

Comparison of Iowa Property Tax Reform Proposals (Updated 3/26/2026)

(Old provisions that have sense been removed see ~~striketrough font~~ and notes are in *italics*.)

Feature	Governor's Proposal (HSB 563 and SSB 3034)	Senate Proposal (SSB 3001) Now SF 2472 as Amended by Senate Ways and Means Committee	House Proposal (HSB 596) Now HF 2745 Amended by House Ways and Means Committee
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. Limits local government (cities, counties and others but not schools) <i>to 35% carry forward of unobligated funds/cash.</i>	Requires compliance with IC 24.35 be audited for local governments (not schools). 2% cap plus new construction for cities and counties. Limits budget growth, but controls for new or expired voted levies.
School Property Taxes	No major change to foundation levy structure.	State takes over 100% of basic school costs for regular program (<i>SF 2472 does not include 100% foundation threshold for Special Education or media and educational services from property taxes to state aid.</i>) Lowers the school uniform levy 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.	No major change to foundation levy structure. Limits UAB carry forward incorporated into the next year's budget to no more than 35% of prior year expenditures. Allows SBRC to grant MSA above the 35% for one of the existing provisions in 257.31 listed in subsection 5. Changes the granting of on-time MSA for increasing enrollment by the SBRC from a class action (shall grant MSA) to SBRC authority (may grant MSA) for the request.
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 not to exceed valuation of \$350,000 (phased in by 2036). 100% exemption for seniors 60+ 65+ who have paid off their mortgage (<i>phases in for ages 65 and older beginning at 25% over four years</i>). Specifies that this exemption does not apply to PPEL or bond debt. Creates another senior residential	Creates a new 10% up to \$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.)

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		exemption, for seniors 60+, who do owe on their house, at 60% of value exempted, aged 70+ at 70%, aged 80+ at 80%, aged 90+ at 90% and aged 100+ at 100%.	
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 \$250,000 taxed at 90% of value.	Eliminates commercial and industrial rollback, but limits levies and revenue growth. Biggest tax relief will come from state taking over the school foundation formula and new credits/exemptions.	Increases from the first \$150,000 to the first \$350,000 of commercial value subject to the residential rollback. Value in excess of \$350,000 taxed at 90% of value (<i>similar to Governor but larger savings to C&I property tax payers.</i>)
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 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 (taxed at 100% value). Would increase taxable value of residential and commercial property, but for exemptions/credits later in the bill.	Maintains current assessment schedule and rollback system.
SAVE Provisions	Accelerates SAVE carve out for property tax relief. Instead of slowing approaching 30% by 2048, there is a mandated 4-year phase in. Currently \$34 million, would increase to \$200 million by 2030.		Extends SAVE to Dec. 31, 2070. Ends SAVE transfer to PTER for FY 2026-27. Diverts SAVE to more property taxes beginning at 10% in FY 2027, adding 2.5% annually, reaching 30% by FY 2035. 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 from HSB 596 is not in the newer version HF 2745.

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TIF	TIF Reform: 20-year project limit and restricted expenditures. Requires TIF school revenue to go to schools.		Excludes school foundation property taxes from TIF diversion for new TIF after July 1, 2026. Limits existing TIF to 20 years in duration unless bonded obligations remain. New TIF beginning July 1, 2026 limited to 23 years. Allows low and moderate income housing in TIF in cities with 5,000 or greater population.
Other School Impacts		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.)	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. <i>Removed from HSB 596 by amendment in W&M</i>
Local Gov. Structure	\$10M fund for local government consolidation (not 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%. Changes taxpayer property tax statements to allow them to be posted rather than mailed.	Increases transparency with improved individual taxpayer statements (effective July 1, 2027.) Allows those statement to be posted rather than mailed. <i>(From Governor's bill)</i> Requires assessor explanation to taxpayers for assessment increases >15% or more from the prior assessment and shifts burden of proof to the assessor in certain appeals.
Bonding	Prohibits use of bonds or general obligation debt to pay for general operations of local governments after July 1, 2026.		

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Other Provisions	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 school board to continue existing levy rate by resolution for indebtedness obligation.	Creates a local government efficiency grant program under control of ISU. Does not include schools. <i>(Similar to Governor's bill – different entity – She proposed the Council of Governments new duty for regional service sharing and consolidation support.)</i> Includes first time homebuyer savings accounts <i>(Governor's provision)</i>
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.		Task Force: Utility Replacement Tax Task Force to modernize administration, methods of simplifying, elimination of property taxes imposed, simplification of thresholds for replacement tax rate adjustment while regaining tax stability. Report by Dec. 31, 2026, including ways to maintain continuity for local taxing districts and consumers and ways to provide a competitive and equitable tax environment for taxpayers.

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 66+ with no mortgage, or gradual reduction in residential value taxed for seniors 60 or older). 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's original plan emphasized 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, that but provision was removed by the House Ways and Means Committee.

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.) Reduction in SAVE would require school 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, school will have to further reduce staff or delay upgrades. The House's newest proposal including the SAVE buy down of property taxes,
- The House's version is the least harmful to schools, positively improves the property taxpayer statements, and schools are grateful they eliminated the 60% supermajority vote for approval of SAVE revenue bonds. Schools are still concerned with the UAB limitations on school budgets and the diversion of SAVE to more property tax relief.
- 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.