

IOWA HOUSE REPUBLICANS

January 22, 2026

IowaHouseRepublicans.com

Appropriations

Casino Tax Revenue Slips While Sports Wagering Collections Take Off in December

Iowa's gambling taxes went in different directions in December, as taxes on casino games slipped while the taxes on sports betting climbed significantly.

For the month, state casinos paid \$26.3 million in gaming tax. This was a decline of \$1.1 million below December 2024's collections. Through the first half of Fiscal Year 2026, gaming tax collections have been \$150.5 million. This is a decline of \$3 million when compared to the same time period in Fiscal Year 2025. While collections are down when compared to the previous year, they are still running ahead of the Revenue Estimating Conference's projection from December of a drop of \$12 million in gaming tax receipts.

On the opposite side of the ledger is tax collections on sports wagering, which continue to grow. For December, the state took in \$2.032 million in taxes on sports betting. This more than doubled the amount of tax collected on sports bets from December 2024. Through the first six months of FY 2026, sports wagering tax collections are \$2.2 million higher than what the state collected during the same period in FY 2025. If this trend were to continue for the final half of the fiscal year, the state would collect over \$20 million in sports wagering taxes. That amount would be more than \$4 million higher than the FY 2025 total of \$16.2 million.

Both revenue streams have the potential to be factors in this year's budget discussions. The casino tax serves as the funding source for the Rebuild Iowa Infrastructure Fund, which is currently projected to have \$281 million available for appropriation in FY 2027. The Sports Wagering Fund is currently projected by the Legislative Services Agency to end Fiscal Year 2026 with \$26.6 million remaining in the fund after all appropriations have been made for the year. The balance, along with whatever tax revenue is generated in FY 2027, would provide a substantial amount of funds available for use in the new fiscal year.

(Contact: Brad Trow 1-3471)

Agriculture

IDALS "Iowa Farm Act" Fixes Unintentional Change to Small Facility Audits

The Iowa Department of Agriculture and Land Stewardship Department Bill referred to by Secretary Naig as the "Iowa Farm Act," this week has become public:

<https://www.legis.iowa.gov/docs/publications/BP/1596111.pdf>

Many Iowans have questions about last year's grain indemnity fund bill. Specifically smaller facilities which, prior to the bill passing in 2025, were allowed to provide less than a full qualified audit, and who do not utilize credit-sale

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contracts. Iowans have indicated that the full audits required of larger facilities, or required for companies that offer credit-sale contracts, are significantly more expensive and time consuming. IDALS has recognized that the audit change was not an intentional one in the 2025 bill, and as such the Farm Bill Act would correct this, to allow the grain dealers and warehouses to revert to the previous law. The IDALS talking points describe this provision as: “Clarifying Grain Indemnity Fund updates through technical clean-ups to improve readability and consistent application of the law.”

This is the specific language in the “Iowa Farm Act:”

“(2) Notwithstanding subparagraph (1), if a grain dealer does not purchase grain by credit-sale contract, the department may accept any of the following: (a) A qualification in an opinion based on an audit that is unavoidable by any audit procedure that is permitted under generally accepted accounting principles. An opinion that is qualified because of a limited audit procedure or because the scope of an audit is limited shall not be accepted by the department. (b) A financial statement that is accompanied by the report of a certified public accountant licensed in this state. The report must be based upon a review performed by the certified public accountant. The report shall be in lieu of an unqualified opinion based on an audit. However, at any time, upon good cause, the department may require the grain dealer to submit to the department a subsequent financial statement that is accompanied by the report.”

(Contact: Mindy Larsen 1-3096)

Commerce

Energy Presentations to House Commerce Committee

This week, both the Iowa Utilities Commission and Duane Arnold Energy Center presented to the House Commerce Committee about the future of energy generation and reliability in Iowa.

IUC Chair Martz provided an overview of its organization, areas of oversight and regulated entities, and current dockets. General areas of oversight are electricity, natural gas, water, telecommunications, infrastructure protection and safety that are operated by investor-owned utilities.

Chair Martz discussed future demand and load growth needed for data centers and artificial intelligence, and emphasized ensuring affordability for customers amid the additional generation and transmission needed.

Following the IUC, NextEra Energy presented regarding the restart of the Duane Arnold Nuclear Power Plant in Iowa by the end of 2029. This 600-MW, single unit Duane Arnold power plant near Cedar Rapids, Iowa, was closed in 2020. NextEra owns about 70% of Duane Arnold and Central Iowa Power Cooperative and Corn Belt Power Cooperative own about 20% and 10%, respectively.

NextEra expects to spend \$50 million to \$100 million this year to recommission Duane Arnold, according to FERC. NextEra presented that there would be a \$9.1 billion economic impact across Iowa during construction and operations, 1,640 jobs throughout construction, 393 direct jobs during operations and \$1 million annually to Linn County in Generation Tax.

NextEra is talking with potential customers that could buy the output from a restarted Duane Arnold, said John Ketchum, NextEra chairman, president and CEO, during a July 23 earnings conference call.

(Contact: Natalie Ginty 5-2063)

Economic Development Board Awards to Startups

Last week, the Iowa Economic Development Authority (IEDA) Board approved assistance for six startups located in Ames, Ankeny, Boone and Des Moines. Award recommendations for these funds are made by the Technology Commercialization Committee to the IEDA Board for approval.

Those receiving the awards are:

Hermes Biomaterials, Inc.—Ames

This agtech company develops tools that help researchers create stronger, higher-yielding crops. Its FGB device enables the precise delivery of genetic material into plant cells. The company received a \$50,000 Proof of Commercial Relevance loan to support staff, lab equipment, and supplies needed to grow and test soybeans. This investment will allow for additional in-house research and testing, accelerating product development and bringing new agricultural technologies to market more quickly.

Koos Medical Innovations, Inc.—Ankeny

Developed a disposable isolation gown designed to reduce the spread of infectious germs in health care settings. The gown's patented design meets Food and Drug Administration performance standards and provides a superior barrier against fluid exposure, helping protect both patients and providers while lowering infection-related risks and costs for hospitals. Koos received a \$100,000 Demonstration Fund loan to support commercialization and early market entry.

Critical Materials Recycling, Inc.—Boone

Recycles rare earth elements used in defense applications, clean energy, and advanced technologies. Its patented, acid-free process recovers high-purity rare earth oxides—key materials used to manufacture high-performance magnets—from hard disk drives, wind turbine magnets, electric vehicle motors, and consumer electronics. This process reduces emissions, electronic waste, and reliance on foreign mining. The company was awarded a \$100,000 Demonstration Fund loan to hire a chief commercial officer and refresh its branding.

Broker Hero, LLC—Des Moines

This software-as-a-service company that supports merger and acquisition (M&A) professionals and business brokers serving small- to lower middle-market companies. Its platform automates prospecting and identifies off-market opportunities with intent-based targeting. The company's SmartLists tool uses artificial intelligence and data providers to more efficiently identify potential buyers and sellers. Broker Hero received a \$50,000 Proof of Commercial Relevance loan to refine its product, support key personnel and expand its market presence.

Morrigan Company—Des Moines

Develops software that helps organizations understand how artificial intelligence (AI) is being used across their workforce and systems, enabling leaders to manage it more safely and effectively. Its tools identify hidden or unapproved AI use, which can expose sensitive data, create compliance risks, and lead to productivity gaps. The company received a \$50,000 Proof of Commercial Relevance loan to support market analysis, product refinement, market planning and entry, and key personnel.

Renewable Furniture, Inc.—Des Moines

This software-as-a-service company that uses artificial intelligence to help home furnishings professionals and consumers quickly create realistic visuals of custom furniture and decor. Users can upload photos of their existing home furnishings or sketches and apply fabrics, paints, hardware, finishes, and other design elements. The company received a \$50,000 Proof of Commercial Relevance loan to refine its software platform, hire key personnel, and support its commercial launch.

Education

New Iowa America 250 Webinar Series Highlights American Founding

As part of Iowa's America 250 celebration commemorating the 250th anniversary of the signing of the Declaration of Independence, the Iowa Department of Education is offering an exciting new webinar series for K-12 educators across the state.

Starting Jan. 26, Iowa educators can join the Iowa America 250 webinar series, highlighting important historical events related to the founding of America that can help guide classroom instruction and thoughtful student discussion. The schedule of dates and topics for the webinar series are listed below. All webinars will meet from 4-5 p.m. on Zoom.

- **Jan. 26 – Revolutionary Iowans: Part I**

The first session provides an overview of the beginning of the ongoing struggle for freedom, including the war's earliest patriots to modern-day advocates. The State Historical Society will join the Department for this two-part series that explores the lives and legacies of some of Iowa's notable revolutionaries.

[Zoom link for the Jan. 26 – Revolutionary Iowans: Part I](#)

- **Feb. 16 – Revolutionary Iowans: Part II**

In part two of the topic of Revolutionary Iowans, the Department and State Historical Society will continue the discussion and overview of some of Iowa's historical figures who have carried forward the ideals of life, liberty and justice for all.

[Zoom link for the Feb. 16 – Revolutionary Iowans: Part II](#)

- **March 10 – Meeting the Moment: The Intersection of Civil Discourse and the American Founding**

Partnering with Sphere Education initiatives, this session will focus on how educators can build and cultivate a consistent practice of civil discourse in every classroom. Participants will have opportunities to examine how structured discourse deepens student growth, fosters individual understanding and inspires the consideration of multiple perspectives with curiosity.

[Zoom link for the March 10 – Meeting the Moment: The Intersection of Civil Discourse and the American Founding](#)

- **March 31 – Carrie Chapman Catt**

From this session, participants will learn more about Iowan Carrie Chapman Catt, who led a national movement to enact the 19th Amendment that guaranteed women's right to vote and expanded democracy. Iowa State University's Catt Center will help lead this session.

[Zoom link for the March 31 – Carrie Chapman Catt](#)

- **April 14 – Founding Principles and the U.S. Constitution**

The final session in the webinar series will highlight the founding principles and U.S. Constitution. Led by the Lou Frey Institute at the Florida Joint Center for Citizenship, participants will discover how to focus on the beauty behind the American story and build civic knowledge and engagement with students.

[Zoom link for the April 14 – Founding Principles and the U.S. Constitution](#)

No registration is required to join any or all of the webinar series. Each webinar session will be recorded and uploaded to the Department's website.

Full details on the upcoming webinar series can be found on the Department's [Iowa America 250 Webinar Series and Recordings webpage](#). Specific questions on the Department's Iowa America 250 initiatives can be directed to Stefanie Rosenberg Wager, administrative consultant, at stefanie.wager@iowa.gov.

(Info from the Iowa Department of Education)

(Contact: Kristin Rozeboom 1-3015)

Iowa Athletic Department Still has not Repaid University Loan Despite Record Revenues

On June 30, 2021, the University of Iowa athletic department signed an agreement to borrow \$50 million from the university's general fund cash reserves. As of now, the vast majority of this loan has not been repaid despite record breaking athletic department revenues.

This internal loan was arranged to cover significant financial losses due to the Big 10 conference's self-imposed COVID-19 restrictions on the number of football games and attendance at sporting events. The athletic department, which is generally a self-sustaining entity, was facing a substantial deficit and had to cut several men's sports (gymnastics, tennis, swimming & diving) as a result of the financial strains.

The terms of the loan are a 15-year repayment schedule with the interest rate repriced every five years. There is no penalty for early repayment. Interest has eaten up most of what the athletic department has repaid.

The University of Iowa athletic department has reported record revenues for four consecutive years, with the latest figures for fiscal year 2025 reaching \$153.2 million. These record revenues are driven primarily by a significant increase in Big Ten Conference distributions and exceptional ticket sales performance in football and women's basketball.

A major boost came from increased conference distributions, with actual revenue received in FY 2025 being nearly \$77 million, exceeding the budgeted \$75.2 million. Projections for FY 2026 anticipate another spike to \$82.7 million. The department's financial performance has surged well beyond pre-pandemic levels, bouncing back strongly from the deficits faced during the COVID-19 restrictions.

During a December 2024 Board of Regents meeting, Regent David Barker commented that the existing 15-year amortization schedule seemed "slow".

In response, Iowa's CFO acknowledged the slow progress and stated a desire to get the loan paid as quickly as possible.

Despite these sentiments, and despite record breaking athletic revenues, no accelerated schedule has been formally mandated.

(Contact: Jeff Mitchell, 1-5137)

Health and Human Services

UI Health Care Report Submitted, Training More Iowans

Last session, the Legislature passed House File 516 to focus our state institution and medical school on growing the physician workforce for the entire state. This bill required the University of Iowa medical school and dental school to have at least 80% of their students be residents of Iowa, as well as priority admission to residents of Iowa who apply to these programs. This bill also required specific questions regarding upbringing and intent to practice in Iowa by applicants for these programs as well as residency programs at UIHC.

This bill also required an annual report by UI regarding the same schools and UIHC medical residencies demographic information, and the first report can be found here: <https://www.legis.iowa.gov/docs/publications/DF/1595916.pdf>.

In the report, UI acknowledges that they have implemented the legislation, however the information in this report was prior to enactment of the law. Future reports will show the progress made based on HF 516 in retaining health care professionals to the state. The following was provided in the report regarding the medical school class:

For calendar year 2025, the University reports outcomes for the entering class of August 2025. The admissions cycle for this class began in May 2024, prior to enactment; therefore, no admissions decisions were influenced by House File 516.

Table 1. Summary of Entering Class of 2025

Category	Iowa (IA)	Nonresident (NR)
Applications	296	3,974
Received Secondary	250	3,382
Completed Secondary	245	2,687
Interviewed	241	442
Offered Admission	118	133
Withdrew	15	89
Matriculated (incl. IA affiliated)	111	31

78 percent of the entering Fall 2025 class consisted of Iowa/Iowa-affiliated students.

For the 2026 class, we are already seeing improvement with 317 Iowans being interviewed and 313 non-Iowa residents being interviewed.

The report also shows the number of individuals that are annually interviewed for residency and fellowship positions with Iowans making up only 2-4% of those interviewed. The legislature will be monitoring progress on increasing that number to ensure that those that are willing to stay and practice in Iowa are being trained at our state hospital.

(Contact: Natalie Ginty 5-2063)

Judiciary

HF 2104: Clarifying Property Rights and Eminent Domain

On Wednesday, House Republicans advanced House File 2104, a bill focused on a narrow but important issue: whether private companies should be allowed to use eminent domain to acquire land for carbon oxide pipelines. The legislation does not block pipeline construction in Iowa, nor does it prevent companies from pursuing energy or infrastructure projects. Instead, it limits the use of eminent domain for this specific purpose.

The language in HF 2104 is straightforward. It prevents companies seeking to build carbon oxide pipelines from using eminent domain to take land when a property owner is unwilling to negotiate terms for its use. The bill does not stop pipelines from being built, but it does require developers to secure voluntary easements from landowners. This approach allows economic development to continue while protecting individuals' constitutional rights to their property.

For many property owners—particularly farmers and rural families—the decision to allow a pipeline across their land can carry long-term consequences. Construction and ongoing maintenance may affect soil conditions, drainage, crop production, and future land use. Even in less rural areas, property owners have a strong interest in maintaining control over what happens on their land, and those rights deserve protection.

HF 2104 also reflects a broader concern about the appropriate use of eminent domain. Traditionally reserved for clear public necessities such as roads and public utilities, eminent domain is a powerful tool with significant impact on individual rights. The bill reinforces the expectation that private development should rely on voluntary agreements, balancing economic activity with respect for property ownership.

By supporting HF 2104, the House Republicans continue to show that economic development and property rights do not have to be in conflict—and that private land in Iowa should not be taken without consent for private companies.

(Contact: Amanda Wille 1-5230)

Labor

IWD Opens Grant Opportunity Supporting Summer Youth Internship Programs

Grants Help Employers Create Meaningful Work Experiences for Young Iowans

Iowa Workforce Development (IWD) is opening a new round of grant funding today to help employers advance promising summer internship programs for Iowa's youth.

The Summer Youth Internship Program exists to help generate promising summer work experiences for young Iowans in high-demand fields spread across the workforce. These efforts can drive new career interests and help employers further build their workforce pipeline.

Applications are now open at iowagrants.gov and will be accepted through Monday, February 16, 2026, at 2:00 p.m.

Eligible grant applicants include nonprofits, educational institutions, employers, and community organizations. Priority funding will be given to programs that:

- Provide internships to youth at risk of not graduating, from low-income households, or who face barriers to upward mobility in the labor market.
- Demonstrate their ability to recruit and co-enroll internship participants in their local area's Workforce Innovation and Opportunity Act (WIOA) Title I Youth Program.

Programs must be based in a high-demand occupation as determined by the state ([view Iowa's high-demand occupations list](#)). Awarded funds can be used for participant wages, compensation after program completion, training resources, program supplies and materials, and administrative costs.

“Equipping our workforce for the future means creating meaningful experiences in industries across the workforce, and this program is a gateway to a future career,” said Beth Townsend, Executive Director of Iowa Workforce Development. “The Summer Youth Internship Program not only helps students discover rewarding careers, it also gives employers a chance to invest in their future talent pipeline. We encourage eligible businesses across Iowa to take advantage of this program and jumpstart a meaningful internship this summer.”

The full list of grant requirements and the notice of funding can be found at: [Summer Youth Internship Program](#). Interested organizations can register for an upcoming grant webinar using the link below.

Register for Webinar (Zoom): [Thursday, January 22, 2026 at 1:00 p.m.](#)

(Info from Iowa Workforce Development)

(Contact: Kristin Rozeboom 1-3015)

Local Government

Local Governments' Role in Housing Affordability

One issue Iowans have voiced their concerns with is housing affordability. It is an issue that affects Iowans in all age groups and is felt in rural and urban areas. There are many contributing factors to housing affordability including housing supply and inventory, property taxes, gaps in the rental market, building codes, zoning, and other regulations.

As the legislative session proceeds the Local Government Committee will continue to build on the work that has been done recently to find areas where regulations prove to be a burden on building and improving Iowa's housing inventory. Last year the committee passed a new law benefiting families, seniors, and individuals seeking flexible living arrangements. After [Senate File 592](#) went into effect in July, cities and counties are required to allow at least one accessory dwelling unit (ADU)—sometimes known as backyard cottages, in-law suites, or granny flats—on the same lot as a single-family home. This means families can add a small apartment or home on their property, creating new rental units or support for relatives. Additionally, ADU applications meeting state criteria are approved quickly—within 30 days—or they're automatically granted. Local governments must provide clear reasons if they deny a permit and guidance for fixing any issues.

Legislative concepts like SF 592 will continue to be explored to find where in the process unnecessary and burdensome processes can be eliminated or streamlined to improve the speed and affordability of new housing.

(Contact: Jason Covey 1-3626)

Public Safety

Public Safety Committee Advances Multiple Bills to House Floor

The House Public Safety Committee has sent three bills to the floor for consideration in the coming weeks

HF 2119- Contraband in Prisons and Jails

HF 2119 expands Iowa's laws on contraband in correctional facilities by introducing a new category, "restricted or disruptive contraband," which includes items not inherently illegal but prohibited by prison policy (such as tobacco, cellphones, money, or sexually explicit material) because of potential risks to safety or facility order. The bill makes possession of such contraband by inmates a class "D" felony and requires that any sentences for these offenses be served consecutively to any current sentence. It also criminalizes failure to report contraband within a facility (as an aggravated misdemeanor) and allows for X-rays of individuals suspected of concealing contraband.

HF 2120 Headlight Colors

The bill requires that all vehicle headlamps and auxiliary driving lights in Iowa must use only white lights—using any other color would be illegal and could result in a \$45 fine. This rule is intended to improve safety and make vehicle lighting more consistent.

HF 2133- Kratom- Schedule I Substance

This bill designates kratom (*Mitragyna speciosa* and its derivatives) as a Schedule I controlled substance in Iowa. It prohibits the possession of kratom, treating a first offense as a serious misdemeanor, a second offense as an aggravated misdemeanor, and any subsequent offenses as a Class "D" felony. The penalties range from fines and jail time up to five years in prison, depending on the number of prior convictions. The bill aims to regulate kratom similarly to other hallucinogenic controlled substances under state law.

(Contact: Amanda Wille 1-5230)

State Government

Review Schedule for State Boards is Set

As House Republicans look for ways to improve government efficiency and eliminate unnecessary or redundant processes, the State Government Efficiency Committee met this week to continue its work to review the effectiveness and necessity of all boards and commissions of the State of Iowa. Following the [2024 legislation](#) to reduce the number of state boards and commissions that no longer met, had achieved their legislative goals, or were merged with similar boards. The State of Iowa grew to the number of boards due in large part to a lack of consistent review of the need and effectiveness of these boards. Starting in 2025, regular reviews of all boards and commissions began to evaluate the usefulness, performance, and efficacy of each board. The State Government Efficiency Review Committee will review approximately 25% of all boards annually and submit reports to the General Assembly for consideration.

This week the Committee finalized the questionnaire that will be sent to all boards and commissions and the review schedule for the committee. Additionally, the committee scheduled for review in 2026 every board and commission that falls under the Departments of Inspections, Appeals, and Licensing, Board of Nursing, Board of Pharmacy, Department of Insurance and Financial Services, Economic Development Authority, and the Iowa Finance Authority. Later this year the committee will review how these existing boards operate effectively within their departments, how the boards notice and fill vacancies, what federal/state/administrative rules apply to their boards, and any potential challenges the boards face.

(Contact: Jason Covey 1-3626)

Transportation

Iowa DOT Unveils Statewide Scheduling Website for Driver's License

On Tuesday, the Iowa Department of Transportation announced the launching of a new statewide scheduling system for Iowans needing to get or renew their driver's licenses.

DOT established the process of signing up for specific times to go to get or renew your license or register a vehicle in response to the Covid 19 pandemic. That system has remained in place since then, but Iowans raised their frustrations with having to visit multiple sites to see if there were times available, depending on if they were going to visit a DOT office or a county courthouse.

The new website – <https://iowadot.gov/drivers-licenses-ids/schedule-appointment> – allows Iowans to look and see what appointment times would be available at all 103 state and county-run locations. The new system guides customers to select what type of service they need, so they can see which offices are able to serve them. Once the service type is selected, Iowans would be connected to the scheduling site which will list the closest locations that provide the service they need. The site will also list when is the soonest a person could get an appointment. Then all that is needed is to provide your name, email address, and phone number to reserve your time.

DOT expects to be able to add more features in the future. Future upgrades will be helping to determine if a person is signing up for the right license or registration and help prepare the necessary documents.

(Contact: Brad Trow 1-3471)

Veterans Affairs

Condition of the Iowa National Guard

Adjutant General Stephen Osborn provided the Condition of the Iowa National Guard speech last week to a joint session of the General Assembly. Major General Osborn first spoke of the loss of Staff Sergeant Nate Howard of Marshalltown and Staff Sergeant Edgar Torres-Tovar of Des Moines killed in action in December 2025 in the Middle East.

“We begin today with heavy hearts, reflecting on the profound loss of two of our finest Soldiers. Yet even in this time of sorrow, we have witnessed something powerful – the strength, unity, and compassion of the State of Iowa. On behalf of the entire Iowa National Guard, I want to express our deepest gratitude for the overwhelming outpouring of care and respect shown to our fallen heroes and to their families.”

“And to the people of Iowa – from our largest cities to our smallest towns – you stood together. You lined the streets. You waved the American flag. You stood in silent patriotic tribute as we brought our Soldiers home to their final resting place. Your actions spoke volumes, reminding us all what it truly means to be an Iowan.”

9,000 men and women of the Iowa National Guard from all 99 counties. “To the Soldiers and Airmen who have honored our fallen every step of the journey home – never leaving their side, and providing constant support to their families – your commitment was a powerful embrace in a moment of deep grief, and a solemn promise that their sacrifice will never be forgotten.” 1,800 Iowa Soldiers and Airmen remain deployed today across the Middle East. The National Guard is a core component of our nation’s Total force, providing 40% of the Army and 30% of the Air Force operational forces.

The entire Condition of the Guard speech can be found [here](#).

(Contact: Natalie Ginty 5-2063)

Ways & Means

Iowa House Republicans Release Property Tax Reform Bill

House Study Bill 596 has five divisions that help property owners of all classifications. Iowans have been loud and clear with their desire for property tax reform and House Republicans are ready to answer.

Division I—Property Tax Revenue Limitations

This division creates a budget limitation for all taxing authorities other than school and debt levies. Cities, counties, hospitals, etc will be limited year over year to budget growth of 102 percent. The limitation does not include new construction to allow communities to grow. This division makes no changes to current law rate and use limitations.

Division II—Residential Property Tax Exemption

This division creates a new residential across-the-board exemption. After rollback, all residential parcels will receive a \$25,000 exemption from value. This division is retroactive to assessment years 2026 and beyond.

Division III—Property Tax Information Disclosure

This division revamps the outdated document mailed to all property owners. This mailer will contain more information and was crafted by the League of Cities. The new mailer will be required for budget years beginning on or after July 1, 2027

Division IV—Council of Governments

This division will require COGs to help local governments consolidate services and functions. They have the expertise to help save taxpayer money and streamline services.

Division V—Bonding

This division will give taxpayers more of a voice on bonding issues in their communities. It will require that any bonds payable with property taxes must receive a 60% affirmative vote. This requirement will begin July 1, 2026.

The bill is assigned and is now eligible for consideration in subcommittee.

Reminder: Retirement Income Tax Exempt Since 2023

Approved during the 2022 legislative session and implemented January 1, 2023, House File 2317 exempts all retirement income from income taxes.

Who qualifies?

To qualify for the retirement income exclusion, the taxpayer must be:

- 55 years of age or older on December 31 of the tax year, or
- Disabled, or
- A surviving spouse or a survivor having an insurable interest in an individual who has qualified for the exclusion in the tax year on the basis of age or disability. A survivor other than the surviving spouse is considered to have an “insurable interest” if the survivor is a son, daughter, mother, or father of the annuitant or pensioner, or
- A surviving spouse who receives amounts from a deceased spouse’s pension, regardless if the deceased spouse was 55 years of age or older or disabled, if the pension was from employment in a protection occupation, or as a sheriff, deputy sheriff, firefighter, or police officer.

What income qualifies?

The retirement income exclusion covers “governmental or other pension or retirement plan[s] including defined benefit or defined contribution plans, annuities, individual retirement accounts, plans maintained or contributed to by an employer, or maintained or contributed to by a self-employed person as an employer, and deferred compensation plans or any earnings attributable to the deferred compensation plans...”

The Department has determined that distributions from the following plans qualify for the exclusion:

- Traditional individual retirement accounts (IRA) authorized under section 408(a) of the Internal Revenue Code (IRC)
- Roth individual retirement accounts (Roth IRA) authorized under section 408A of the IRC
- Roth conversion income
- Simplified employee pension (SEP) plans defined under section 408(k) of the IRC
- Savings incentive match plans for employees (SIMPLE IRA) defined under section 408(p) of the IRC
- Qualified deferred compensation plans including those authorized under section 401(k) of the IRC
- Eligible deferred compensation plans authorized under section 457(b) of the IRC
- Defined benefit plans, pension plans, profit-sharing plans, or stock bonus plans including IPERS and employee stock ownership plans (ESOP) authorized under section 401 of the IRC
- Distributions from a Keogh plan
- Eligible combined plans described under section 414(x) of the IRC

What about farmers?

Iowa offers retired farmers significant income tax exclusions starting in 2023, allowing them to choose between excluding farm rental income or capital gains from farming asset sales (like land, cattle, horses) if they meet material participation and age/disability requirements, but this election is a one-time, irrevocable choice that impacts future tax

benefits. Farmers must be 55+, retired, and have materially participated for 10+ years (rental) or 5 of last 8 (capital gain), selling most of their farm interest for the capital gain exclusion, using specific forms like IA 100G or IA 125.

(Contact: Kristi Kiou 2-5290)