that seek to increase
10 the amount of property taxes certified for levy, by providing
11 for notices of township trustee meetings, by changing the
12 number of signatures necessary to protest a county budget, by
13 requiring priority funding of real property-related services
14 by cities and counties, by tying together the assessment
15 limitations of certain classes of property, and by abolishing
16 county compensation boards.

17 Division I of the bill provides that, effective for the
18 fiscal year beginning July 1, 2007, and all subsequent fiscal
19 years, a county or city shall not certify for levy an amount
20 of property taxes that exceeds the amount certified in the
21 previous fiscal year unless the board of supervisors or city
22 council, as applicable, adopts a resolution declaring its
23 intent to increase tax dollars and holds a public hearing on
24 the resolution. After the public hearing, the board or
25 council may abandon the resolution or proceed with the
26 resolution. The division provides that all other tax
27 certifying boards shall comply with this requirement, except
28 that they are not required to hold an additional public
29 hearing. Instead, they are required to publish notice of
30 adoption of the resolution along with notice of the public
31 hearing that is currently required for these budgets.
32 Townships, however, are not required to hold a public hearing
33 on their budgets, so the division provides that the resolution
34 shall be posted along with the proposed budget before the
35 regular meeting on the proposed budget.

1 The division changes the number of signatures necessary to
2 protest an adopted county budget. Current law provides that
3 the number of signatures shall not be less than 100. Prior to
4 2003, the law required that the protest contain signatures
5 equal in number to one-fourth of 1 percent of those voting for
6 the office of governor at the last general election, but not
7 less than 10 nor more than 100. The bill changes the
8 signature requirement back to the law prior to 2003.

9 The division requires a county or city whose property tax
10 capacity or other revenue capacity is reduced to first reduce
11 funding for services that are not related to real property.
12 If funding for real property-related services is also reduced,
13 the county or city shall include on the published proposed
14 budget summary the listing of real property-related services
15 for which funding has been reduced and a statement informing
16 persons that state law requires that when revenue capacity is
17 reduced funding for services not related to real property is
18 to be reduced before funding for real property-related
19 services is reduced. The bill defines "real property-related
20 services".

21 The division provides that a board of township trustees may
22 give posted notice of a meeting. The bill further provides
23 that if the board of trustees does not give notice of a
24 meeting of the board, the trustees shall not be eligible to
25 receive compensation for the time spent attending the meeting.

26 The division requires a city to implement the statutory
27 transition for the imposition of city taxes against property
28 to be annexed if the property is included in a voluntary
29 annexation application without the consent of the landowner
30 (i.e., where up to 20 percent of the annexed property may be
31 annexed without consent) or if the property is included in an
32 involuntary annexation petition. The division also provides
33 that if a city provides its own schedule of exemption from
34 city taxes as an alternative to the statutory schedule, the
35 alternative exemption must be equivalent to or greater than

1 the statutory exemption. This portion of division I takes
2 effect upon enactment and applies to annexation applications
3 submitted to a city council and petitions for involuntary
4 annexation filed with the city development board on or after
5 the date of enactment.

6 Division II of the bill ties together the assessment
7 limitations of residential, agricultural, and commercial
8 property by limiting the percentage increase in all of those
9 classes of property to the percentage increase of that class
10 of property that is the lowest percentage increase under the
11 allowable (4 percent) limit. The division also provides that
12 the lowest percentage increase shall be applied to industrial
13 property in the same manner that it is applied to the other
14 three classes of property. This division of the bill applies
15 retroactively to January 1, 2006, for assessment years
16 beginning on or after that date.

17 Division III of the bill provides for the abolition of
18 county compensation boards and transfers to the board of
19 supervisors the duty of setting the compensation schedule for
20 elective county officers.

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HOUSE FILE 2771

H-8448

- 1 Amend House File 2771 as follows:
- 2 1. By striking page 3, line 29, through page 4,
- 3 line 28.
- 4 2. By striking page 7, line 26, through page 8,
- 5 line 25.
- 6 3. Page 14, by striking lines 11 and 12 and
- 7 inserting the following: "industrial property in the
- 8 same manner it is applied to commercial property."
- 9 4. By striking page 14, line 16, through page 16,
- 10 line 5.
- 11 5. Title page, lines 5 and 6, by striking the
- 12 words "requiring funding of real property-related
- 13 services,".
- 14 6. Title page, lines 9 and 10, by striking the
- 15 words "abolishing county compensation boards,".
- 16 7. By renumbering as necessary.

By PAULSEN of Linn

H-8448 FILED APRIL 3, 2006

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2771 - Property Tax Reform (LSB 6480 HV)

Analyst: Dwayne Ferguson (Phone: [515] 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version – New

Requested by Representative Danny Carroll

Description

House File 2771 makes changes to local government budgeting practices, the calculation of taxable values, and eliminates county compensation boards. The Bill:

- Permits cities and counties to certify a budget that is larger than the previous year's budget only after adopting a resolution and holding public hearings on the increase.
- Requires cities and counties to reduce funding for "real property related services" (fire; police; water; streets, sidewalks, bridges, and roads; garbage; sewage; snow removal; local emergency management; and emergency medical services) only after funding for other services have been reduced.
- Provides for a phase-in of city taxes for property that is involuntarily annexed.
- Ties together residential, agricultural, and commercial classes so that the percentage increase by each class is equal to the lowest percentage increase of the three. The 4.0% limit remains in place for all three classes. The industrial class can increase no more than the lowest percentage of the other three classes.
- Abolishes county compensation boards and transfers the duties to the county board of supervisors.

Assumptions

1. Public hearings cost a city approximately \$90 to \$110 each, and their costs are assumed to be immaterial for local governments.
2. The estimate for tying together of the taxable valuation growth for residential, agricultural, commercial, and industrial classes of property is based on the following assumptions:
 - a. Based on the growth in assessed valuations between 1995 and 2004, it is assumed that in future years residential assessed valuations will grow by 3.4% in even-numbered years and 12.4% in odd-numbered years; the agricultural assessed valuations will grow by 0.2% in even-numbered years and -0.4% in odd-numbered years; commercial assessed valuations will grow by 3.7% in even-numbered years and 9.8% in odd-numbered years; and industrial assessed valuations will grow by 4.8% in even-numbered years and 4.4% in odd-numbered years.
 - b. Based on the change in rollback percentages between 1995 and 2004, it is assumed that the residential rollbacks will increase at a rate of 0.6% in even-numbered years and decrease at a rate of 7.1% in odd-numbered years; the agricultural rollbacks will increase at a rate of 1.5% in even number years but not exceed 100.0% and decrease at a rate of 1.4% in odd-numbered years; commercial rollbacks will increase at a rate of 2.0% in even-numbered years but not exceeding 100.0% and decrease at a rate of 2.0% in odd-numbered years; and the industrial rollback is 100.0%.

- c. Based on the calculation by the Department of Revenue that tied the commercial and industrial rollback to the agricultural class, if the requirements of this Bill had been in place between 1995 and 2004, the commercial and industrial rollback will increase at a rate of 1.3% in even-numbered years but not exceed 100.0% and will decrease at a rate of 3.9% in odd-numbered years.
- d. Taxable valuations will be the assessed valuation times the rollback. It is assumed that growth due to new construction and other changes is accommodated by using averages for these values.
- e. Given the above growth rates, **Tables 1, 2, and 3** provide the assumed assessed valuations by class, rollbacks under current law and the proposed law, and the taxable valuations by class, for FY 2008 through FY 2017.

Table 1
Assessed Values by Property Class
(in Millions)

Fiscal Year	Residential	Agricultural	Commercial and Industrial		Total
			Industrial		
2008	\$ 111,667.0	\$ 21,521.7	\$ 27,392.6		\$ 160,581.3
2009	125,500.9	21,438.2	29,801.1		176,740.2
2010	129,731.5	21,484.4	30,962.6		182,178.5
2011	145,803.4	21,401.1	33,695.2		200,899.6
2012	150,718.4	21,447.1	35,006.3		207,171.9
2013	169,390.2	21,364.0	38,107.1		228,861.3
2014	175,100.4	21,409.9	39,587.6		236,097.9
2015	196,792.7	21,326.9	43,106.7		261,226.3
2016	203,426.6	21,372.8	44,778.9		269,578.3
2017	228,628.2	21,290.0	48,773.1		298,691.2

Table 2
Current and Proposed Projected Rollbacks by Class

Fiscal Year	Current Law				Proposed Comm. & Indust. Rollback
	Residential Rollback	Agricultural Rollback	Commercial Rollback	Industrial Rollback	
2008	46.2768%	100.0000%	100.0000%	100.0000%	100.0000%
2009	42.9866%	98.5517%	98.0887%	100.0000%	96.0993%
2010	43.2490%	100.0000%	100.0000%	100.0000%	97.3697%
2011	40.1740%	98.5517%	98.0887%	100.0000%	93.5716%
2012	40.4193%	100.0000%	100.0000%	100.0000%	94.8087%
2013	37.5455%	98.5517%	98.0887%	100.0000%	91.1104%
2014	37.7747%	100.0000%	100.0000%	100.0000%	92.3149%
2015	35.0890%	98.5517%	98.0887%	100.0000%	88.7140%
2016	35.3032%	100.0000%	100.0000%	100.0000%	89.8868%
2017	32.7932%	98.5517%	98.0887%	100.0000%	86.3806%
Change	-13.4836%	-1.4483%	-1.9113%	0.0000%	-13.6194%
% Change	-29.1%	-1.4%	-1.9%	0.0%	-13.6%

Table 3
Taxable Values by Property Class
(in Millions)

Fiscal Year	Current Taxable Values				Proposed Taxable Values		Change in Taxable Value
	Residential	Agricultural	Commercial and Industrial	Total	Commercial and Industrial	Total	
2008	\$ 51,675.9	\$ 21,521.7	\$ 27,392.6	\$ 100,590.2	\$ 27,392.6	\$ 100,590.2	\$ 0.0
2009	53,948.5	21,127.7	29,333.7	104,409.9	28,638.7	103,714.9	-695.0
2010	56,107.5	21,484.4	30,962.6	108,554.5	30,148.2	107,740.1	-814.4
2011	58,575.1	21,091.1	33,162.9	112,829.1	31,529.1	111,195.3	-1,633.7
2012	60,919.3	21,447.1	35,006.3	117,372.7	33,189.0	115,555.4	-1,817.3
2013	63,598.4	21,054.6	37,500.9	122,153.9	34,719.6	119,372.6	-2,781.4
2014	66,143.6	21,409.9	39,587.6	127,141.2	36,545.3	124,098.9	-3,042.3
2015	69,052.6	21,018.1	42,416.3	132,486.9	38,241.7	128,312.3	-4,174.7
2016	71,816.1	21,372.8	44,778.9	137,967.7	40,250.3	133,439.2	-4,528.6
2017	74,974.4	20,981.6	47,986.9	143,943.0	42,130.5	138,086.5	-5,856.4
Change	\$ 23,298.6	\$ -540.0	\$ 20,594.3	\$ 43,352.8	\$ 14,737.8	\$ 37,496.3	
% Change	45.1%	-2.5%	75.2%	43.1%	53.8%	37.3%	

- f. To the extent that taxing authorities are at their maximum permitted levies, property tax revenues will be reduced. Those that are not at the maximum levy rates will be able to adjust tax rates to compensate for changes in taxable value and "recapture" reduced revenues. Between FY 1997 and FY 2006, the consolidated property tax rate increased at an average annual rate of 1.19%. It is assumed the consolidated tax rate will continue to increase at the same rate under current law. Under the proposed law, it is assumed local governments will hold the required public hearings, adopt resolutions, and increase property tax rates and "recapture" 75.0% of the revenues that would otherwise be reduced by the decline in taxable value.
 - g. In regard to the School Foundation Formula, State Foundation Aid, which is paid from the General Fund, will increase to offset reductions in Uniform Levy revenues. The Additional Levy rate will increase to accommodate the decrease in taxable valuations and generate the same revenues for school districts as under current law.
 - h. Between 1996 and 2005 assessment years, average agricultural assessed value per acre increased at an annual rate of 0.4%; the average residential dwelling assessed value increased at an annual rate of 6.5%; the average commercial property assessed value increased at an annual rate of 6.4%; and the average industrial property assessed value increased at an annual rate of 4.8%. It is assumed a typical property will increase in value at these same rates when comparing examples of individual properties from each class.
3. Elimination of the county compensation boards may produce some savings for the counties. Information is not available to estimate these changes.

Fiscal Impact

The effect of House File 2771 is to reallocate property taxes among the classes. Residential and agricultural classes pay a larger portion of the property taxes, and commercial and industrial classes pay a smaller portion. **Table 4** describes those changes. Comparing the proposed law to the current law at the end of the ten-year period, the percentage of the total property tax revenues paid by the residential class will increase by 2.2% and the percentage

paid by the agricultural class will increase by 0.6%. The percentage of the total property tax revenues paid by the commercial and industrial classes' combined will decrease by 2.8%.

Table 4
Percentage of Property Taxes Paid by Each Class

Fiscal Year	Current Law			Proposed Law			Percentage Change (Proposed Law vs. Current Law)		
	Resident.	Agricultural	Comm. and Industrial	Resident.	Agricultural	Comm. and Industrial	Resident.	Agricultural	Comm. and Industrial
2008	51.4%	21.4%	27.2%	51.4%	21.4%	27.2%	0.0%	0.0%	0.0%
2009	51.7%	20.2%	28.1%	52.0%	20.4%	27.6%	0.3%	0.1%	-0.5%
2010	51.7%	19.8%	28.5%	52.1%	19.9%	28.0%	0.4%	0.1%	-0.5%
2011	51.9%	18.7%	29.4%	52.7%	19.0%	28.4%	0.8%	0.3%	-1.0%
2012	51.9%	18.3%	29.8%	52.7%	18.6%	28.7%	0.8%	0.3%	-1.1%
2013	52.1%	17.2%	30.7%	53.3%	17.6%	29.1%	1.2%	0.4%	-1.6%
2014	52.0%	16.8%	31.1%	53.3%	17.3%	29.4%	1.3%	0.4%	-1.7%
2015	52.1%	15.9%	32.0%	53.8%	16.4%	29.8%	1.7%	0.5%	-2.2%
2016	52.1%	15.5%	32.5%	53.8%	16.0%	30.2%	1.8%	0.5%	-2.3%
2017	52.1%	14.6%	33.3%	54.3%	15.2%	30.5%	2.2%	0.6%	-2.8%
Change	0.7%	-6.8%	6.1%	2.9%	-6.2%	3.3%			
% Change	1.4%	-31.9%	22.4%	5.7%	-29.0%	12.0%			

Table 5 shows the projected effects on revenues. The State General Fund will offset reductions in the Uniform Levy revenues with a corresponding increase in State Foundation Aid. This will cost an estimated \$3.8 million in FY 2009 when the first commercial and industrial rollback impact occurs and will increase to \$31.6 million in FY 2017.

It is projected that HF 2771 would decrease taxable values and local revenues beginning in the second year. If no adjustments were made to property tax rates, property tax revenues would decrease by \$24.1 million in FY 2009. Over the ten-year period, this reduction would grow to \$223.2 million. If local governments recapture 75% of the reduced revenues, plus the State Foundation Aid offset, then property tax revenues will decrease by \$2.3 million in FY 2009. By the end of the period, the reduction after the recapture would be \$24.2 million.

Table 5
Property Tax Revenues Allowing for 75.0% Recapture of Revenue Decreases
(Dollars in Millions)

Fiscal Year	Change in Taxable Value	Revenue Change with Current Projected Rates	Increase in State Found. Aid	Property Tax Recapture	Net Change in Property Tax
2008	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
2009	-695.0	-24.1	3.8	18.1	-2.3
2010	-814.4	-28.6	4.4	21.4	-2.7
2011	-1,633.7	-58.0	8.8	43.5	-5.7
2012	-1,817.3	-65.3	9.8	49.0	-6.5
2013	-2,781.4	-101.1	15.0	75.8	-10.3
2014	-3,042.3	-111.9	16.4	83.9	-11.5
2015	-4,174.7	-155.4	22.5	116.5	-16.3
2016	-4,528.6	-170.6	24.5	127.9	-18.2
2017	-5,856.4	-223.2	31.6	167.4	-24.2

Table 6 shows the projected total property tax revenues and average consolidated tax rates for current law and under the proposed law after recapturing 75.0% of the reduction. The first impact occurs in FY 2009 when average property tax rates are estimated to increase by 0.6% to adjust for the reduction in taxable value. By the end of the ten-year period, average rates are

projected to increase by 3.8% compared to current law and will average \$1.44 per one thousand dollars of assessed valuation higher than under current law.

Table 6
Property Tax Revenues and Consolidated Property Tax Rates
Allowing for 75.0% Recapture of Reduced Revenues

<u>Fiscal Year</u>	<u>Property Tax Revenues (in Millions)</u>	<u>Current Prop. Tax Rates</u>	<u>Proposed Tax Revenue (in Millions)</u>	<u>Proposed Prop. Tax Rates</u>	<u>Change in Prop. Tax Rates</u>	<u>Percent Change</u>
2008	\$ 3,446.3	\$ 34.26	\$ 3,446.3	\$ 34.26	\$ 0.00	0.0%
2009	3,619.8	34.67	3,617.5	34.88	0.21	0.6%
2010	3,808.2	35.08	3,805.5	35.32	0.24	0.7%
2011	4,005.3	35.50	3,999.6	35.97	0.47	1.3%
2012	4,216.2	35.92	4,209.7	36.43	0.51	1.4%
2013	4,440.1	36.35	4,429.9	37.11	0.76	2.1%
2014	4,676.4	36.78	4,664.9	37.59	0.81	2.2%
2015	4,931.0	37.22	4,914.7	38.30	1.08	2.9%
2016	5,196.1	37.66	5,177.9	38.80	1.14	3.0%
2017	5,485.7	38.11	5,461.5	39.55	1.44	3.8%
Change	\$ 2,039.3	\$ 3.8	\$ 2,015.2	\$ 5.3		
% Change	59.2%	11.2%	58.5%	15.4%		

The next section of this analysis examines the effect of HF 2771 on typical properties from each class over the ten-year projection period using the valuations, rollbacks, and tax rates provided above.

**Table 7
Typical Property Taxes for Current Law and with SF 2771**

Residential: \$100,000 FY 2008 Assessed Valuation					Agricultural: \$335,000 FY 2008 Assessed Valuation (500 acres)			
<u>Fiscal Year</u>	<u>Current Taxes</u>	<u>Proposed Taxes</u>	<u>Prop. Tax Change</u>	<u>Percent Change</u>	<u>Current Taxes</u>	<u>Proposed Taxes</u>	<u>Prop. Tax Change</u>	<u>Percent Change</u>
2008	\$ 1,585	\$ 1,585	\$ 0	0.00%	\$ 11,477	\$ 11,477	\$ 0	0.00%
2009	1,587	1,597	10	0.61%	11,495	11,565	70	0.61%
2010	1,721	1,733	12	0.68%	11,854	11,935	81	0.68%
2011	1,723	1,745	23	1.33%	11,873	12,030	157	1.33%
2012	1,868	1,894	26	1.42%	12,243	12,416	173	1.42%
2013	1,870	1,909	39	2.09%	12,262	12,519	257	2.09%
2014	2,027	2,072	45	2.20%	12,645	12,923	278	2.20%
2015	2,029	2,088	59	2.91%	12,665	13,033	369	2.91%
2016	2,200	2,267	67	3.03%	13,060	13,456	396	3.03%
2017	2,202	2,285	83	3.78%	13,080	13,575	495	3.78%
Change	\$ 617	\$ 700			\$ 1,603	\$ 2,097		
% Change	38.9%	44.1%			14.0%	18.3%		

Commercial: \$325,000 FY 2008 Assessed Valuation					Industrial: \$1.2 Million FY 2008 Assessed Valuation			
<u>Fiscal Year</u>	<u>Current Taxes</u>	<u>Proposed Taxes</u>	<u>Prop. Tax Change</u>	<u>Percent Change</u>	<u>Current Taxes</u>	<u>Proposed Taxes</u>	<u>Prop. Tax Change</u>	<u>Percent Change</u>
2008	\$ 11,135	\$ 11,135	\$ 0	0.00%	\$ 41,113	\$ 41,113	\$ 0	0.00%
2009	11,764	11,595	-169	-1.43%	43,615	42,168	-1,447	-3.32%
2010	12,917	12,663	-254	-1.96%	46,269	45,360	-909	-1.96%
2011	13,647	13,191	-456	-3.34%	49,085	46,538	-2,547	-5.19%
2012	14,985	14,408	-577	-3.85%	52,072	50,068	-2,004	-3.85%
2013	15,831	15,012	-818	-5.17%	55,241	51,384	-3,857	-6.98%
2014	17,383	16,400	-983	-5.66%	58,602	55,288	-3,314	-5.66%
2015	18,365	17,093	-1,271	-6.92%	62,168	56,758	-5,410	-8.70%
2016	20,165	18,675	-1,490	-7.39%	65,951	61,079	-4,872	-7.39%
2017	21,304	19,470	-1,833	-8.61%	69,965	62,722	-7,243	-10.35%
Change	\$ 10,169	\$ 8,336			\$ 28,851	\$ 21,608		
% Change	91.3%	74.9%			70.2%	52.6%		

House File 2771 will increase the property taxes for typical homeowners by approximately 3.8% over the ten-year period compared to current law, and they will pay approximately \$83 more than under current law. Typical agricultural taxpayers will also experience a 3.8% property tax increase after ten years and will pay \$495 more in property taxes in FY 2017. Typical commercial taxpayers will have their property taxes decrease by \$1,833 (8.6%), and industrial taxpayers will have a \$7,243 (10.4%) decrease by the end of the ten years.

Sources

Department of Revenue
 Department of Management
 Iowa League of Cities

/s/ Holly M. Lyons

April 5, 2006

Paulsen, chair
Carroll
Kurtenbach
Shoultz
Winckler

Succeeded By
SF 02771

HSB 766
WAYS AND MEANS

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation and local budgets by
2 imposing requirements on those cities, counties, townships,
3 and other property tax certifying boards that seek to increase
4 the amount of property taxes certified for levy, requiring
5 funding of real property-related services, changing the number
6 of signatures necessary to protest an adopted county budget,
7 requiring a transition for the imposition of city taxes
8 against annexed property, abolishing county compensation
9 boards, tying together the assessment limitations of certain
10 classes of property, and including effective and retroactive
11 and other applicability date provisions.

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

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DIVISION I

LOCAL BUDGETS

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3 Section 1. Section 24.9, Code 2005, is amended to read as
4 follows:

5 24.9 FILING ESTIMATES -- NOTICE OF HEARING -- RESOLUTION
6 TO INCREASE TAXES -- AMENDMENTS.

7 1. Each municipality shall file with the secretary or
8 clerk thereof the estimates required to be made in sections
9 24.3 to 24.8, at least twenty days before the date fixed by
10 law for certifying the same to the levying board and shall
11 forthwith fix a date for a hearing thereon, and shall publish
12 such estimates and any annual levies previously authorized as
13 provided in section 76.2, with a notice of the time when and
14 the place where such hearing shall be held not less than ten
15 nor more than twenty days before the hearing. Provided that
16 in municipalities of less than two hundred population such
17 estimates and the notice of hearing thereon shall be posted in
18 three public places in the district in lieu of publication.
19 For any other municipality such publication shall be in a
20 newspaper published therein, if any; if not, then in a
21 newspaper of general circulation therein. The department of
22 management shall prescribe the form for public hearing notices
23 for use by municipalities.

24 ~~For any other municipality such publication shall be in a~~
25 ~~newspaper published therein, if any, if not, then in a~~
26 ~~newspaper of general circulation therein.~~

27 ~~The department of management shall prescribe the form for~~
28 ~~public hearing notices for use by municipalities.~~

29 2. Effective for the fiscal year beginning July 1, 2007,
30 and all subsequent fiscal years, the maximum amount of
31 property tax dollars that may be certified by the certifying
32 board of a municipality shall not exceed the amount certified
33 in the previous fiscal year, unless the certifying board
34 adopts a resolution pursuant to this subsection. The
35 resolution shall be filed in the same manner and at the same

1 time as the estimates in subsection 1. The resolution shall
2 be published along with the estimates and the notice of public
3 hearing required in subsection 1. After the public hearing,
4 the certifying board may abandon the declaration contained in
5 the resolution or the certifying board may proceed with the
6 declaration contained in the resolution.

7 3. Budget estimates adopted and certified in accordance
8 with this chapter may be amended and increased as the need
9 arises to permit appropriation and expenditure during the
10 fiscal year covered by the budget of unexpended cash balances
11 on hand at the close of the preceding fiscal year and which
12 cash balances had not been estimated and appropriated for
13 expenditure during the fiscal year of the budget sought to be
14 amended, and also to permit appropriation and expenditure
15 during the fiscal year covered by the budget of amounts of
16 cash anticipated to be available during the year from sources
17 other than taxation and which had not been estimated and
18 appropriated for expenditure during the fiscal year of the
19 budget sought to be amended. Such amendments to budget
20 estimates may be considered and adopted at any time during the
21 fiscal year covered by the budget sought to be amended, by
22 filing the amendments and upon publishing them and giving
23 notice of the public hearing in the manner required in this
24 section. Within ten days of the decision or order of the
25 certifying or levying board, the proposed amendment of the
26 budget is subject to protest, hearing on the protest, appeal
27 to the state appeal board and review by that body, all in
28 accordance with sections 24.27 to 24.32, so far as applicable.
29 A local budget shall be amended by May 31 of the current
30 fiscal year to allow time for a protest hearing to be held and
31 a decision rendered before June 30. An amendment of a budget
32 after May 31 which is properly appealed but without adequate
33 time for hearing and decision before June 30 is void.
34 Amendments to budget estimates accepted or issued under this
35 section are not within section 24.14.

1 Sec. 2. NEW SECTION. 331.422A LIMITATION ON TAX DOLLARS
2 CERTIFIED.

3 1. Effective for the fiscal year beginning July 1, 2007,
4 and all subsequent fiscal years, the maximum amount of
5 property tax dollars that may be certified by the county board
6 of supervisors shall not exceed the amount certified in the
7 previous fiscal year, unless the board adopts a resolution
8 pursuant to subsection 2.

9 2. Not less than thirty-five days before the certification
10 date of the budget for the following fiscal year, the board
11 may adopt a resolution declaring that for such budget the
12 board intends to increase the amount of taxes from the current
13 fiscal year. The board shall schedule a hearing on the
14 resolution and publish notice of the hearing in a newspaper of
15 general circulation in the county not less than four nor more
16 than ten days before the hearing. The notice shall contain a
17 copy of the resolution. After the public hearing, the board
18 may abandon the declaration contained in the resolution or the
19 board may proceed with the declaration contained in the
20 resolution.

21 Sec. 3. Section 331.436, Code 2005, is amended to read as
22 follows:

23 331.436 PROTEST.

24 Protests to the adopted budget must be made in accordance
25 with sections 24.27 through 24.32 as if the county were the
26 municipality under those sections ~~except that the number of~~
27 ~~people necessary to file a protest under this section shall~~
28 ~~not be less than one hundred.~~

29 Sec. 4. NEW SECTION. 331.437A REAL PROPERTY -- RELATED
30 SERVICES -- FUNDING.

31 1. If a county's property tax capacity is reduced or the
32 amount of revenue to be received by a county from sources
33 other than property taxes is reduced, a county is prohibited
34 from reducing funding for real property-related services
35 provided by the county from the level such services were

1 funded in the previous year without first reducing funding for
2 services that are not essential services.

3 2. If funding for real property-related services is
4 reduced under the circumstances described in subsection 1, the
5 budget summary required to be published by the county pursuant
6 to section 331.434 shall include a listing of the real
7 property-related services, by service area and item, for which
8 funding is reduced from the previous year, the previous year's
9 funding for such service area and item, and the proposed
10 funding for such service area and item. The listing shall be
11 prefaced by the following statement:

12 "State law requires that when the revenue capacity of a
13 county is reduced, funding for services that are not related
14 to real property shall be reduced before reductions are made
15 in funding of real property-related services. Following is
16 the list of real property-related services for which funding
17 is reduced in this proposed budget."

18 3. For purposes of this section, "real property-related
19 services" means a public service having a direct relationship
20 to property ownership, including law enforcement, fire
21 protection service, emergency medical services, street lights,
22 water, sewage and sewage disposal, garbage pickup and garbage
23 disposal, landfills, roads and road maintenance, streets and
24 street maintenance, bridges and bridge maintenance, sidewalks
25 and sidewalk maintenance, snow removal, and local emergency
26 management to the extent such real property-related services
27 are mandated by statute or have been provided at the
28 discretion of the county board of supervisors.

29 Sec. 5. Section 359.49, Code 2005, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 2A. Effective for the fiscal year
32 beginning July 1, 2007, and all subsequent fiscal years, the
33 maximum amount of property tax dollars that may be certified
34 by the township board of trustees shall not exceed the amount
35 certified in the previous fiscal year, unless the board of

1 trustees adopts a resolution pursuant to this subsection.

2 Not less than twenty days before the date set for the
3 regular meeting of the board of trustees at which objections
4 and arguments on the budget will be heard, the board may adopt
5 a resolution declaring that for such budget the board intends
6 to increase the amount of taxes from the current fiscal year.
7 The resolution shall be forwarded to the county auditor for
8 posting with the proposed budget pursuant to subsection 4.
9 After the meeting, the board may abandon the declaration
10 contained in the resolution or the board may proceed with the
11 declaration contained in the resolution.

12 Sec. 6. Section 368.7, subsection 5, Code Supplement 2005,
13 is amended to read as follows:

14 5. In the discretion of a city council, the resolution
15 provided for in subsection 1, paragraph "d", or subsection 2
16 or 3, may include a provision for a transition for the
17 imposition of city taxes against property within the
18 annexation area as provided in section 368.11, subsection 3,
19 paragraph "m". However, the city shall provide for such
20 transition for the imposition of city taxes against that
21 property that is included in the territory to be annexed
22 without the consent of the landowner.

23 Sec. 7. Section 368.11, subsection 3, paragraph m, Code
24 Supplement 2005, is amended to read as follows:

25 ~~m. In the discretion of a city council,~~ A provision for
26 a transition for the imposition of city taxes against property
27 within an annexation area. The provision shall allow for an
28 exemption from taxation of the following percentages of
29 assessed valuation according to the following schedule:

- 30 (1) For the first and second years, seventy-five percent.
31 (2) For the third and fourth years, sixty percent.
32 (3) For the fifth and sixth years, forty-five percent.
33 (4) For the seventh and eighth years, thirty percent.
34 (5) For the ninth and tenth years, fifteen percent.

35 An alternative schedule may be adopted by the city council.

1 However, ~~an~~ An alternative schedule shall not allow ~~a-greater~~
2 an exemption that is equivalent to or greater than that
3 provided in this paragraph. The exemption shall be applied in
4 the levy and collection of taxes. The provision may also
5 allow for the partial provision of city services during the
6 time in which the exemption from taxation is in effect.

7 Sec. 8. NEW SECTION. 384.1A LIMITATION ON TAX DOLLARS
8 CERTIFIED.

9 1. Effective for the fiscal year beginning July 1, 2007,
10 and all subsequent fiscal years, the maximum amount of
11 property tax dollars that may be certified by the city council
12 shall not exceed the amount certified in the previous fiscal
13 year, unless the city council adopts a resolution pursuant to
14 subsection 2.

15 2. Not less than thirty-five days before the certification
16 date of the budget for the following fiscal year, the city
17 council may adopt a resolution declaring that for such budget
18 the city council intends to increase the amount of taxes from
19 the current fiscal year. The city council shall schedule a
20 hearing on the resolution and publish notice of the hearing in
21 a newspaper of general circulation in the city not less than
22 four nor more than ten days before the hearing. The notice
23 shall contain a copy of the resolution. After the public
24 hearing, the city council may abandon the declaration
25 contained in the resolution or the city council may proceed
26 with the declaration contained in the resolution.

27 Sec. 9. NEW SECTION. 384.20A REAL PROPERTY-RELATED
28 SERVICES -- FUNDING.

29 1. If a city's property tax capacity is reduced or the
30 amount of revenue to be received by a city from sources other
31 than property taxes is reduced, a city is prohibited from
32 reducing funding for real property-related services provided
33 by the city from the level such services were funded in the
34 previous year without first reducing funding for services that
35 are not real property-related services.

1 2. If funding for real property-related services is
2 reduced under the circumstances described in subsection 1, the
3 budget summary required to be published by the city pursuant
4 to section 384.16 shall include a listing of the real
5 property-related services, by service area and item, for which
6 funding is reduced from the previous year, the previous year's
7 funding for such service area and item, and the proposed
8 funding for such service area and item. The listing shall be
9 prefaced by the following statement:

10 "State law requires that when the revenue capacity of a
11 city is reduced, funding for services that are not related to
12 real property shall be reduced before reductions are made in
13 funding of real property-related services. Following is the
14 list of real property-related services for which funding is
15 reduced in this proposed budget."

16 3. For purposes of this section, "real property-related
17 services" means a public service having a direct relationship
18 to property ownership, including law enforcement, fire
19 protection service, emergency medical services, street lights,
20 water, sewage and sewage disposal, garbage pickup and garbage
21 disposal, landfills, roads and road maintenance, streets and
22 street maintenance, bridges and bridge maintenance, sidewalks
23 and sidewalk maintenance, snow removal, and local emergency
24 management to the extent such real property-related services
25 are mandated by statute or have been provided at the
26 discretion of the city council.

27 Sec. 10. EFFECTIVE AND APPLICABILITY PROVISIONS. The
28 sections of this division of this Act amending sections 368.7
29 and 368.11, being deemed of immediate importance, take effect
30 upon enactment and apply to annexation applications submitted
31 to a city council and petitions for involuntary annexation
32 filed with the city development board on or after the date of
33 enactment.

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DIVISION II
PROPERTY ASSESSMENT LIMITATION (ROLLBACK)

1 Sec. 11. Section 441.21, subsections 4 and 5, Code
2 Supplement 2005, are amended to read as follows:

3 4. For valuations established as of January 1, 1979, the
4 percentage of actual value at which agricultural and
5 residential property shall be assessed shall be the quotient
6 of the dividend and divisor as defined in this section. The
7 dividend for each class of property shall be the dividend as
8 determined for each class of property for valuations
9 established as of January 1, 1978, adjusted by the product
10 obtained by multiplying the percentage determined for that
11 year by the amount of any additions or deletions to actual
12 value, excluding those resulting from the revaluation of
13 existing properties, as reported by the assessors on the
14 abstracts of assessment for 1978, plus six percent of the
15 amount so determined. However, ~~if the difference between the~~
16 ~~dividend so determined for either class of property and the~~
17 ~~dividend for that class of property for valuations established~~
18 ~~as of January 1, 1978, adjusted by the product obtained by~~
19 ~~multiplying the percentage determined for that year by the~~
20 ~~amount of any additions or deletions to actual value,~~
21 ~~excluding those resulting from the revaluation of existing~~
22 ~~properties, as reported by the assessors on the abstracts of~~
23 ~~assessment for 1978, is less than six percent, the 1979~~
24 ~~dividend for the other class of property shall be the dividend~~
25 ~~as determined for that class of property for valuations~~
26 ~~established as of January 1, 1978, adjusted by the product~~
27 ~~obtained by multiplying the percentage determined for that~~
28 ~~year by the amount of any additions or deletions to actual~~
29 ~~value, excluding those resulting from the revaluation of~~
30 ~~existing properties, as reported by the assessors on the~~
31 ~~abstracts of assessment for 1978, plus a percentage of the~~
32 ~~amount so determined which is equal to the percentage by which~~
33 ~~the dividend as determined for the other class of property for~~
34 ~~valuations established as of January 1, 1978, adjusted by the~~
35 ~~product obtained by multiplying the percentage determined for~~

~~1 that-year-by-the-amount-of-any-additions-or-deletions-to~~
~~2 actual-value,excluding-those-resulting-from-the-revaluation~~
~~3 of-existing-properties,as-reported-by-the-assessors-on-the~~
~~4 abstracts-of-assessment-for-1978, is-increased-in-arriving-at~~
~~5 the-1979-dividend-for-the-other-class-of-property. The~~
6 divisor for each class of property shall be the total actual
7 value of all such property in the state in the preceding year,
8 as reported by the assessors on the abstracts of assessment
9 submitted for 1978, plus the amount of value added to said
10 total actual value by the revaluation of existing properties
11 in 1979 as equalized by the director of revenue pursuant to
12 section 441.49. The director shall utilize information
13 reported on abstracts of assessment submitted pursuant to
14 section 441.45 in determining such percentage. For valuations
15 established as of January 1, 1980, and each year thereafter,
16 the percentage of actual value as equalized by the director of
17 revenue as provided in section 441.49 at which agricultural
18 and residential property shall be assessed shall be calculated
19 in accordance with the methods provided herein-including-the
20 ~~limitation-of-increases-in-agricultural-and-residential~~
21 ~~assessed-values-to-the-percentage-increase-of-the-other-class~~
22 ~~of-property-if-the-other-class-increases-less-than-the~~
23 ~~allowable-limit-adjusted-to-include-the-applicable-and-current~~
24 ~~values-as-equalized-by-the-director-of-revenue in this~~
25 subsection, except that any references to six percent in this
26 subsection shall be four percent. For valuations established
27 for the assessment year beginning January 1, 2006, and each
28 year thereafter, the percentage of actual value as equalized
29 by the director of revenue as provided in section 441.49 at
30 which agricultural and residential property shall be assessed
31 shall be calculated in accordance with the methods provided in
32 this subsection and subsection 5A, except that any references
33 to six percent in this subsection shall be four percent.

34 5. For valuations established as of January 1, 1979,
35 commercial property and industrial property, excluding

1 properties referred to in section 427A.1, subsection 7, shall
2 be assessed as a percentage of the actual value of each class
3 of property. The percentage shall be determined for each
4 class of property by the director of revenue for the state in
5 accordance with the provisions of this section. For
6 valuations established as of January 1, 1979, the percentage
7 shall be the quotient of the dividend and divisor as defined
8 in this section. The dividend for each class of property
9 shall be the total actual valuation for each class of property
10 established for 1978, plus six percent of the amount so
11 determined. The divisor for each class of property shall be
12 the valuation for each class of property established for 1978,
13 as reported by the assessors on the abstracts of assessment
14 for 1978, plus the amount of value added to the total actual
15 value by the revaluation of existing properties in 1979 as
16 equalized by the director of revenue pursuant to section
17 441.49. For valuations established as of January 1, 1979,
18 property valued by the department of revenue pursuant to
19 chapters 428, 433, 437, and 438 shall be considered as one
20 class of property and shall be assessed as a percentage of its
21 actual value. The percentage shall be determined by the
22 director of revenue in accordance with the provisions of this
23 section. For valuations established as of January 1, 1979,
24 the percentage shall be the quotient of the dividend and
25 divisor as defined in this section. The dividend shall be the
26 total actual valuation established for 1978 by the department
27 of revenue, plus ten percent of the amount so determined. The
28 divisor for property valued by the department of revenue
29 pursuant to chapters 428, 433, 437, and 438 shall be the
30 valuation established for 1978, plus the amount of value added
31 to the total actual value by the revaluation of the property
32 by the department of revenue as of January 1, 1979. For
33 valuations established as of January 1, 1980, commercial
34 property and industrial property, excluding properties
35 referred to in section 427A.1, subsection 7, shall be assessed

1 at a percentage of the actual value of each class of property.
2 The percentage shall be determined for each class of property
3 by the director of revenue for the state in accordance with
4 the provisions of this section. For valuations established as
5 of January 1, 1980, the percentage shall be the quotient of
6 the dividend and divisor as defined in this section. The
7 dividend for each class of property shall be the dividend as
8 determined for each class of property for valuations
9 established as of January 1, 1979, adjusted by the product
10 obtained by multiplying the percentage determined for that
11 year by the amount of any additions or deletions to actual
12 value, excluding those resulting from the revaluation of
13 existing properties, as reported by the assessors on the
14 abstracts of assessment for 1979, plus four percent of the
15 amount so determined. The divisor for each class of property
16 shall be the total actual value of all such property in 1979,
17 as equalized by the director of revenue pursuant to section
18 441.49, plus the amount of value added to the total actual
19 value by the revaluation of existing properties in 1980. The
20 director shall utilize information reported on the abstracts
21 of assessment submitted pursuant to section 441.45 in
22 determining such percentage. For valuations established as of
23 January 1, 1980, property valued by the department of revenue
24 pursuant to chapters 428, 433, 437, and 438 shall be assessed
25 at a percentage of its actual value. The percentage shall be
26 determined by the director of revenue in accordance with the
27 provisions of this section. For valuations established as of
28 January 1, 1980, the percentage shall be the quotient of the
29 dividend and divisor as defined in this section. The dividend
30 shall be the total actual valuation established for 1979 by
31 the department of revenue, plus eight percent of the amount so
32 determined. The divisor for property valued by the department
33 of revenue pursuant to chapters 428, 433, 437, and 438 shall
34 be the valuation established for 1979, plus the amount of
35 value added to the total actual value by the revaluation of

1 the property by the department of revenue as of January 1,
2 1980. For valuations established as of January 1, 1981, and
3 each year thereafter, the percentage of actual value as
4 equalized by the director of revenue as provided in section
5 441.49 at which commercial property and industrial property,
6 excluding properties referred to in section 427A.1, subsection
7 7, shall be assessed shall be calculated in accordance with
8 the methods provided herein in this subsection, except that
9 any references to six percent in this subsection shall be four
10 percent. For valuations established as of January 1, 1981,
11 and each year thereafter, the percentage of actual value at
12 which property valued by the department of revenue pursuant to
13 chapters 428, 433, 437, and 438 shall be assessed shall be
14 calculated in accordance with the methods provided herein,
15 except that any references to ten percent in this subsection
16 shall be eight percent. Beginning with valuations established
17 as of January 1, 1979, and each year thereafter, property
18 valued by the department of revenue pursuant to chapter 434
19 shall also be assessed at a percentage of its actual value
20 which percentage shall be equal to the percentage determined
21 by the director of revenue for commercial property, industrial
22 property, or property valued by the department of revenue
23 pursuant to chapters 428, 433, 437, and 438, whichever is
24 lowest. For valuations established for the assessment year
25 beginning January 1, 2006, and each year thereafter, the
26 percentage of actual value as equalized by the director of
27 revenue as provided in section 441.49 at which commercial and
28 industrial property shall be assessed shall be calculated in
29 accordance with the methods provided in this subsection and
30 subsection 5A, except that any references to six percent in
31 this subsection shall be four percent.

32 Sec. 12. Section 441.21, Code Supplement 2005, is amended
33 by adding the following new subsection:

34 NEW SUBSECTION. 5A. Notwithstanding the limitation of
35 increases for agricultural and residential property in

1 subsection 4 and the limitation of increases for commercial
2 and industrial property in subsection 5, for valuations
3 established for the assessment year beginning January 1, 2006,
4 and each year thereafter, for residential, agricultural, and
5 commercial property, the assessed values of these three
6 classes of property shall be limited to the percentage
7 increase of that class of property that is the lowest
8 percentage increase under the allowable limit adjusted to
9 include the applicable and current values as equalized by the
10 director of revenue. The lowest percentage increase
11 determined under this subsection shall also be applied to
12 industrial property in the same manner it is applied to the
13 other three classes of property.

14 Sec. 13. RETROACTIVE APPLICABILITY. This division of this
15 Act applies retroactively to January 1, 2006, for assessment
16 years beginning on or after that date.

17 DIVISION III

18 COUNTY COMPENSATION BOARDS

19 Sec. 14. Section 331.212, subsection 2, Code 2005, is
20 amended by adding the following new paragraph:

21 NEW PARAGRAPH. i. Setting the compensation schedule of
22 the elected county officers.

23 Sec. 15. Section 331.321, subsection 1, paragraph 1, Code
24 2005, is amended by striking the paragraph.

25 Sec. 16. Section 331.322, subsection 6, Code 2005, is
26 amended to read as follows:

27 6. Review Annually review and prepare the final
28 ~~compensation schedule of the county compensation board and~~
29 ~~determine the final compensation schedule~~ in accordance with
30 section 331.907.

31 Sec. 17. Section 331.322, subsection 7, Code 2005, is
32 amended by striking the subsection.

33 Sec. 18. Section 331.323, subsection 1, unnumbered
34 paragraph 5, Code 2005, is amended to read as follows:

35 When If the duties of an officer or employee are assigned

1 to one or more elected officers, the board shall set the an
2 initial salary for each elected officer. ~~Thereafter, the~~
3 salary and, thereafter, shall be determined determine the
4 salary as provided in section 331.907.

5 Sec. 19. Section 331.907, subsections 1 and 2, Code
6 Supplement 2005, are amended to read as follows:

7 1. The annual compensation of the auditor, treasurer,
8 recorder, sheriff, county attorney, and supervisors shall be
9 determined as provided in this section. The county
10 compensation board of supervisors annually shall review the
11 compensation paid to comparable officers in other counties of
12 this state, other states, private enterprise, and the federal
13 government. In setting the salary of the county sheriff, the
14 county-compensation board shall consider setting the sheriff's
15 salary so that it is comparable to salaries paid to
16 professional law enforcement administrators and command
17 officers of the state patrol, the division of criminal
18 investigation of the department of public safety, and city
19 police agencies in this state. The county-compensation board
20 shall prepare a compensation schedule for the elective county
21 officers for the succeeding fiscal year. ~~A-recommended~~
22 Approval of a compensation schedule requires a majority vote
23 of the membership of the county-compensation board.

24 2. At the public hearing held on the county budget as
25 provided in section 331.434, the county-compensation board
26 shall submit its ~~recommended~~ compensation schedule for the
27 next fiscal year ~~to the board of supervisors~~ for inclusion in
28 the county budget. ~~The board of supervisors shall review the~~
29 ~~recommended compensation schedule for the elected county~~
30 ~~officers and determine the final compensation schedule which~~
31 ~~shall not exceed the compensation schedule recommended by the~~
32 ~~county compensation board. In determining the final~~
33 ~~compensation schedule if the board of supervisors wishes to~~
34 ~~reduce the amount of the recommended compensation schedule,~~
35 ~~the amount of salary increase proposed for each elected county~~

1 ~~officer shall be reduced an equal percentage.~~ A copy of the
2 ~~final~~ compensation schedule shall be filed with the county
3 budget at the office of the director of the department of
4 management. The ~~final~~ compensation schedule takes effect on
5 July 1 following its adoption by the board of supervisors.

6 Sec. 20. Section 331.905, Code 2005, is repealed.

7

EXPLANATION

8 This bill makes changes relating to local governments by
9 imposing requirements on those cities, counties, townships,
10 and other property tax certifying boards that seek to increase
11 the amount of property taxes certified for levy, by changing
12 the number of signatures necessary to protest a county budget,
13 by requiring priority funding of real property-related
14 services by cities and counties, by tying together the
15 assessment limitations of certain classes of property, and by
16 abolishing county compensation boards.

17 Division I of the bill provides that, effective for the
18 fiscal year beginning July 1, 2007, and all subsequent fiscal
19 years, a county or city shall not certify for levy an amount
20 of property taxes that exceeds the amount certified in the
21 previous fiscal year unless the board of supervisors or city
22 council, as applicable, adopts a resolution declaring its
23 intent to increase tax dollars and holds a public hearing on
24 the resolution. After the public hearing, the board or
25 council may abandon the resolution or proceed with the
26 resolution. The division provides that all other tax
27 certifying boards shall comply with this requirement, except
28 that they are not required to hold an additional public
29 hearing. Instead, they are required to publish notice of
30 adoption of the resolution along with notice of the public
31 hearing that is currently required for these budgets.
32 Townships, however, are not required to hold a public hearing
33 on their budgets, so the division provides that the resolution
34 shall be posted along with the proposed budget before the
35 regular meeting on the proposed budget.

1 The division changes the number of signatures necessary to
2 protest an adopted county budget. Current law provides that
3 the number of signatures shall not be less than 100. Prior to
4 2003, the law required that the protest contain signatures
5 equal in number to one-fourth of 1 percent of those voting for
6 the office of governor at the last general election, but not
7 less than 10 nor more than 100. The bill changes the
8 signature requirement back to the law prior to 2003.

9 The division requires a county or city whose property tax
10 capacity or other revenue capacity is reduced to first reduce
11 funding for services that are not related to real property.
12 If funding for essential services is also reduced, the county
13 or city shall include on the published proposed budget summary
14 the listing of essential services for which funding has been
15 reduced and a statement informing persons that state law
16 requires that when revenue capacity is reduced funding for
17 nonessential services is to be reduced before funding for
18 essential services is reduced. The bill defines "real
19 property-related services".

20 The division requires a city to implement the statutory
21 transition for the imposition of city taxes against property
22 to be annexed if the property is included in a voluntary
23 annexation application without the consent of the landowner
24 (i.e., where up to 20 percent of the annexed property may be
25 annexed without consent) or if the property is included in an
26 involuntary annexation petition. The division also provides
27 that if a city provides its own schedule of exemption from
28 city taxes as an alternative to the statutory schedule, the
29 alternative exemption must be equivalent to or greater than
30 the statutory exemption. This portion of division I takes
31 effect upon enactment and applies to annexation applications
32 submitted to a city council and petitions for involuntary
33 annexation filed with the city development board on or after
34 the date of enactment.

35 Division II of the bill ties together the assessment

1 limitations of residential, agricultural, and commercial
2 property by limiting the percentage increase in all of those
3 classes of property to the percentage increase of that class
4 of property that is the lowest percentage increase under the
5 allowable (4 percent) limit. The division also provides that
6 the lowest percentage increase shall be applied to industrial
7 property in the same manner that it is applied to the other
8 three classes of property. This division of the bill applies
9 retroactively to January 1, 2006, for assessment years
10 beginning on or after that date.

11 Division III of the bill provides for the abolition of
12 county compensation boards and transfers to the board of
13 supervisors the duty of setting the compensation schedule for
14 elective county officers.

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