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## HOUSE REPUBLICAN STAFF ANALYSIS

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Bill: House File 9  
Committee: Ways And Means  
Date: January 12, 2011  
Staff: Dustin Blythe (1-3452)

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### Property Taxation, Local Government and School Financing

House File 9 makes changes relating to property taxation and local government and school financing by increasing the regular program foundation base, establishing local government financing requirements for essential services and establishing a method for determining property assessment limitations. The assessment limitations of residential, agricultural, and commercial property would apply to the lowest percentage increase for all classes, under the allowable (4 percent) limit.

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### Section-by-Section-Analysis

***Division I. Education Finance.*** (Section 1) Starting with budget year July 1, 2011 the regular foundation base per pupil is increased from 87% to 100% of the regular program state cost per pupil.

July 1, 2011	87.50%
July 1, 2012	89.29%
July 1, 2013	91.60%
July 1, 2014	92.84%
July 1, 2015	94.62%
July 1, 2016	96.40%
July 1, 2017	98.18%
July 1, 2018	100%

#### *Special Education Support*

For each budget year, the special education support services foundation is 79% of the special education support services state cost per pupil.

**Division II. – Local Government Essential Services.** (Sections 2 – 4)

Section 2. If a county's property tax capacity or revenue from other sources other than property tax is reduced, a county is prohibited from reducing funding for essential services without first reducing funding for services that are not essential.

If funding for essential services is reduced, a budget summary required to be published by the county shall include a listing of essential services that were reduced.

Defines "essential services" as law enforcement, fire protection, emergency medical services, street lights, water, sewage and sewage disposal, garbage pickup and garbage disposal, landfills, roads, road maintenance, streets and street maintenance, bridges and bridge maintenance, snow removal, and local emergency management.

Section 3. Outlines the same language as above, but refers to cities.

Section 4. Applies this part of the act to fiscal years beginning on or after July 1, 2012.

**Division III. Property Assessment Limitation.** (Section 5 – 7)

Section 5. Deals with valuations established as of January 1, 1979 for agricultural, residential land, commercial, and industrial property and how assessments are determined. Subsection four deals with valuations established beginning January 1, 2011.

Section 6. Amends Section 441.21, Code 2011 with subsection 5A.

Subsection 5A. Limits the assessed value increase for agricultural, residential and commercial property to the class of property that has the lowest percentage increase under the allowable limit to include the applicable and current values as equalized by the director of revenue. Treats industrial property in the same manner as the other three classes of property.

Section 7. This division of the act applies retroactively to January 1, 2011 for assessment years beginning on or after that date.

Taxpayers would first see the impact of this in FY 2012 (September) and FY 2013 (March).