

February 24, 2023 – Week 7

A week from today, Friday, March 3, will be the first funnel deadline. This is the date by which policy bills must pass through a full committee in the chamber of origin to remain alive for consideration. There are several exceptions to the rule, however, and legislation in Ways and Means and Appropriations committees are exempt and “funnel proof.”

The Senate State Government committee approved the Governor’s reorganization proposal this week and it is eligible for consideration by the full Senate. The proposal calls for reducing Iowa’s 37 agencies to 16 by aligning services and functions for efficiency and cost savings.

Property tax remains a top legislative priority and an ongoing conversation at the capitol. There are several bills introduced and the Senate legislation, introduced by Senator Dawson, will be the likely vehicle going forward. We expect the legislation to have amendments and ongoing changes as legislative session continues.

The Governor signed SF181 this week, which addresses an unintended property tax calculation error from legislation passed last year and protects Iowa taxpayers from property tax increases. The measure had unanimous support in the Senate and wide support in the House.

*Key Legislation:*

**HF141** (formerly **HSB22**): The legislation increases the property tax exemption for veterans. It increases the exemption to the assessed property value from \$1,852 to \$4,000. The exemption has not been increased since 1974 and the Legislative Services Agency estimates that veterans will receive average relief of \$100-\$150 annually. The bill is now in Ways and Means and a [fiscal note](#) has been published. **Support.**

**SF174** (formerly **SF43**): The bill prohibits cities or counties from adopting rules, ordinances, code or other regulations that are more restrictive building standards than national code. The Senate Local Government committee passed the bill out of committee and is eligible for consideration by the Senate. **Undecided.**

**SF15**: This legislation appropriates an additional \$500,000 to the military homeownership down payment assistance program. The Veterans Affairs committee passed it this week and it has been assigned to the Appropriations committee and a subcommittee has been assigned. Further action will be later in the session, as it is now funnel proof in the Appropriations committee. **Support.**

**HF1:** The House released its first draft of its property tax reform legislation. Division 1 impacts the school aid formula, shifting 50 cents of the \$5.40 school aid foundation levy to state aid. Division 2 limits future assessments of “actual value” on individual parcels to 103% of the previous assessment year (3% cap on increase). Division 3 relates to bonding requirements and public noticing. A Ways and Means subcommittee discussed the bill on February 6. **Undecided.**

**HF111/SF150** (formerly **HSB4/SSB1007**): This legislation exempts transfers to beneficiaries of a trust from paying the real estate transfer tax. The bill essentially codifies what is current practice and is not expected to impact funding to the housing trust funds. HF111 passed the House unanimously and the Senate Ways and Means subcommittee moved it forward to be considered by the Ways and Means committee. **Undecided.**

**SF182** (formerly **SF10**): The bill is a “re-brand” of the land banks bill that has been introduced in recent years by Senator Mark Lofgren. While the new name, land redevelopment trusts bill, has caused some confusion among housing advocates, the legislation is the same as previous years and establishes a land bank, not a trust. The Ways and Means committee passed the bill. **Support.**

**HSB124:** This is the companion bill to SF182 (above). A subcommittee was held on February 8 and moved it forward to the full Ways and Means committee for consideration. **Support.**

**HF 163**(formerly **HF37**): This bill expands the disabled veteran homestead tax credit. The Veterans Affairs committee passed it and the Ways & Means subcommittee will discuss on Monday, February 27. **Support.**

**SF334:** This legislation repeals the energy conservation requirements for new construction. The Senate subcommittee moved the bill forward for consideration by the State Government committee. There is not a House companion bill currently. **Undecided.**

**SF356 (formerly SSB1124):** Passed the Senate Ways and Means Committee this week. The bill makes several changes to Iowa's property tax system. It lowers the threshold to trigger voter approval requirements for lease-purchases to a level comparable to essential county purpose bonds. The bill modifies the city levy rate based on the growth of assessed value compared to previous years, and limits the use of emergency levies to natural disasters. **Monitoring.**

**SSB1125:** Increases the state retail sales and use tax rate from 6% to 7% and eliminates the local option sales and services tax. The bill then transfers a portion of retail sales tax revenues to cities. Creates a supplement fund for cities, to be funded by a portion of use tax receipts, to offset revenue reductions compared to a baseline year for affected jurisdictions. The

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supplement fund expires in 2043. Converts the Homestead Tax Credit and Veterans Property Tax Credit into exemptions. Increases eligibility for the Senior and Disabled Person Tax Credit. **Monitoring.**

[SF76/HF436](#): Creates a neighborhood revitalization program. Both bills are individual sponsored by minority members, so highly unlikely to see action this session. **Monitoring.**

## **Key Dates:**

**March 3:** First Funnel Deadline

**March 31:** Second Funnel Deadline

**April 28:** 110<sup>th</sup> Calendar Day of Session (*per diem* expenses end per Iowa Code)

## **For more information, please contact:**

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