



## SF634 Quick Calculator Instructions

Thank you for trying out the League's new SF634 "Quick Calculator!" Before you begin, please read through these instructions.

You may also want to visit the League's web site, [www.iowaleague.org](http://www.iowaleague.org), and review the materials related to this bill there. There are webinars and information sheets that cover the basics of the bill. Webinar #1 covers the basics, and Webinar #2 on SF 634 walks through this "Quick Calculator" tool.

### "SF 634 Quick Calculator" Instructions

This "SF 634 Quick Calculator" can assist League members in calculating some of the SF634 effects under the new law.

First, download the Quick Calculator tool **by clicking here**. It can also be found on the League's web site, [www.iowaleague.org](http://www.iowaleague.org), under News & Events, Workshops & Events, Webinars; or under Member Resources, Finance.

Open the Excel file. There are 2 tabs at the bottom left, labeled: Quick Calculator, and Calculator Example.

### **Begin on the Quick Calculator tab.**

On this tab, you will see the existing city levies, where they appear on the budget certification page, where they are found in the *Iowa Code*, and their existing levy limitation, if any. The existing levies and their limitations (and rollbacks etc.) were not affected by this new law.

The top section of this tab shows the levies that are collectively subject to the 2% threshold (note: can be exceeded); the bottom section shows the levies that are not subject to the 2% threshold. This means that if we add all levies listed in the top section together, the dollar level for FY20 multiplied by 102% would be the maximum number of dollars that could be certified for budget for FY21 for those levies without requiring the 2/3 of the Council, as opposed to a vote of simple majority. Note again, that ALL cities must prepare an additional new resolution with the maximum property tax to certify for levy, with notification, and public hearing, regardless of whether or not they need to exceed the 2% threshold for the impacted levies. Refer to the League's web site and Webinar #1 on this topic for more detail.

The yellow highlighted boxes on Lines 3-14 are the inputs necessary by the user in order to calculate the 2% threshold. This is the threshold at which the new legislation would require that the new resolution, additional public hearing, and approval vote by 2/3 of the Council to exceed the 2% threshold level for those levies, as opposed to a simple majority.



In the yellow boxes, you input the FY20 certified dollars requested (from your budget cert page) with utility replacement (gas/electric) and the total for all impacted levies is automatically calculated in the blue box below in Line 16. Column C to the right shows you exactly on which line to find these amounts on your FY 20 budget cert page. The 2% threshold is also automatically calculated on Line 17.

For reference, the levies not subject to the 2% threshold are listed in the bottom section, to include the debt service levy. The city must consider total dollars needed for the next budget considering both those subject and those not subject to the 2% threshold. The light green highlighted boxes, lines 23-35 are where you will input your dollars generated by levies not subject to the 2% threshold. Column C to the right shows you exactly where to find these amounts on your FY20 budget cert page.

The purple highlighted box will automatically populate the total revenue dollars generated by the levies not subject to the 2% threshold. The orange boxes below are the grand total property tax dollars generated on Line 39 (this will match the FY20 budget cert page total), and Line 40 is the grand total PLUS the addition of the 2% calculation of the impacted levies.

For reference only, under these grand totals, we've included the Ag Land revenue dollars. This does not go into the calculation of total on your budget cert page, but is a local government property tax revenue.

#### Disclaimers:

- Cities must consider a number of things outside of the simple calculator to determine their next-year's-budget and revenue needs. These include, but are not limited to: net new construction, growth, expiring exemptions or property tax abatement programs, use of tax increment finance, rising cost of construction, insurance premiums, etc.
- This tool was not intended to be used in the official budget process. Cities consider a wide range of factors related to their unique communities' needs, and this is a planning tool only.

#### **Look at the Calculator Example Tab for an Example.**

**This tab is simply an example city filled in for you, of the "Quick Calculator." For your reference, it is the City of Marshalltown.**

This tab takes Marshalltown's city's inputs from their FY20 budget certification and, enters the inputs needed into the yellow and light green highlighted boxes and calculates their totals and 2% threshold amount. Again, this would be to help plan forward for the FY21 budget year.



For Marshalltown, the levies subject to the 2% threshold generate about \$11.8M, and the 2% threshold is at about \$236k. Marshalltown would then need to determine how many dollars they will need to certify in total for their next year budget.

They will look at their levies not subject to the threshold, their net new construction and revaluation, as well as the levies subject to the 2% threshold collectively, and look at other budgetary factors, planning and considerations. Then, after looking at their grand total budget calculations, they will need to determine whether the request for the levies subject to the 2% threshold will need to exceed 2%, or approximately \$236k collectively.

Webinar #2 on this topic provides some examples of budgetary considerations that may trigger a city to need to exceed the 2% threshold for the impacted levies. The League would love to hear from you about your local impacts and stories, and we encourage you to keep in contact with your local legislators.