

HF 718: Property Tax Legislation-Budget Changes

Iowa Department of
Management
September 13, 2023



FY25 Budget Changes Overview

- For ALL local government budgets-new deadline of **April 30**
- Max levy process removed for cities and counties - a new publication and hearing will be required
 - Cities, counties and schools-additional public hearing with additional notice and mailing
- For schools-elimination of PERL for those not currently using it
 - Current PERL users are allowed to continue using it
- For cities and counties ONLY-growth limitation on general levies FY25-FY28



Division II – City Rate Consolidation

- Sets the max rate for this combined levy at \$8.10 in future years
- Consolidates several General Fund levies and the Emergency levy into a combined general fund levy
- Provides a mechanism for levy rate to be reduced if non-TIF taxable growth triggers are met or exceeded
- Goal is to bring all levies back under or to the \$8.10 max rate over time



Division II – City Rate Consolidation (cont.)

- Regular General
- Emergency
- Contract for Use of Bridge
- Rent / Ins /Maint. Of Non-owned Civic Center
- Operation & Maint. of Owned Civic Center
- Planning of San. Disposal Proj.
- Levy Improv. Fund in Special Charter City
- Inst. / Vocal Music Groups
- Memorial Building
- Symphony Orchestra
- Cultural / Scientific Facilities
- County Bridge
- Border River Bridges
- Aid to Non-Gov Transit Company
- Maintain Gift/Devise Institution
- City EMS
- Support Public Library

Division II – Rate Ratchet Down (cont.)

- Provides a mechanism for levy rate to be reduced if non-TIF taxable growth triggers are met or exceeded
- Goal is to bring all levies back under or to the max rate over time
- Reduces levy by constraining growth by 2% or 3% each year, depending on the trigger hit
 - Non-TIF taxable growth under 3%, no reduction
 - Non-TIF taxable growth over 3% but less than 6%, 2% reduction factor applied
 - Non-TIF taxable growth over 6%, 3% reduction factor is applied



Calculation of Ratcheting Mechanism

- $(\text{Current Year CGFL requested dollars} / (\text{Current Year non-TIF taxable} * \text{reduction percentage})) * 1000 = \text{Budget Year CGFL Rate}$
- $\text{Budget Year CGFL} * (\text{Budget Year non-TIF taxable} / 1000) = \text{Budget Year CGFL revenue}$
- Mechanism applies FY25-FY28

3.00%

<u>CURRENT CGFL RATE</u>	<u>CURRENT CGFL Request</u>	<u>CURRENT Non-TIF Taxable</u>	<u>CGFL Restricted Taxable</u>	<u>BUDGET Non-TIF Taxable</u>
\$6.05000	\$ 25,099,852	4,148,735,891	4,273,197,968	4,476,429,489
				7.90%
<u>BUDGET CGFL Rate</u>	<u>BUDGET CGFL Request</u>	<u>BUDGET CGFL GROWTH</u>		
\$5.87379	\$ 26,293,591	4.76%		



Example of Mechanism

	FY2024-2025	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
	Regular Non-TIF w/ G&E	Regular Non-TIF w/ G&E	Regular Non-TIF w/ G&E	Regular Non-TIF w/ G&E	Regular Non-TIF w/ G&E
Current Non-TIF Taxable Value	4,683,389,431	5,034,643,638	5,135,336,511	5,289,396,606	5,686,101,352
Est. Budget Year Non-TIF Taxable Value	5,034,643,638	5,135,336,511	5,289,396,606	5,686,101,352	5,856,684,392
Estimated Growth Percentage	7.5000%	2.0000%	3.0000%	7.5000%	3.0000%
Current ACGFL Rate	\$6.20310	\$6.02243	\$6.02243	\$6.02243	\$5.84702
Current ACGFL Requested Dollars	\$29,051,533	\$30,320,789	\$30,927,205	\$31,855,021	\$33,246,748
Growth Limitation	3%	0%	0%	3%	N/A
Budget ACGFL Rate	\$6.02243	\$6.02243	\$6.02243	\$5.84702	\$8.10000
Budget ACGFL Requested Dollars	\$30,320,789	\$30,927,205	\$31,855,021	\$33,246,748	\$47,439,144
Revenue Increase / Decrease	\$1,269,256	\$606,416	\$927,816	\$1,391,727	\$14,192,396
Revenue Increase / Decrease %	4.3690%	2.0000%	3.0000%	3.0000%	3.0000%

City Forms

January 1, 2023 Property Valuations

	With Gas & Electric	Without Gas & Electric	Last Official Census
Regular	2a 269,405,228	2b 263,291,914	4,512
DEBT SERVICE	3a 336,603,324	3b 330,490,010	
Ag Land	4a 654,270		

Consolidated General Fund Levy Calculation

FY2024 Budget Data	CGFL Max Rate	CGFL Max Dollars	Non-TIF Taxable w/ G&E	Taxable Growth %
	\$8.37000	\$2,050,540	244,986,975	10.00%
	Limitation Percentage			
	3%			
Max Allowed CGFL for FY2025	CGFL Max Rate	CGFL Max Dollars	Revenue Growth %	
	\$8.12621	\$2,189,243	6.76%	

TAXES LEVIED

Code	Dollar		(A)	(B)	(C)
Sec.	Limit	Purpose	Request with Utility Replacement	Property Taxes Levied	Rate
		Combined General Fund	5	0	43
		Non Voted - Other Permissible Levies			0



Division I – County

- Strikes 331.426, which allows counties to exceed the General Basic and Rural Basic rates by publishing an extra notice
- Retains 3.50 and 3.95 for FY24 and prior
- Allows any 331.325 amount included in FY24 budgets to be included in the base calculation of the maximum basic rates
- Requires an election to exceed the basic levies and limits their length



Division I – County

- Provides a mechanism for levy rate to be reduced if non-TIF taxable growth triggers are met or exceeded
 - Reduces levy by constraining growth by 2% or 3% each year, depending on the trigger hit
 - Non-TIF taxable growth under 3%, no reduction
 - Non-TIF taxable growth over 3% but less than 6%, 2% reduction factor applied
 - Non-TIF taxable growth over 6%, 3% reduction factor is applied



County Forms

GENERAL BASIC FUND LEVY CALCULATION				
	GBFL Max Rate	GBFL Max Dollars	Non-TIF Taxable w/ G&E	Taxable Growth %
FY2024 Budget Data				#DIV/0!
	Limitation Percentage			
	#DIV/0!			
Max Allowed GBFL for FY2025	GBFL Max Rate	GBFL Max Dollars	Revenue Growth %	
	#DIV/0!	#DIV/0!	#DIV/0!	
RURAL BASIC FUND LEVY CALCULATION				
	RBFL Max Rate	RBFL Max Dollars	Non-TIF Taxable w/ G&E	Taxable Growth %
FY2024 Budget Data				#DIV/0!
	Limitation Percentage			
	#DIV/0!			
Max Allowed RBFL for FY2025	RBFL Max Rate	RBFL Max Dollars	Revenue Growth %	
	#DIV/0!	#DIV/0!	#DIV/0!	

COUNTY NAME:		NOTICE OF PUBLIC HEARING -PROPOSED PROPERTY TAX LEVY		CO NO:
		Fiscal Year July 1, 2024 - June 30, 2025		
The County Board of Supervisors will conduct a public hearing on the proposed Fiscal Year County tax asking as follows:				
Meeting Date:	Meeting Time:	Meeting Location:		
At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy.				
After adoption of the proposed tax levy, the Board will publish notice and hold a hearing on the proposed county budget.				
County Web Site (if available):		County Telephone Number:		
Iowa Department of Management		Current Year Certified Property Tax	Budget Year Effective Tax	Budget Year Proposed Tax
		FY2023/2024	FY2024/2025	FY 2024/2025
Taxable Valuations-General Services				0
Requested Tax Dollars-Countywide Rates			0	
Tax Rate-Countywide				
Taxable Valuations-Rural Services				0
Requested Tax Dollars-Additional Rural Levies			0	
Tax Rate-Rural Additional				
Tax Rate Comparison-Current VS. Proposed				
		Current Year Certified Property Tax	Budget Year Proposed Tax	Percent
Commercial or residential property with a Actual/Assessed Valuation of \$100,000		FY2023/2024	FY2024/2025	Change
Urban Taxpayer				
Rural Taxpayer				
Note: Actual/Assessed Valuation is multiplied by a Rollback Percentage to get to the Taxable Valuation to calculate Property Taxes Residential and Commercial properties have the same Rollback Percentage at \$100,000 Actual/Assessed Valuation.				
<u>Reasons for tax increase if proposed exceeds the current:</u>				
If applicable, the above notice also available online at:				

			GENERAL BASIC FUND LEVY CALCULATION				
		<u>GBFL Max Rate</u>	<u>GBFL Max Dollars</u>	<u>Non-TIF Taxable w/ G&E</u>	<u>Taxable Growth %</u>	<u>FY24 Valuations</u>	
FY2024 Budget Data (using FY23)		\$4.50000	\$1,860,897	415,532,690	1.00%	General Basic 418,371,932	
		<u>Limitation Percentage</u>					
		0%					
Max Allowed GBFL for FY2025 (using FY24 valuations)		<u>GBFL Max Rate</u>	<u>GBFL Max Dollars</u>	<u>Revenue Growth %</u>			
		\$4.50000	\$1,882,674	1.17%			
						Rural Basic 349,394,551	
			RURAL BASIC FUND LEVY CALCULATION				
		<u>RBFL Max Rate</u>	<u>RBFL Max Dollars</u>	<u>Non-TIF Taxable w/ G&E</u>	<u>Taxable Growth %</u>		
FY2024 Budget Data (using FY23)		\$2.73427	\$933,891	341,550,298	2.00%		
		<u>Limitation Percentage</u>					
		0%					
Max Allowed RBFL for FY2025* (using FY24 valuations)		<u>RBFL Max Rate</u>	<u>RBFL Max Dollars</u>	<u>Revenue Growth %</u>			
		\$2.73427	\$955,339	2.30%			
		*In this case, since Rural Basic was less than 3.95 and there is no growth limiter, the county could go up to 3.95					



			GENERAL BASIC FUND LEVY CALCULATION					
		<u>GBFL Max Rate</u>		<u>GBFL Max Dollars</u>		<u>Non-TIF Taxable w/ G&E</u>	<u>Taxable Growth %</u>	<u>FY24 valuations</u>
FY2024 Budget Data		\$3.50000		\$3,613,266		1,032,361,809	6.38%	\$1,098,244,068
(using FY23)								
		<u>Limitation Percentage</u>						
		3%						
Max Allowed		<u>GBFL Max Rate</u>		<u>GBFL Max Dollars</u>		<u>Revenue Growth %</u>		
GBFL for FY2025		\$3.39806		\$3,731,897		3.28%		
(using FY24 valuations)								
			RURAL BASIC FUND LEVY CALCULATION					
		<u>RBFL Max Rate</u>		<u>RBFL Max Dollars</u>		<u>Non-TIF Taxable w/ G&E</u>	<u>Taxable Growth %</u>	
FY2024 Budget Data		\$2.60000		\$1,915,248		736,633,952	6.10%	\$781,599,182
(using FY23)								
		<u>Limitation Percentage</u>						
		3%						
Max Allowed		<u>RBFL Max Rate</u>		<u>RBFL Max Dollars</u>		<u>Revenue Growth %</u>		
RBFL for FY2025*		\$2.52427		\$1,972,969		3.01%		
(using FY24 valuations)								



QUESTIONS?

**TED NELLESEN OR CARRIE JOHNSON
IOWA DEPARTMENT OF MANAGEMENT**

(515) 281-3705 or (515) 281-5598

TED.NELLESEN@IOWA.GOV or
CARRIE.JOHNSON@IOWA.GOV