

MAR 1 1 2015
WAYS AND MEANS

HOUSE FILE 730
BY PAULSEN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a property tax limitation for cities and
2 counties and including an effective date and applicability
3 date provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF-730

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1 Section 1. NEW SECTION. 444.25 PROPERTY TAX LIMITATIONS.

2 1. COUNTY LIMITATION.

3 a. For the fiscal year beginning July 1, 2006, and for all
4 subsequent fiscal years, the maximum amount of property tax
5 dollars that may be certified by a county for taxes payable in
6 the budget year shall not exceed the amount of property tax
7 dollars certified by the county for taxes payable in the
8 current fiscal year for each of the levies for the following:

9 (1) General county services under section 331.422,
10 subsection 1.

11 (2) Rural county services under section 331.422,
12 subsection 2.

13 (3) Other taxes under section 331.422, subsection 4.

14 b. The limitation provided in this subsection does not
15 apply to the levies on the increase in taxable valuation due
16 to new construction, additions or improvements to existing
17 structures, remodeling of existing structures for which a
18 building permit is required, annexation, and phasing out of
19 tax exemptions, and on the increase in valuation of taxable
20 property as a result of a comprehensive revaluation by a
21 private appraiser under a contract entered into prior to
22 January 1, 2005, or as a result of a comprehensive revaluation
23 directed or authorized by the conference board prior to
24 January 1, 2005, with documentation of the contract,
25 authorization, or directive on the revaluation provided to the
26 director of revenue, if the levies are equal to or less than
27 the levies for the previous year; levies on that portion of
28 the taxable property located in an urban renewal project the
29 tax revenues from which are no longer divided as provided in
30 section 403.19, subsection 2; or as otherwise provided in this
31 section.

32 2. CITY LIMITATION.

33 a. For the fiscal year beginning July 1, 2006, and for all
34 subsequent fiscal years, the maximum amount of property tax
35 dollars that may be certified by a city for taxes payable in

1 the budget year shall not exceed the amount in property tax
2 dollars certified by the city for taxes payable in the current
3 fiscal year for each of the levies for the following:

4 (1) City government purposes under section 384.1.

5 (2) Emergency fund purposes under section 384.8.

6 (3) Other city government purposes under section 384.12
7 unless such levies have been approved by a vote of the people.

8 b. The limitation provided in this subsection does not
9 apply to the levies on the increase in taxable valuation due
10 to new construction, additions or improvements to existing
11 structures, remodeling of existing structures for which a
12 building permit is required, annexation, and phasing out of
13 tax exemptions, and on the increase in valuation of taxable
14 property as a result of a comprehensive revaluation by a
15 private appraiser under a contract entered into prior to
16 January 1, 2005, or as a result of a comprehensive revaluation
17 directed or authorized by the conference board prior to
18 January 1, 2005, with documentation of the contract,
19 authorization, or directive on the revaluation provided to the
20 director of revenue, if the levies are equal to or less than
21 the levies for the previous year; levies on that portion of
22 the taxable property located in an urban renewal project the
23 tax revenues from which are no longer divided as provided in
24 section 403.19, subsection 2; or as otherwise provided in this
25 section.

26 3. GROWTH OPPORTUNITIES. The dollar amount computed under
27 subsection 1 or 2 may be increased each year, as provided in
28 this subsection.

29 a. The dollar amount determined in subsection 1, paragraph
30 "a", or subsection 2, paragraph "a", shall be increased by the
31 product of the amount in subsection 1, paragraph "a", or
32 subsection 2, paragraph "a", and the percentage change in the
33 consumer price index or times one and one-half percent,
34 whichever is lower. For purposes of this subsection,
35 "consumer price index" means the percentage rate of change in

1 the consumer price index as tabulated by the United States
2 department of labor, bureau of labor statistics, for the
3 twelve-month period ending June 30 of the fiscal year
4 immediately preceding the current fiscal year.

5 b. The dollar amount determined in subsection 1, paragraph
6 "a", or subsection 2, paragraph "a", may be increased by an
7 additional one percent for the fiscal year following the
8 calendar year that the federal government disseminates
9 population data pursuant to Pub. L. No. 94-171 if such data
10 shows that the population of the county or city, as
11 applicable, increased by ten percent or more from the previous
12 federal decennial census.

13 c. The dollar amount determined in subsection 1, paragraph
14 "a", or subsection 2, paragraph "a", may be increased by an
15 additional one percent if the budget year enrollment in the
16 county or city, as applicable, increased by more than two
17 percent over the enrollment in the current fiscal year. For
18 purposes of this paragraph, "enrollment" means the number of
19 pupils residing in the county or city, as applicable, and
20 attending kindergarten through twelfth grade in an accredited
21 public or nonpublic school in the state.

22 4. EXCEPTIONS. The limitations provided in subsections 1
23 and 2 do not apply to the levies made for the following:

24 a. Debt service to be deposited into the debt service fund
25 pursuant to section 331.430 or 384.4.

26 b. Trust and agency purposes as described in section 384.6
27 to be deposited in the trust and agency funds established by a
28 city or as described in section 331.424, subsection 1,
29 paragraph "d", and section 331.424, subsection 2, paragraph
30 "a".

31 c. Taxes or tax levies approved by a vote of the people.

32 d. Hospitals pursuant to chapters 37, 347, and 347A.

33 5. APPEAL PROCEDURES. If a city or county needs to
34 increase the amount of property tax dollars raised from a tax
35 levy in excess of the amounts allowed in subsections 1 through

1 3, the following procedures apply:

2 a. Not later than March 1, and after the publication and
3 public hearing on the budget in the manner and form prescribed
4 by the director of the department of management,
5 notwithstanding sections 331.434, 362.3, and 384.16, the city
6 or county shall petition the state appeal board for approval
7 of a property tax increase in excess of the increases provided
8 for in subsection 3, on forms furnished by the director of the
9 department of management. Applications received after March 1
10 shall be automatically ineligible for consideration by the
11 board.

12 b. Additional costs incurred by the city or county due to
13 any of the following circumstances shall be the basis for
14 justifying the extraordinary increase in property tax dollars
15 under this subsection:

16 (1) Natural disaster or other life-threatening
17 emergencies.

18 (2) Unusual need for additional moneys to finance existing
19 programs that would provide substantial benefit to city or
20 county residents or compelling need to finance new programs
21 that would provide substantial benefit to city or county
22 residents.

23 (3) Need for additional moneys for health care, treatment,
24 and facilities, including mental health and mental retardation
25 care and treatment pursuant to section 331.424, subsection 1,
26 paragraphs "a" and "b".

27 (4) Judgments, settlements, and related costs arising out
28 of civil claims against the city or county and its officers,
29 employees, and agents, as defined in chapter 670.

30 c. The state appeal board shall approve, disapprove, or
31 reduce the amount of excess property tax dollars requested.
32 The board shall take into account the intent of this section
33 to provide property tax relief. The decision of the board
34 shall be rendered at a regular or special meeting of the board
35 within twenty days of the board's receipt of an appeal.

1 d. Within seven days of receipt of the decision of the
2 state appeal board, the county or city shall adopt and certify
3 its budget under section 331.434 or 384.16, which budgets may
4 be protested as provided in section 331.436 or 384.19. The
5 budget shall not contain an amount of property tax dollars in
6 excess of the amount approved by the state appeal board.

7 6. COUNTY AUDITOR ADJUSTMENT. In addition to the
8 requirement of the county auditor in section 444.3 to
9 establish a rate of tax which does not exceed the rate
10 authorized by law, the county auditor shall also adjust the
11 rate if the amount of property tax dollars to be raised is in
12 excess of the amount specified in subsections 1 and 3 for a
13 county or subsections 2 and 3 for a city, as such rates may be
14 adjusted pursuant to subsection 5.

15 7. DEFINITIONS. For purposes of this section:

16 a. "Budget year" is the fiscal year beginning during the
17 calendar year in which a budget is first certified.

18 b. "Current fiscal year" is the fiscal year ending during
19 the calendar year in which a budget is first certified.

20 Sec. 2. NEW SECTION. 444.25A OTHER PROPERTY TAX LEVY
21 LIMITATIONS NOT AFFECTED.

22 Section 444.25 shall not be construed as removing or
23 otherwise affecting the property tax limitations otherwise
24 provided by law for any tax levy of a political subdivision.

25 CORRESPONDING AMENDMENTS

26 Sec. 3. Section 24.48, unnumbered paragraphs 4, 5, and 7,
27 Code 2005, are amended by striking the unnumbered paragraphs.

28 Sec. 4. Section 24.48, unnumbered paragraph 6, Code 2005,
29 is amended to read as follows:

30 For purposes of this section only, "political subdivision"
31 means a city, school district, or any other special purpose
32 district which certifies its budget to the county auditor and
33 derives funds from a property tax levied against taxable
34 property situated within the political subdivision, except
35 that it does not mean a city or a county.

1 Sec. 5. Section 331.422, unnumbered paragraph 1, Code
2 2005, is amended to read as follows:

3 Subject to this section and sections 331.423 through
4 ~~331.426~~ 331.425 or as otherwise provided by state law, the
5 board of each county shall certify property taxes annually at
6 its March session to be levied for county purposes as follows:

7 Sec. 6. Section 331.424A, subsection 4, Code 2005, is
8 amended to read as follows:

9 4. For the fiscal year beginning July 1, 1996, and for
10 each subsequent fiscal year, the county shall certify a levy
11 for payment of services. For each fiscal year, county
12 revenues from taxes imposed by the county credited to the
13 services fund shall not exceed an amount equal to the amount
14 of base year expenditures for services as defined in section
15 331.438, less the amount of property tax relief to be received
16 pursuant to section 426B.2, in the fiscal year for which the
17 budget is certified. The county auditor and the board of
18 supervisors shall reduce the amount of the levy certified for
19 the services fund by the amount of property tax relief to be
20 received. A levy certified under this section is not subject
21 to the any appeal provisions ~~of section 331.426 or to any~~
22 ~~other provision~~ in law authorizing a county to exceed,
23 increase, or appeal a property tax levy limit.

24 Sec. 7. Section 331.434, unnumbered paragraph 1, Code
25 2005, is amended to read as follows:

26 Annually, the board of each county, subject to sections
27 331.423 through ~~331.426~~ 331.425 and other applicable state
28 law, shall prepare and adopt a budget, certify taxes, and
29 provide appropriations as follows:

30 Sec. 8. Section 331.435, unnumbered paragraph 1, Code
31 2005, is amended to read as follows:

32 The board may amend the adopted county budget, subject to
33 sections 331.423 through ~~331.426~~ 331.425 and other applicable
34 state law, to permit increases in any class of proposed
35 expenditures contained in the certified budget.

