

Instructions for Utilizing the HSB 328 SSB 1227 Financial Impact Analysis Model

Introduction

The Iowa League of Cities is providing this financial impact analysis model to help members understand how the proposed legislation (HSB 328 / SSB 1227) impact your city when compared to the current property tax system (HF 718 / SF 2442). Below are step-by-step instructions to help you easily understand how to navigate and operate the model.

Tab Descriptions and Instructions

1. Download the excel file (this is necessary for the macros in the excel file to run correctly)
2. Navigating the Model and Tabs

Tab #1: Input – START HERE

This tab gives instructions on the inputs necessary to complete the analysis. Instructions for this tab are included below and in the tab itself.

Tab #2: Summary

Calculates the ACGFL Rate, total revenues, and breakdown of assessed and taxable valuations between FY 2027 and FY 2036 based on the proposed legislation.

Tab #3: HF718 Comparison

The blue tables show a side-by-side comparison of the Taxable Non-TIF valuation, ACGFL Rate and total revenues of the proposed vs. current legislation. The green table below shows the difference in the values above between the proposed vs. current legislation.

Tab #4: Estimated Tax Bill – ACGFL

The estimated tax bill based on assessed valuation in FY 2026 and FY 2031 for different property classes (commercial, industrial and various residential classes) is listed on this tab. The assessed valuation is shown for FY 2026 and FY 2031 and is calculated based on the % revaluation input in Tab #1.

Tab #5: Estimated Change \$ % ACGFL:

This tab is connected to the values in Tab #4 and shows the dollar and percent change in property tax bills between FY 2026 and FY 2031 based on property classes (commercial, industrial and various residential classes).

3. Input Data

Step 1: Start by selecting your City from the drop down menu.

Step 2a: Input the City's FY 2025-26 Adjusted City General Fund Levy (ACGFL). This should match the ACGFL on the Department of Management's FY 2025-26 budget form.

Step 2b: When comparing to HF 718/SF 2442, your City may have the ability to increase back to \$8.10. Step 2b will allow you to will increase back to \$8.10 when the law allows or keep your ACGFL at the prior year rate if increasing back to \$8.10 is not desired.

Step 3: Type in the City's estimated growth rates (in percent) for the projected changes to assessed valuation for each property class. Please note that the percentage input in FY 2026-27 will be applied for every revaluation year (odd assessment years) and the non-revaluation years (even assessment years) are assumed to be 0%.

Step 4: Input the consumer price index for all urban customers assumption ("CPI-U"). This will be based on the twelve-month period prior to the beginning of the applicable budget year. The CPI-U will determine the budget adjustment factor if revaluation exceeds certain threshold.

Step 5: The TIF increment value for FY 2026 will be automatically populated based on the City selection in Step #1. TIF Increment for FY 2027 through FY 2036 will be equal to the value populated unless changed manually. Note that TIF increment identified in Step 6 will be added to existing Increment. TIF projections are important and very specific to each city.

Step 6: Add any valuation for new construction by property class between FY 2026 and FY 2036 for total assessed valuation (BOTH non-TIF and TIF increment valuation). New construction will be assumed \$0 for every fiscal year unless values have been inputted.

Step 7: Enter the City's average home price in Step 7. The average home price, in combination with the new residential value in step 6 will calculate the number of new exemptions to include. You may directly input the number of Elderly Homestead exemptions, military exemption and regular exemptions based on the City's expectations.

Step 8: If any of the "new valuation" entered in Step 5 is expected to be captured in TIF increment, please enter the anticipated TIF increment valuation (before rollback) in the table. If no values are input in Step 6, it assumes that none of the "new valuation" in Step 5 will be in a TIF district.

Key Assumptions and Interpretations

- If a City's existing valuation grows above 2% then the ACGFL rate will adjust to cap revenue growth from existing valuation at the budget adjustment factor ("BAF") based on the CIP. If a City's growth from existing valuation is below 0.5% then the ACGFL will adjust to deliver at least 0.5% new revenue. Depending on the new growth from the prior year added to the existing, the ACGFL may also need to deliver the appropriate revenues if the revenue growth is between 0.50% and 2.00%.

CPI-U	BAF
<4.0%	102%
4.0%<x<6.0%	103%
6.0%<x<8.0%	104%
>8.0%	105%

- Cities have the ability to change the revaluation percent in odd assessment years. Revaluation for even assessment years is assumed to be 0%. The model populates an example county Assessment Year 2025 (FY 2026-2027) based on recent County data. Then for Assessment Year 2027 (FY 2028-2029) Residential revaluation is equal to 4.00%. This is the 30-year average excluding AY 2023 and aligns with statewide assumptions used by DOM.
- The number of homestead (regular and elderly) and military exemptions are assumed to be equal to the number of exemptions on 1-1-2024. Based on inputs to the new valuation, we have estimated new exemptions based on Average home price. This can be adjusted to account for multi-residential.
- The rollback for Gas and Electric Utilities is not subject to a rollback and is set equal to FY 2025-26.
- TIF sunsets and releases are not considered "new valuation".
- Maximum tax revenue is calculated as (Prior Year Tax Dollars x BAF) + (New Value x Calculated New Year Levy Rate).
- Residential Rollback Assumptions used to compare proposed legislation to current legislation:

Assessment Year	Residential Rollback %	Residential Revaluation
2025	43.4145%	7.00%
2026	44.3528%	0.82%
2027	43.9263%	4.00%
2028	44.8757%	0.82%
2029	44.4442%	4.00%
2030	45.4047%	0.82%
2031	44.9681%	4.00%
2032	45.9400%	0.82%
2033	45.4983%	4.00%
2034	46.4816%	0.82%