

Comparison of Iowa Property Tax Reform Proposals (2026)

Feature	Governor's Proposal (HSB 563 and SSB 3034)	Senate Proposal (SSB 3001)	House Proposal (HSB 596)
Local Revenue Growth Cap	Flat 2% cap plus new construction for cities and counties. Caps local government unassigned reserves to 10% (not schools).	2% to 5% cap indexed to inflation, plus new construction.	2% cap plus new construction for cities and counties.
School Property Taxes	No major change to the foundation levy structure.	State takes over 100% of basic school costs; uniform levy cut from \$5.40 to \$4.49. Adjusts reorganization incentives accordingly. Increases the foundation level to 100% for regular program and special education. Includes media and education services in combined district cost (shifts to state funding). Requires SAVE to pay state share of 100% foundation threshold (either the whole thing or just continue the PTER fund transfer amount – language is unclear).	No major change to the foundation levy structure.
Residential Relief	Freezes property tax bills for seniors 65+ with homes valued up to \$350,000.	Replaces Homestead Credit with a 50% taxable value discount (phased in by 2036). 100% exemption for seniors 60+ who have paid off their mortgage (starts 2029). Additional tax relief will come from the state taking over the school foundation formula.	Creates a new \$25,000 exemption on the taxable value of all residential property. Does not apply to schools (different valuation base for schools and all other political subdivisions).
Commercial Relief	Increases from the first \$150,000 to the first \$250,000 of commercial value, subject to the residential rollback. Value in excess of \$350,000 taxed at 90% of the value.	Eliminates commercial and industrial rollback, but limits levies and revenue growth. Biggest tax relief will come from the state taking over the school foundation formula.	

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Agricultural Relief	Biggest relief will come from SAVE property tax acceleration and limits on city/county growth.	Limited levies and revenue growth. Biggest tax relief will come from the state taking over the school foundation formula.	
Assessment & Rollback	Moves reassessment cycle from every 2 years to every 3 years ; keeps rollback.	Eliminates the "Rollback" system by 2037 (properties taxed at 100% value). Would increase taxable value of residential and commercial property.	Maintains the current assessment schedule and rollback system.
Other School Impacts	Accelerates SAVE carve-out for property tax relief. Instead of achieving 30% by 2048, there is a mandated 4-year phase-in. Currently \$34 million, would increase to \$200 million by 2030. (This provision is only in the Governor's bill)	Restricts management levy for districts with large ending balances that exceed 180% of prior three years' average expenditures. (Does not restrict management fund expenditures or impose a fixed levy rate.) (This provision is only in the Senate bill)	
Local Government Structure	\$10M fund for local government consolidation (excluding schools); Elected Treasurer, Auditor, and Recorder become appointed roles . Requires statement to taxpayers for assessment increases >15% or more from the prior assessment and shifts burden of proof to the assessor in certain appeals.	Permits localities to increase Local Option Sales Tax (LOST) from 1% to 1.5%.	Increases transparency with improved individual taxpayer statements (effective July 1, 2027.)

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Bonding	Prohibits the use of bonds or general obligation debt to pay for general operations of local governments after July 1, 2026.		Impacts city and county bonding requiring 60% voter approval for essential corporate purpose bonds. Requires 60% voter approval for all property-tax-backed bonds, including property-tax bonds for cities and counties and SAVE/sales-tax bonds for schools. (This provision is only in the House bill.)
Other Provisions	TIF Reform: 20-year project limit and restricted expenditures. Requires TIF school revenue to go to schools; First-time homebuyer savings accounts.	Reduces voted levy rates by 30% (limited to 70% of prior rate that was voter-approved). Includes BPPEL, VPPEL, and Bond levies. Allows the school board to continue the existing levy rate by resolution for the indebtedness obligation.	Provides the Council of Governments with a new duty for regional service sharing and consolidation support.
Studies	Task Force: Requires a Property Tax Assessment System Task Force to study assessor qualifications, selection, retention; functions of conference and examining boards, assessment procedures, protest and appeal procedures, burden of proof.	See management fund provisions above. Requires schools with FY 2026 ending balances exceeding FY 2026 management fund expenditures to report to SBRC and SBRC to study and make recommendation on balance limitations.	

Key Contrast Points

- **Approach to Relief:** The **Senate** proposal is the most structural, seeking to eventually eliminate the "rollback" system entirely and shift a massive portion of school funding to the state's general fund. The **House** proposal focuses on immediate, broad relief for all homeowners via a flat exemption, while the **Governor** focuses on revenue growth restrictions and protections for low-to middle-income seniors.
- **Targeted vs. Broad Relief:** Both the Governor and Senate include specific "carve-outs" for seniors (either through a freeze for age 65+ or total exemption for paid-off homes aged 60+). The House includes broad structural caps, potentially more equitable for all taxpayers.
- **Local Control:** The Governor's plan includes significant changes to local government structure, such as moving elective offices to appointed positions and capping TIF (Tax Increment Financing) duration. The House plan emphasizes direct voter control by requiring a higher threshold (60%) for approving new debt, including essential corporate-purpose bonds for cities and counties and sales-tax bonds for schools.

Key Talking Points:

Property Tax Relief: Encourage legislators to get fiscal estimates from LSA and DOM before proceeding with big system changes. The property tax system is complicated. Multiple changes to all three components of the system are very hard to predict.

- The Senate's proposal, in particular, significantly changes or limits all three components: Valuation, Rates and Total Levy. The Senate requires the state to pay for more of the foundation formula, lowering the uniform levy and replacing the additional levy. Hundreds of millions in property tax relief will make it harder for the state to pay adequate per pupil increases.
- The Governor's version spares schools, but still accelerates SAVE funds to property tax relief, negatively impacting resources available for school infrastructure, safety and equipment (\$170 million off the table in 4 years). A reduction in SAVE would require schools to turn increasingly to bond issues and ask voters to raise PPEL rates. If voters don't approve, districts will have to reduce SAVE currently used for safety, technology, updated buses and equipment. Noninstructional software and buses are expensive. If they are to be paid from the general fund, schools will have to further reduce staff or delay upgrades.
- The House's version is the least harmful to schools, positively improves the property taxpayer statements, but schools oppose requiring a 60% supermajority vote for approval of SAVE revenue bonds.
- Protect schools from property tax reductions and limiting policies that restrict revenue, since schools are already primarily budget-limited and enrollment-driven under the foundation formula.