

House Study Bill 596

1 Amend House Study Bill 596 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 PROPERTY TAX REVENUE LIMITATIONS — BOND REVENUE USE
6 LIMITATIONS

7 Section 1. Section 11.11, Code 2026, is amended to read as
8 follows:

9 **11.11 Scope of audits.**

10 The written report of the audit of a governmental
11 subdivision shall include the auditor's opinion as to whether a
12 governmental subdivision's financial statements are presented
13 fairly in all material respects in conformity with generally
14 accepted accounting principles or with ~~an other~~ another
15 comprehensive basis of accounting. As a part of conducting an
16 audit of a governmental subdivision, an evaluation of internal
17 control and tests for compliance with laws and regulations
18 shall be performed. As part of conducting an audit of a
19 governmental subdivision, an examination of the governmental
20 subdivision's compliance with the reporting requirements of
21 section 331.403, subsection 3, or section 384.22, subsection 2,
22 if applicable, shall be performed. As part of conducting an
23 audit of a governmental subdivision for fiscal years beginning
24 on or after July 1, 2027, an examination of the governmental
25 subdivision's compliance with section 24.35 shall be performed,
26 including verification of the circumstances resulting in actual
27 reserve funds exceeding the specified limits.

28 Sec. 2. Section 24.34, Code 2026, is amended to read as
29 follows:

30 **24.34 Unliquidated obligations.**

31 A city, county, or other political subdivision governmental
32 entity, as defined in section 24.35, may establish an
33 encumbrance system for any obligation not liquidated at the
34 close of the fiscal year in which the obligation has been
35 encumbered assigned, committed, restricted, or specified as

1 nonspendable. The encumbered obligations may be retained upon
2 the books of the city, county, or other political subdivision
3 until liquidated, all in accordance with generally accepted
4 ~~governmental accounting practices~~ principles, as established by
5 the governmental accounting standards board.

6 Sec. 3. NEW SECTION. 24.35 **General fund reserves —**
7 **limitations.**

8 1. For purposes of this section:

9 a. "*Budget year*" is the fiscal year beginning during the
10 calendar year in which a budget is certified.

11 b. "*Current fiscal year*" is the fiscal year ending during
12 the calendar year in which a budget for the budget year is
13 certified.

14 c. "*General fund*" means a governmental entity's fund
15 designated as such by law or the governmental entity's fund
16 from which primary general operations of the governmental
17 entity are funded.

18 d. "*Governmental entity*" means any unit of government
19 or other public body or public corporation, including any
20 intergovernmental entity, that has the power to impose or
21 certify a property tax levy. "*Governmental entity*" does not
22 include a school district.

23 e. "*Unassigned*" means funds that are not restricted,
24 committed, assigned, or nonspendable within the meaning of
25 generally accepted accounting principles, as established by the
26 governmental accounting standards board.

27 2. a. For budgets certified for budget years beginning
28 on or after July 1, 2027, proposed unassigned reserve funds
29 identified within a governmental entity's general fund shall
30 not exceed an amount equal to thirty-five percent of the
31 budgeted expenditures from the governmental entity's general
32 fund for the current fiscal year prior to budgeted transfers
33 from such general fund.

34 b. If the governmental entity's budget does not comply with
35 the requirements of paragraph "a", the department of management

1 shall not certify the governmental entity's taxes back to the
2 county auditor under section 24.17 and the governmental entity
3 shall remedy the violation and recertify the budget.

4 3. To ensure uniformity, accuracy, and efficiency in the
5 certification of governmental entity budgets according to the
6 requirements of this section, the department of management
7 shall prescribe the procedures to be used and instruct the
8 appropriate officials of the various governmental entities on
9 implementation of the procedures.

10 Sec. 4. Section 24.48, Code 2026, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 6. The authority to suspend property tax
13 levy limitations under this section shall not apply to the
14 limitations of section 444.25.

15 Sec. 5. Section 176A.8, subsection 13, Code 2026, is amended
16 by striking the subsection.

17 Sec. 6. NEW SECTION. **444.25 Maximum property tax levy**
18 **dollars.**

19 1. For purposes of this section, unless the context
20 otherwise requires:

21 a. "*Budget year*" is the fiscal year beginning during the
22 calendar year in which a budget is certified.

23 b. "*Current fiscal year*" is the fiscal year ending during
24 the calendar year in which a budget for the budget year is
25 certified.

26 c. "*Governmental entity*" means any unit of government
27 or other public body or public corporation, including any
28 intergovernmental entity or special purpose district, that
29 has the power to impose or certify a property tax levy.

30 "*Governmental entity*" does not include a school district.

31 d. "*New valuation*" means the increase from the current
32 fiscal year to the budget year in taxable valuation, as shown
33 on the assessment roll due to the following, the amount of each
34 as reported under section 331.510 by the county auditor to the
35 department of management:

1 (1) New construction.

2 (2) Additions or improvements to existing structures that
3 are not normal and necessary repairs under section 441.21,
4 subsection 8.

5 (3) Net boundary adjustments, including annexation,
6 severance, incorporation, consolidation, or discontinuance as
7 those terms are defined in section 368.1.

8 (4) Valuation exempt from property tax for the current
9 fiscal year as the result of prior new construction, additions,
10 or improvements under section 15.332, Code 2025, section
11 15.500, chapter 404, or chapter 427B, subchapter I, but which
12 is not exempt from property tax in the budget year.

13 *e.* "Property tax levy" means each ad valorem property tax
14 authorized by law to be imposed by a governmental entity, but
15 excluding any levy the revenue from which is specified by law
16 for debt service or required to be used exclusively for the
17 repayment of bonds or other indebtedness.

18 2. *a.* For the budget year beginning July 1, 2027, and
19 each budget year thereafter, the maximum aggregate amount of
20 property tax dollars that may be certified for levy among all
21 property tax levies imposed by a governmental entity against
22 property that is not new valuation shall not exceed an amount
23 equal to the sum of one hundred two percent of the aggregate
24 amount of property tax dollars certified for levy by the
25 governmental entity among all property tax levies imposed by
26 the governmental entity for the current fiscal year.

27 *b.* If the budget year includes a voter-approved property tax
28 levy that was not approved for imposition in the current fiscal
29 year, the maximum aggregate amount of property tax dollars for
30 the governmental entity under paragraph "a" for the budget
31 year shall be increased by the amount of the voter-approved
32 property tax levy approved at election for the budget year. If
33 the current fiscal year includes a voter-approved property tax
34 levy that is not approved for imposition in the budget year,
35 the maximum aggregate amount of property tax dollars for the

1 governmental entity under paragraph "a" for the budget year
2 shall be reduced by the amount of the voter-approved property
3 tax levy for the current fiscal year.

4 c. The amount of property tax dollars calculated under this
5 section includes those amounts budgeted by the governmental
6 entity as replacement taxes under chapter 437A or 437B, if
7 applicable.

8 3. For purposes of this section, if the governmental
9 entity's taxes for a property tax levy were not certified
10 back by the department of management under section 24.17 for
11 the current fiscal year due to an act or omission of the
12 governmental entity, the current fiscal year's property tax
13 dollars certified for levy for that property tax levy shall
14 be equal to the amount certified for levy for the fiscal year
15 immediately preceding the current fiscal year.

16 4. If a governmental entity certifies a budget that violates
17 this section, the department of management shall reduce each of
18 the applicable governmental entity's property tax levies on a
19 pro rata basis so that the governmental entity is in compliance
20 with this section.

21 5. This section shall not be construed as removing or
22 otherwise affecting the property tax limitations, including
23 levy rate and use limitations, otherwise provided by law for
24 any property tax levy of the governmental entity.

25 **Sec. 7. NEW SECTION. 444.26 Use of bonds and indebtedness**
26 **for general operations — prohibition.**

27 1. For purposes of this section:

28 a. "General operations" means services or activities
29 generally funded from the governmental entity's general fund,
30 which are necessary for the operation of the governmental
31 entity, including salaries and benefits, or which are for the
32 health and welfare of the governmental entity's citizens or
33 primarily intended to benefit all residents of the governmental
34 entity, but excluding services financed by statutory funds
35 other than a debt service fund.

1 (b) An amount equal to ninety percent of the actual value of
2 the property for that assessment year that exceeds ~~one~~ three
3 hundred fifty thousand dollars.

4 Sec. 10. Section 441.21, subsection 5, paragraph e,
5 subparagraphs (1), (2), and (3), Code 2026, are amended to read
6 as follows:

7 ~~(1) For the fiscal year beginning July 1, 2023, there~~
8 ~~is appropriated from the general fund of the state to the~~
9 ~~department of revenue the sum of one hundred twenty-two million~~
10 ~~three hundred fifty thousand dollars to be used for payments~~
11 ~~under this paragraph calculated as a result of the assessment~~
12 ~~limitations imposed under paragraph "b", subparagraph (2),~~
13 ~~subparagraph division (a), and paragraph "c", subparagraph (2),~~
14 ~~subparagraph division (a).~~ For each fiscal year beginning
15 on or after July 1, 2024, but before July 1, 2027, there
16 is appropriated from the general fund of the state to the
17 department of revenue the sum of one hundred twenty-five
18 million dollars to be used for payments under this paragraph
19 calculated as a result of the assessment limitations imposed
20 under paragraph "b", subparagraph (2), subparagraph division
21 (a), and paragraph "c", subparagraph (2), subparagraph division
22 (a).

23 (2) For fiscal years beginning on or after July 1, 2023, but
24 before July 1, 2027, each county treasurer shall be paid by the
25 department of revenue an amount calculated under subparagraph
26 (4) for the applicable fiscal year. If an amount appropriated
27 for the fiscal year is insufficient to make all payments as
28 calculated under subparagraph (4), the director of revenue
29 shall prorate the payments to the county treasurers and shall
30 notify the county auditors of the pro rata percentage on or
31 before September 30.

32 (3) On or before July 1 of each applicable fiscal year, the
33 assessor shall report to the county auditor that portion of the
34 total actual value of all commercial property and industrial
35 property in the county that is subject to the assessment

1 limitations imposed under paragraph "b", subparagraph (2),
2 subparagraph division (a), and paragraph "c", subparagraph (2),
3 subparagraph division (a), for the assessment year used to
4 calculate the taxes due and payable in that fiscal year.

5 Sec. 11. Section 441.21, subsection 5, paragraph e,
6 subparagraph (4), unnumbered paragraph 1, Code 2026, is amended
7 to read as follows:

8 On or before September 1 of each applicable fiscal year, the
9 county auditor shall prepare a statement, based on the report
10 received in subparagraph (3) and information transmitted to
11 the county auditor under chapter 434, listing for each taxing
12 district in the county:

13 Sec. 12. RETROACTIVE APPLICABILITY. The following apply
14 retroactively to assessment years beginning on or after January
15 1, 2026:

16 1. The section of this division of this Act amending
17 section 441.21, subsection 5, paragraph "b", subparagraph (2),
18 subparagraph divisions (a) and (b).

19 2. The section of this division of this Act amending
20 section 441.21, subsection 5, paragraph "c", subparagraph (2),
21 subparagraph divisions (a) and (b).

22 DIVISION III

23 HOMESTEAD PROPERTY TAX EXEMPTION

24 Sec. 13. Section 427.1, Code 2026, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 43. *Residential homestead property.*

27 a. For assessment years beginning on or after January 1,
28 2026, an exemption from taxation shall be allowed on each
29 property classified as residential property as defined in
30 section 441.21, subsection 14, that is a homestead receiving
31 the homestead credit under chapter 425, subchapter I, for the
32 assessment year. The exemption under this subsection shall be
33 in addition to any exemption or credit for such property under
34 any other provision of law, if applicable. The exemption from
35 taxation under this subsection shall be ten percent of the

1 taxable value of the property or twenty-five thousand dollars
2 in taxable value, whichever is less. However, the exemption
3 under this subsection shall not apply to a property tax imposed
4 by a school district.

5 *b.* Section 25B.7, subsection 1, shall not apply to the
6 property tax exemption provided in this subsection.

7 Sec. 14. RETROACTIVE APPLICABILITY. This division of this
8 Act applies retroactively to assessment years beginning on or
9 after January 1, 2026.

10

DIVISION IV

11 SECURE AN ADVANCED VISION FOR EDUCATION FUND — EQUITY TRANSFER

12

PERCENTAGE — FUTURE REPEAL

13 Sec. 15. Section 423.2, subsection 12, Code 2026, is amended
14 to read as follows:

15 12. The sales tax rate of six percent is reduced to five
16 percent on January 1, ~~2051~~ 2071.

17 Sec. 16. Section 423.2A, subsection 2, paragraph c, Code
18 2026, is amended to read as follows:

19 *c.* Transfer one-sixth of the remaining revenues to the
20 secure an advanced vision for education fund created in section
21 423F.2. This paragraph "*c*" is repealed January 1, ~~2051~~ 2071.

22 Sec. 17. Section 423.5, subsection 4, Code 2026, is amended
23 to read as follows:

24 4. The use tax rate of six percent is reduced to five
25 percent on January 1, ~~2051~~ 2071.

26 Sec. 18. Section 423.43, subsection 1, paragraph b, Code
27 2026, is amended to read as follows:

28 *b.* Subsequent to the deposit into the general fund of
29 the state and after the transfer of such revenues collected
30 under chapter 423B, the department shall transfer one-sixth of
31 such remaining revenues to the secure an advanced vision for
32 education fund created in section 423F.2. This paragraph is
33 repealed January 1, ~~2051~~ 2071.

34 Sec. 19. Section 423F.2, subsection 3, paragraph b,
35 subparagraph (2), subparagraph division (b), Code 2026, is

1 amended to read as follows:

2 (b) For each fiscal year beginning on or after July 1,
3 2020, but before July 1, 2026, the equity transfer percentage
4 is equal to the equity transfer percentage for the immediately
5 preceding fiscal year, unless the amount of moneys available
6 in the secure an advanced vision for education fund in the
7 immediately preceding fiscal year equals or exceeds one hundred
8 two percent of the amount of moneys available in the fund for
9 the fiscal year prior to the immediately preceding fiscal year,
10 in which case the equity transfer percentage shall be the
11 equity transfer percentage for the immediately preceding fiscal
12 year plus one percent subject to the limitation in subparagraph
13 division (c).

14 Sec. 20. Section 423F.2, subsection 3, paragraph b,
15 subparagraph (2), subparagraph division (c), Code 2026, is
16 amended by striking the subparagraph division and inserting in
17 lieu thereof the following:

18 (c) (i) For the fiscal year beginning July 1, 2026, the
19 equity transfer percentage is ten percent.

20 (ii) For the fiscal year beginning July 1, 2027, the equity
21 transfer percentage is twelve and one-half percent.

22 (iii) For the fiscal year beginning July 1, 2028, the equity
23 transfer percentage is fifteen percent.

24 (iv) For the fiscal year beginning July 1, 2029, the equity
25 transfer percentage is seventeen and one-half percent.

26 (v) For the fiscal year beginning July 1, 2030, the equity
27 transfer percentage is twenty percent.

28 (vi) For the fiscal year beginning July 1, 2031, the equity
29 transfer percentage is twenty-two and one-half percent.

30 (vii) For the fiscal year beginning July 1, 2032, the equity
31 transfer percentage is twenty-five percent.

32 (viii) For the fiscal year beginning July 1, 2033, the
33 equity transfer percentage is twenty-seven and one-half
34 percent.

35 (ix) For the fiscal year beginning July 1, 2034, and each

1 fiscal year thereafter, the equity transfer percentage is
2 thirty percent.

3 Sec. 21. Section 423F.6, Code 2026, is amended to read as
4 follows:

5 **423F.6 Repeal.**

6 This chapter is repealed January 1, ~~2051~~ 2071.

7 Sec. 22. SCHOOL DISTRICT FUNDING RECONCILIATION.

8 For amounts allocated under section 423F.2 for fiscal
9 years beginning on or after July 1, 2026, the department of
10 management shall adjust or reconcile actual amounts to be
11 received by school districts in the fiscal year immediately
12 following the fiscal year during which the revenues were
13 collected.

14 DIVISION V

15 PROPERTY PARCEL INFORMATION

16 Sec. 23. Section 331.510, Code 2026, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 5. *a.* An annual report not later
19 than January 1 to the department of management containing
20 parcel-level property data, including parcel identification
21 information, location, size, valuation, classification, types
22 of structures and improvements, exemptions, credits, historical
23 amounts of property taxes due and payable, and whether the
24 parcel is subject to a division of revenue.

25 *b.* In addition to the information required under paragraph
26 "*a*", the department of management may require additional
27 parcel-level data deemed necessary by the director of the
28 department of management. The department shall prescribe the
29 form and manner of submitting the annual report under this
30 subsection.

31 DIVISION VI

32 URBAN RENEWAL

33 Sec. 24. Section 15A.1, subsection 1, paragraph b, Code
34 2026, is amended to read as follows:

35 *b.* For purposes of this chapter, "*economic development*"

1 means private or joint public and private investment involving
2 the creation of new jobs and income or the retention of
3 existing jobs and income that would otherwise be lost or the
4 provision of workforce housing.

5 Sec. 25. Section 15A.1, subsection 2, Code 2026, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. *e.* Development policies that advance the
8 development of workforce housing.

9 Sec. 26. Section 403.17, subsection 14, Code 2026, is
10 amended to read as follows:

11 14. "*Low ~~or~~ and moderate income families*" means those
12 families, including single person households, earning no
13 more than eighty percent of the higher of the median family
14 income of the county or the statewide nonmetropolitan area as
15 determined by the latest United States department of housing
16 and urban development, section 8 income guidelines.

17 Sec. 27. Section 403.17, Code 2026, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 14A. "*Low and moderate income family*
20 *housing*" means housing for low and moderate income families and
21 includes housing that meets the requirements of section 15.353.

22 Sec. 28. Section 403.19, subsection 2, paragraph a, Code
23 2026, is amended to read as follows:

24 *a.* That portion of the taxes each year in excess of such
25 amount shall be allocated to and when collected be paid into
26 a special fund of the municipality to pay the principal of
27 and interest on loans, moneys advanced to, or indebtedness,
28 whether funded, refunded, assumed, or otherwise, including
29 bonds issued under the authority of section 403.9, subsection
30 1, incurred by the municipality to finance or refinance, in
31 whole or in part, an urban renewal project within the area,
32 and to provide assistance for low and moderate income family
33 housing as provided in section 403.22. However, except
34 as provided in paragraph "*b*", taxes for the regular and
35 voter-approved physical plant and equipment levy of a school

1 district imposed pursuant to section 298.2; ~~and~~ taxes for the
2 instructional support program of a school district imposed
3 pursuant to section 257.19~~r~~; taxes for the payment of bonds
4 and interest of each taxing district~~r~~; foundation property
5 taxes of a school district imposed under section 257.3 levied
6 against property located in an incorporated area upon which new
7 construction or renovations begin on or after the effective
8 date of this division of this Act, unless such construction or
9 renovations were approved and subject to an agreement adopted
10 before January 1, 2026; taxes for emergency medical services
11 imposed pursuant to chapters 357F, 357G, or 422D; and taxes
12 imposed under section 346.27, subsection 22, related to joint
13 county-city buildings shall be collected against all taxable
14 property within the taxing district without limitation by the
15 provisions of this subsection.

16 Sec. 29. Section 403.19, subsection 2, Code 2026, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. e. For urban renewal areas for which an
19 ordinance providing for a division of revenue is not limited
20 in duration under section 403.17, subsection 10, or section
21 403.22, subsection 5, after twenty years following the
22 effective date of this division of this Act or after twenty
23 years from the calendar year following the calendar year in
24 which the municipality first certifies to the county auditor
25 the amount of any loans, advances, indebtedness, or bonds which
26 qualify for payment from the division of revenue, whichever
27 is later, the amount determined under paragraph "a" that
28 may be paid into the municipality's special fund shall not
29 exceed sixty percent of the amount otherwise determined under
30 paragraph "a" but for this paragraph and such excess amounts
31 shall be allocated and paid to the respective taxing districts
32 in the same manner as amounts under subsection 1. The
33 municipality may exceed the limitation in this paragraph to the
34 extent necessary for payments of bonds or other indebtedness
35 incurred before the effective date of this division of this

1 Act. This paragraph shall not apply to divisions of revenue
2 established by community colleges under chapter 260E or rural
3 improvement zones under chapter 357H.

4 Sec. 30. Section 403.19, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 3A. Unless otherwise limited in duration
7 under section 403.17, subsection 10, an ordinance providing
8 for a division of revenue under this section that is adopted
9 on or after the effective date of this division of this Act
10 shall be limited to twenty-three years from the calendar year
11 following the calendar year in which the municipality first
12 certifies to the county auditor the amount of any loans,
13 advances, indebtedness, or bonds that qualify for payment
14 from the division of revenue provided for in this section.
15 The ordinance shall terminate and be of no further force and
16 effect following the twenty-three-year period provided in this
17 subsection. This subsection shall not apply to divisions of
18 revenue established by community colleges under chapter 260E or
19 rural improvement zones under chapter 357H.

20 Sec. 31. Section 403.22, subsection 1, paragraphs a, b, and
21 c, Code 2026, are amended to read as follows:

22 a. For a municipality with a population over ~~fifteen~~ five
23 thousand, the amount to be provided for low and moderate income
24 family housing for such projects shall be either equal to
25 or greater than the percentage of the original project cost
26 that is equal to the percentage of low and moderate income
27 residents for the county in which the urban renewal area is
28 located as determined by the United States department of
29 housing and urban development using section 8 guidelines ~~or~~
30 ~~by providing such other amount as set out in a plan adopted~~
31 ~~by the municipality and approved by the economic development~~
32 ~~authority if the municipality can show that it cannot undertake~~
33 ~~the project if it has to meet the low and moderate income~~
34 ~~assistance requirements.~~ However, the amount provided for low
35 and moderate income family housing for such projects shall not

1 ~~be less than an amount equal to ten percent of the original~~
2 ~~project cost~~ required to exceed the lesser of twenty percent
3 of the original project cost or three hundred fifty thousand
4 dollars if the municipality is a city or three hundred thousand
5 dollars if the municipality is a county.

6 ~~b. For a municipality with a population of fifteen thousand~~
7 ~~or less, the amount to be provided for low and moderate income~~
8 ~~family housing shall be the same as for a municipality of over~~
9 ~~fifteen thousand in population, except that a municipality~~
10 ~~of fifteen thousand or less in population is not subject to~~
11 ~~the requirement to provide not less than an amount equal to~~
12 ~~ten percent of the original project cost for low and moderate~~
13 ~~income family housing.~~

14 ~~e. b.~~ For a municipality with a population of five thousand
15 or less, the municipality need not provide any low and moderate
16 income family housing assistance ~~if the municipality has~~
17 ~~completed a housing needs assessment meeting the standards set~~
18 ~~out by the economic development authority, which shows no low~~
19 ~~and moderate income housing need, and the economic development~~
20 ~~authority agrees that no low and moderate income family housing~~
21 ~~assistance is needed.~~

22 Sec. 32. Section 403.22, subsection 5, paragraph a, Code
23 2026, is amended to read as follows:

24 ~~a. Except~~ For ordinances providing for a division of
25 revenue adopted before the effective date of this division of
26 this Act, except for a municipality with a population under
27 fifteen thousand, the division of the revenue under section
28 403.19 for each project under this section shall be limited
29 to tax collections for ten fiscal years beginning with the
30 second fiscal year after the year in which the municipality
31 first certifies to the county auditor the amount of any loans,
32 advances, indebtedness, or bonds which qualify for payment from
33 the division of the revenue in connection with the project.

34 Sec. 33. Section 403.22, subsection 5, paragraph d, Code
35 2026, is amended by striking the paragraph.

1 Sec. 34. EFFECTIVE DATE. This division of this Act, being
2 deemed of immediate importance, takes effect upon enactment.

3 Sec. 35. APPLICABILITY. The following applies to property
4 taxes due and payable in fiscal years beginning on or after
5 July 1, 2027:

6 The section of this division of this Act amending section
7 403.19, subsection 2, paragraph "a".

8 Sec. 36. APPLICABILITY. The following apply to urban
9 renewal areas in existence on or established on or after the
10 effective date of this division of this Act:

11 1. The section of this division of this Act amending section
12 403.22, subsection 1, paragraphs "a", "b", and "c".

13 2. The section of this division of this Act amending section
14 403.22, subsection 5, paragraph "d".

15 DIVISION VII

16 ASSESSMENT PROCEDURES

17 Sec. 37. Section 441.21, subsection 3, Code 2026, is amended
18 to read as follows:

19 3. a. *"Actual value", "taxable value", or "assessed*
20 *value"* as used in other sections of the Code in relation to
21 assessment of property for taxation shall mean the valuations
22 as determined by this section; however, other provisions of
23 the Code providing special methods or formulas for assessing
24 or valuing specified property shall remain in effect, but this
25 section shall be applicable to the extent consistent with such
26 provisions. The assessor and department of revenue shall
27 disclose at the written request of the taxpayer all information
28 in any formula or method used to determine the actual value of
29 the taxpayer's property. In addition, for assessment years
30 beginning on or after January 1, 2027, if the taxpayer's
31 property has increased in actual value by ten percent or more
32 from the immediately preceding assessment year, the assessor
33 shall provide the taxpayer with a statement of the reasons
34 for the increase in actual value, information specifying the
35 portion of actual value increase attributable to a change in

1 classification, revaluation, new construction, improvements, or
2 renovations to the property, and all information in any formula
3 or method used to determine the actual value.

4 ~~b. (1) For assessment years beginning before January~~
5 ~~1, 2018, the burden of proof shall be upon any complainant~~
6 ~~attacking such valuation as excessive, inadequate, inequitable,~~
7 ~~or capricious. However, in protest or appeal proceedings when~~
8 ~~the complainant offers competent evidence by at least two~~
9 ~~disinterested witnesses that the market value of the property~~
10 ~~is less than the market value determined by the assessor, the~~
11 ~~burden of proof thereafter shall be upon the officials or~~
12 ~~persons seeking to uphold such valuation to be assessed.~~

13 ~~(2) (1) For assessment years beginning on or after January~~
14 ~~1, 2018, the Except as provided in subparagraph (3), the burden~~
15 ~~of proof shall be upon any complainant attacking such valuation~~
16 ~~as excessive, inadequate, inequitable, or capricious. However,~~
17 ~~in protest or appeal proceedings when the complainant offers~~
18 ~~competent evidence that the market value of the property is~~
19 ~~different than the market value determined by the assessor,~~
20 ~~the burden of proof thereafter shall be upon the officials or~~
21 ~~persons seeking to uphold such valuation to be assessed.~~

22 ~~(3) (2) If the classification of a property has been~~
23 ~~previously adjudicated by the property assessment appeal board~~
24 ~~or a court as part of an appeal under this chapter, there~~
25 ~~is a presumption that the classification of the property has~~
26 ~~not changed for each of the four subsequent assessment years,~~
27 ~~unless a subsequent such adjudication of the classification of~~
28 ~~the property has occurred, and the burden of demonstrating a~~
29 ~~change in use shall be upon the person asserting a change to~~
30 ~~the property's classification.~~

31 (3) For assessment years beginning on or after January 1,
32 2027, if the taxpayer's property actual value increased by ten
33 percent or more from the immediately preceding assessment year,
34 including an increase as the result of an equalization order,
35 and the property did not change classification or primary use

1 and the increase in actual value is not the result of new
2 construction, improvements, or renovations to the property, the
3 actual value so determined by the assessor is not presumed to
4 be the actual value and in any protest or appeal the assessor
5 shall have the burden of proof that the valuation is not
6 excessive, inadequate, inequitable, or capricious.

7 Sec. 38. Section 441.33, Code 2026, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 3. Ex parte communications with board of
10 review members are prohibited in protests before the board.

11 DIVISION VIII

12 LOCAL GOVERNMENT EFFICIENCY GRANT PROGRAM

13 Sec. 39. NEW SECTION. **28E.20 Local government efficiency**
14 **grant program.**

15 1. A local government efficiency grant fund is created
16 and established as a separate and distinct fund in the
17 state treasury under the control of Iowa state university
18 of science and technology. For purposes of this section,
19 "local government" means a county, city, township, or any
20 special-purpose district or authority.

21 2. a. There is appropriated from the general fund of
22 the state to the local government efficiency grant fund for
23 the fiscal year beginning July 1, 2026, and ending July 1,
24 2027, ten million dollars. In addition to moneys deposited
25 in the local government efficiency grant fund pursuant to
26 appropriations made by the general assembly, Iowa state
27 university of science and technology or the commission
28 established under paragraph "c" may accept gifts, grants,
29 bequests, and other private contributions, as well as state
30 or federal funds, and shall deposit the moneys in the fund
31 to be used for purposes of this section. Moneys in the fund
32 are appropriated to the Iowa state university of science and
33 technology and shall be used only, after commission approval,
34 to provide grants to local governments to assist in efforts
35 to increase government efficiency, including but not limited

1 to efforts to consolidate government positions and pursue
2 agreements with other local governments to share services
3 and reduce the use of property tax revenues for such shared
4 services. Grant funds may be used by the local government
5 for costs to implement efficiency initiatives including
6 but not limited to service-sharing or service-consolidation
7 initiatives and transitional or temporary costs of eliminating
8 services, and to the extent necessary shall be coordinated with
9 Iowa cooperative extension service in agriculture and home
10 economics of Iowa state university of science and technology
11 and extension districts under chapter 176A.

12 *b.* Notwithstanding section 8.33, moneys in the fund
13 that remain unawarded at the close of the fiscal year shall
14 not revert but shall remain in the fund for expenditure in
15 succeeding fiscal years. Notwithstanding section 12C.7,
16 subsection 2, interest earned on moneys in the local government
17 efficiency grant fund shall be credited to the fund.

18 *c.* A local government efficiency commission shall be
19 established at Iowa state university of science and technology
20 comprised of not more than ten individuals appointed by the
21 president of the university who have experience in local
22 government operations and budgeting, local government planning,
23 and cooperative extension services. The local government
24 efficiency commission shall review and approve or deny each
25 grant application.

26 3. The local government efficiency commission shall
27 establish and administer the grant program to provide for the
28 allocation of moneys in the fund in the form of competitive
29 grants to local governments in accordance with the purposes and
30 objectives of this section. The rules for the program adopted
31 by the commission shall specify the eligibility of applicants,
32 eligible services and items for grant funding, the electronic
33 application process, and the maximum award per grant.

34 DIVISION IX

35 FIRSTHOME IOWA ACCOUNTS

1 Sec. 40. Section 12G.2, Code 2026, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 6. Create strategies for coordination of
4 the program with the FirstHome Iowa program trust established
5 in chapter 12L.

6 Sec. 41. NEW SECTION. 12L.1 **FirstHome Iowa program —**
7 **purpose and definitions.**

8 1. The general assembly finds that the general welfare and
9 well-being of the state are directly related to homeownership
10 of the citizens of the state, and that a vital and valid
11 public purpose is served by the creation and implementation
12 of programs which encourage and make possible the attainment
13 of homeownership by the greatest number of citizens of the
14 state. The general welfare of the citizens of the state will
15 be enhanced by establishing a FirstHome Iowa program which
16 allows citizens of the state to invest money in a public trust
17 for future application to the payment of qualified homebuyer
18 expenses. The creation of the means of encouragement for
19 citizens to invest in such a program represents the carrying
20 out of a vital and valid public purpose. In order to make
21 available to the citizens of the state an opportunity to fund
22 future first-time homeownership, it is necessary that a public
23 trust be established in which moneys may be invested for future
24 use.

25 2. As used in this chapter, unless the context otherwise
26 requires:

27 *a. "Administrative fund"* means the administrative fund
28 established under section 12L.4.

29 *b. "Beneficiary"* means the individual designated by a
30 participation agreement to benefit from advance payments of
31 qualified homebuyer expenses on behalf of the beneficiary.

32 *c. "First-time homebuyer"* means an individual who is a
33 resident of Iowa and who does not own, either individually or
34 jointly, a single-family or multifamily residence, and who
35 has not owned or purchased, either individually or jointly, a

1 single-family or multifamily residence for a period of three
2 years prior to the date of the qualified purchase for which the
3 eligible home costs are paid or reimbursed from an account.

4 *d. "FirstHome Iowa program trust" or "trust" means the trust*
5 *created under section 12L.2.*

6 *e. "FirstHome Iowa program trust account" or "account"*
7 *means an account within the trust that was established for*
8 *the purpose of paying or reimbursing a beneficiary's eligible*
9 *qualified homebuyer expenses in connection with a qualified*
10 *purchase.*

11 *f. "Individual" means a natural person.*

12 *g. "Participant" means an individual, individual's legal*
13 *representative, trust, or estate that has entered into a*
14 *participation agreement under this chapter, either individually*
15 *or jointly with the individual's spouse, for the advance*
16 *payment of qualified homebuyer expenses on behalf of a*
17 *beneficiary.*

18 *h. "Participation agreement" means an agreement between a*
19 *participant and the trust entered into under this chapter.*

20 *i. "Program fund" means the program fund established under*
21 *section 12L.4.*

22 *j. "Qualified homebuyer expenses" means any of the*
23 *following:*

24 (1) A down payment or closing costs for the qualified
25 purchase of a single-family residence in Iowa that is the
26 principal residence of the beneficiary if such beneficiary is a
27 first-time homebuyer with respect to such purchase.

28 (2) A cost, fee, tax, or payment incurred by, or charged
29 or assigned to, a beneficiary as part of the purchase under
30 subparagraph (1) and listed on the statement of receipts and
31 disbursements for the sale, including any statement prescribed
32 by 12 C.F.R. §1026.38, as amended.

33 (3) Any United States veterans administration funding
34 fee incurred by, or charged or assigned to, a beneficiary in
35 connection with a veterans administration home loan guaranty

1 program.

2 *k. "Qualified purchase"* means the purchase of a
3 single-family residence in Iowa by the account's beneficiary
4 ninety or more days after the date the participant first opened
5 the account.

6 *l. "Resident"* means the same as defined in section 422.4.

7 *m. "Single-family residence"* means a single-family
8 residence owned and occupied by a beneficiary as the
9 beneficiary's principal residence, including but not limited
10 to a manufactured home, mobile home, condominium unit, or
11 cooperative.

12 **Sec. 42. NEW SECTION. 12L.2 Creation of FirstHome Iowa**
13 **program trust.**

14 A FirstHome Iowa program trust is created. The treasurer of
15 state is the trustee of the trust, and has all powers necessary
16 to carry out and effectuate the purposes, objectives, and
17 provisions of this chapter pertaining to the trust, including
18 the power to do all of the following:

19 1. Make and enter into contracts necessary for the
20 administration of the trust created under this chapter.

21 2. Enter into agreements with any financial institution,
22 the state, or any federal or other state agency, or other
23 entity as required to implement this chapter.

24 3. Carry out the duties and obligations of the trust
25 pursuant to this chapter.

26 4. Accept any grants, gifts, legislative appropriations,
27 and other moneys from the state, any unit of federal, state, or
28 local government, or any other person, firm, partnership, or
29 corporation which the treasurer of state shall deposit into the
30 administrative fund or the program fund.

31 5. Carry out studies and projections so the treasurer of
32 state may advise participants regarding present and estimated
33 future qualified homebuyer expenses and levels of financial
34 participation in the trust required in order to enable
35 participants to achieve their qualifying purchase objectives.

1 6. Participate in any federal, state, or local governmental
2 program for the benefit of the trust.

3 7. Procure insurance against any loss in connection with the
4 property, assets, or activities of the trust.

5 8. Enter into participation agreements with participants.

6 9. Make payments to or on behalf of beneficiaries for
7 qualified homebuyer expenses pursuant to participation
8 agreements.

9 10. Make refunds to participants upon the termination
10 of participation agreements, and partial nonqualified
11 distributions to participants, pursuant to the provisions,
12 limitations, and restrictions set forth in this chapter.

13 11. Invest moneys from the program fund in any investments
14 which are determined by the treasurer of state to be
15 appropriate.

16 12. Engage investment advisors, if necessary, to assist in
17 the investment of trust assets.

18 13. Contract for goods and services and engage personnel
19 as necessary, including consultants, actuaries, managers,
20 legal counsel, and auditors for the purpose of rendering
21 professional, managerial, and technical assistance and advice
22 to the treasurer of state regarding trust administration and
23 operation.

24 14. Establish, impose, and collect administrative fees
25 and charges in connection with transactions of the trust for
26 deposit in the administrative fund and provide for reasonable
27 service charges.

28 15. Administer the funds of the trust.

29 16. Adopt rules pursuant to chapter 17A for the
30 administration of the trust.

31 **Sec. 43. NEW SECTION. 12L.3 Participation agreements for**
32 **trust.**

33 The trust may enter into participation agreements with
34 participants on behalf of beneficiaries pursuant to the
35 following terms and agreements:

1 1. Each participation agreement may require a participant
2 to agree to invest a specific amount of money in the trust
3 for a specific period of time for the benefit of a specific
4 beneficiary. A participant shall not be required to make an
5 annual contribution on behalf of a beneficiary. The maximum
6 contribution that may be deducted for Iowa income tax purposes
7 shall be the amount contributed by the participant during the
8 applicable tax year, not to exceed five thousand five hundred
9 dollars per beneficiary per year adjusted annually to reflect
10 increases in the consumer price index.

11 2. The execution of a participation agreement by the
12 trust shall not guarantee in any way that qualified homebuyer
13 expenses will be equal to projections and estimates provided by
14 the trust or that the beneficiary named in any participation
15 agreement will qualify for a mortgage, home loan, or other
16 forms of credit for a qualified purchase.

17 3. *a.* A beneficiary under a participation agreement may be
18 changed as permitted under rules adopted by the treasurer of
19 state upon written request of the participant as long as the
20 substitute beneficiary is eligible for participation.

21 *b.* Participation agreements may otherwise be freely amended
22 throughout their terms in order to enable participants to
23 increase or decrease the level of participation, change the
24 designation of beneficiaries, and carry out similar matters as
25 authorized by rule.

26 4. Each participation agreement shall provide that the
27 participation agreement may be canceled upon the terms and
28 conditions, and upon payment of applicable fees and costs set
29 forth and contained in the rules adopted by the treasurer of
30 state.

31 5. A participant may designate a successor in accordance
32 with rules adopted by the treasurer of state. The designated
33 successor shall succeed to the ownership of the account in
34 the event of the death of the participant. In the event a
35 participant dies and has not designated a successor to the

1 account, the following criteria shall apply:

2 *a.* The beneficiary of the account, if eighteen years of
3 age or older, shall become the owner of the account as well as
4 remain the beneficiary upon filing the appropriate forms in
5 accordance with rules adopted by the treasurer of state.

6 *b.* If the beneficiary of the account is under the age of
7 eighteen, account ownership shall be transferred to the first
8 surviving parent or other legal guardian of the beneficiary to
9 file the appropriate forms in accordance with rules adopted by
10 the treasurer of state.

11 Sec. 44. NEW SECTION. 12L.4 **FirstHome Iowa program and**
12 **administrative funds — investment and payments.**

13 1. *a.* The treasurer of state shall segregate moneys
14 received by the trust into two funds: the FirstHome Iowa
15 program fund and the administrative fund to be used for
16 administration of the program.

17 *b.* All moneys paid by participants in connection with
18 participation agreements shall be deposited as received into
19 separate accounts within the program fund.

20 *c.* Contributions to the trust made by participants may only
21 be made in the form of cash.

22 *d.* A participant or beneficiary may, directly or indirectly,
23 direct the investment of any contributions to the trust or any
24 earnings thereon no more than four times in a calendar year.

25 2. Moneys accrued by participants in the program fund of the
26 trust may be used for payments to or on behalf of a beneficiary
27 for qualified homebuyer expenses.

28 Sec. 45. NEW SECTION. 12L.5 **Cancellation of agreements.**

29 A participant may cancel a participation agreement at will.
30 Upon cancellation of a participation agreement, a participant
31 shall be entitled to the return of the participant's account
32 balance.

33 Sec. 46. NEW SECTION. 12L.6 **Ownership of payments and**
34 **investment income — transfer of ownership rights.**

35 1. *a.* A participant retains ownership of all payments

1 made under a participation agreement up to the date of
2 utilization for payment of qualified homebuyer expenses for the
3 beneficiary.

4 *b.* All income derived from the investment of the payments
5 made by the participant shall be considered to be held in trust
6 for the benefit of the beneficiary.

7 2. In the event the FirstHome Iowa program is terminated
8 prior to payment of qualified homebuyer expenses for the
9 beneficiary, the participant is entitled to a refund of the
10 participant's account balance.

11 3. Any amounts which may be paid to any person or persons
12 pursuant to the FirstHome Iowa program trust but which are not
13 listed in this section are owned by the trust.

14 4. A participant may transfer ownership rights to another
15 participant or may transfer funds to another account under the
16 trust. The transfer shall be made and the property distributed
17 in accordance with rules adopted by the treasurer of state or
18 with the terms of the participation agreement.

19 5. A participant shall not be entitled to utilize any
20 interest in the trust as security for a loan.

21 **Sec. 47. NEW SECTION. 12L.7 Annual audited financial report**
22 **to governor and general assembly.**

23 1. *a.* The treasurer of state shall submit an annual
24 audited financial report, prepared in accordance with generally
25 accepted accounting principles, on the operations of the trust
26 by November 1 to the governor and the general assembly.

27 *b.* The annual audit shall be made either by the auditor
28 of state or by an independent certified public accountant
29 designated by the auditor of state and shall include direct and
30 indirect costs attributable to the use of outside consultants,
31 independent contractors, and any other persons who are not
32 state employees.

33 2. The annual audit shall be supplemented by all of the
34 following information prepared by the treasurer of state:

35 *a.* Any related studies or evaluations prepared in the

1 preceding year.

2 *b.* A summary of the benefits provided by the trust including
3 the number of participants and beneficiaries in the trust.

4 *c.* Any other information which is relevant in order to make
5 a full, fair, and effective disclosure of the operations of the
6 trust.

7 **Sec. 48. NEW SECTION. 12L.8 Tax considerations.**

8 State income tax treatment of the FirstHome Iowa program
9 trust shall be as provided in section 422.7, subsections 46 and
10 47.

11 **Sec. 49. NEW SECTION. 12L.9 Property rights to assets in
12 trust.**

13 1. The assets of the trust shall at all times be preserved,
14 invested, and expended solely and only for the purposes of
15 the trust and shall be held in trust for the participants and
16 beneficiaries.

17 2. No property rights in the trust shall exist in favor of
18 the state.

19 3. The assets of the trust shall not be transferred or used
20 by the state for any purposes other than the purposes of the
21 trust.

22 **Sec. 50. NEW SECTION. 12L.10 Construction.**

23 This chapter shall be construed liberally in order to
24 effectuate its purpose.

25 **Sec. 51.** Section 232D.503, subsection 6, Code 2026, is
26 amended by adding the following new paragraph:

27 **NEW PARAGRAPH. *g.*** A FirstHome Iowa program trust account
28 established for the minor pursuant to chapter 12L.

29 **Sec. 52.** Section 422.7, Code 2026, is amended by adding the
30 following new subsections:

31 **NEW SUBSECTION. 46. *a.*** Subtract the contribution that may
32 be deducted for Iowa income tax purposes as a participant in
33 the FirstHome Iowa program trust pursuant to section 12L.3,
34 subsection 1. For purposes of this paragraph, a participant
35 who makes a contribution on or before the date prescribed in

1 follows:

2 **428A.7 Forms provided by director of revenue.**

3 The director of revenue shall prescribe the form of the
4 declaration of value and shall include an appropriate place
5 for the inclusion of special facts and circumstances relating
6 to the actual sales price in real estate transfers including
7 but not limited to factors that distort market value such as
8 built-to-suit sales, sale-leaseback sales, leased fee sales,
9 and the abnormal transactions identified in section 441.21,
10 subsection 1, paragraph "b", subparagraph (1). The director
11 shall provide an adequate number of the declaration of value
12 forms to each county recorder in the state. If the declaration
13 of value form requires or provides for the inclusion of the
14 social security number or federal tax identification number of
15 a seller or buyer, the department shall provide that the social
16 security number or federal tax identification number remains
17 confidential and cannot be obtained by public examination.

18 Sec. 61. Section 441.21, subsection 1, paragraph b,
19 subparagraph (1), Code 2026, is amended to read as follows:

20 (1) The actual value of all property subject to assessment
21 and taxation shall be the fair and reasonable market value of
22 such property except as otherwise provided in this section.
23 "Market value" is defined as the fair and reasonable exchange
24 in the year in which the property is listed and valued between
25 a willing buyer and a willing seller, neither being under any
26 compulsion to buy or sell and each being familiar with all
27 the facts relating to the particular property. Sale prices
28 of the property or comparable property in normal transactions
29 reflecting market value, and the probable availability
30 or unavailability of persons interested in purchasing the
31 property, shall be taken into consideration in arriving at
32 its market value. In arriving at market value, sale prices
33 of property in abnormal transactions not reflecting market
34 value shall not be taken into account, or shall be adjusted to
35 eliminate the effect of factors which distort market value,

1 including but not limited to built-to-suit construction,
2 sale-leaseback transactions, leased fee sales, sales to
3 immediate family of the seller between related parties,
4 foreclosure or other forced sales, contract sales, discounted
5 purchase transactions or purchase of adjoining land or other
6 land to be operated as a unit.

7 Sec. 62. RETROACTIVE APPLICABILITY. This division of this
8 Act applies retroactively to assessment years beginning on or
9 after January 1, 2026.

10

DIVISION XI

11

LOCAL GOVERNMENT BUDGET STATEMENTS

12 Sec. 63. Section 24.2A, subsection 1, paragraph c, Code
13 2026, is amended by striking the paragraph.

14 Sec. 64. Section 24.2A, subsection 1, paragraph d, Code
15 2026, is amended to read as follows:

16 *d. "Political subdivision"* means a school district, a
17 county, or a city. In addition, for purposes of the statements
18 required under subsection 2, paragraph "b", only, all
19 certifying boards that are not a political subdivision shall be
20 considered a single political subdivision and identified under
21 a designation of special taxing districts on such statements.

22 Sec. 65. Section 24.2A, subsection 2, paragraph a, Code
23 2026, is amended to read as follows:

24 *a.* On or before 4:00 p.m. on March 5 of each year, each
25 political subdivision certifying board shall file with the
26 department of management a report containing all necessary
27 information for the department of management to compile and
28 calculate amounts required to be included in the statements
29 mailed under paragraph "b" or provided under paragraph "c". If
30 a county or city certifying board, except a school district,
31 fails to file all necessary information with the department of
32 management by 4:00 p.m. on March 5, taxes levied by the county
33 or city certifying board shall be limited to the prior year's
34 budget amount.

35 Sec. 66. Section 24.2A, subsection 2, paragraph b, Code

1 2026, is amended by striking the paragraph and inserting in
2 lieu thereof the following:

3 *b.* Not later than March 15, the county auditor, using
4 information compiled and calculated by the department of
5 management under paragraph "a", shall send to each property
6 owner or taxpayer within the county by regular mail or post
7 under paragraph "c" a statement, identified as not being a
8 property tax bill and indicating the approximate date when
9 a property tax bill will be delivered, but containing a
10 minimum of all of the following, including the information
11 in subparagraphs (3), (4), (5), (7), and (8) for each of the
12 political subdivisions comprising the owner's or taxpayer's
13 taxing district:

14 (1) The address, property description, parcel
15 identification number, actual value, and taxable value of the
16 owner's or taxpayer's property.

17 (2) The classification of the owner's or taxpayer's
18 property, including identification of all assessment
19 limitations under section 441.21, and identification of each
20 property tax exemption or credit being received by the owner
21 or taxpayer for the property for the assessment year and the
22 immediately preceding assessment year.

23 (3) The sum of the current fiscal year's actual property
24 taxes certified for levy for all of the political subdivision's
25 levies on the owner's or taxpayer's property, the percentage
26 that such amount represents of the total taxes due on the
27 property, and the allocation of such amounts to specified
28 categories of the political subdivision's services and
29 activities.

30 (4) The combined amount of the proposed property tax dollars
31 to be certified for all of the political subdivision's levies
32 for the budget year on the owner's or taxpayer's property,
33 the percentage that such amount represents of the proposed
34 total taxes due on the property, the percentage increase of
35 such amount from the current fiscal year and the potential

1 reasons for any increases, and the allocation of such amounts
2 to specified categories of the political subdivision's services
3 and activities, including that portion of such amount subject
4 to the limitation under section 444.25.

5 (5) Tax amounts provided under subparagraphs (3) and (4)
6 as a per month amount and a percentage change in the per month
7 amount between the current fiscal year and the budget year.

8 (6) A comparison of the combined amount of property taxes
9 due on the owner's or taxpayer's property for all political
10 subdivisions for the current fiscal year and the combined
11 proposed amount of property taxes due on the owner's or
12 taxpayer's property for all political subdivisions for the
13 budget year, including the percentage in change in such
14 amounts.

15 (7) The date, time, and location of the political
16 subdivision's public hearing under subsection 4, including
17 a statement of the owner or taxpayer's ability to provide
18 feedback at the public hearing and protest property
19 assessments.

20 (8) Information on how to access on the political
21 subdivision's internet site the political subdivision's
22 statements under this section and other budget documents for
23 prior fiscal years.

24 (9) A link to the department of management's internet site
25 where the property owner or taxpayer may view an example of the
26 statement and a brief explanation of the information included
27 on the statement.

28 Sec. 67. Section 24.2A, subsection 2, Code 2026, is amended
29 by adding the following new paragraph:

30 NEW PARAGRAPH. *c.* For budgets for fiscal years beginning
31 on or after July 1, 2027, statements under paragraph "b", in
32 lieu of regular mail, may be provided by posting the statement
33 not later than March 15 on the political subdivision's
34 internet site for public viewing and shall be maintained on
35 the political subdivision's internet site with all such prior

1 year statements. Additionally, if the political subdivision
2 maintains a social media account on one or more social media
3 applications, the statement or an electronic link to the
4 statement shall be posted on each such account on a date no
5 later than March 15.

6 Sec. 68. Section 24.2A, subsection 3, Code 2026, is amended
7 to read as follows:

8 3. The department of management shall prescribe the form
9 for the report required under subsection 2, paragraph "a";
10 following consultation with the Iowa league of cities and the
11 Iowa state association of counties, the statements required to
12 be mailed under subsection 2, paragraph "b", or provided under
13 subsection 2, paragraph "c"; and the public hearing notice
14 required under subsection 4, paragraph "b". The statements
15 required under subsection 2, paragraph "b", shall be clear,
16 concise, written in plain language, and may be presented
17 using tables, written narrative, and graphic representations
18 and shall contain the internet site, mailing address, and a
19 telephone number for each political subdivision that owners
20 and taxpayers may call if they have questions related to the
21 statement.

22 Sec. 69. Section 24.2A, subsection 4, paragraph b,
23 subparagraph (4), subparagraph division (a), Code 2026, is
24 amended to read as follows:

25 (a) Notice of the public hearing was provided to each
26 property owner and each taxpayer within the political
27 subdivision in statements required under subsection 2,
28 ~~paragraph "b"~~.

29 Sec. 70. Section 24.3, unnumbered paragraph 1, Code 2026,
30 is amended to read as follows:

31 A municipality shall not certify or levy in any fiscal year
32 any tax on property subject to taxation unless and until the
33 following estimates have been made, filed, and considered,
34 and for school districts, the ~~individual~~ statements have been
35 mailed or posted, as applicable, and public hearings held, as

1 provided in this chapter:

2 Sec. 71. Section 331.434, subsection 3, Code 2026, is
3 amended to read as follows:

4 3. Following, and not until, the requirements of section
5 24.2A are completed, the board shall set a time and place for
6 a public hearing on the budget before the final certification
7 date and shall publish notice of the hearing not less than
8 ten nor more than twenty days prior to the hearing in the
9 county newspapers selected under chapter 349. A summary of
10 the proposed budget and a description of the procedure for
11 protesting the county budget under section 331.436, in the form
12 prescribed by the director of the department of management,
13 shall be included in the notice. Proof of publication of
14 the notice under this subsection 3 shall be filed with and
15 preserved by the county auditor. A levy is not valid unless
16 and until the notice is published and ~~individual~~ statements
17 under section 24.2A are mailed or posted. The department of
18 management shall prescribe the form for the public hearing
19 notice for use by counties.

20 Sec. 72. Section 331.435, subsection 2, Code 2026, is
21 amended to read as follows:

22 2. The board shall prepare and adopt a budget amendment in
23 the same manner as the original budget as provided in section
24 331.434, but excluding the requirements for ~~mailing individual~~
25 statements under section 24.2A, and the amendment is subject
26 to protest as provided in section 331.436, except that the
27 director of the department of management may by rule provide
28 that amendments of certain types or up to certain amounts may
29 be made without public hearing and without being subject to
30 protest. A county budget for the ensuing fiscal year shall be
31 amended by May 31 to allow time for a protest hearing to be
32 held and a decision rendered before June 30. An amendment of
33 a budget after May 31 which is properly appealed but without
34 adequate time for hearing and decision before June 30 is void.

35 Sec. 73. Section 384.17, Code 2026, is amended to read as

1 follows:

2 **384.17 Levy by county.**

3 At the time required by law, the county board of supervisors
4 shall levy the taxes necessary for each city fund for the
5 following fiscal year. The levy must be as shown in the
6 adopted city budget and as certified by the clerk, subject to
7 any changes made after a protest hearing, and any additional
8 tax rates approved at a city election. A city levy is not valid
9 until proof of publication or posting of notice of a budget
10 hearing under section 384.16, subsection 3, is filed with the
11 county auditor and ~~individual~~ statements are mailed or posted
12 under section 24.2A.

13 Sec. 74. Section 384.18, subsection 2, Code 2026, is amended
14 to read as follows:

15 2. A budget amendment must be prepared and adopted in the
16 same manner as the original budget, as provided in section
17 384.16, excluding the requirement for ~~the mailing of individual~~
18 statements under section 24.2A, and is subject to protest as
19 provided in section 384.19, except that the committee may by
20 rule provide that amendments of certain types or up to certain
21 amounts may be made without public hearing and without being
22 subject to protest. A city budget shall be amended by May
23 31 of the current fiscal year to allow time for a protest
24 hearing to be held and a decision rendered before June 30. The
25 amendment of a budget after May 31, which is properly appealed
26 but without adequate time for hearing and decision before June
27 30 is void.

28 Sec. 75. IMPLEMENTATION OF DIVISION OF ACT. Section 25B.2,
29 subsection 3, shall not apply to this division of this Act.

30 Sec. 76. APPLICABILITY. This division of this Act applies
31 to political subdivision budgets for fiscal years beginning on
32 or after July 1, 2027.

33

DIVISION XII

34

DIVISION OF REVENUE — DATA CENTERS

35

Sec. 77. Section 403.19, subsection 2, paragraph a, Code

1 2026, is amended to read as follows:

2 *a.* That portion of the taxes each year in excess of such
3 amount shall be allocated to and when collected be paid into
4 a special fund of the municipality to pay the principal of
5 and interest on loans, moneys advanced to, or indebtedness,
6 whether funded, refunded, assumed, or otherwise, including
7 bonds issued under the authority of section 403.9, subsection
8 1, incurred by the municipality to finance or refinance, in
9 whole or in part, an urban renewal project within the area,
10 and to provide assistance for low and moderate income family
11 housing as provided in section 403.22. However, except
12 as provided in paragraph "b", taxes for the regular and
13 voter-approved physical plant and equipment levy of a school
14 district imposed pursuant to section 298.2, foundation property
15 taxes of a school district imposed under section 257.3 levied
16 against property that is a qualified data center or upon
17 which a qualified data center is operated, and taxes for the
18 instructional support program of a school district imposed
19 pursuant to section 257.19, taxes for the payment of bonds
20 and interest of each taxing district, and taxes imposed under
21 section 346.27, subsection 22, related to joint county-city
22 buildings shall be collected against all taxable property
23 within the taxing district without limitation by the provisions
24 of this subsection. For purposes of this paragraph, "qualified
25 data center" means a data center, as defined in section 423.3,
26 subsection 95, for which site preparation activities, as
27 defined in section 423.3, subsection 95, began on or after the
28 effective date of this division of this Act.

29 Sec. 78. EFFECTIVE DATE. This division of this Act, being
30 deemed of immediate importance, takes effect upon enactment.

31 Sec. 79. APPLICABILITY. This division of this Act applies
32 to property taxes due and payable in fiscal years beginning on
33 or after July 1, 2027.

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35

DIVISION XIII
ELECTION DATES — BONDS

1 the administration of such taxes, methods of simplifying
2 administration of the replacement taxes, elimination of
3 property taxes imposed under this chapter or chapter 437B,
4 simplification of thresholds for replacement tax rate
5 adjustments while retaining tax stability, the effects of
6 ~~the replacement such taxes under this chapter and chapter~~
7 ~~437B on local taxing authorities, local taxing districts,~~
8 ~~consumers, and taxpayers through January 1, 2024~~ December 31,
9 2026, including ways to maintain continuity for local taxing
10 districts and consumers and ways to provide a competitive
11 and equitable tax environment for taxpayers. If the task
12 force recommends modifications to the replacement tax that
13 will further the purposes of tax neutrality for local taxing
14 authorities, local taxing districts, taxpayers, and consumers,
15 consistent with the stated purposes of this chapter taxes, the
16 department of management shall transmit those recommendations
17 to the general assembly.

18 Sec. 83. EFFECTIVE DATE. This division of this Act, being
19 deemed of immediate importance, takes effect upon enactment.

20 DIVISION XVI

21 SCHOOL DISTRICT UNSPENT BALANCES — ON-TIME FUNDING AND
22 MODIFIED SUPPLEMENTAL AMOUNTS

23 Sec. 84. Section 257.7, Code 2026, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 3. *Unspent balances.* For school budget
26 years beginning on or after July 1, 2026, a school district's
27 actual unspent balance from the preceding year used to
28 calculate the authorized budget under subsection 1 shall
29 not exceed an amount equal to thirty-five percent of the
30 school district's authorized expenditures for the budget year
31 immediately preceding the base year unless a greater amount
32 is authorized by the school budget review committee based on
33 one or more grounds authorized for the approval of a modified
34 supplemental amount under section 257.31.

35 Sec. 85. Section 257.13, Code 2026, is amended to read as

1 follows:

2 **257.13 On-time ~~funding~~ budget adjustment.**

3 1. a. For the school budget year beginning July 1, 2001,
4 and succeeding budget years beginning before July 1, 2026, if a
5 district's actual enrollment for the budget year, determined
6 under section 257.6, is greater than its budget enrollment for
7 the budget year, the district shall be eligible to receive an
8 on-time ~~funding~~ budget adjustment. The adjustment shall be in
9 an amount equal to the difference between the actual enrollment
10 for the budget year and the budget enrollment for the budget
11 year, multiplied by the district cost per pupil.

12 ~~2.~~ b. The board of directors of a school district that
13 wishes to receive an on-time ~~funding~~ budget adjustment under
14 this subsection shall adopt a resolution to receive the
15 adjustment and notify the school budget review committee
16 annually, but not earlier than November 1, as determined by the
17 department of education. The school budget review committee
18 shall establish a modified supplemental amount pursuant to
19 ~~subsection 1~~ paragraph "a".

20 2. a. For the school budget years beginning on or after
21 July 1, 2026, if a district's actual enrollment for the budget
22 year, determined under section 257.6, is greater than its
23 budget enrollment for the budget year, the district may request
24 an on-time budget adjustment. The adjustment shall not exceed
25 an amount equal to the difference between the actual enrollment
26 for the budget year and the budget enrollment for the budget
27 year, multiplied by the district cost per pupil.

28 b. To request an on-time budget adjustment under this
29 subsection, the board of directors of a school district shall
30 adopt a resolution to receive the adjustment and notify the
31 school budget review committee on or before a date established
32 by the committee. The school budget review committee may
33 establish a modified supplemental amount pursuant to paragraph
34 "a".

35 3. If the board of directors of a school district determines

1 that a need exists for additional funds exceeding the on-time
2 ~~funding~~ budget adjustment pursuant to this section, a request
3 for a modified supplemental amount based upon increased
4 enrollment may be submitted to the school budget review
5 committee as provided in section 257.31.

6 Sec. 86. NEW SECTION. 279.63A Unspent balance — policy.

7 1. The board of directors of each school district shall
8 establish a policy that defines a targeted range and maximum
9 amount of unspent balance of authorized expenditures,
10 determined by a percent of authorized expenditures under
11 section 257.7 or other methodology specified in the policy.
12 The policy shall also state the date the policy was adopted
13 and the date the policy was most recently reviewed or revised
14 under subsection 2. The targeted range and maximum amount
15 established in the policy shall be made with the intent to
16 equalize educational opportunity, provide a good education
17 for all the children of the school district, provide property
18 tax relief, decrease the percentage of school costs paid from
19 property taxes, and to provide reasonable control of school
20 costs.

21 2. Targeted ranges and maximum amounts defined in the policy
22 under subsection 1 shall be reviewed annually by the board of
23 directors and such review shall be entered in the minutes of
24 the board and approved revisions shall be made to the policy.

25 Sec. 87. EFFECTIVE DATE. This division of this Act, being
26 deemed of immediate importance, takes effect upon enactment.>

27 2. Title page, by striking lines 1 through 6 and inserting
28 <An Act relating to state and local government taxes, budgets,
29 and authority, by modifying provisions relating to the
30 assessment and taxation of property, funding from the secure
31 an advanced vision for education fund, urban renewal areas,
32 establishing a program for certain first-time homebuyers,
33 establishing a local government efficiency grant fund, making
34 appropriations, and including effective date, applicability,
35 and retroactive applicability provisions.>

PROPOSED COMMITTEE AMENDMENT