

2025

IOWA STATE ASSOCIATION OF COUNTIES

TOP LEGISLATIVE PRIORITIES



Property Tax Reform

PROBLEM: Legislation passed in 2023 aims to impose reasonable limits on county and city property tax growth and to improve accountability in the budgeting processes of local governments. Legislation passed in 2024 worked to address issues with implementation and unintended consequences. As counties adapt to these changes, more work is needed to address how statewide limitations affect 99 unique counties differently. Further, reductions to future county revenue are not harmonious with the increasing costs of providing local services, oftentimes outside of the control of county supervisors.

SOLUTION: Continue to work to improve previously enacted legislation, including consideration of unique circumstances affecting county revenue and/or expenditures. The Legislature should separate valuation growth due to new construction from market value increases for purposes of legislatively imposed limitations. ISAC supports the following steps that the Iowa Legislature could take in conjunction with property tax limitations to address the tax burden of local property owners:

1. Ensure funding or fees for services that the county is required to provide are equal to the cost of providing the services. The fees retained by counties for state services performed at the local level are not covering this cost and property taxpayers are subsidizing these state services.
2. Ensure equity and accountability in the cost sharing arrangements between the State and counties. Some examples include providing space for the judicial branch/courts and the Department of Health and Human Services, as well as the funding of juvenile detention services.
3. Consider revenue replacement or revenue sharing to protect local services in the face of property tax revenue reductions.

Funding of State Mandates

PROBLEM: County budgets are extremely burdened with the costs of current and new state mandates. Depending on how a mandate is defined, one-third to two-thirds of each county's budget is consumed by various state-mandated functions. This increases the reliance on a regressive form of taxation - the property tax. Current legislation prohibiting unfunded mandates (Iowa Code Chapter 25B) has been less than effective because of exceptions written into various new laws.

SOLUTION: Any service mandated by state legislation or administrative action should be fully funded by the state to cover all costs of the mandate.

ISAC members are elected and appointed county officials from all 99 counties.

ISAC promotes effective and responsible county government for the people of Iowa as the principal, authoritative source of representation, information, and services for and about county government in Iowa.

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Medicaid Funding

PROBLEM: Providing sufficient state funding to reimburse dental, emergency medical, hospitals, mental health and disability services, and nursing homes for Medicaid-covered services, especially in rural Iowa where it continues to be a major issue that has resulted in challenges to fund staff and keep these facilities open for our most vulnerable Iowans. In addition, the federal requirement that prisoners lose their Medicaid coverage once they are incarcerated, the financial burden for inmate medical expenses falls to the county taxpayers once an individual is placed in county jail. These medical expenses have significantly grown in recent years, especially for individuals who require medication for treatment of complex mental health needs.

SOLUTION: ISAC supports the State of Iowa funding an increase of the reimbursement rate for all Medicaid covered services that at a bare minimum covers the rate of inflation. In addition, the Iowa Department of Health and Human Services is strongly encouraged to apply for a state waiver for Iowa to the federal Department of Human Services that would maintain Medicaid coverage for those housed in county jails. We also support Medicaid expansion to meet the needs of adults incarcerated in our county jails and children being served in our juvenile court system.

Iowa's Natural Resources, Outdoor Recreation, and Water Quality and Quantity

PROBLEM: Iowa's natural resources and outdoor recreation opportunities are significantly under-funded at the state level. The Natural Resources and Outdoor Recreation Trust Fund continues to remain empty since it was established in 2010. Legislators and the Governor have yet to raise the state sales tax – the funding mechanism in the Iowa Constitution. The funding formula in state law (Iowa Code Chapter 461) is favored by counties, but changes to the formula are expected. In the end, any changes to the Iowa Code funding distribution must meet the integrity of the language that was inserted into the Iowa Constitution in 2010. In addition, ISAC has tremendous concerns over the sunset of the Resources Enhancement and Protection (REAP) Program which is scheduled to expire in 2026.

SOLUTION: Raise the sales tax by a minimum of 3/8-cent and retain the integrity of the formula to meet the promises defined in the Iowa Constitution. Any change to the funding formula should be acceptable to county conservation boards and boards of supervisors. There have been proposals to fund the Trust in the past as part of broader tax plans. Any proposal that funds the Trust, retains the integrity of the funding formula, and is a large, net win for conservation is worthy of consideration.

Finally, ISAC supports full funding of REAP through the Natural Resources and Outdoor Recreation Trust Fund. An increase in Iowa's sales tax automatically fully funds REAP, now and into the future. The fallback solution is to fully fund the Program through gaming receipts as originally intended and to extend the sunset for at least another 10 years (2036).



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