

SF 2472 - Property Tax bill Highlights

This outline is not intended to be exhaustive. A full analysis of the bill will be shared as soon as it is completed.

Revenue Limitation

- 2% cap with no inflation adjustment on CGFL ← League Policy Solution (CGFL-only limitation)
 - Also includes EMS, Ag land, Aviation Authority, Public Transit
 - New Construction counted outside of the cap
 - Abatement and TIF not included in definition
- 3% cap on DART & EMAs
 - No new growth counted for these levies
- 4% cap on county hospitals
- No cap on:
 - Debt Service
 - School Funding
 - City “special” revenue levies (e.g. unified law enforcement, tort/property insurance, employee benefits)
 - Most of county supplemental (e.g. elections, employee benefits, tort/property insurance)
- \$8.10 levy limitation maintained but deadline to reach it is extended two years to FY31

School Funding

- SAVE transfer as from projected 7.1% in FY27 to:
 - FY26-27 - 12.5%
 - FY27-28 - 15%
 - FY28-29 - 17.5%
 - FY29-30 - 22.5%
 - FY30-31 and thereafter - 25%
- 20-year extension on SAVE
- School Board Review Committee:
 - Adds unspent balance limit to 35 percent unless authorized by SBRC
 - Allows SBRC to deny one-time funding request
 - Requires districts to set up a policy relating to defining a target range and maximum amount of unspent balance



Residential Property Tax Provisions

- Converts homestead credit to exemption (currently equates to a \$4,850 exemption)
 - State funding of credit phased out over three years
 - Year 1 and beyond exemption 10% with a minimum of \$5,500 and max of \$20,000
 - Exemption maximum will rise with CPI according to the “Cumulative Adjustment Factor”
- Leaves in place current military and senior exemptions
- Funds homestead credit goes to buying buying down the the \$5.40 levy to \$4.90—phased in over 3 years
- Maintains current rollback calculation
 - Floating multi-res rollback rate that is phased in over 3 years
 - Year 1 - Multi-res equal to residential rollback
 - Year 2 - Multi-res equal to residential rollback plus 3%
 - Year 3 and beyond - Multi-res equal to residential rollback plus 6%
- Increase elderly and disabled rental credit from \$1,000 to \$1,500

Assessment & Valuation

- Shifts burden of proof to assessors if assessment increases more than 10% over two years
- Adds definition of abnormal transaction
- Updates DOR forms
- Keeps current Business Property Tax Credit at \$150,000
 - Eliminates state backfill and transfers funds to taxpayer relief fund instead

Transparency & Data

- Requires county auditor to deliver parcel-level reporting to DOM annually
- Requires DOM to adopts League Taxpayer notice form ← 2026 League Priority
 - Allows online posting of taxpayer notice forms
- Revises Real estate transfer reporting

Bonding & Debt

- Restricts use of debt service for general operations
 - Bonding for direct and indirect capital expenditures for large expenses/infrastructure projects exempted from restrictions ← League policy solution
- Caps general fund reserve balances at 35%
 - Creates an “obligated funds account” for money budgeted/saved for large equipment or infrastructure purchases or projects that is not subject to the cap on reserve funds



TIF

- 23-year sunset on all future TIF districts
- Perpetual TIFs:
 - Increment usage capped at 60% after 20 years
 - Any increment above 60% must be released back to other taxing entities
 - This 60% cap can be exceeded but only to cover pre-existing bond obligations
 - If exceeding the 60% threshold is necessary, a city cannot issue any new bonds or capture school foundation taxes during the time the threshold is exceeded
 - School foundation levy (\$5.40)
 - Eliminated in perpetual TIFs after 20 years
 - Eliminated in future TIF projects
 - School district may choose to opt-in all or a portion of their foundation levy if they adopt a resolution
 - Repeals 403.22 (LMI)
 - Perpetual TIF changes effective January 1, 2027

Miscellaneous

- Establishes the First Home Iowa Accounts program
- Increases EMS levy max from \$0.75 to \$1.50 with new vote

