

Local Options Sales and Service Tax (LOSST)



EXPLANATION OF PROBLEM:

Iowa's funding of local government has historically relied too heavily on property taxes. Local governments agree that taxpayers need to be at the center of the property tax conversation. Adopting Division IX of SF 2472 allows for local government funding diversification only upon a vote of the taxpayers, and will allow cities to deliver even further property tax relief while preserving service delivery — should a community vote for it.

IMPACTS OF THE PROBLEM:

As of 2019, LOSST referenda are required to dedicate 50% of revenue toward property tax relief. This could take the form of a community buying down their debt service levy, lowering their CGFL, or paying for projects and/or services with LOSST funding rather than property taxes, bonds, or other indebtedness. By allowing communities the opportunity to vote for an increase to LOSST:

- Taxpayers have the final say on whether the services funded by LOSST are valuable to them
- Property tax relief due to LOSST supplementation is increased
- Communities potentially have a diversified revenue source, lowering over-reliance on property taxes

SOLUTION:

Adopt Division IX of [SF 2472](#) (pages 68-69).