

Senate Property Tax Proposal

Supported by the League of Cities (excluding Red TIF Provisions)

- Stretches the transition period from current system from 1 year (FY27) to 3 years (FY27-FY29) with a lower valuation cap of 1.75% on the CGFL in FY27 and FY28—new valuation exempted from this growth cap
- For FY30 and beyond, the CGFL revenue cap is 2% (up to 5%)—subject to an inflationary budget adjustment factor with new valuation exempted from the growth cap
- Phases residential rollback up to 55% in assessment year 2026 and freezes it at 65% for assessment year 2027 and beyond
 - Adds single-year Homestead exemption calculated as 5% of taxable value up to \$35k maximum exemption for assessment year 2026 during rollback phaseout
 - Adds Homestead exemption calculated as 15% of taxable value up to \$150k* maximum exemption for assessment year 2027 and beyond
 - Maintains the senior homestead exemptions based on decade from 60-100 (60-100% of taxable value) up to \$350k maximum exemption
 - Creates a mechanism (Cumulative Adjustment Factor) for Homestead maximum exemptions to increase at the rate of inflation as determined by the department of revenue
- Freezes Multi-Residential property rollback at 80% for assessment year 2027 and beyond
- Allows LOSST increase of 0.25% increase—subject to voter approval
 - Maintains indexing of the Road Use Tax Fund (RUTF) to CPI with “circuit breaker” provisions to ensure increases are not continuous
- Maintains the business property tax exemption which taxes the first \$150k at the residential tax rate in 2025 (Current rollback), 2026 (55%), and 2027 (65%)
- Maintains phaseout of the commercial & industrial property rollback rate, but slows the increase to 93% in assessment year 2026 before jumping to 100% in 2027 for valuation beyond the first \$150k taxed at residential rate.
- Adopts a “FirstHome Iowa Program” to assist first-time homebuyers with the purchase of a home
- Creates Taskforces to study Urban Renewal, an Elderly Homestead Program, and a Payments in Lieu of Property Taxes Program
- **TIF Provisions:**
 - For Perpetual Urban Renewal Areas/TIFs cities are prevented from incurring additional indebtedness
 - Refinancing does not constitute additional indebtedness unless it results in the increase of the amount of debt service or extends the term for repayment or retirement of indebtedness
 - Unless extended by the Department of Management to retire or pay all indebtedness, Perpetual Urban Renewal Areas/TIFs must be closed within 20 years from the effective date of the act
 - Perpetual Urban Renewal Areas/TIFs cannot be expanded after the effective date of the act





- These requirements do not apply to community-colleges under 260E or rural improvement zones under 357H
- Takes the school foundation levy out of **future** TIF agreement diversion
- Takes voluntary EMS levies out of TIF diversion immediately upon enactment
- Future Urban Renewal Areas/TIFs are limited to 20 years
- Prevents the use of TIF for relocation of a commercial/industrial enterprise from one Iowa city to another
- Allows for school boards to “opt-in” all or a portion of their school foundation levy to a TIF diversion agreement by resolution
- TIF revenues are not allowed to be used for the salaries or benefits of a permanent staff member of a municipality or a local or regional economic development authority

*Drafting error that should be \$105K

