

CALL TO ACTION

SAVE and UAB Limits in House Property Tax Proposal [HF 2745](#)

March 24, 2026

House Committee Action: [HF 2745](#), Property Taxes by the House was approved in the House Ways and Means Committee on Wednesday, March 18, and is now on the House Calendar. The bill diverts SAVE (Secure an Advanced Vision for Education) school infrastructure revenue to property tax relief too soon and effectively limits spending authority to no more than 35% of prior year expenditures annually.

Advocacy Action: Please Contact Representatives ASAP to express on the following:

1. Thank legislators for the following items in the House property tax proposal:

- **Extension of SAVE from 2051 to 2070:** This extension will provide greater certainty for schools and taxpayers. The property tax relief portion of SAVE will grow over time. When Dec. 30, 2051 arrives, the Legislature will either have to appropriate an estimated \$349 million to replace the property tax relief SAVE has provided, ignore it/increase property taxes, or continue SAVE. As a reminder, SAVE is generated from a one cent sales tax, which schools use primarily for school infrastructure activities, technology or any PPEL or debt-service allowable expenditure or for property tax relief determined locally, as approved by voters via the district revenue purpose statement.
- **Additional Special Election Date for bond issues:** In addition to November, the bill adds a June special election option for bond votes. This action is an UEN 2026 Priority.
- **Improved Taxpayer Statements.** Clearer, individually informative property tax statements accessible online are an improvement to both the process and the content around the Taxpayer Statements. UEN's 2026 Legislative Priority on Property Taxes includes this action.

2. Concerns regarding SAVE diversion for property tax relief:

- **Current Law Transferring SAVE to PTER:** According to the LSA analysis of the [Governor's Budget FY 2027](#), an estimated \$35.4 million is transferred from SAVE Fund to the Property Tax Equity and Relief (PTER) Fund for property tax relief (in addition to a \$24 million appropriation). This is an increase of \$3.8 million (11.93%) compared to estimated FY 2026. The [Fiscal Note](#) for HF 546, which extended the State Penny through 2051, estimated that 30% of SAVE would go to the PTER Fund to lower property taxes by 2048.
- **Accelerated SAVE Diversion:** [HF 2745](#) diverts SAVE school infrastructure revenues to property tax relief, reaching 30% of total revenue by 2034 (takes \$222 million off the table for school infrastructure or other local determination). Gov. Reynolds' Property Tax Relief plan includes a faster diversion to property tax relief, hitting 30% by 2032.
- **Why is this accelerated timeline problematic?** Sales tax revenue growth has not kept pace with construction cost inflation. Thus, more districts are turning to voter-approved bond issues to pay for school construction, using SAVE funds to lower the impact on property taxpayers. Also, over 170 districts are bonded against SAVE future revenue, so may be rushed into a default situation. A reduction in SAVE would require schools to turn

increasingly to bond issues and ask voters to raise PPEL rates (if not at the maximum). If voters don't approve, districts will have to reduce SAVE currently used for safety, technology, updated buses and equipment. Noninstructional software and buses are expensive. If they must instead be paid from the general fund, schools will be forced to further reduce staff, cut programs or delay upgrades. ***Policies do not change in isolation. Low SSA and declining enrollment, with the State taking over the budget guarantee, should already lower school property tax burdens for taxpayers; thus, diverting SAVE fund to property tax reform is not necessary.***

3. Concerns around UAB Limitations of Spending Authority Carry-Forward:

- HF 2745 requires school boards to have policies on Unspent Authorized Budget (UAB), including goals and maximum limitations and to annually review and approve those policies. The bill also limits school budgets to current-year authority, plus UAB at no more than 35% of the prior year's expenditures. The bill allows the SBRC to grant a Modified Supplemental Amount (MSA), which is spending authority, above 35%, but this requires districts who saved UAB for the future to go through a bureaucratic process. The bill also changes SBRC's granting of on-time MSA for increasing enrollment from SBRC "shall grant" to "may grant".
- This limitation violates local control and fails to respect local leaders' risk assessments or planning for the future. As enrollment declines, districts need more UAB to meet minimum teacher pay and cover the costs of other unfunded mandates. As districts grow, they typically hire and train staff and make purchases to open a new school with UAB.
- This UAB limitation creates a use-it-or-lose-it mentality.
- Conditions change. Some districts with large UAB years ago are now close to going negative, and vice versa. The SBRC has been studying the implications of large carry-forward UAB for students and school districts and could make a recommendation. Requiring the school board policy to set financial goals makes sense, but the proposed arbitrary limit of 35% on spending authority is a classic example of "one-size-does-not-fit-all" in school finance.

Advocacy Actions: Contact your Representatives this week and discuss the HF 2745 provisions impacting schools.

1. Thank them for extending SAVE, improving the content and process for taxpayer statements, and providing another special education date for bond issues.
2. Ask them to remove or slow down the SAVE diversion for property tax relief, which removes over \$220 million from SAVE for school infrastructure, safety, technology, and buses.
3. Ask them to remove the limitation on UAB, avoid punishing school districts for conservative budgeting practices, and maintain school board local control in determining when it is best to tap into unspent spending authority.

Find your Representatives here: <https://www.legis.iowa.gov/legislators/house>

Call and leave a message at the House Switchboard for your Representative (515) 281-3221. Send a specific email to your Representative with your request. Please let us know if you receive any commitments of support from your Representatives. There is no need to contact senators yet.

Thank you for your advocacy on behalf of the students and families in your school district!