

Property Tax in Iowa: Overview and Update

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Constitutional Authority

- Local governments' authority to tax is limited by the Iowa Constitution.
- Home rule amendments to the Iowa Constitution adopted in 1968.
- Article III, sections 38A and 39A:
 - Cities and counties are granted home rule power and authority, not inconsistent with the laws of the general assembly, to determine their local affairs and government, except that they “**shall not have power to levy any tax unless expressly authorized by the general assembly.**”

Debt Limitation

- Iowa Const. Article XI, Sec. 3:
 - No county, or other political or municipal corporation shall be allowed to become indebted in any manner, or for any purpose, to an amount, in the aggregate, exceeding five per centum on the value of the taxable property within such county or corporation - to be ascertained by the last state and county tax lists, previous to the incurring of such indebtedness.
- Iowa Code 441.21(7) provides:

[F]or the purpose of computing the debt limitations for municipalities, political subdivisions and school districts, the term "actual value" means the "actual value" as determined by . . . this section without application of any percentage reduction....

What is “Real Property”?

- Only “real property” is assessed and taxed in Iowa.
 - Iowa Code 427A.2 exempts personal property from property tax.
 - Other states property tax applies to personal property as well.
- Iowa Code § 427A.1, specifies “real property” to include:
 - Land and water rights
 - “Substances contained in or growing upon the land, before severance from the land, and rights to such substances. However, growing crops shall not be assessed and taxed as real property.”
 - Buildings, structures or improvements that are constructed on or in the land, attached to the land, or placed upon a foundation.
 - Buildings, structures, equipment, machinery or improvements, any of which are attached to the buildings, structures, or improvements.
 - Machinery used in manufacturing establishments.
 - Rights to space above the land.
 - Property centrally assessed by the Department of Revenue pursuant to certain provisions of the Iowa Code.
 - Transmission towers and antennae not a part of a household.

“Attached”

Iowa Code 427A.1

- “Attached” means any of the following:
 - Connected by an adhesive preparation.
 - Connected in a manner so that disconnecting requires the removal of one or more fastening devices, other than electric plugs.
 - Connected in a manner so that removal requires substantial modification or alteration of the property removed or the property from which it is removed.
- Not "attached" if it is a kind of property which would ordinarily be removed when the owner of the property moves to another location. In making this determination the assessing authority shall not take into account the intent of the particular owner.
- Not "attached" if any of the following conditions are met.
 - It is a fixture used for cooking, refrigeration, or freezing of value-added agricultural products, used in value-added agricultural processing, or used in direct support of value-added agricultural processing. But does not apply to fixtures used primarily for retail sale or display.
 - It is a concrete batch plant.
 - It is a hot mix asphalt facility.
 - It is a photobioreactor used in the production of algae for harvesting as a crop for animal feed, food, nutritionals, or biofuel production. (House File 632 (2013)).

Classes of Property

- Real property in Iowa is classified within one of the following categories:
 - Residential
 - Agricultural
 - Commercial
 - Industrial
 - Utilities (Assessed at State Level)
 - Railroads (Assessed at State Level)
 - Multiresidential (starts January 1, 2015)
- Property is classified and valued according to its present use and not its highest or best use. IAC 701-71.1.
- Not contingent on zoning classification.

Residential Property

- Residential real estate includes all lands and buildings which are primarily used or intended for human habitation, including those buildings located on agricultural land.
- Includes the dwelling as well as structures and improvements used primarily as a part of, or in conjunction with, the dwelling.
 - Garages, whether attached or detached, tennis courts, swimming pools, guest cottages, and storage sheds for household goods.
- Buildings for human habitation that are used as commercial ventures, including but not limited to hotels, motels, rest homes, and structures containing three or more separate living quarters are not considered residential real estate.

Manufactured and Mobile Homes

- Iowa Code § 435.2 Placement and taxation.
- If a mobile home is placed outside a mobile home park, or a manufactured home is placed outside a manufactured home community, the home is to be assessed and taxed as real estate.
 - If a manufactured home is placed in a manufactured home community or a mobile home park, the home must be titled and is subject to the manufactured or mobile home square foot tax.

Manufactured and Mobile Homes Square-foot Tax

- Multiply the number of square feet of floor space each home contains when parked and in use by twenty cents. (Lower rates for low-income)
- Percentage reductions in tax for 6+ years following manufacture.
- The annual tax is due and payable to the county treasurer on or after July 1 in each fiscal year and is collectible in the same manner and at the same time as ordinary property taxes. Iowa Code § 435.24.

Agricultural Real Estate

- Agricultural real estate: All tracts of land and the improvements and structures located on them which are in good faith used for agricultural purposes. IAC 701-71.1(3). Excludes agricultural dwellings (“farm houses”).
 - Agricultural dwellings valued as residential property. Iowa Code 441.21(6); IAC 701-72.12. (Including the “rollback”)
 - Land underneath the dwelling is assessed as Agricultural real estate.
- Land and the nonresidential improvements and structures are considered to be used primarily for agricultural purposes if its principal use is devoted to the raising and harvesting of crops or forest or fruit trees, the rearing, feeding, and management of livestock, or horticulture, all for intended profit.

Commercial Real Estate

- Commercial real estate includes all lands and improvements and structures located thereon which are primarily used or intended as a place of business where goods, wares, services, or merchandise is stored or offered for sale at wholesale or retail.
 - Includes hotels, motels, rest homes, structures consisting of three or more separate living quarters and any other buildings for human habitation that are used as a commercial venture.
- However:
 - Regardless of the number of separate living quarters or any commercial use of the property, single- and two-family dwellings, and multiple housing cooperatives (Code chapter 499A), are classified as residential real estate.
 - An apartment in a horizontal property regime (condominium Code chapter 499B) which is used or intended for use as a commercial venture, other than leased for human habitation, shall be classified as commercial real estate.

Separate Owners

- Buildings or improvements erected or made by any person other than the owner of the land are listed and assessed to the owner of the buildings or improvements as real estate.
- Example: Land leased by owner to business that constructs an office on the land. Land and building will be listed as separate properties and the owner of each will be responsible for property taxes attributable to property they own.



Industrial Real Estate

- Industrial real estate includes land, buildings, structures, and improvements used primarily as a manufacturing establishment. Industrial real estate is assessed at its actual value, just like other classifications.
- A **manufacturing establishment** is a business entity in which the primary activity consists of adding to the value of personal property by any process of manufacturing, refining, purifying, the packing of meats, or the combination of different materials with the intent of selling the product for gain or profit.
- Includes land and buildings used for the storage of raw materials or finished products and which are an integral part of the manufacturing establishment, and also includes office space used as part of a manufacturing establishment.

Industrial Real Estate? Incidental

- Property in which the performance of these activities is only incidental to the property's primary use for another purpose is not a manufacturing establishment.

Example

- Grocery store in which bakery goods are prepared would be assessed as commercial real estate since the primary use of the grocery store premises is for the sale of goods not manufactured by the grocery and the industrial activity, i.e., baking, is only incidental to the store premises' primary use.
- However, property which is used primarily as a bakery would be assessed as industrial real estate even if baked goods are sold at retail on the premises since the bakery premises' primary use would be for an industrial activity to which the retail sale of baked goods is merely incidental. See *Lichty v. Bd. of Rev. of Waterloo*, 298 N.W. 654 (Iowa 1941).

Industrial Property - Machinery

- Includes all machinery used in manufacturing establishment. Such machinery is assessed as real estate even though such machinery might be assessed as personal property if not used in a manufacturing establishment. IAC 701-71.7.
- Machinery includes equipment and devices, both automated and nonautomated, which is used in manufacturing. See *Deere Manufacturing Co. v. Beiner*, 78 N.W.2d 527 (Iowa 1956).

Centrally Assessed Property

- Examples: Iowa Code chapters 428, 433, 434, 437, 438
- All lands, buildings, machinery, and equipment belonging to electric companies, gas companies, railway companies, and telephone/telegraph companies are assessed by the Department and subject to property taxation by local governments.
- More efficient for the Department to assess the property and assign the proportion of the property located within each county or other political subdivision.
- Central assessment also helps to prevent local disputes over how such property valuation is distributed.

Electricity & Natural Gas

1998 Legislation: Central assessment by the Department in valuing property of entities involved in the generation, delivery, and transmission of electricity and natural gas in the state were replaced by excise taxes on generation, delivery, and transmission effective for the assessment year beginning January 1, 1999.

- In addition to the excise taxes, an annual statewide property tax is imposed at a rate of 3 cents per \$1,000 of assessed value on all property which is primarily and directly used in the generation, transmission, or delivery of electricity or natural gas.
- The proceeds of the statewide property tax are to be used to administer the collection of the excise tax.

2013: New Code chapter 437B was enacted for rate-regulated water utilities.

Telecom Companies

- Telephone companies operating a line in Iowa is required to file a statement with the Department detailing aspects of the company's operation and revenue, including miles of line, gross receipts, and expenses.
- Determine the actual value of the in-state property of these companies, taking into consideration the information obtained from the statements.
- Each assessment (commonly referred to as "unit value") includes all property of every kind and character whatsoever, real, personal, or mixed, used by the companies in the transaction of telephone business so long as the property in the assessment is not being taxed in any other manner under Code chapter 433.
- Director is then responsible for determining the distribution of value among the counties based on the number of miles of line in each county.
- Non-operating property belonging to a telephone company is assessed by the local assessor on the same basis as other commercial property in the jurisdiction where situated.

Qwest Corp. v. Iowa State Bd. Of Tax Review (2013)

- Issue: Whether disparate tax treatment of personal property of local exchange carriers as compared to long-distance companies and wireless providers, violated the Equal Protection Clause.
- Tax issue reviewed under rational basis.
- Court concluded that the differential tax treatment of these enterprises is **rationaly related to legitimate state interests** in encouraging the development of new competitive telecom infrastructure, while raising revenue from those providers that historically had a regulated monopoly and continue to enjoy some of the advantages of a monopoly.

SF 295: Telecom Exemption

- AY 2013 Total of the following:
 - 20% of the value from \$0 – \$20m
 - 17.5% of the value from \$20m - \$55m
 - 12.5% of the value from \$55m - \$500m
 - 10% of the value in excess of \$500m
- AY 2014 + Total of the following:
 - 40% of the value from \$0 – \$20m
 - 35% of the value from \$20m - \$55m
 - 25% of the value from \$55m - \$500m
 - 20% of the value in excess of \$500m

Telecom Exemption Example AY 2014

- Centrally Assessed Value is \$300 million
- Exemption amount is equal to sum of:
 - 40% of \$20 million = \$8,000,000
 - 35% of \$35 million = \$12,250,000
 - 25% of \$245 million = \$61,250,000
 - 20% of \$0 = \$0
- Total Exemption: \$81,500,000
- Remaining assessed value of \$218,500,000 apportioned to local jurisdictions.

Assessment

- Valuation established as of January 1.
- All real property is assessed every two years in odd-numbered years (2013), except public utility and railroad property, which is every year by Department of Revenue.

Assessed Value

- Taxable property is assessed, unless otherwise provided, at 100% of its “actual value” on January 1 of the assessment year. Iowa Code 441.21, IAC 701-71.2.
- “Actual value” is its fair and reasonable market value.
- “Market value” is the fair and reasonable exchange in the year in which the property is listed and valued between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and each being familiar with all the facts relating to the particular property.
 - Consider sale prices of the property or comparable property in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property.
 - Sale prices in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including but not limited to sales to immediate family of the seller, foreclosure or other forced sales, contract sales, discounted purchase transactions or purchase of adjoining land or other land to be operated as a unit.
 - Can look to the availability or unavailability of purchasers.

Alternate Appraisal Methodologies

- Iowa Code allows for other recognized appraisal methods if market value cannot be established by Code methods for market value. Iowa Code 441.21(2).
 - Cost approach
 - Income Approach
- However, special value or use value of the property to its present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property may not be considered.

Commercial & Industrial Property

- Assessors use the appraisal manual issued by DOR pursuant to Iowa Code section 421.17 as well as a locally conducted assessment/sales ratio study, an analysis of sales of comparable properties, and any other relevant data available.
- Commercial & industrial properties are more specialized than residential.
- Determining the actual value of industrial machinery, assessor considers the “Industrial Machinery and Equipment Valuation Guide” issued by the DOR and any other relevant data available.
- Might require use of different appraisal methodologies.

Assessed Value

- Special valuation standards:
 - Agricultural real estate.
 - Manufactured and mobile homes.
 - Railroad sleeping and dining cars.
 - Electric transmission lines.
 - Pipeline company equipment.
 - Special purpose tooling and special purpose industrial property have specific statutory provisions.
 - Market value of property leased to low-income persons (federal low-income housing credit) is required to consider actual rents received and the affect its use has on the market value of the property. Iowa Code 441.21(2).

Ag “Productivity”

- “The actual value of agricultural property shall be determined on the basis of productivity and net earning capacity of the property determined on the basis of its use for agricultural purposes capitalized at a rate of seven percent and applied uniformly among counties and among classes of property. Any formula or method employed to determine productivity and net earning capacity of property shall be adopted in full by rule.” Iowa Code 441.21(1)(e).
- Productivity determined by a rolling five-year average productivity study based on each county’s actual crop yields, prices, and expenses and the resulting formula reflects the county average net income per acre for 5 years. IAC 701-71.12(1).

Ag Productivity “Capitalizes Income”

- Calculated on a county-by-county basis
- Net income per acre (revenue - expenses)
- Divide that net income by the statutory capitalization rate of 7%.
- Example: Net income per acre of \$150.
Productivity value per acre:
$$\$150 / .07 = \$2,152 \text{ per acre. (2013)}$$
- Compare to the market value per acre of \$8,296 (2013).

Corn Suitability Rating

- Agricultural real estate in a county is assigned a corn suitability rating (CSR). A corn suitability rating measures suitability of the land for producing corn (i.e., row crops) and its yield potential. A corn suitability rating is an agronomist's way of measuring soil type.
 - Corn suitability ratings range from 5 to 100. A 100 rating is reserved for those soils located in areas of most favorable weather conditions for Iowa, that have high crop yield potential, and that can be continuously row cropped with little soil erosion.
- 2013: Adjustment for non-cropland with a CSR that is greater than 50% of the average CSR for cropland in the county. 701-71.3

Agricultural Buildings

- To determine a productivity value for agricultural buildings and structures, an agricultural adjustment is applied to the market value of these buildings and structures.
- “Agricultural factor” for the jurisdiction is a ratio of productivity value to market value. The resulting ratio is then applied to the actual value of the agricultural buildings and structures.
- The agricultural factor is applied uniformly to all agricultural buildings and structures in the assessing jurisdiction. As an example, if a building’s actual value is \$500,000 and the agricultural factor is 30%, the productivity value of that building is \$150,000. See *H & R Partnership v. Davis County Board of Review*, 654 N.W.2d 521 (Iowa 2002).

Agricultural Formula Example

- Nation County, Iowa = 2,000 taxable acres of agricultural land.
- Average productivity/net earning capacity, as determined under the productivity formula, = \$700/acre.
- Market value of agricultural land in Nation County for the same assessment year = \$2,100 per acre.
- Agricultural factor (ratio of productivity value to market value) for county is 33% (\$700 per acre/ \$2,100 per acre).
- Productivity value per acre is multiplied by the number of taxable acres to arrive at an aggregate whole (land and buildings) of \$1.4 million (\$700 X 2,000 acres).
- Agricultural buildings are assessed at their actual value of \$400,000 by the assessor. Apply the agricultural factor to the actual value of the buildings to arrive at a productivity value of \$132,000 (\$400,000 X .33), which is spread out over the buildings.
- Productivity value of the buildings is subtracted from the aggregate whole to arrive at the amount of agricultural value that will be spread out over the agricultural land in the county (\$1.4 million minus \$132,000 = \$1,268,000).
- The amount is not assigned at an equal value per acre. The assessor does not simply divide \$1,268,000 by 2,000 acres. Agricultural land that is timberland or pasture has less value as agricultural land (i.e., a lower CSR) than does land that is used to grow row crops. Therefore, the crop acres are assigned a higher value, in general, than the timberland or pastureland.

Property Tax Base By Classification FY 2013

- Residential 47.1%
- Commercial 23.4%
- Industrial 4.5%
- Agricultural 18.7%
- Other 6.4%

Courtesy of Jeff Robinson, LSA, Fiscal Division.

Revaluation

- Modifications or repairs to the property may result in revaluation in any assessment year, odd or even. (Iowa Code 428.4).
- Iowa Code § 441.21(8):
 - a. Any normal and necessary repairs to a building, not amounting to structural replacements or modification, shall not increase the taxable value of the building. This paragraph applies only to repairs of two thousand five hundred dollars or less per building per year.
 - b. Notwithstanding paragraph "a", any construction or installation of a solar energy system on property classified as agricultural, residential, commercial, or industrial property shall not increase the actual, assessed and taxable values of the property for five full assessment years.

Equalization

- Odd-numbered years: Statewide review of the level of assessment of property within each class and orders the equalization of the levels of assessment of any class of property if the aggregate assessed valuation of that class of property is at least 5 percent above or below the valuation of that class of property statewide. Iowa Code 441.21(1)(d); see also Iowa Code 441.47.
- Increasing or decreasing the aggregate valuations of certain classes of property within jurisdictions by the percentage necessary to adjust the level of assessment to actual value.
 - Intended to prevent wide variations between assessments statewide of real property in any one class.
 - Provides a uniform basis for the distribution of state aid to schools under the school foundation formula in Iowa Code chapter 257.
 - Provides a comparable base between jurisdictions for determining the constitutional limitation on local government bonded indebtedness.

Equalization (cont.)

- Equalization orders are issued by the department to county auditors on October 1.
- After receiving the final equalization order, a local assessor must adjust the targeted class of property up or down by the percentage specified for that class of property in accordance with the order.
- Equalization orders are restricted to equalizing the aggregate valuations of entire classes of property and may not adjust the valuations of individual properties.
- The local board of review is required to convene in special session from October 15 to November 15 to hear assessment protests from affected owners or taxpayers whose valuations have been adjusted by the equalization order.

Property Tax Limitations

- Iowa law imposes a number of limitations on the collection of property taxes by local government entities.
 - Maximum levy rate amounts prescribed in statute.
 - Rollbacks.
 - The allowable uses for revenues collected from supplemental levies is a limitation on property taxes.
- Iowa Code sections 444.25A through 444.27 from 1993-1998.
 - Under these sections, **the maximum amount of property tax dollars which could be certified by a county was limited to the amount certified in the immediately preceding fiscal year.**
 - Exceptions from the limitation allowed for levies against certain assessments, such as new construction, and for levies made for certain expenditures, such as debt service, hospitals, and emergency management.

“Rollback”

Read Iowa Code § 441.21



“Traditional” Rollback

- “Rollback” is a limitation on the growth in assessed values. The rollback percentage is multiplied by the actual value to obtain the assessed value of the property subject to taxation.
- In a nutshell:
 - Iowa law limits statewide growth in taxable value due to revaluation of existing property to no more than a certain percentage each year.
 - Determines % of actual value that will be taxable for that year.
 - Percentage for each classification is determined on a statewide basis.
- Enacted for residential and agricultural property to apply to assessments beginning in 1978, and for all other classes of property beginning in 1979.
 - Limit was originally set at 6 percent for all classes except utilities (10 percent), but since the 1980 the limitation percent has been 4 (8 percent for utilities).
 - **Until in 2013, the percentage limitation for Agricultural and Residential reduced from 4 percent to 3 percent.**
 - Residential/Agricultural tie. Increases in the assessment of residential and agricultural property are tied to each other. The annual increase in each class of property is limited to the smaller of the two increases in either class of property.

Basic Rollback Example

- Year 1:
 - Statewide actual value of property in class \$100 million and current rollback is 60%.
 - Assessed (taxable) value = \$60 million.
- 3% Assessment limitation. The limit restricts the total assessed (taxable) value in Year 2 to \$60 million x 1.03 = \$61.8 million.
- Year 2:
 - Statewide actual value of property in class increases 10% in Year 2 and is \$110 million (all due to revaluation).
 - Rollback % for Year 2 is determined by:
$$\frac{\$61.8 \text{ million}}{\$110 \text{ million}} = .562$$
- Think of it as the percentage at which you need to multiply the statewide actual value so that the taxable value from the previous year does not grow by more than 3%.

SF 295 Commercial & Industrial Rollback

- No more calculation.
- AY 2013: 95%
- AY 2014 and each AY thereafter: 90%
- Replacement moneys ongoing.

Recent Rollbacks

IOWA ASSESSMENT LIMITATIONS											
Assessment Limitation Factor and Allowable Growth (%) for Each Class of Property											
Assessment Year	Agricultural		Residential		Commercial		Industrial		Utilities		Railroads *
2003	100%	(4%)	48.4558%	(4%)	99.2570%	(4%)	100%	(4%)	100%	(8%)	99.2570%
2004	100%	(4%)	47.9642%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2005	100%	(4%)	45.9960%	(4%)	99.1509%	(4%)	100%	(4%)	100%	(8%)	99.1509%
2006	100%	(4%)	45.5506%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2007	90.1023%	(4%)	44.0803%	(4%)	99.7312%	(4%)	100%	(4%)	100%	(8%)	99.7312%
2008	93.8568%	(4%)	45.5893%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2009	66.2715%	(4%)	46.9094%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2010	69.0152%	(4%)	48.5299%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2011	57.5411%	(4%)	50.7518%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2012	59.9334%	(4%)	52.8166%	(4%)	100%	(4%)	100%	(4%)	100%	(8%)	100%
2013	43.3997%	(3%)	54.4002%	(3%)	95%		95%		100%	(8%)	95%

Rollback

- The tie with agricultural has accelerated the residential rollback.
- Growth in taxable value limited by both the rollback on revaluation of existing property and the rollback's application to new construction.
- Residential rollback incentivized apartment building conversions.

Local Assessment Officials

- **County Assessor:**
 - Appointed by a conference board. Iowa Code § 441.16.
- **City Assessor:**
 - Population of 10,000 or more may provide by ordinance for the office of city assessor. Iowa § Code 441.1.

Conference Board

- **County:**
 - Comprised of mayors of all incorporated cities, one from board of directors of each high school district, and the members of the board of supervisors.
- **City:**
 - If city has assessor, members of the city council, school board, and county board of supervisors.
- Chairperson is the chairperson of board of supervisors or the mayor, as applicable.
- Each entity is a “voting unit.” Voting unit has a single vote. Three possible votes. Majority of each unit determines the vote of that unit.
- **Other Duties:**
 - Conference Board certifies the combined budgets of the local assessor, examining board, and the board of review.
 - Also appoints the local examining board (which examines and reports on prospective appointees to assessor) and local board of review (which hears protests of assessments).

County Assessor

- Six-year term.
- When a vacancy occurs:
 - Local examining board requests Director of Revenue to send a register of all persons eligible for appointment.
 - Eligibility based on attaining a score of 70% or more on written examination and two years of appraisal-related experience.
- If passed exam, but no experience, can be granted temporary certification and eligible for provisional appointment dependent upon completed a course of study prescribed and administered by Dept. of Revenue.
- Examining board conducts examination and submits report to the conference board. Iowa Code 441.6.

Assessor Duties

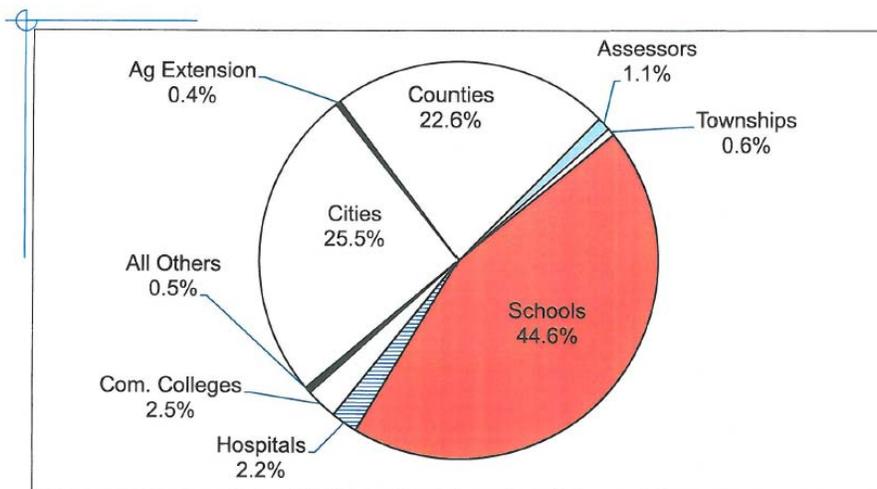
- Classifying taxable real property located in the jurisdiction.
- Determining the value and taxable status of property.
- The Assessor DOES NOT:
 - Collect taxes
 - Calculate taxes
 - Determine tax rate
 - Set policy for the local board of review

Where Does the Money Go?

- Taxing Authorities include:
 - Cities
 - Counties
 - School Districts
 - Townships
 - Special Districts
 - Community Colleges
 - Etc..... (more than 2000 taxing entities statewide)

Iowa Property Tax by Taxing Authority

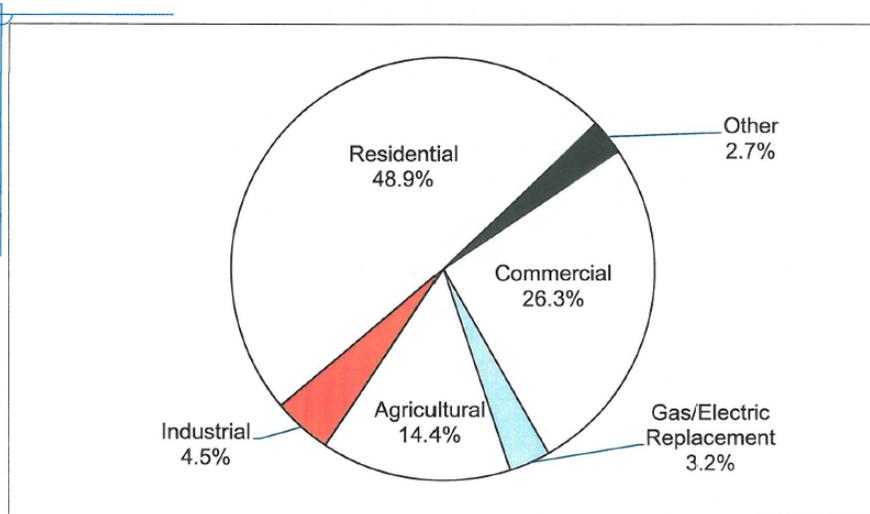
FY 2012/13 = \$4.910 billion



Courtesy of Jeff Robinson, LSA, Fiscal Division.

Iowa Property Tax by Property Class

FY 2012/13 = \$4.910 billion



Courtesy of Jeff Robinson, LSA, Fiscal Division.

Basic County Levies

- Rural Services Levy (\$3.95) only imposed in unincorporated areas. Iowa Code § 331.423.
- General Services Levy (\$3.50) imposed county wide. Iowa Code § 331.423
- Supplemental Property Tax Levy only for those purposes in Iowa Code § 331.424. (Rate not limited by statute).

County Additional Levies

- County Board of Supervisors may certify additions to each of the basic levies (general and rural services) if the county has unusual circumstances to raise in excess of limits. Iowa Code § 331.426.
- May certify an addition to a levy in excess of amounts permitted under basic and additions to the basic levy if approved at special election. Iowa Code § 331.425.

City Levies

- General Fund Levy (\$8.10). Iowa Code § 384.1.
- Permitted to certify supplemental levies for only those purposes, and only those rates, specified by Iowa Code § 384.12.
 - Must meet the procedural requirements, in most cases (city election for approval)
 - Supplemental is a general fund levy.
 - Band or symphony, memorial monument/building, cultural or scientific facilities, municipal transit, civic center, aviation authority, liability insurance, etc.
- May certify a tax levy in excess of statutory maximum if approved at special election. Iowa Code § 384.12(20).

Separate City Funds

- Cities also allowed to levy property taxes for the following funds:
 - Debt Service Fund. Iowa Code § 384.4.
 - Trust and Agency Funds. Iowa Code § 384.6.
 - Capital Improvements Fund. Iowa Code § 384.7.
- May establish an emergency fund, for which property taxes do not exceed \$0.27.
 - Transfers from the emergency fund to the city general fund are governed by rules promulgated by the City Finance Committee (state level committee). Iowa Code § 384.8.

Education Levy Examples

- School Districts: Combination of state aid and local property taxes on a per pupil basis.
 - Foundation property tax levy is \$5.40. Iowa Code § 257.3.
 - Additional property tax levy. Iowa Code § 257.4.
- Physical plant and equipment (PPEL) levy is \$1.67. Iowa Code § 298.2.
 - PPEL consists of the regular physical plant and equipment levy of not exceeding \$0.33 and a voter-approved physical plant and equipment levy of not exceeding \$1.34.

Benefited/Special Districts

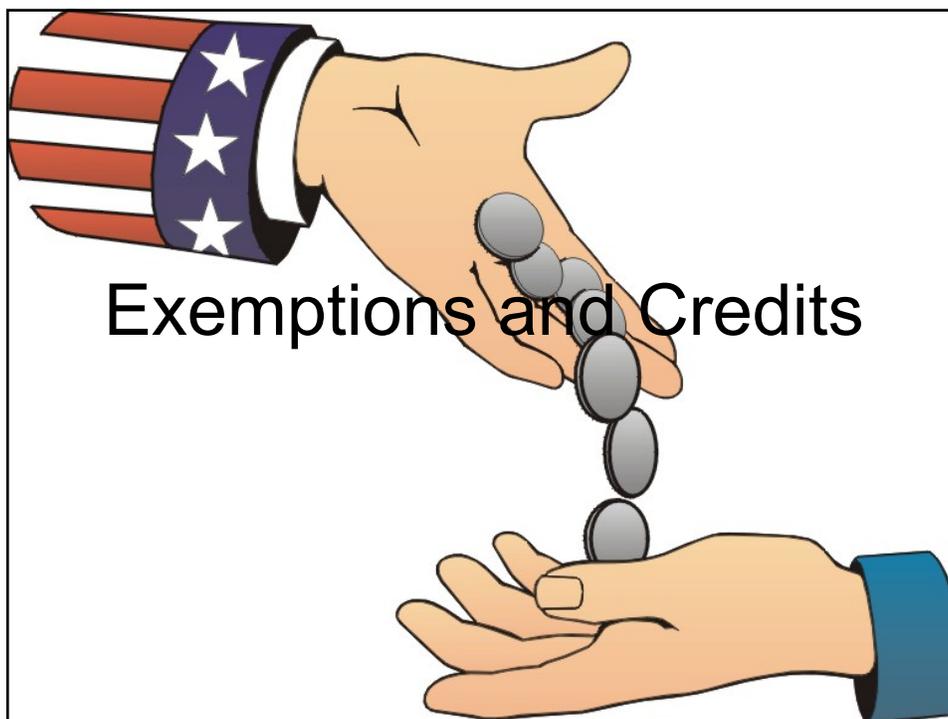
- Examples:
 - Water Districts
 - Fire Districts
 - Street Lighting Districts
 - Emergency Medical Services Districts
 - Rural improvement zones
 - Real estate improvement districts
 - Recreational lake and water quality districts.

Tax Distribution by Authority

Taxing Authority	% of Total	Current Year	Prior Year
Johnston Community School	43.45546	1,943.33	1,881.91
City of Johnston	27.91973	1,248.57	1,224.60
Polk County	17.38728	777.56	738.64
Broadlawns Hospital	7.50114	335.45	323.04
Area XI College	1.73077	77.40	63.42
Des Moines RTA - Johnston	1.20191	53.75	43.39
County Assessor	.69666	31.15	26.45
Agricultural Extension	.09879	4.42	4.19
State of Iowa	.00826	.37	.36
Totals		\$4,472.00	\$4,306.00

Total Tax Levied by Authority

Taxing Authority	% Change	Current Year	Prior Year
Johnston Community School	6.99	31,734,533	29,661,225
City of Johnston	3.40	15,434,301	14,926,228
Polk County	5.39	136,850,415	129,857,326
Broadlawns Hospital	3.79	54,971,307	52,966,321
Area XI College	23.23	23,770,054	19,289,723
Des Moines RTA - Johnston	28.37	509,639	397,021
County Assessor	17.74	5,105,408	4,336,274
Agricultural Extension	5.29	723,918	687,558
State of Iowa	3.18	60,556	58,690
Totals	6.73300	269,160,131	252,180,366



Exemptions and Credits

Homestead Credit

- The homestead credit was enacted in 1937.
- The current statutory amount of the credit is equal to the actual levy on the first \$4,850 of value. (if funded) Iowa Code § 425.1.
- **Eligibility:** Taxpayer must own and occupy the property as a homestead on July 1 of each year, declare residency in Iowa for income tax purposes, and occupy the property for at least six months each calendar year.
 - Persons in military service or residing in nursing homes who would otherwise qualify are also eligible for the credit.
- **“Owner”** means the person who holds the fee simple title, the person occupying as a surviving spouse, the person occupying under a contract of purchase that has been recorded in the office of the county recorder, the person occupying the homestead through inheritance, or a person occupying the homestead with an interest in a horizontal property regime (condo).

Homestead Credit

- Claims for the homestead credit must be filed on or before July 1 in the first assessment year for which the credit is claimed. Iowa Code § 425.2.
 - If a homestead credit is to be allowed for taxes payable in the 2014-2015 fiscal year, the claim must be filed by or be on file as of July 1, 2013.
- Credit allowed on that homestead for successive years without further filing as long as the property is legally or equitably owned and used as a homestead by that person or that person's spouse on July 1 of each of those successive years, and the owner meets the other statutory requirements.
- Any person whose claim is denied may appeal from the action of the board of supervisors to the district court of the county in which said claimed homestead is situated by giving written notice of such appeal to the county auditor of said county within 20 days from the date of mailing of notice of such action by the board of supervisors.

Homestead Credit Funding

- “There is appropriated annually from the general fund of the state to the department of revenue to be credited to the homestead credit fund, an amount sufficient to implement this chapter.” Iowa Code § 425.1(1)
- If the homestead tax credit is less than \$62.50, the amount of homestead tax credit on that eligible homestead shall be \$62.50 subject to the limitation imposed in this section. Iowa Code § 425.1(5)

Iowa Code § 25B.7

- Political subdivision is only required to extend to the taxpayer only that portion of the credit or exemption estimated to be funded by the state appropriation.
- Applies to all property tax credits and exemptions enacted after Jan. 1, 1997 and the homestead, low-income/elderly/disabled, and military service credits and exemptions.
- Only statutory, so legislature can “notwithstanding” Iowa Code § 25B.7.

Disabled Veteran Homestead Credit

Iowa Code § 425.15

- If the owner receiving homestead credit is a disabled veteran, who acquired the homestead under certain specified federal programs, the credit allowed is equal to the entire amount of the tax levied on the homestead.
- Income limitation of \$35,000.
- The credit may be continued to the estate of a veteran who is deceased or the surviving spouse and any child who are the beneficiaries of the deceased veteran, so long as the surviving spouse remains unmarried.

Agricultural Land Property Tax Credit

- Established in 1946 to partially offset the school property tax burden borne by agricultural real estate.
- Allows a credit for any school general fund tax in excess of \$5.40 per \$1,000 of assessed value.
- Land used for agricultural or horticultural purposes in tracts of 10 acres or more is eligible for the credit.
 - Buildings or other structures are excluded.
- Landowners are not required to file a claim for credit. The county auditor determines the amount of eligible credit applicable to each taxpayer.
- If state funds are insufficient to fully reimburse all credits, only a pro rata amount of the eligible credits is allowed. Iowa Code §§ 426.7, 426.8.

Family Farm Property Tax Credit

- Established in 1990 to partially offset the school property taxes on agricultural real estate owned by active farmers.
- Current law allows a credit for any school general fund tax in excess of \$5.40 per \$1,000 of assessed value.
- The credit is only intended to benefit tracts of agricultural land that are owned by certain individuals or enumerated legal entities if the owner or other specified persons are actively engaged in farming the agricultural land for which the credit is claimed.
- Land used for agricultural or horticultural purposes in tracts of 10 acres or more is eligible for the credit.
 - Buildings or other structures are excluded.
- Like the agricultural land property tax credit, if the money available is insufficient to fully fund the total eligible credits, only a pro rata amount of each eligible credit is allowed.

Exempt Property

- Local assessor is responsible for determining the taxable status of all property.
- The use of the property is controlling in determining the taxable status of property.
- There are specific filing deadlines, but if one is not specified in the statute then the claim must be filed by July 1 of the assessment year. Iowa Code § 441.46.

Exempt Property (cont.)

- Exemption statutes are to be strictly construed in favor of the taxing body and the burden of proof lies with taxpayer. If there is any doubt about taxable status, then property is subject to taxation. *Carroll Area Child Care Center, Inc. v. Carroll County Bd. of Review*, 613 N.W.2d 252 (Iowa 2000).
- Determination of taxable status is appealable to the local board of review just as an assessment value is appealable.

Statutory Exemptions

Military Service Tax Exemption (effective 1886).

- A military service tax exemption of \$2,778 for World War I veterans and \$1,852 for other veterans is allowed for active or reserve duty service in the armed forces of the United States. Iowa Code § 426A.11.
- Local governments are partially reimbursed by the state for providing the military service tax exemption in an amount equal to the amount the local government would have collected had a consolidated levy rate not to exceed \$6.92 per \$1,000 of assessed value been levied against the exempted valuation. Iowa Code § 426A.2.

Locally Authorized Exemptions

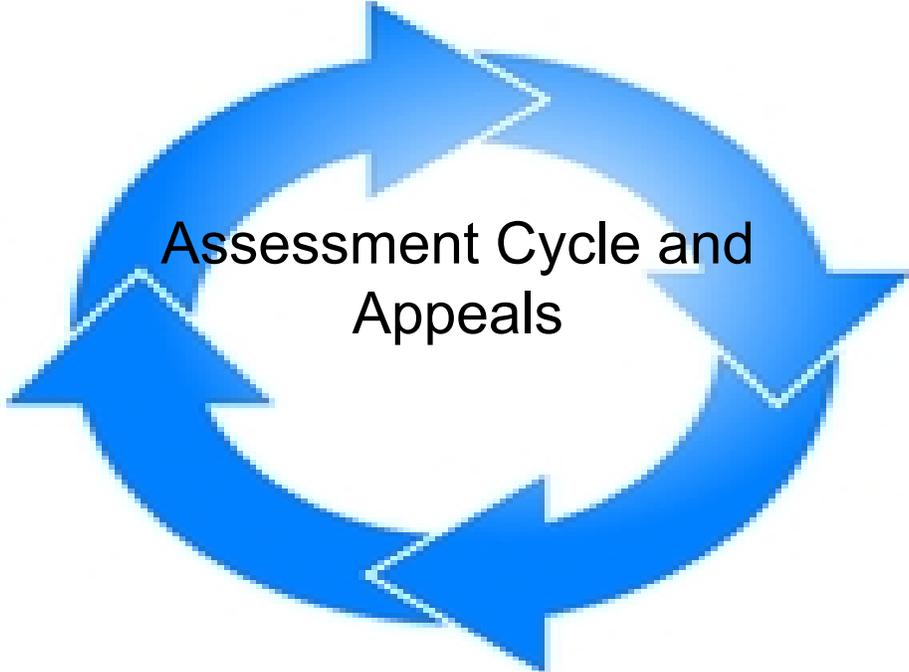
Iowa Code § 427B.1

- A city council, or a county board of supervisors may provide by ordinance for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses, distribution centers and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section 427A.1, subsection 1, paragraph “e”.
- The actual value added to industrial real estate for the reasons specified in section 427B.1 is eligible to receive a partial exemption from taxation for a period of five years.
- Iowa Code provides a schedule of partial exemption percentages unless an alternative schedule is adopted. (may not exceed the statutory schedule).

Other Statutory Exemptions

Iowa Code § 427.1

- Federal and state property.
- Municipal and Iowa National Guard property.
- Public grounds and cemeteries and property of cemetery associations.
- Fire company buildings and grounds.
- Property of associations of war veterans.
- Public and private (not-for-profit for public use) library and art gallery buildings and grounds.
- Property of religious, literary, and charitable societies.
- Property of educational institutions.
- Public airports.
- Property of rural water nonprofit corporations and municipal joint water utilities.
- Public television station grounds and buildings.
- Storm shelters in mobile home parks.
- Property utilized by a web search portal site business. (Google)



Assessment Cycle and Appeals

Assessment Cycle

- Assessment year commences January 1 of each calendar year. Iowa Code 428.4, 441.46.
- From January 1 to April 1 to complete assessments and notify taxpayers. Iowa Code 441.28. (changed from April 15 in 2013).

OFFICE OF
POLK COUNTY ASSESSOR
ROOM 195 POLK COUNTY ADMINISTRATIVE OFFICE BLDG.
111 COURT AVENUE
DES MOINES, IOWA 50309-0904
www.assess.co.polk.ia.us
(515) 281-3140

James E. Maloney, ASA, ICA
County Assessor

Randy J. Ripperger, CAE, ICA
Chief Deputy

2009 REAL ESTATE ASSESSMENT ROLL

April 10, 2009

 Duster, Angela R
9103 Stratton Dr
Johnston, IA 50131-2861

Title Holder:	Duster, Angela R, et al.
Property Address:	9103 Stratton Dr
Legal Description:	LOT 27 GREEN MEADOWS NORTH PLAT 5
Town/Township:	Johnston
School District:	Johnston
District/Parcel:	241/00529-067-627
Geo Parcel:	7925-03-406-014
Neighborhood:	JH02
Property Class:	Residential
Reason For Assessment Roll:	Revaluation

2009 ASSESSMENT

	Land:	52,800
	Agricultural Buildings:	0
	Buildings:	193,100
	FULL ASSESSED VALUE:	245,900

For comparison purposes your 2008 full assessed value was 245,900 class Residential

Iowa Code § 441.30

- New informal process created in SF 295 (2013).
- Any property owner or aggrieved taxpayer who is dissatisfied with the assessment may contact the assessor by telephone or in writing by paper or electronic medium on or after April 1, to and including May 4 to inquire about the specifics and accuracy of the assessment. The inquiry may also include a request for an informal review of the assessment by the assessor under one or more of the grounds for protest authorized under Iowa Code section 441.37.
- If the assessor, following an informal review, determines that the assessment was incorrect under one or more of the grounds for protest, the assessor may recommend that the property owner or aggrieved taxpayer file a protest with the local board of review and may file a recommendation with the local board of review related to the informal review.
- A recommendation filed with the local board of review shall be utilized by the local board of review in the evaluation of all evidence properly before the local board of review.

Property Tax Appeal Process

- **Appealing an Assessment.**
 - A property owner or taxpayer who is dissatisfied with the assessment may file a written protest with the local board of review between April 7 and May 5 of the year of the assessment that is being protested. Iowa Code § 441.37.
 - Beginning with the AY 2014, local boards of review may allow protests to be filed by electronic means.
 - Also, any local government official or a taxpayer of the political subdivision where the property is located may file a protest to an assessment of property in the same manner as a protest by the owner or taxpayer of the property. Iowa Code § 441.42.
 - Property owner or aggrieved taxpayer may combine on one form protests of assessments on parcels separately assessed if the basis for the protest on each is the same.

Grounds for Protest

- Odd-numbered and even-numbered when reassessed the grounds must be one or more of the following:
 - That the assessment is not equitable compared with assessments of other like property in the taxing district.
 - That the property is assessed at more than its actual value.
 - That the property is not assessable, is exempt from taxes, or is misclassified.
 - That there is an error in the assessment.
 - That there is fraud in the assessment.

Grounds for Protest

- For even-numbered assessment years, when the property has not been reassessed in such even-numbered assessment year, that there has been a decrease in the value of the property from the previous reassessment year.
- When this ground is relied upon, the protesting party shall show the decrease in value by comparing the market value of the property as of January 1 of the current assessment year and the actual value of the property for the previous reassessment year.
- Prior to the 2013 change, *Equitable Life Insurance Co. of Iowa v. Board of Review*, 252 N.W.2d 449 (1977), required the owner to conduct a retroactive appraisal and an appraisal for the current assessment year to demonstrate the change in value.

PETITION TO THE BOARD OF REVIEW
 111 COURT AVENUE
 ROOM 195 POLK COUNTY ADMINISTRATIVE OFFICE BUILDING
 DES MOINES, IOWA 50309

Protest # _____

Class _____

Must be filed by May 5

District _____ Parcel _____

(from the Assessor's Office)

To the Honorable Board of Review of the Polk County, Iowa:

The undersigned (Owner) _____

As owner or aggrieved taxpayer of the following described property situated in Polk County, Iowa.

Street or Legal Address _____

and as such, liable for the payment of taxes thereon, both general and special, does hereby respectfully object to the assessment made against said property as of January 1, _____, in the sum of \$ _____ for the following reasons, and upon the following grounds, to-wit: Complete all grounds that apply.

1. That said assessment is not equitable as compared with the assessments of other like property in the Taxing District.

Tax District / Parcel	Street Address	Assessment

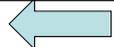
2. That said property is assessed for more than the value authorized by law (which is the market value for all classes of property except agricultural); that \$ _____ is its actual value and is a fair assessment



NA

3. That said property is not assessable, is exempt from taxes, or is misclassified for the following reasons, to-wit:

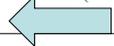
4. That there is an error in the assessment as follows: _____



5. That there is fraud in the assessment as follows: _____



6. That there has been a change downward since the last assessment. (Section 441.35, Code of Iowa)



WHEREFORE, the undersigned respectfully requests that the assessment against said property be reduced to an amount that is fair, equitable, and just, or canceled if property is not assessable.

An oral hearing is Requested. [] Yes [] No
 Oral hearings are held weekday mornings beginning May 1st. If you request a hearing, you will receive a written notice of the date and time. List any Date/Times you are UNABLE to attend _____

Respectfully submitted, on this _____ Date By _____
 Owner or Duly Authorized Agent

BOARD OF REVIEW ACTION	
Petition Denied []	Assessment Changed []
Land \$ _____	Bldg \$ _____
TOTAL \$ _____	
CLASS CHANGE to: AG RES COMM IND EXEMPT	
Chairperson _____	
	Date _____

Telephone _____ Home _____
 Number _____ Bus _____
IMPORTANT, please indicate to whom Board notices should be sent:
 Name: _____
 Street: _____
 City: _____ State: _____ Zip: _____

Local Board of Review

- Consists of 3 or 5 members serving 6-year terms.
- Members must be residents of the jurisdiction.
- Requirement that as nearly as possible, the board of review must consist of one licensed real estate broker and one registered architect or person experienced in the construction field.
- No more than two members may be of the same profession or occupation.
- For a county, at least one member must be a farmer.

Local Board of Review

- In session from May 1 through May 31 to consider appeals of assessments.
 - However, the Director of Revenue may extend the session of a local board of review to not later than July 15.
- Board of review action may be appealed by either party to the district court of the county in which the board holds its sessions.
- The appeal to district court must be on the same grounds that the appeal to the local board of review was taken. However, additional evidence may be offered to support those grounds.
- The district court's review of a decision of the local board of review is de novo, i.e., the court shall "determine anew all questions arising before the board" of review.

Polk County Board of Review Stats

1. How many days was your board in session during 2013? 19
2. List below the number of protests filed for each class of property and the number of protests upheld and denied if even a partial reduction in the assessment was made.

CLASS	NUMBER OF PROTESTS	NUMBER UPHELD	NUMBER DENIED
Agricultural	<u>54</u>	<u>16</u>	<u>38</u>
Residential Dwelling on Agricultural Realty	<u>11</u>	<u>5</u>	<u>6</u>
Residential "outside incorporated cities"	<u>178</u>	<u>111</u>	<u>67</u>
Residential "within incorporated cities"	<u>2579</u>	<u>1807</u>	<u>772</u>
Commercial	<u>684</u>	<u>381</u>	<u>303</u>
Industrial	<u>22</u>	<u>12</u>	<u>10</u>
TOTAL	<u>3528</u>	<u>2332</u>	<u>1196</u>

NOTICE TO PROPERTY OWNER OF BOARD ACTION

You are hereby notified that the Board of Review of Polk County, Iowa, has taken the following action with respect to the 2009 assessed value of the property described below:

Protest #5563
 District/Parcel 241/00523-067-627
 Geoparcels 7925-03-406-014
 Address 9103 STRATTON DR

	Land	Buildings	AgBldgs	Total
Original Full Value:	\$52,800	\$193,100	\$0	\$245,900
Original Adjusted Value:	\$52,800	\$193,100	\$0	\$245,900
Original Class:	Residential			
	Land	Buildings	AgBldgs	Total
New Full Value:	\$52,800	\$183,600	\$0	\$236,400
New Adjusted Value:	\$52,800	\$183,600	\$0	\$236,400
New Class:	Residential			



The assessed value of this property was changed because it was not equitable with similar property in the area. The Board of Review adjourned on July 2, 2009.

Appeals to the Property Assessment Appeal Board may be taken from the Board of Review action within 20 days after the postmark of this notice, or you may bypass the Property Assessment Appeal Board and appeal to District Court (§441.37A, 441.39 Code of Iowa).

Appeals to District Court may be taken from the Board of Review action within 20 days after adjournment or May 31, whichever date is later (§441.38, 441.39 Code of Iowa).

PAAB

- Effective with the assessment year beginning January 1, 2007, the action of the local board of review may be appealed to a three-member Property Assessment Appeal Board created within the Department of Revenue.
 - However, an aggrieved taxpayer or property owner or other appellant (including the assessor) may bypass the state board and appeal a decision of the local board of review directly to district court.

PAAB

- PAAB was “created for the purpose of establishing a consistent, fair, and equitable property assessment appeal process.” Iowa Code § 421.1A(1).
- Three members
- Six-year staggered terms.
- 2013, for appointments on or after June 12, 2013:
 - Each member of the property assessment appeal board shall be qualified by virtue of at least two years’ experience in the area of government, corporate, or private practice relating to property appraisal and property tax administration. Two members of the board shall be certified real property appraisers and one member shall be an attorney practicing in the area of state and local taxation or property tax appraisals.
- No more than two members of the board may be from the same political party.

NOTICE OF APPEAL & PETITION
PROPERTY ASSESSMENT APPEAL BOARD
 401 S.W. 7th Street, Suite D
 Des Moines, IA 50309-4634

RECEIVED
 JUL 21 2009
 PROPERTY ASSESSMENT
 APPEAL BOARD

IN THE MATTER OF:
Michael Distel
Appellant(s) Name (Please print)

9103 Stanton Drive
Mailing Address

Johnston IA 50131
City State Zip

(319) 325-1210
Daytime Telephone Number (include Area Code)

NOTICE OF APPEAL & PETITION
 Docket No. _____
(To be assigned)

Parcel Identification #: *241/00523-067-627* County *Folk*

Property Address: *9103 Stanton Drive* *Johnston* *IA* *50131*
Street Address City State Zip

Please enter a short and plain statement of the claim for this appeal.
The revised assessed value by the local board of review does not reflect the property's fair market value as required by statute or comparable properties in the same area.

Please enter a brief statement of the relief sought for this appeal.
Request relief of reduction in assessed value from \$236,400 to \$230,000.

Current assessed value: (from local board of review letter)
 Total \$ *236,400* Land \$ *52,800* Buildings \$ *183,600* Ag. Buildings \$ _____
(if applicable)

The value you contend is the correct assessed value (if applicable):
 Total \$ *230,000* Land \$ _____ Buildings \$ _____ Ag. Buildings \$ _____
(if applicable)

Grounds on appeal. These grounds must be the same grounds that were protested to the local board of review. Check all grounds that apply:

The assessment is inequitable as compared with assessments of other like property in the taxing district.

The property is assessed for more than the value authorized by law.

The property is not assessable, is exempt from taxes, or is misclassified.

There is an error in the assessment.

There is fraud in the assessment.

That there has been a change downward in the value since the last assessment.

Please check the appropriate box:

I want a hearing.

I do not want a hearing.

If you would like to request to participate in your hearing by telephone, please fill out the REQUEST FOR TELEPHONE HEARING form. The form is available at <http://www.piaab.iowa.gov> or may be requested from the Secretary of the Property Assessment Appeal Board.

PAAB Duties and Authority

- Review any final decision, finding, ruling, determination, or order of a local board of review relating to protests of an assessment, valuation, or application of an equalization order.
- PAAB may do all of the following:
 - Affirm, reverse, or modify a final decision, finding, ruling, determination, or order of a local board of review.
 - Order the payment or refund of property taxes in a matter over which the board has jurisdiction.
 - Grant other relief or issue writs, orders, or directives that the board deems necessary or appropriate in the process of disposing of a matter over which the board has jurisdiction.
 - Subpoena documents and witnesses and administer oaths.
 - Adopt administrative rules pursuant to chapter 17A for the administration and implementation of its powers, including rules for practice and procedure for protests filed with the board, the manner in which hearings on appeals of assessments shall be conducted, filing fees to be imposed by the board, and for the determination of the correct assessment of property which is the subject of an appeal.
 - Adopt administrative rules pursuant to chapter 17A necessary for the preservation of order and the regulation of proceedings before the board, including forms or notice and the service thereof, which rules shall conform as nearly as possible to those in use in the courts of this state.

Consideration of Appeals

- Each appeal may be considered by one or more members of the board, and the chairperson of the board may assign members to consider appeals.
- If a hearing is requested, it shall be open to the public and shall be conducted in accordance with the rules of practice and procedure adopted by the board.
- The board may provide by rule for participation in such hearings by telephone or other means of electronic communication.
- However, any deliberation of the board or of board members considering the appeal in reaching a decision on any appeal shall be confidential.
- If the appeal is considered by less than a majority the full membership of the board, the determination made by that member such members shall be forwarded to the full board for approval, rejection, or modification.
- If the initial determination is rejected by the board, it shall be returned for reconsideration to the board member members making the initial determination.

My Timeline of PAAB

- Filed on July 21, 2009
- Received Notice of Appeal dated September 18, 2009.
- September 23, 2009 letter from Polk County Attorney.
 - Contact information
 - General information on sharing info filed with the Board.
- Conversation with Polk County Attorney relating to new appraisal. November 2009.
- Notice of Written Consideration from PAAB on July 28, 2010.
 - Given last chance to request hearing.
 - September 16, 2010 set as date of consideration.
 - Exhibits to other party 10 days before consideration.
 - Decisions rendered in approximately 60 days.
- Appraisal of home on August 26, 2010 (as of January 1, 2009).
- Offer to settle from County on September 2, 2010.
 - Board of Review prepared stipulation of facts.
- Order Approving Stipulation on September 23, 2010.

Michael Duster, Petitioner-Appellant,	ORDER APPROVING STIPULATION
v.	Docket No. 09-77-1469 Parcel No. 241/00523-067-627
Polk County Board of Review, Respondent-Appellee.	1 st Half of Taxes Due Sept. 30

Now on this 23 day of September, 2010, this matter comes before the Property Assessment Appeal Board. The parties have jointly filed a Stipulation of Facts. The Appeal Board having reviewed the record, including the Stipulation, and being fully advised, finds:

1. The Property Assessment Appeal Board has jurisdiction of the parties and of the subject matter in this action.
2. The above-captioned matter is an appeal from action of the Board of Review of Polk County, Iowa, and is brought under Iowa Code section 441.37A (2009) Administrative Code rules 701.21, et. seq.
3. The appeal concerns the January 1, 2009, property tax assessment of Parcel No. 241/00523-067-627, locally known as 9103 Stratton Drive, Johnston, Iowa.
4. The Settlement filed by the parties is fair and reasonable and should be approved.
5. The fair market value for Parcel No. 241/00523-067-627 is \$222,000, as of January 1, 2009, for the assessment period beginning January 1, 2009.

▼ \$23,900
9.7%

Extension of PAAB in 2013

- PAAB was set to be repealed effective July 1, 2013. 2005 Iowa Acts, ch. 150, § 134.
- Per the original legislation, effective January 1, 2012, a PAAB review committee was established.
- A report submitted to the General Assembly by January 15, 2013.
- PAAB was extended by SF 295 in 2013 to July 1, 2018 and is authorized to consider appeals for assessment years up to and including assessment year 2017.

Appeal From PAAB

- A decision of PAAB may be appealed to district court.
- The district court's review of a decision of the Property Assessment Appeal Board is limited to the correction of errors at law.

The next assessment in 2011...

Reason For Assessment Roll: **Property Assessment Appeal Board** Revaluation

2011 ASSESSMENT

Land:	50,000
Agricultural Buildings:	0
Buildings:	179,600
FULL ASSESSED VALUE:	229,600

Total Adjustments:	-0
ASSESSED VALUE AFTER ADJUSTMENTS:	229,600

For comparison purposes your 2010 full assessed value was 222,000 class Residential as per PAAB ruling

Collection of Property Taxes

- Locals certify property taxes for budgeted expenditures.
 - Certified budget due March 15.
- Levy rates expressed in dollars and cents per \$1,000 of assessed value.
- Consolidated tax rate differs in each locality and is a composite of county, city, school district, and special levies.
 - Johnston:
 - Johnston Community School
 - City of Johnston
 - Polk County
 - Broadlawns Hospital
 - Area XI College
 - County Assessor
 - Johnston Regional Transit

Payment of Property Taxes

- Generally collected locally by county and distributed by the county treasurers to the other tax-certifying bodies in the county.
- County treasurer mails a property tax statement to each taxpayer.
- The tax may be paid in two annual installments, the first of which becomes delinquent October 1 and the second which becomes delinquent April 1.
- Delinquent taxes draw interest at a rate of 1.5 % per month until the parcel is sold at tax sale or the taxes are paid by the taxpayer.
- The county treasurer may allow property taxpayers to make partial payments of taxes.

Calculating Property Taxes

Taxable Land Value		\$27,200	$\$50,000 \times 0.544002$
Taxable Bldg Value	+	<u>\$92,916</u>	$\$170,800 \times 0.544002$
Taxable Value		\$120,116	$\$220,800 \times 0.544002$
2012/2013 Tax Levy	×	<u>0.03993616</u>	
Gross Tax		\$4,796.97	
Homestead Credit	-	<u>\$193.69</u>	$\$4,850 \times 1 \times 0.03993616$
Net Tax[†]		4,603.28	

“Current” Topics of Interest

Converting Apartments to Condominiums

- Iowa Administrative Code:
 - “An apartment in a horizontal property regime (condominium) referred to in Iowa Code chapter 499B **which is used or intended for use for human habitation shall be classified as residential real estate regardless of who occupies the apartment.** Existing structures shall not be converted to a horizontal property regime unless building code requirements have been met.”
- Iowa Supreme Court in *Timberland Partners v. Iowa Department of Revenue* ruled that the disparate treatment of apartments versus condominiums was constitutionally permissible.
- Court held that the “similarities between apartments and condominiums are insufficient to consider them ‘similarly situated’ for equal protection analysis.”

Potential Savings? Apartment ► Condominium

Sun Prairie, L.C. 5703 Vista Drive West Des Moines, IA	
2003/2004	\$251,248
2004/2005	\$164,714
2005/2006	\$163,332

2013 Property Tax Bill

Senate File 295

Multiresidential Property

- Begins Assessment Year 2015.
- “[M]obile home parks, manufactured home communities, land-leased communities, assisted living facilities, [and] property primarily used or intended for human habitation containing three or more separate dwelling units”
- “[T]hat portion of a building that is used or intended for human habitation and a proportionate share of the land upon which the building is situated, regardless of the number of dwelling units located in the building, if the use for human habitation is not the primary use of the building and such building is not otherwise classified as residential property. . . .”
 - For parcels that, in part, satisfy the requirements for classification as multiresidential property, the assessor shall assign to that portion of the parcel the classification of multiresidential property and to such other portions of the parcel the property classification for which such other portions qualify.

Exclusions from Multiresidential

- Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code, and that is subject to assessment procedures relating to section 42 property.
- A hotel, motel, inn, or other building where rooms or dwelling units are usually rented for less than one month.

Multiresidential Rollback

- For the assessment year beginning January 1, 2015, multiresidential property is assessed at the greater of 86.25% of its actual value or the percentage for residential property times its actual value.
- The percentage of actual value at which multiresidential property is assessed is reduced by 3.75 percentage points each year until the assessment year beginning January 1, 2022, at which time and for subsequent assessment years, multiresidential property is assessed at the same percentage of actual value as residential property is assessed for the same assessment year, unless for any assessment year beginning before January 1, 2022, the percentage of actual value at which residential property is assessed exceeds the percentage for multiresidential property.

Commercial & Industrial Replacement

- For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, standing appropriation to pay all replacement claims.
- However, for fiscal years beginning on or after July 1, 2017, the total appropriation is capped at the total amount necessary to pay all replacement payments for the fiscal year beginning July 1, 2016.
- Appropriations are not subject to a uniform reduction in appropriations in accordance with Iowa Code section 8.31.
- If an amount appropriated for a fiscal year is insufficient to pay all replacement claims, the replacement payments are prorated.

Replacement Claims

- Designed to make up the difference in taxable value in local jurisdictions due to the commercial and industrial rollback to 95% and 90%.
- Similar to what was done for reductions in taxable value during the late 1990s when machinery, equipment, computers were phased out.

Business Property Tax Credit Eligibility

- Eligible: Commercial, industrial, and railway property. It includes vacant land in those classifications.
- Not Eligible:
 - Property that is rented or leased to low-income individuals and families as authorized by section 42 of the Internal Revenue Code.
 - For credits claimed for the fiscal years beginning July 1, 2014, and July 1, 2015:
 - Property that is a mobile home park, manufactured home community, land-leased community, assisted living facility, or that is property primarily used or intended for human habitation containing three or more separate dwelling units.

Claiming the Credit

- File a claim with the county assessor by March 15. (First year applications due January 15, 2014)
- Process is similar to the process for the homestead tax credit.
- A person may claim one credit for each eligible parcel unless the parcel is part of a property unit.
- A person may only claim one tax credit for each property unit.
- Credit is allowed on the parcel or property unit for successive years without further filing.

Parcel or “Property Unit”

- “Property unit” means contiguous parcels all of which are located within the same county, with the same property tax classification, are owned by the same person, and are operated by that person for a common use and purpose.
- Attempt to address severing parcels, strip malls, and windmills.

Business Property Tax Credit Appropriation

- FY 2014-2015: \$50 million
- FY 2015-2016: \$100 million
- FY 2016-2017
and beyond: \$125 million

Credit Amount

- The amount of the credit for each eligible parcel or property unit is determined so as to provide a reduction in the property taxes equal to the difference between the amount of taxes otherwise due and payable on a certain amount of the assessed value of the property and the amount of taxes on such amount of value if the property was classified and taxed as residential property.
- Fiscal projections on the initial amount of value:
 - FY 2014-2015: \$33,000
 - FY 2015-2016: \$105,000
 - FY 2016-2017: \$144,000
 - FY 2017-2018: \$154,000

