

What you missed overnight: Legislature passes new hurdles to raising property taxes

[Ian Richardson, Austin Cannon and Barbara Rodriguez](#), Des Moines Register Published 8:55 a.m. CT April 25, 2019 | Updated 1:56 p.m. CT April 25, 2019
[Facebook](#)[Twitter](#)[Google+](#)[LinkedIn](#)



Brett Barker was concerned.

As mayor of Nevada, population 6,700, he had monitored chatter among lawmakers for weeks about how they wanted to address rising property taxes. Legislators seemed to coalesce around an idea: to limit or cap local officials' ability to raise revenue from those taxes.

It's the money that funds Nevada's public safety, public works and parks departments. Last week, Barker and his city council took what he called an unprecedented step: They held an early morning special meeting and passed a resolution opposing the legislative effort.

“I think, ultimately, we’re in a better position to decide how to run the local government than folks in Des Moines,” Barker said Monday.

Barker's move, along with a cacophony of criticism from other local elected officials around the state, seems to have worked. The Republican-controlled Senate voted Wednesday night to approve a scaled-back bill that excluded early ideas such as a voter referendum and a 3% cap on annual property tax revenue growth. It does add rules onto local officials when they generate that revenue growth.

The GOP-majority House approved the bill just before 3 a.m. Thursday, following hours of debate led by Democrats who opposed it. The bill heads to Republican Gov. Kim Reynolds.

“It’s just good to know that legislators do care about what their constituents and local officials are telling them,” Barker said Wednesday, shortly before the final votes.

Rep. Terry Baxter, R-Garner, said the concerns from local officials around the state “played a significant role on the evolution of the bill.”

Republicans said they were just trying to bring transparency to an issue they hear about often from their constituents.

"When somebody's property taxes go up, the check they write to the county treasurer goes up. Somebody should have had to vote for that and take responsibility for that," said Rep. Dustin Hite, R-New Sharon and a former mayor. "That's the premise of this bill."

► **Polk County home values**[have gone up at least 10 percent. Here's how you can protest your assessment.](#)

► **Property tax varies by state.**[Here's a look at what you'll pay](#)

But local officials said the initial proposals would have led to a more restrictive budgeting process that could have jeopardized city and county services, triggering a bigger discussion over local control. While they expressed relief Wednesday about the scaled-back bill, some weren't happy with how the process played out.

Pleasant Hill Mayor Sara Kurovski said the early proposals "did more damage than good" by dividing local government officials and the Statehouse.

“We should be each other’s partners in solving the issues of our state and not adversaries,” she said. “That’s what this bill did by not including us at the table at the very beginning to help solve a problem.”

Different ideas

The [legislation](#) approved Wednesday and Thursday would require local governments to hold a public hearing during which officials must review property taxes.

The property tax levy that local governments set, which is based in part on property assessments, would be finalized at the public hearing under new rules.

If the levy generates property tax revenue increases of 2% or less, a government body must approve it with a majority vote. A higher percent would require a two-thirds majority vote.

The nonpartisan Legislative Services Agency, which analyzed earlier versions of the proposal, did not have an analysis immediately available for the final measure.

Local governments would be required to alert the public, including on platforms like websites and social media, about their proposed budget and hold a public meeting on it. The date for local governments to certify their budgets would move from March 15 to March 31.

We explain the complicated issues at the statehouse. [Support reporters who follow your government.](#)

By contrast, one version of a [House bill](#) would have required a voter referendum if cities and counties had annual property tax revenue grow over 2 percent. Senate Republicans [filed a bill](#) that would have allowed a maximum growth of 3 percent in property tax revenue each year.

These provisions aren't in the final bill passed by the Legislature.

Scott Sanders, Des Moines' city manager, said last week that he saw nearly universal opposition from Iowa's local governments on the two original bills. The city's government relations director, Jen Schulte, said almost every metro mayor and city manager was at the Capitol last week for meetings about the bills.

"I think that's the first time I've ever seen that happen," she said.

The reception to the final proposals was much more hospitable. Sanders said Des Moines would be able to function under the bill.

"No, it is not as much of an affront to (local control), given that there's still ability for the council to make that decision on whatever amount of resources are necessary," he said.

Sanders doesn't think the supermajority vote requirement will be a problem in Des Moines, where city officials often take unanimous votes on their budgets. Barker said it's the same case in Nevada, so he wouldn't mind an extra hearing to raise the property tax levy, especially because it would lead to more transparency.

"It's one more mechanism to makes sure (city councils) think long and hard about any potential increases," Barker said.

Rep. Lee Hein, R-Monticello, said the goal was never to restrict officials' abilities to do their elected jobs.

"I firmly believe that we need to allow the cities to operate. I mean, there are reasons why they need to raise the taxes," he said. "I just want the transparency, so that whenever the taxpayer opens up his bill, he understands why it went up when the cities are saying they didn't raise the levy."

Democrats had different concerns about the bill. Some Senate Democrats felt cities and counties already have transparent processes for how they raise property tax revenue. In the House, Democrats claimed the bill could have a detrimental impact on the state's largest public pension program because proposed language would tie its funding more closely to a city's finances.

House Democrats debated that specific provision into the early morning hours, arguing it would pressure city officials to eventually reduce local services.

“This bill is going to hurt my community,” said Rep. Todd Prichard, R-Charles City, about the potential impact to the Iowa Public Employees' Retirement System, known as IPERS.

Rep. Bobby Kaufmann, R-Wilton, challenged the warning because local officials are required to pay into IPERS: "It's a political stunt for a campaign postcard."

Dave Swenson, an economist at Iowa State University, has closely analyzed the earlier tax proposals. He's reviewing the scaled-back version, but he still disagrees with its premise. He [used state and federal data to show city and county property taxes in Iowa have remained at about 1.9 percent of personal income in the past decade.](#)

Swenson also believes the language over IPERS will effectively encroach on other general fund services over time.

"It appears to limit local government without acknowledging the unique pressures they face, and purports that local government in and of itself is irresponsible or otherwise devious in their administration of local affairs," he said.

Des Moines Register reporter Robin Opsahl contributed to this story.