2026 Property Tax Reform Proposals

	Governor – SSB3034 / HSB563	Senate – SSB3001	House
Revenue Growth Cap	Cap all local government revenue growth at 2%, but excluding new valuation connected to new construction, debt service, and school funding.	A limitation on property tax growth through a budget adjustment factor attached to CPI and language for new valuation to include a budget limitation outlet for new construction. The limits are: • CPI increase **under 4% → 102%** allowed growth • CPI **4% to under 6% → 103%** • CPI **6% to under 8% → 104%** • CPI **8% or more → 105%**	Cap all local government revenue growth at 2%, but excluding new valuation connected to new construction, debt service, and school funding.
Bonding for General Ops	Prohibition on bonding for general operations.	Prohibition on bonding for general operations.	
Military Benefits	Certain veterans and surviving spouses receive a **100% exemption** under existing statutes.	• Disabled Vet Homestead Credit will exclude appurtenances and limits homestead to ½ acre. • Military Property Tax Exemption up to $7,000 by 2028.	
Homestead Exemption	Elimination of homestead credit and creates exemption. • A standard homestead exemption of up to **$4,850 of taxable value**. New Homestead Property Tax Growth Credit and Rent Reimbursement. • The credit applies **only to homestead property**. • The credit is available **in addition to** the **$4,850 homestead exemption** created earlier in the bill. • Eligibility for the credit is limited to homesteads with an **actual value of $350,000 or less**. • The $350,000 threshold is based on **actual value**, not taxable value. • Homesteads with an actual value **above $350,000 remain eligible for the homestead exemption**, but **do not receive the growth credit**.	New homestead exemption that transitions over a ten-year period to eventually set at a 50% exemption capped at $350,000.	New residential property tax exemption in 427.1 of $25,000 but not applicable to taxes imposed by school districts.
Seniors	Create a property tax freeze for Iowans ages 65 and older with homes valued at $350,000 or less.	Unencumbered Homestead Exemption for 60+ with no mortgage applies to homestead itself, excludes appurtences limited to ½ acre. Phase-in schedule • 2026: **25% exemption** • 2027: **50% exemption** • 2028: **75% exemption** • 2029 and after: **100% exemption**	
Limit on Reserves	Limit the amount of general fund reserves to 10% of budgeted expenditures.		
Assessment Reform	• Move assessments from every 2 years to 3 years • Shift the burden of proof from the taxpayer to the assessor when assessment increases are above 15%. • Property Assessment Task Force created.		
First Time Homebuyers	Establish a Firsthome Iowa Accounts Program.		
County Appointments	Appointment versus Election for County Auditor, Treasurer and Recorders		
County Service Efficiency	Create a new $10 million grant fund to assist and incentivize local governments to consolidate and share services.		
TIF Reform	• Significant policy changes including limitation of uses to public purposes. • Prohibition of future usage of TIF districts without sunsets. • All future TIF districts are limited to 20 years. • Properties impacted by urban renewal and urban revitalization are prohibited from utilization of school levies.		
Multi-Residential		Multi-Residential returns as a classification.	

Changes to Rollbacks	Tiered approach for C&I remains but increased from $150K to $250K.	Removal of rollbacks for residential, commercial and industrial classifications with transition.	
School Funding		• Shifting from local to state funding for the regular education foundation cost per pupil and special education foundation cost. • State buy down of the school foundation levy from $5.40 to $4.48662.	
Agricultural Buildings		New agricultural buildings removed from productivity valuation system.	
Local Option Sales Tax		Allowing local governments to increase local option sales tax from 1 cent to 1.5 cents.	
Regional Transit		Reduction of the regional transit district levy.	
Gas Tax		Gas tax indexed to CPI.	
Datacenter Incentives		Removal of school foundation levy from TIF deals for on datacenters.	
Mailing of Equalization Notices		Allowed to be posted to web or social media.	
Property Tax Information Disclosure			• Additional reporting for certifying boards that are not political subdivisions and identified under a designation of special taxing districts. • New clear and concise reporting requirement.
Council of Governments			• Provide planning and technical assistance on sharing services between local governments.
28E Bonding			• Limitations on 28E • Clarification to regional transit 28M.
Bonding			• Limitations on county general obligation bonds.
School District Bonding			• Notice and approval changes.

Source: Iowa Chamber Alliance