



Budget Approval Process for Iowa's Cities and Counties

12-Step Checklist -- Effective FY 2020-2021

Senate File 634, coming out of the 2019 legislative session, makes changes to Iowa city and county budgets and taxes for fiscal year 2020-2021 and later.

In planning for fiscal year 2020-2021, Iowa's cities and counties will need to follow these steps for their budget approval process:

1. Determine a maximum amount of taxes that the municipality will certify to be levied as property taxes from certain levies in the next fiscal year (called the “**total maximum property tax dollars**”), and prepare a resolution that establishes that amount of “total maximum property tax dollars” for the next fiscal year.

What is included in “total maximum property tax dollars”?

FOR COUNTIES: The resolution must set the total maximum property tax dollars that may be certified for levy for “general county services” and the total maximum property tax dollars that may be certified for levy for “rural county services.”

- **General county services** is defined as including the sum of the property tax dollars levied under section 331.423, subsection 1 (basic), section 331.424, subsection 1 (supplemental), and those amounts for general county services under section 331.426 (additions to basic levies), but excluding additions approved at election under section 331.425.
- **Rural county services** is defined as the sum of the property tax dollars levied under section 331.423, subsection 2 (basic), section 331.424, subsection 2 (supplemental), and those amounts for rural county services under section 331.426 (additions to basic), but excluding additions approved at election under section 331.425.

FOR CITIES: The “total maximum property tax dollars” includes taxes for city government purposes under section 384.1 (general fund levy), for the city's trust and agency fund for pensions under section 384.6, subsection 1, for the city's emergency fund under section 384.8, and for the levies authorized under certain subsections of section 384.12 (subsections 8 (certain bridges), 10 (maintenance of a municipal transit system or regional transit district), 11 (leases of buildings to be operated as civic centers), 12 (operating and maintaining a civic center), 13 (planning a sanitary disposal project), 17 (premiums for various insurance types), and 21 (support of a local emergency management commission)), but excludes additions approved at election under section 384.12, subsection 19.

FOR BOTH COUNTIES AND CITIES: The maximum property tax dollars calculated and approved by resolution includes those amounts received by the municipality as replacement taxes under chapter 437A or 437B.

2. Set a time and place for a public hearing on the resolution.

WHAT IS NEW AND WHAT REMAINS UNCHANGED BY SENATE FILE 634:

Steps 1-6 are the new steps in the budget process, related to adoption of a resolution establishing the “total maximum property tax dollars.”

Steps 7-12 in this checklist remain unchanged from prior budget approval process requirements, except for the filing deadline of March 31st.

3. Publish notice of the public hearing on the resolution in the newspaper(s) for official notices between 10 and 20 days prior to the public hearing.
 - Additionally, if the municipality has a website, then notice must be posted on the website, and if the municipality maintains social media accounts, then the notice (or a link to the notice) must be posted on each social media account by the day of publication in the newspaper(s).

NOTICE OF THE PUBLIC HEARING ON THE RESOLUTION MUST INCLUDE:

- The sum of the current fiscal year's actual property taxes certified for levy under the identified levies
- The "effective tax rate" as defined in the code for those levies
- The proposed maximum property tax dollars that may be certified for levy for the budget year under the identified levies
- If the proposed maximum property tax dollars exceeds the current fiscal year's actual property tax dollars certified, a statement of the major reasons for the increase.

Counties must include the above-identified information for the general county service levies and the rural county service levies.

4. Hold a public hearing on the resolution, at which residents and property owners may present oral or written objections.
5. Following the public hearing, the governing body may decrease the proposed "maximum property tax dollars" amount but may not increase the amount.
6. Adopt the resolution. If the "total maximum property tax dollars" amount is greater than 102% of the current fiscal year's actual property taxes from the identified levies, then the resolution must pass the governing body by a two-thirds majority of the full City Council or Board of Supervisors.
7. Set a time and place for a public hearing on the budget.
8. Publish notice of the public hearing on the budget in the newspaper(s) between 10 to 20 days prior to the public hearing, with an alternative notice option for cities with a population of two hundred or less.
 - The notice must include a summary of the proposed budget and a description of the procedure for protesting the budget.
9. Hold a public hearing on the budget.
10. Adopt the budget by resolution and certify taxes.
11. File copies of the following with the county auditor: (A) the resolution setting "maximum property tax dollars" and (B) proof of publication of the notice of public hearing on the budget.
 - If the municipality has an internet site, then in addition to filing the resolution with the auditor, the adopted resolution shall be posted and clearly identified on the municipality's internet site for public viewing within ten days of approval by the board and remain available on the internet site indefinitely.
12. Certify the budget to the county auditor by March 31st.