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RSAI Public Hearing Comments Regarding SF 2472 Property Taxes

April 21, 2026

Public Hearing Comments on April 21, 2026 by Margaret Buckton from the Rural School Advocates of Iowa (RSAI). We are undecided on SF 2472, but sharing concerns about several divisions impacting schools

Div. III: impacts school district capacity to educate students:

- Raises the foundation base in the school funding formula to 100%, which the fiscal note estimates will cost the state just under half a billion in FY 2028. This puts future adequate school funding in jeopardy. As hard as it was to fund 2% increase per pupil this year, at a cost of about \$100 million (\$42 million of which was property taxes and \$25 million was restoration of AEA funding, which you'll likely cut in the Standings bill), imagine the challenge in future years to get adequate public school funding increases.
- Lowers Physical Plant and Equipment Levy (PPEL) and Debt (bond issue) voted school levies to 70% of current rates but taxes residential property at 65% of value, creating an immediate capacity deficit for school technology, safety equipment, career and technical education equipment and buses, all of which impact students. As valuations decline due to other credits and exemptions, that capacity deficit is even larger. If a district has primarily commercial or agricultural valuations, the capacity deficit is even larger.
- Prohibits a district from levying management fund if the ending balance this year exceeds 180% of the prior 3 years average expenditures. The problem with basing capacity on averages is that risk isn't equally experienced every year. In years of derechos, tornados, floods, workers comp claims and litigation, management funds need to be ready to pay the deductibles, damages not covered and court costs. Annual expenditures are typically insurance premiums, so not reflective of what the fund must be prepared to handle.

Div. XIV Property Tax Statements does not make the statements easier to understand or more meaningful to taxpayers. Your House bill does so much more for transparency and clarity. The Senate's idea to post those statements online is a good one.

Div. XX Limits school unspent balance to 35% of authorized expenditures from two years ago (the year preceding the base year). Expenditures fluctuate based on federal funds, staffing shortages, vacancies, and enrollment swings. If the state imposed this same restriction on your own general fund, you would not be able to weather economic downturns or afford any of the tax relief that you have saved up to deliver. The one-size-fits all 35% limitation does not reflect

the risk that different schools must manage and violates Iowa's core principle of local control. We support the Senate's requirement for school boards to have unspent balance policies, goals and annual review. This last provision would be a good place to start.

As the House, Senate and Governor work toward consensus, we encourage you to thoughtfully consider the negative impacts, that, combined with low funding increases for public schools, would challenge Iowa to provide the education that our state's prosperity depends on, but more importantly, that all of Iowa's children deserve.

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