



July 1, 2026

Below are a few pieces of [Senate File 2472](#) and [Senate File 2496](#) that are immediately effective or will have an impact during FY 2026-2027.

Prohibited Issuance of Indebtedness

Beginning on July 1, 2026, local governments are not allowed to issue general obligation debt for the purpose of funding general operations of the government. General operations is now defined under 444.26 of the Code of Iowa as “services or activities generally funded from the governmental entity’s general fund, which are necessary for the operation of the governmental entity, including salaries and benefits, or which are for the health and welfare of the governmental entity’s citizens or primarily intended to benefit all residents of the governmental entity, but excluding direct and indirect capital expenditures properly allocable under the Internal Revenue Code, as defined in section 422.3, if the governmental entity were a taxpayer, capital leases, and services financed by statutory funds other than a debt service fund.” Local governments should seek advice from their legal counsel prior to issuing debt that may fall into this category.

Local governments included in the prohibition include any government that has the power to impose or certify a property tax levy.

Two-Tier or Business Property Tax Replacement Payments

The July 1, 2026 – June 30, 2027 fiscal year will be the final year in which local governments will receive replacement payments under the two-tier or business property tax replacement calculation. Beginning on July 1, 2027, payments will no longer be sent to local governments under this program.

New Uniform Statutory TIF Collection Period for New Ordinances

Any TIF ordinance passed on or after May 18, 2026 can only collect TIF revenue for 23 years from the calendar year following the calendar year in which debt is first certified on the urban renewal area containing the new TIF ordinance. In addition to the 23 year limit on TIF collection, any new TIF ordinance passed on or after January 1, 2027 is no longer allowed to divert the school foundation levy to TIF purposes.

Emergency Medical Services Levy Protected from TIF Diversion

Iowa Senate File 2496 was signed by the Governor on May 2, 2026. This bill updates Iowa's urban renewal law by adding certain emergency medical services property tax levies to the list of taxes that are excluded from TIF calculations. This applies to emergency medical services taxes imposed under Iowa Code chapters 357F, 357G, or 422D and is effective for FY27 budgets.

It is important to note local governments had already approved and submitted their tax dollar request for EMS for FY27 at the time of the law passage. Therefore, in FY27 the already budgeted and approved tax dollars will remain the same. When DOM certifies the FY27 tax rates to counties by June 15, 2026, DOM will apply the requested dollars against the valuation with incremental value, thereby lowering the calculated EMS rate for all taxpayers. For example, Wright County submitted a FY27 property tax dollar request of 575,952 for EMS services, calculated at a rate of 0.50099/1000 of valuation. After the law passage, the same tax dollar request of 575,952 applied to valuation with incremental value can be generated with a lower rate of 0.45475/1000 of valuation.