



# Iowa General Assembly

## 2012 Committee Briefings

Legislative Services Agency – Legal Services Division

<https://www.legis.iowa.gov/Schedules/committee.aspx?GA=84&CID=851>

### PROPERTY ASSESSMENT APPEAL BOARD REVIEW COMMITTEE

**Meeting Dates:** [December 11, 2012](#) | [July 18, 2012](#)

**Purpose.** *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <https://www.legis.iowa.gov/index.aspx>, or from the agency connected with the meeting or topic described.*

### PROPERTY ASSESSMENT APPEAL BOARD REVIEW COMMITTEE

December 11, 2012

**Co-Chairperson:** Senator Joe Bolkcom

**Co-Chairperson:** Representative Tom Sands

**Background.** In 2005, Iowa Acts, Ch. 150, §121 (HF 868), established a Statewide Property Assessment Appeal Board (PAAB) and, effective January 1, 2012, a Property Assessment Appeal Board Review Committee (committee). The committee is required to review the activities of PAAB since its inception and issue a report to the General Assembly by January 15, 2013, that includes any recommendations for changes in laws relating to PAAB, the reasons for the committee's recommendations, and any other information the committee deems advisable. Staff support for the committee is provided by the Iowa Department of Revenue (IDR). The committee met previously on July 18, 2012.

**Iowa Department of Revenue Analysis and Report.** Dr. Amy Rehder Harris, Manager, Tax Research and Program Analysis Section, IDR, presented IDR's report titled "Analysis for the Legislative PAAB Review Committee." The report was requested by the committee to answer questions raised by committee members during the committee's meeting on July 18, 2012. Data in the report was for the 6,624 appeals during the first six years of PAAB's existence and included a statistical analysis of the property classifications involved and the five types of appeal outcomes (affirmed, modified, dismissed, stipulated, or withdrawn). The report also included data related to the assessed value of the property subject to appeal, geographic distribution of the appeals within the state, and the estimated property tax change as a result of PAAB rulings. The report also provided information on the expenses incurred by PAAB during its six years of existence (\$4.5 million). IDR prepared three surveys for various stakeholders in Iowa's property assessment appeal process including the county and city assessors, board of review members, and other stakeholders including the Iowa Bar Association, the Iowa Realtors Association, the Iowa Association of Business and Industry, and the Iowa County Attorneys Association. The report summarized the responses to those surveys. IDR noted that one common survey response was the lengthy period of time PAAB takes to resolve appeals. IDR also analyzed data on the caseload reduction for district courts since 2007. IDR's analysis suggests that the introduction of PAAB as an alternative to the district court has reduced the number of district court cases during an average equalization year by 131, and 101 on average for even years.

**PAAB Report to the Committee.** Ms. Jessica Braunschweig-Norris, PAAB General Counsel, addressed the committee and presented PAAB's report. The report detailed the local board of review protest process as well as the PAAB appeal process, addressed concerns relating to the workload and scheduling obstacles faced by PAAB, summarized the various appeal outcomes occurring in PAAB appeals, and provided data on the level of taxpayer utilization of PAAB and amounts of taxpayer savings. Ms. Braunschweig-Norris also discussed the benefits of providing an additional forum for taxpayers to raise their claims without entering the judicial system, thereby reducing the number of cases required to be heard at the district court level. The report described PAAB as a necessary complement to the local board of review process because local boards of review often operate during a limited period of time and consist of lay people who may be unfamiliar with property assessment procedure and law or who may have conflicts of interest with persons coming before the local board of review.

**Iowa State Association of Assessors Report.** Mr. David Kubik, Dubuque County Assessor, presented the Iowa State Association of Assessors report to the committee. The report focused on five issues of concern: the lack of a presumption of correctness for the local board of review; the amount of evidence required to be presented to local boards of review; the current lack of filing fees for PAAB appeals; the current statutory expertise requirements for PAAB members; and the lack of electronic filing capability at PAAB.

**Public Comment and Committee Discussion.** The committee heard testimony from a taxpayer who had utilized the PAAB appeal process and from an attorney who represents clients before PAAB and in district court. The committee discussed the data and reports presented during the meeting. Committee members discussed the effectiveness of PAAB in relation to PAAB's cost to the state as well as whether the results in PAAB appeals would have occurred without its existence through appeals to district court. Committee members acknowledged that a financial cost/benefit analysis is not the only factor to use in determining whether PAAB is meeting its objectives. The committee members expressed interest in learning about how the local board of review protest process could be improved, including the possibility of restructuring the length of time for such protests. The committee members briefly discussed the possibility of recommending imposition of a filing fee for persons filing an appeal to PAAB, but stressed the importance of not creating a barrier for owners of lower-valued property. Committee members also addressed the concerns of stakeholders about the current lack of electronic filing capability in PAAB appeals and the current qualification requirements for local board of review members and PAAB members. The committee also discussed the possibility of limiting the types of appeals within PAAB's jurisdiction.

The committee did not make formal recommendations, and members identified the need for a further evaluation of the reports submitted during the meeting before any recommendations for legislative action are made.

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## **PROPERTY ASSESSMENT APPEAL BOARD REVIEW COMMITTEE**

July 18, 2012

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**Department of Revenue's Role on the Committee.** Ms. Courtney Kay-Decker, Director, Iowa Department of Revenue (IDR), summarized IDR's role on the committee and its statutory obligations with regard to PAAB. PAAB is an independent instrumentality of the state but is housed within IDR for administrative and budgetary purposes. IDR gathers and analyzes data relating to PAAB to provide to the committee and the general assembly. Director Kay-Decker stated that IDR would welcome direction from the committee regarding the type of data and analysis the committee desires and how it could best be provided. Director Kay-Decker also provided a brief overview of PAAB's appeal procedure. At the election of a taxpayer or taxing authority, a final decision of a local board of review may be appealed to either the PAAB or district court. PAAB is required to review "de novo" any final decision of a local board of review, meaning that PAAB determines anew all questions that arose before the local board of review. Final actions of PAAB may be appealed to district court.

**Presentation of PAAB Case Data.** Dr. Amy Harris, Manager, Tax Research and Program Analysis Section, IDR, presented data on PAAB's caseload since its inception in 2007. Dr. Harris first provided several figures that grouped PAAB's annual caseload by property classification and property classification distribution. Property classifications include agricultural, commercial, industrial, residential, or other. Dr. Harris noted that residential cases normally represent the largest percentage of PAAB's docket, but in both 2010 and 2012 year-to-date, commercial cases dominated. Committee member Mr. Rick Engelken, Dubuque City Assessor, noted that most taxing jurisdictions have a much higher proportion of residential parcels than commercial parcels, so commercial cases appear to be disproportionately represented on PAAB's caseload. Dr. Harris noted that PAAB typically experiences larger caseloads during reassessment years, which occur during odd-numbered years.

Next, Dr. Harris provided several figures that grouped PAAB's annual caseload by outcome and outcome distribution.

Outcomes include affirmed, modified, stipulated (cases settled between parties prior to PAAB's ruling), or other (cases dismissed, withdrawn, or pending). Dr. Harris noted that stipulated cases normally represent the largest percentage of outcomes. Several committee members commented on the reasons for the high percentage of stipulated cases. Mr. Engelken stated that litigation costs often factor into the decision to stipulate. Also, in some cases, the assessor's value is incorrect and the error is not discovered until appraisers are hired by the assessor in preparation for a PAAB hearing. Committee member Mr. Bruce Hovden, Floyd County Assessor, stated that stipulations often result from additional information that the taxpayer failed or refused to produce at the local board of review appeal level. Committee members expressed concern that taxpayers may be in effect skipping the local appeal level to go straight to PAAB.

Finally, Dr. Harris provided tables on PAAB's modified decisions according to year, jurisdiction, and property class. The tables presented data on the number of cases, the average assessed value considered by PAAB, and the average modification issued by PAAB. Dr. Harris noted that since its inception in 2007, PAAB has issued a total reduction in assessed value of \$68.6 million.

**Presentation by PAAB.** The committee invited Mr. Richard Stradley, PAAB member, to speak. Mr. Stradley stated that this meeting was his first opportunity to see the data compiled by IDR relating to PAAB and the first time the public has expressed interest in PAAB's work since its creation. He stressed the importance of also reviewing the local board of review appeals process. He believes the local process is too complicated and taxpayers often get a very short amount of time to present their case. Taxpayers want an opportunity to be heard, and more effort should be made to simplify the process on the local level. He also suggested that the committee get input from the attorneys and tax practitioners who frequently practice before PAAB; he believes most are of the opinion that PAAB is more knowledgeable and cost efficient than district court.

**Additional Committee Discussion.** The committee discussed the data presented during the meeting and made several requests for additional information. Committee members stressed the importance of reviewing the work and processes of PAAB to ensure that taxpayers are being provided a fair and honest hearing and that value is being added as a result of PAAB's role in the appeals process. The committee members expressed interest in learning about how the local board of review appeals process could be improved. The committee members briefly discussed the possibility of recommending imposition of a minimal user or filing fee for persons filing an appeal to PAAB, but stressed the need for a thorough evaluation and cost/benefit analysis before such a recommendation would be proposed or considered by the committee.

**Next Meeting.** The committee tentatively agreed to hold another meeting later in the year after more information has been gathered and more stakeholders have had an opportunity to comment. IDR offered to produce and provide a questionnaire to various stakeholders and to invite some stakeholders to testify at the next meeting.

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