

The 2026 Iowa Legislative Report
Iowa State Police Association
91st General Assembly, 2026 Session
Week One: January 16, 2026
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The 2026 Iowa Legislative session commenced this week, with both chambers convening on Monday, the 12th. This marks the start of a scheduled 100-day session and concludes the 91st General Assembly. In keeping with established tradition, leaders from both parties addressed Iowans in open session, outlining the legislative priorities for their respective caucuses. Additionally, Governor Reynolds, Chief Justice Susan Christensen, and Adjutant General Major General Stephen E. Osborn delivered remarks presenting the condition of the state. The Legislature will now proceed with advancing policy and budget bills aligned with the objectives set forth in these agendas.

Numerous priorities were identified this week; as in previous years, many may not secure sufficient support to become law. Hundreds of policy bills and various proposals for funding the state's budget will be introduced, yet only a select few are expected to receive majority approval in both chambers and advance to the Governor's desk for signature. Although it is not possible to predict the outcome of all proposed legislation, certain issues are expected to attract significant attention from legislative bodies and potentially influence the progression of subsequent bills. Some of these legislative priorities are outlined below.

Property Tax

For the past several sessions the Legislature has laid out several ideas as to how the state should address the rising property taxes in Iowa. Small fixes have been passed but true property tax reform has fallen short. This year both chambers, as well as the Governor, will again draft their proposals for reform and start the long process of negotiating a bill that can pass both chambers and receive the Governors' support as well. The Senate and Governor dropped their bills this week and the House is expected to present theirs in the coming weeks. Below are summaries of the Governor's and the Senate's initial proposal.

SSB-3001 (Proposed Senate Bill)

Key Points & Impacts

- Phases out the homestead credit (except for disabled veterans) and replaces it with a substantial, phased-in homestead exemption, reaching 50% of taxable value (up to \$350,000) for assessments after 2036, with enhanced exemptions for elderly and unencumbered homesteads.
- Raises the state foundation funding for schools to 100% of regular and special education costs from FY 2028 onward, dramatically reducing required local property tax levies for schools (foundation levy drops to \$4.48662 per \$1,000; reorganized districts have lower phased-in rates).
- Reestablishes a multi-residential property class (starting in 2027) and phases both residential and multi-residential properties back up to 100% assessment (rollback) over a decade, eliminating the ag-residential assessment limitation tie and most commercial/industrial rollbacks.
- Imposes strict new growth caps and calculation formulas on county, city, school, hospital, EMS, transit, assessor, and most other rate-limited levies, using formulas tied to prior-year actual tax dollars, new valuation, and a “budget adjustment factor” based on CPI.
- Reduces maximum levy rates for school PPEL, bond, and management levies, and for regional transit districts; prohibits use of debt for general operations after July 2026 and requires legislative review of future levy caps and property tax system design.
- Grants local governments the option to post annual property tax/budget notices online (rather than mailing individually) starting with FY 2028 budgets; modifies requirements for local option sales tax revenue statements to protect road funding allocations.
- Annually adjusts electric vehicle registration fees and most motor fuel taxes for CPI increases (capped at 3% annually), with appropriations and reporting procedures; applies new CPI adjustment formula to electric vehicle charging excise taxes.
- Protects foundation property tax revenue for schools from TIF division on qualified data centers beginning with FY 2028 taxes; modernizes the utility replacement tax task force scope; and amends administrative procedures for property transfer and taxpayer notification.

SSB-3034 (Proposed Governors bill)

Key Points & Impacts

- Caps unassigned general fund reserves for local governments (excluding schools) at 10% of budgeted expenditures, and limits property tax revenue growth to 102% plus new valuation growth, with strict recertification and enforcement provisions.
- Prohibits local governments from issuing property tax-backed debt for general operations after July 1, 2026; debt proceeds may not be used for operating expenses.
- Shifts homestead property tax relief from a state-funded credit to a local exemption, eliminating the general fund appropriation and modifying veteran and age-based exemptions. Establishes a new property tax growth credit for eligible seniors and certain disabled claimants and establishes a rent reimbursement program administered by the Department of Health and Human Services.
- Increases the portion of commercial/industrial property value subject to the residential rollback from \$150,000 to \$250,000, adjusts state replacement funding, and applies changes retroactively to assessment years beginning January 1, 2026.
- Moves real property assessments from a biennial to a triennial schedule; implements new requirements for assessor explanations and shifts burden of proof to assessors for large increases not due to improvements or reclassification.
- Significantly limits new urban renewal (TIF) projects to essential infrastructure; imposes a 20-year duration limit for new TIF ordinances and prohibits amendments/expansions of older TIF areas. Limits the use of TIF funds for non-infrastructure purposes and restricts urban revitalization area exemptions from school district levies and TIF calculations.
- Transitions county auditor, treasurer, and recorder positions from elected to appointed by county boards of supervisors, with terms, qualifications, and compensation determined by the board. Incumbents may serve out their elected terms.
- Creates a state-administered First Home Iowa program for tax-advantaged first-time homebuyer savings, and establishes a local government shared-services grant fund with appropriations for consolidation and service-sharing initiatives.

The carbon pipeline is expected to be a prominent topic during this legislative session. A bill that proved highly contentious in last year's agenda appears likely to generate similar debate this year. The two chambers hold substantially different perspectives regarding the future of the carbon pipeline, and varying positions within each chamber further complicate the search for consensus. Currently, the House has taken the initiative, introducing and advancing their bill through committee during the first week of session. It remains to be seen whether the Senate will present its own version or wait to receive and amend the House proposal. Below is a summary of the House bill:

HSB-507

Key Points & Impacts

- Creates a new legal subsection prohibiting use of eminent domain for carbon oxide pipelines.
- Applies to right-of-way acquisition, construction, and operation of such pipelines.
- The prohibition is irrespective of any other state law.
- Takes effect immediately upon enactment.
- Applies only to condemnation proceedings initiated after the act's effective date.
- Targets pipelines with the primary purpose of transporting carbon oxide.

In the coming weeks we will dial in on the bills that directly impact our association providing a week-by-week progression of each bill through the legislative process. Things change quickly during the legislative session so stay tuned for further updates.

If you have any questions regarding bill status, procedural processes or simply curious as to the general tone from week to week, please reach out to us anytime.

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