PROPERTY TAX LAW: CHANGES UNDER SF 2472

	Law Prior to SF 2472	Changes Under SF 2472
City Property Tax Revenue Limit	Currently the CGFL is subject to limitation if: • Annual Non-TIF taxable value growth is less than 2.75% — No CGFL revenue reduction • If growth is 2.75-3.99% — CGFL revenue growth is reduced by about 1% • If growth is 4-5.99% — CGFL revenue growth is reduced by about 2% • If growth is 6% or higher — CGFL revenue growth is reduced by about 3%	Caps consolidated general fund levy (CGFL) revenue growth at 2% (384.1.3); excludes "new valuation" connected to new construction, improvement or annexation. (Division II, Section 13-14) All other city levies referenced in section 384.12 (municipal transit, aviation, tort liability, employee benefits) remain uncapped. Debt Service/Trust & Agency levies are also uncapped. (Division II, Section 13) Division II takes effect January 1, 2027, and applies to property taxes and budgets for fiscal years beginning on or after July 1, 2027 (FY28). $8.10 CGFL limitation is maintained but the deadline for cities to lower their CGFL if necessary is extended two years to FY31. (Division II, Section 12) In FY30 and beyond, the general fund is limited to the lesser amount of 2% assessed growth minus new valuation or the $8.10 levy limitation on all assessed property. (Division II, Section 13) Transit levies limited to 3% revenue growth. (Division XXIII, Sec 165) Local emergency management levy limited to 3% revenue growth. (Division XXVI, Section 170)
Property Classification & Rollback	Residential Class (FY27) — 44.5345% Agricultural Class (FY27) — 59.4401% Commercial/Industrial (FY27) — First $150,000 subject to residential rollback and any remaining value subject to 90%.	Multi-Residential re-established as a property classification defined as property primarily used or intended for human habitation consisting of three or more dwelling units. Duplexes or single family houses are still classified as residential property; effective January 1, 2027. (Division VIII, Section 79) Multi-residential rollback rate that is phased in over 3 years: • Year 1 (January 1, 2027) — multi-res equal to residential rollback • Year 2 (January 1, 2028) — multi-res equal to residential rollback plus 3% • Year 3 (January 1, 2029) and beyond — multi-res equal to residential rollback plus 6% (Division VIII, Section 76)
Homestead Credit & Exemptions	Current Homestead Credit equates to $4,850.	Converts homestead credit to an exemption (Division XX) Establishes a Homestead Exemption of 10% taxable value–equal to at least $5,500 and max amount of $20,000. Application begins on the assessment year beginning January 1, 2026. (Division XX, Section 131) The exemption max amount of $20,000 will rise with CPI according to the "Cumulative Adjustment Factor" beginning the assessment year January 1, 2027. (Division XX, Section 134) State funding of homestead credit phased out over three years, beginning on July 1, 2027 and ending on July 1 2029. (Division XX, Section 143) Disabled Vet Homestead Credit will exclude appurtenances and limits homestead to ½ acre. (Division XX, Section 132) Keeps current Business Property Tax Credit at $150,000 but eliminates the state backfill. (Division XXIV, Section 166)

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Renters	Elderly and disabled tax credit for rent reimbursement = $1,000.	Elderly and disabled tax credit for rent reimbursement increased to $1,500. (Division VII, Section 60)
TIF	See changes at right.	Adds the provision of workforce housing as a part of the definition economic development (Division XIII, Section 93-94) Updated definition of low and moderate income families and housing. (Division XIII, Section 98) Excludes school foundation levy from new TIF agreements adopted after January 1, 2027. (Division XIII, Section 100) Cities limited to collecting a maximum of 60% of the increment generated in a perpetual TIF after 20 years from the bill going into effect. Cities may exceed this limitation after 20 years only to pay existing bonds but cannot issue any new bonds while exceeding the 60% threshold (Division XIII, Section 101) School foundation levy eliminated in perpetual TIFs after 20 years. (Division XIII, Section 101; Division XVII, Section 116) School districts may opt in all or a portion of their school foundation levy for future TIF projects. (Division XIII, Section 103) Cap all new TIF districts at 23 years. (Division XIII, Section 102) EMS levies excluded from TIF diversion (Division XIII, Section 100) Repeals LMI requirements for residential TIF for current and future projects. (Division XIII, Section 104)
School Foundation Levy Changes	School Foundation Levy equal to $5.40.	School Foundation Levy rate change of $5.40 to $4.90 — phased in over three years, to be at the end result on July 1, 2029. (Division V, Section 44)
Assessments	Property assessments occur every two years, with some exceptions.	Requires a property parcel annual report from counties to DOM, with the first report due no later than September 1, 2027. (Division XII, Section 92) Shifts the burden of proof from the taxpayer to the assessor when assessment or equalization increases are above 10%, with requirements for methods used to determine to be provided. Applicable beginning on or after January 1, 2027. (Division XIV, Section 109) Adds definition of abnormal transaction, which are factors that distort market value. This division applies retroactively to assessment years beginning on or after January 1, 2026. (Division XV, Section 111)
Benefits for First-Time Homebuyers	No comparable state tax-advantaged savings account.	Establishes a first home Iowa accounts program, similar to a 529 education account. Enrollees can save dollars to be used towards qualified homebuyer expenses in connection with a qualified purchase. (Division IV, Section 24)

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City Budget Statements	Current statement prescribed by DOM and includes: • Sum of current FY actual property taxes certified for levy, combined property tax rate per $1,000 dollars, and combined effective property tax rate • Combined amount of proposed property tax dollars to be certified for levy and proposed combined rate per $1,000 dollars • A statement explaining the reasons for any potential increase in proposed property taxes levied • An example of a property and the percentage change in taxes year over year • The percentage breakdown of all taxing authorities • Public hearing information, city website information, and how to access current and historical budget information • A link to DOM website for digital example and explainer of the statement	Allows online posting of taxpayer notice forms. Applicable on or after July 1, 2027. (Division XXI, Section 151) Requires DOM to consult with the Iowa League of Cities on improved taxpayer notice form. ← *2026 League Priority* (Division XXI, Section 153)
Bonding Restrictions	No comparable restriction on use of debt service for general operations.	Restricts use of debt service for general operations, starting on or after July 1, 2026. (Division III, Section 21) Bonding for direct and indirect capital expenditures for large expenses/infrastructure projects exempted from restrictions as defined in Section 422.3 ← *League Policy Solution.* This division takes effect January 1, 2027, to be applied to fiscal years beginning on or after July 1, 2027. (Division III, Section 21)
General Fund Reserve Restrictions	No statutory 35% limit on unassigned reserve funds in a city's certified budget.	Restricts the amount of unassigned reserve funds within a city's certified budget to not exceed 35% of a city's budgeted expenditures. (Division XI, Section 90) Requires cities to create an "obligated funds account" for money budgeted/saved for large equipment or infrastructure purchases or projects that is not subject to the 35% cap on reserve funds. (Division XI, Section 90)
Task Forces & Studies	Utility Replacement Tax Task Force: Existing task force established under Iowa Code §437A.15 to study the effects of utility replacement taxes on local taxing authorities, consumers and taxpayers. Payments in Lieu of Property Taxes: No comparable task force.	Utility Replacement Tax Task Force: Expands the existing task force's study responsibilities and extends its work through December 31, 2026. (Division XVIII, Section 118) Payments in Lieu of Property Taxes Task Force: Establishes a task force to study a potential county program for collecting payments in lieu of property taxes from certain tax-exempt property owners. Report and legislative recommendations due January 10, 2027. (Division XIX, Section 120)