

# House Democrats propose \$1,000 rebate for homeowners, \$500 for renters

**By ROBIN OPSAHL**  
Iowa Capital Dispatch

As Republicans move forward with their proposal to overhaul Iowa’s property tax system, House Democrats introduced their own property tax relief proposal March 27: a \$1,000 rebate for all Iowa homeowners and \$500 rebate for renters.

In a news conference, Rep. Dave Jacoby, D-Coralville, ranking member of the House Ways and Means Committee, said both Republicans and Democrats heard on the campaign trail that property tax costs were one of the top concerns for Iowans across the state. But he said the Republicans’ plan, House Study Bill 313 and Senate Study Bill 1208, will not necessarily guarantee lower property tax costs.

Jacoby said the Democrats’ bill, House File 691, would provide immediate relief through rebates, which would be funded using the Taxpayer Relief Fund, which currently holds \$3.75 billion. Democrats also released another bill, House File 916, to expand the existing Homeowner Property Tax Credit, which freezes property tax rates, to all seniors over age 65.

“Over the years, as we’ve all door knocked and talked to people when we’re running for office, property taxes is one of the number one things that people bring up,” Jacoby said. “Their frustration is coming to a boiling point, because everything we’ve done to date has been totally ineffective. How many people’s — as homeowners — property taxes have gone

down in the last 10 years? Nobody. The Democrats have a plan that puts the dollars right back into Iowans’ pockets.”

House Speaker Pat Grassley told reporters March 27 that he had concerns about using the Taxpayer Relief Fund, which contains one-time money, for these rebates, as these funds will also be used to implement the income tax cuts enacted by Republicans in recent years.

“I would just want to be mindful of that to make sure that we don’t over commit to something, regardless of what the tax would be,” Grassley said. “We know right now that, that Taxpayer Relief Fund helps smooth any unforeseen things that happen as we reduce the tax to 3.8%, so I’d want to see what that direct proposal would look like and how that would impact the income tax cut.”

The GOP bill, proposed by Ways and Means chairs Rep. Bobby Kauffman, R-Wilton and Sen. Dan Dawson, R-Council Bluffs, would remove Iowa’s “rollback” system that limits how much the aggregate taxable value of properties can grow each year. It would move the state to a “revenue-restricted” system, where taxable

property value can grow by a larger margin, but would set new limits on how much local property tax levy rates can increase each year and how much new tax revenues could be collected by local governments.

Jacoby said the rollback system was first introduced in the 1970s as a way to lower property taxes in the face of the farm crisis and high inflation. He said as inflation remains a current concern, removing this system could lead to even higher costs for property owners especially as property valuations would be roughly doubled by removing the rollback. The residential property rollback rate was 47.4% in fiscal year 2026, meaning for a \$100,000 home, only roughly \$47,400 would be taxed.

“The way it’s laid out right now, there’s no guarantee that residential homeowners will see any decrease in their tax liability,” Jacoby said. “There’s no guarantee whatsoever.”

Jacoby said while Democrats support making changes to Iowa’s property tax system, lowering property taxes would have to involve providing state funding for costs that were shifted to local governments through the 2013 property tax legislation signed by former Gov. Terry Branstad. While state lawmakers had agreed at that time to backfill costs related to issues like health and public safety costs, Jacoby said the state did not end up providing funding for these measures, leading to higher property taxes.

He said a similar problem could arise

with this year’s bill, which proposes shifting \$426 million funding for K-12 schools currently paid for using property taxes to the state.

“In the 2013 bill, the agreement was with cities, counties and schools that the state would make the backfill from the decrease in the revenues,” Jacoby said. “The state abdicated on that promise from 2013, so I don’t trust state government to honor its commitment to the school districts to make up that difference.”

Grassley said Republicans were committed to providing the education funding contained in the property tax bill if it were to pass.

“When it comes to the funding aspect of it, I continue to remind Iowans we’re spending more money on education right now than we ever have as a state,” Grassley said. “... We’ve been pretty consistent that if we’re going to do it, we need to fund it. And that’s why this plan looks at that direct shift to the education piece, which affects all property taxpayers.”

The House speaker also emphasized that conversations were still ongoing on the Republican property tax proposal and that “no bill right now is set in stone.”

“When you’re looking at such a system that’s been in place as long as it has, it’s going to take time,” Grassley said. “And we need to be very deliberate in our approach to make sure we’re not only providing relief, but that is something that’s sustainable as well.”



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