

**Legislative Property Assessment Appeal Board (PAAB) Review Committee**

**Report to the 2013 Iowa General Assembly**

**January 15, 2013**

## **Summary of Committee Actions**

Section 421.1A (7) provides that a Property Assessment Appeal Board Review committee be established effective January 1, 2012. That committee is to be composed of six members of the General Assembly as follows:

Two Members appointed by the Majority Leader of the Senate;  
One Member appointed by the Minority Leader of the Senate;  
Two Members appointed by the Speaker of the House of Representatives; and  
One Member appointed by the Minority Leader of the House of Representatives.

The committee also includes the Director of Revenue, a County Assessor appointed by the Iowa State Association of Counties, and a City Assessor appointed by the Iowa League of Cities.

The Department of Revenue provides staffing assistance to this committee, and the committee is required to provide a report with recommendations to the General Assembly by January 15, 2013.

Once the 2012 General Assembly adjourned, Legislative appointments were made and the final Review Committee consisted of:

- Senators Joe Bolkcom (D), Herman Quirmbach (D), and Randy Feenstra (R)
- Representatives Tom Sands (R), Guy Vander Linden (R), and Chuck Isenhart (D)
- Iowa Department of Revenue Director Courtney Kay-Decker
- Floyd County Assessor, Bruce Hovden
- City of Dubuque Assessor, Rick Engelken

An initial meeting was held July 18, 2012 in Des Moines. At that meeting, initial case data were presented to the Committee. A copy of the initial case data is included as Appendix B. Committee members made several requests for additional information. As a result, it was determined that the Department, as Committee staff, would send surveys to various stakeholders and report back the results. Minutes of the July 18, 2012 meeting are included in Appendix A. The next Committee meeting was set for December 11, 2012 in Des Moines.

Survey results were compiled and distributed by the Department prior to the December 11, 2012 meeting. The results and analysis are included as Appendix C.

At the December meeting, in addition to general Committee discussion, comments were heard from PAAB, The Iowa State Association of County Assessors, and the general public. Summaries of those comments are included in the December 11, 2012 Committee meeting minutes, found in Appendix A.

### **Unable to Reach Consensus**

The Committee was unable to reach consensus as to whether or not PAAB should continue in its current form.

Without further action by the General Assembly, PAAB's existence will terminate effective July 1, 2013 leaving pending PAAB cases unresolved.

Based upon all the data analyzed and comments received, below is a list of key issues the General Assembly may wish to consider when contemplating the future of PAAB:

**Policy Considerations:**

- Does the current Board of Review timeframe allow adequate time for substantive review and resolution at the local level?
- Should substantive evidence, such as an appraisal, be required to be presented by the taxpayer at the board of review level before appeal?
- Is it necessary for a panel of three board members to decide all cases?
- Are the appropriate types of cases being reviewed by PAAB? Should PAAB be used only for residential property assessments?
- Should additional educational or professional experience (or in the alternative training) be required for the members of local boards of review?
- Should PAAB be combined with the State Board of Tax Review to provide for a streamlined administrative process for all tax-related appeals?

**Administrative Considerations:**

- Does PAAB have sufficient authority and resources to provide for modern and simple interactions with taxpayers (such as electronic filing, remote hearings, etc.)?
- Should PAAB undertake a process improvement exercise to improve the delivery of its services within its existing (or revised) authority?
- Should one or more the PAAB members be required to be a certified general appraiser?

The following additional attachments and appendices are included in this document:

Attachment A – Flowchart of PAAB Process

Attachment B – Timeline of Property Assessment Process

Attachment C – Flowchart of Property Assessment Process

Attachment D – PAAB Budget (Subset of Iowa Department of Revenue budget)

Appendix A – Committee Meeting Agendas and Minutes

Appendix B – Initial PAAB Case Data

Appendix C – Additional PAAB Case Data Analysis and Stakeholder Survey Results

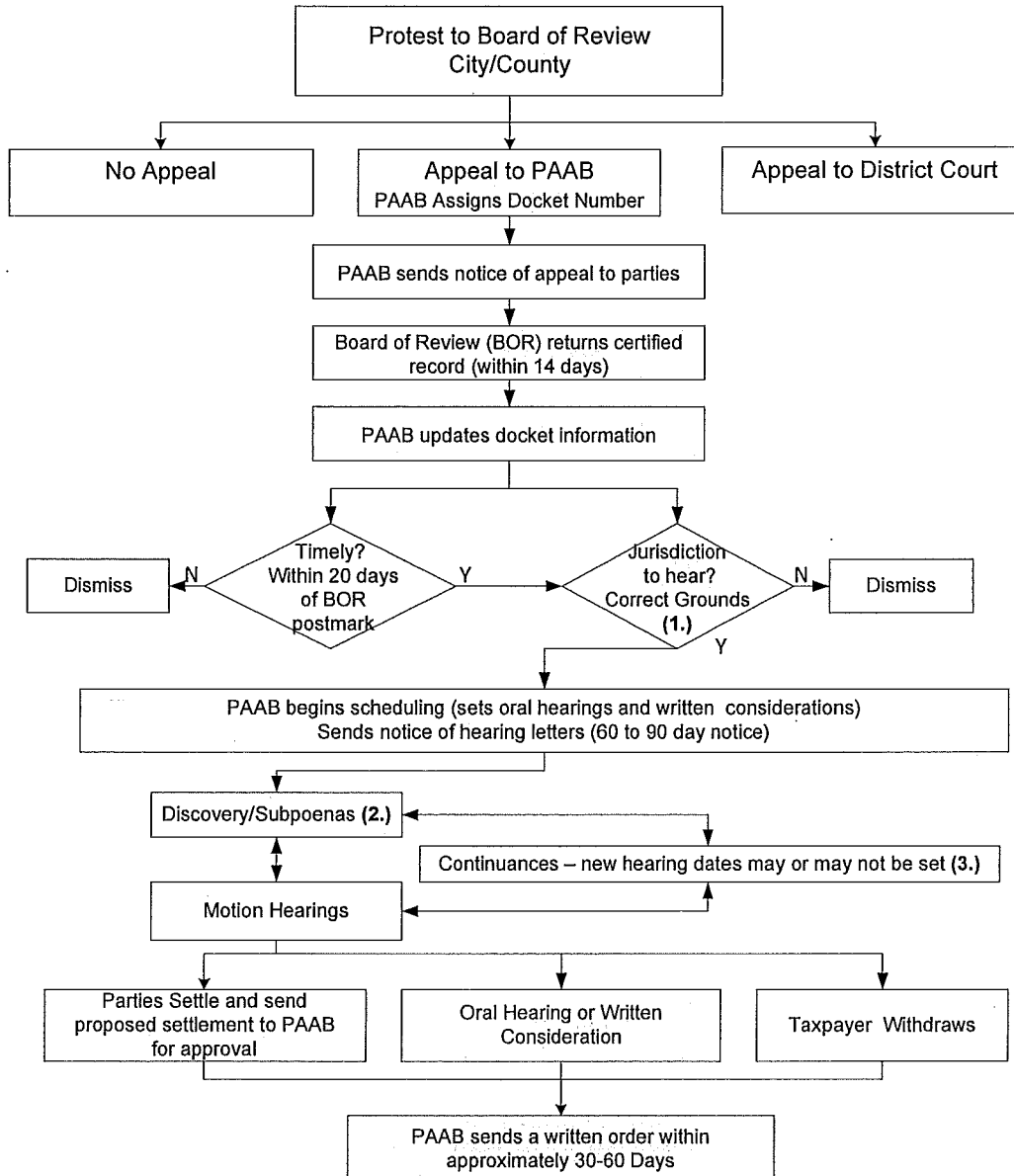


# ATTACHMENT A





## Property Assessment Appeal Board (PAAB) Process Overview



**Notes:**

1. PAAB verifies it has jurisdiction to hear case: first filed with BOR, timely filed, verify grounds. In interim years change of value is the only ground that can be used for an appeal.
2. The purpose of discovery is to obtain information related to the property (s) under appeal. Both parties have the right to use discovery. Discovery may take the form of interrogatories or the request for production of documents. Motions to compel and subpoenas may also occur during discovery.
3. Either party may request or object to a continuance.

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## ATTACHMENT B

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## Timeline of Property Assessment Process

<b>April 15</b>	Assessors complete assessments and notify taxpayers.
<b>April 16 - May 5</b>	Taxpayers may appeal assessments to local boards of review.
<b>May 1 - May 31</b>	Local boards of review consider appeals. This time may be extended to July 15 by the Director of the Iowa Department of Revenue.
<b>June 15</b>	Local boards of review submit reports to the Director.
<b>July 1</b>	Assessors submit abstracts of the assessments to the Director.
<b>August 15</b>	The Director issues tentative equalization notices to county auditors.
<b>September</b>	The Director holds equalization hearings, which are held for public input.
<b>October 1</b>	The Director issues final equalization orders to county auditors.
<b>October 2 - 12</b>	Assessing jurisdictions may apply for alternative methods of implementing equalization orders.
<b>October 2 - 15</b>	County auditors publish notices of the final equalization orders.
<b>Oct. 15- Nov. 15</b>	Local boards of review meet to hear equalization protests.
<b>October 16 - 25</b>	Taxpayers may protest the final equalization order to local boards of review.
<b>November 1</b>	The Director certifies assessment limitation percentages to county auditors.
<b>November 15</b>	Local boards of review submit a report about the equalization protests to the Department.

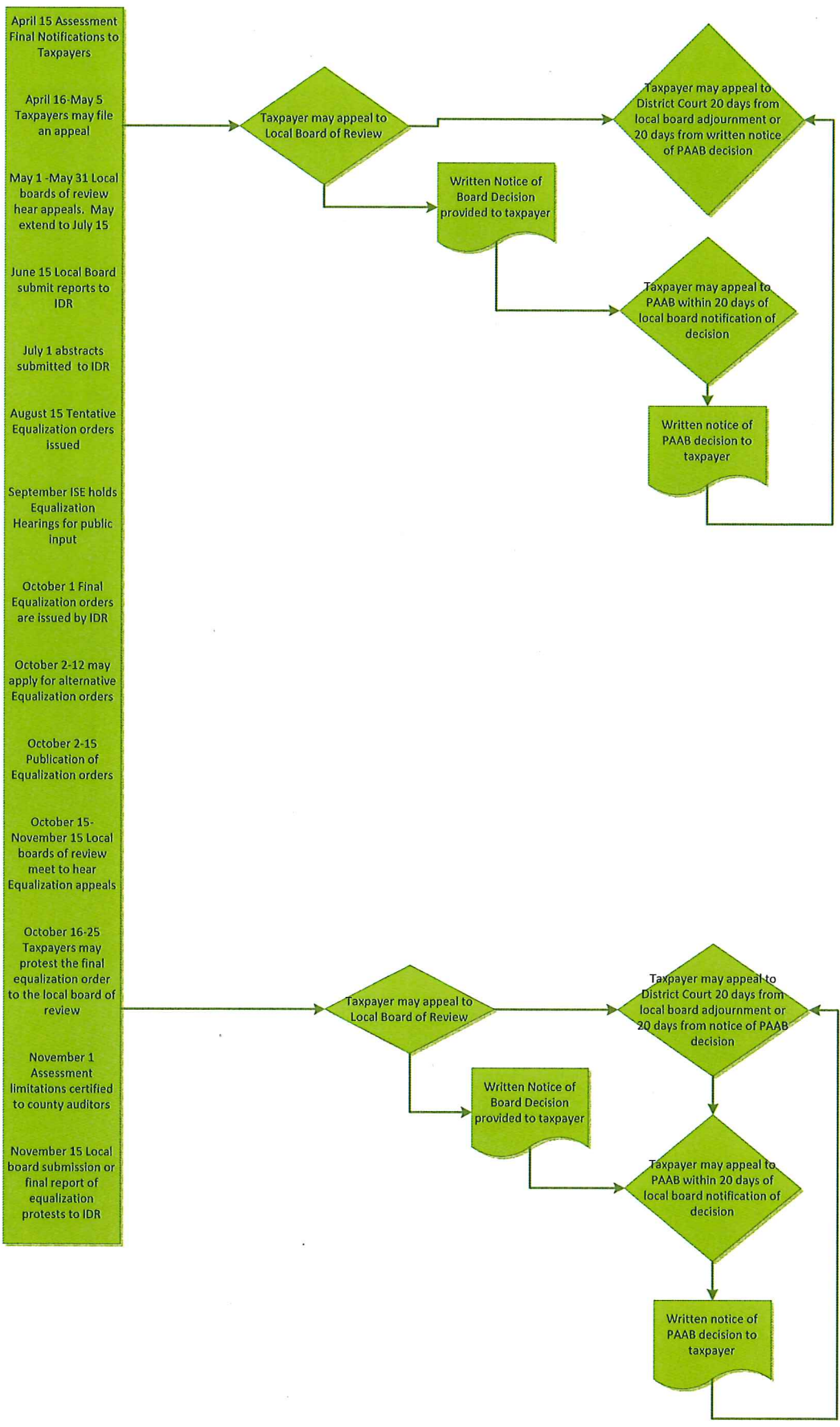


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# ATTACHMENT C

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Property Tax Appeal Process for Locally Assessed Property Taxpayers



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**ATTACHMENT D**



**Property Assessment Appeal Board  
FY10 and FY11 Budget**

	FY10 budget <u>prior to 10% ATB</u>	FY11 budget request
<b>RESOURCES</b>		
General Fund Appropriation	856,136	811,640
501 Refunds & Reimb.	50	50
<b>TOTAL RESOURCES</b>	<b>856,186</b>	<b>811,690</b>
<b>DISBURSEMENTS</b>		
101 Salaries	749,030	749,030
FTE	6.00	6.00
202 In-State Travel	500	500
205 Out-Of-State Travel	0	2,000
301 Office Supplies	7,660	5,300
309 Printing	3,360	0
313 Postage	19,040	0
401 Communications	4,200	4,200
402 Rentals (Office Rent)	48,086	48,086
406 Outside Services	50	100
409 Outside Rep/Serv.	200	200
414 Reimb.Other Agcys.	2,820	774
416 ITD Reimbursements	19,740	0
503 Non-Inventory Equip.	1,500	1,500
<b>TOTAL DISBURSEMENTS</b>	<b>856,186</b>	<b>811,690</b>

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## APPENDIX A

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**Legislative PAAB Review Committee**  
**Wednesday July 18, 2012**  
**1:00 p.m. – 4:00 p.m.**  
**Room 22, Iowa State Capitol**

- |       |   |       |
|-------|---|-------|
| I.    | Roll Call and Introductions   | Group |
| II.   | Iowa Department of Revenue's role on the Committee<br><br>Courtney Kay-Decker |       |
| III.  | Election of Co-chairs   | Group |
| IV.   | Group discussion on purpose and goals   | Group |
| V.    | Presentation of high level case data<br><br>Amy Harris, PhD                   |       |
| VI.   | Set timetable/schedule to meet report due date of January 15, 2013            | Group |
| VII.  | Determine next steps and make assignments                                     | Group |
| VIII. | Set next meeting date   | Group |
| IX.   | Adjourn   |       |

**Legislative Property Assessment Appeal Board (PAAB) Review Committee**  
**Wednesday July 18, 2012**  
**Meeting Minutes**

**Committee Members Present:**

Senator Joe Bolkcom (D, Iowa City)  
Senator Herman Quirnbach (D, Ames)  
Senator Randy Feenstra (R, Hull)  
Representative Tom Sands (R)  
Representative Guy Vander Linden (R)  
Representative Chuck Isenhart (D, Dubuque)  
Director Courtney Kay-Decker, Iowa Department of Revenue  
City of Dubuque Assessor, Richard Engelken  
Floyd County Assessor, Bruce Hovden

- I. **Roll and Introductions.** Roll call was taken finding all Committee members present. Committee members introduced themselves, followed by introductions from staff and members of the public.
- II. **IDR's Role.** Director Courtney Kay-Decker explained the Iowa Department of Revenue's role of staffing the Committee and offered the Department's assistance in collecting and organizing information and writing the final report to the Legislature.
- III. **Election of Co-chairs.** A motion was made for a unanimous ballot to elect Senator Joe Bolkcom and Representative Tom Sands as Co-chairmen of the Committee. The Motion was seconded, a voice vote was taken and the Motion carried.
- IV. **High Level Case Data.** Dr. Amy Harris, Manager of the Department's Tax Research Section, presented data obtained from PAAB's case tracking database. Committee members asked questions, provided comments, and made requests for additional research and information.

V. **Timetable.** The Committee is authorized by the Executive Council to hold one more meeting, and the group determined the meeting should be held after the November election. IDR will schedule the meeting.

VI. **Next steps.**

- IDR will work to respond to the new data requests.
- IDR will also prepare a survey to solicit information from Assessors. The survey questions will be sent to the Committee Co-Chairmen for approval prior to distribution.
- IDR will schedule the next Committee meeting.
- IDR will distribute information to Committee members in advance of the next meeting.

VII. **Adjourn.**



**Legislative PAAB Review Committee  
Tuesday December 11, 2012  
1:00 p.m. – 4:00 p.m.  
Room 22, Iowa State Capitol**

- I. Roll call
- II. Welcome and opening comments Co-Chairs
- III. Overview of materials provided IDR
- IV. Questions and comments from Committee Members
- V. Comments from PAAB Representatives
- VI. Comments from the Public
- VII. Next steps and assignments
- VIII. Adjourn

**Legislative Property Assessment Appeal Board (PAAB) Review Committee**  
**Tuesday December 11, 2012**  
**Meeting Minutes**

**Committee Members Present:**

Senator Joe Bolkcom (D, Iowa City)  
Senator Herman Quirmbach (D, Ames)  
Representative Tom Sands (R, Louisa County)  
Representative Guy Vander Linden (R, Mahaska County)  
Representative Chuck Isenhardt (D, Dubuque)  
Director Courtney Kay-Decker, Iowa Department of Revenue  
City of Dubuque Assessor, Richard Engelken  
Floyd County Assessor, Bruce Hovden

- I. **Welcome and Opening Comments.** Committee Co-Chairs welcomed the Group and provided brief comments.
- II. **Roll.** Roll call was taken finding all Committee members present, except Senator Feenstra, who was excused.
- III. **Director/IDR Comments.** Director Courtney Kay-Decker indicated she believes taxpayers need the additional appeal avenue that PAAB brings, but that we can always look for ways to be more efficient and effective in serving the taxpayers.  
  
She highlighted the Department's unique role as taxpayer advocate in the locally-driven property tax arena. However, she indicated she believes there is a need to ensure that PAAB is not used as a complete circumvention of the local boards of review.
- IV. **Data Overview.** Amy Harris, Ph.D. provided an overview of the PAAB appeals data requested by committee members and survey data that was collected from various stakeholder groups.
- V. **Committee Member Comments.** Committee members agreed there is a need to provide this appeal processes for taxpayers and that such processes need to be

accurate and consistent, timely, cost efficient, and include public buy-in. It was suggested that the local review level is the least costly process and can often provide the best overall decisions. However, there was also agreement that there is a need for an overall systemic review of the entire appeal process from beginning to end. To this end, Committee members requested that the Department provide them with a time line of the entire appeals process and any time extensions that are available within the established process.

VI. **PAAB Member Comments.** Jessica Braunschweig-Norris , Counsel for PAAB, spoke and presented information on cases and appeals. She reiterated that PAAB provides a necessary service to taxpayers. She indicated the Board is open to exploring new ways to improve its existing process through technology and other means.

VII. **Assessor Comments.** Dave Kubik, President of the Iowa Association of County Assessors, presented an outline of suggestions for improvement.

- First, the assessors suggested that all evidence that will be presented to PAAB must first be provided to the local board of review, *excluding an appraisal, which takes time to obtain*, in an effort to ensure that the local board of review is not circumvented through lack of sufficient information to accurately assess the appeal. Additionally there were some suggestions in terms of deadlines for submission of appraisals as well as expert witnesses.
- Next, the assessors suggested requiring a filing fee for PAAB appeals. Discussion included ability to pay and possible valuation ranges with a sliding fee scale.
- Assessors recommended that given the volume of commercial and industrial property appeals one of the PAAB members should be a certified real property appraiser or hold an appraisal designation from one of several organizations, including:
  - i. The Appraisal Institute of Canada or the United States;
  - ii. The American Society of Appraisers;
  - iii. The American Society of Farm Managers and Rural Appraisers;
  - iv. The International Association of Assessing Officers;
  - v. The International Right of Way Association;
  - vi. The National Association of Independent Fee Appraisers;

- vii. The National Society of Real Estate Appraisers; or
- viii. Certification as a General Real Property Appraiser.
- Assessors indicated the need for PAAB to allow electronically filed petitions and associated documents in accordance with Iowa Code Chapter 554D.

VIII. **Public Comments.** The Committee first heard from Deb Tharnish, an attorney from the Davis Brown Law Firm, who has had several clients' cases heard by PAAB. She expressed satisfaction with PAAB and recommended it be maintained. She also suggested that stipulations should be considered a measure of efficiency in the process, not just "closed" cases that go through the formal process.

Next, Des Moines Citizen John Harvey spoke about his experience with PAAB as the owner of a 112-year old house. He did not have a good experience. He believed the length of time was a problem. He strongly encouraged the Committee NOT to implement filing fees and suggested it was wrong to use fees as a means to discourage taxpayers from taking advantage of their appeal rights.

IX. **Additional Committee Member Comments.** Committee members reiterated the need for a systemic review, including the local boards of review and the assessors. Things to consider include criteria and qualifications for board members and for assessors.

Senator Quirmbach pointed out that the 2005 Iowa Acts indicate that PAAB will be repealed effective July 1, 2013. Dick Stradley, retired PAAB Board Chairman, confirmed this was the case. The Committee agreed that Legislative Action beyond just preparing and considering a report will be needed.

Representative Sands indicated he believes the process has worked and worked well, but he, too, is open to ideas for improvement.

X. **Next steps.** The Committee believed they needed some time to absorb and analyze the data. It was pointed out that the report is due to the full Legislature on January 15, 2013. In addition to a timeline of the local review process, the Committee requested that the Department pull together all the options and suggestions presented for their consideration.

XI. **Adjourn.** The meeting adjourned at 4:05 p.m.

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APPENDIX B

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## **Description for the High-Level Case Data Review**

**Iowa Department of Revenue**

July 18, 2012

**Figure 1 presents the counts of cases filed each calendar year and Figure 2 presents the distribution of cases filed each calendar year, grouping the cases based on the property classification.**

**Figure 3 presents the counts of cases filed each calendar year and Figure 4 presents the distribution of cases filed each calendar year, grouping the cases based on the outcomes as of July 9, 2012.**

### **PAAB Caseload Outcomes:**

**Affirmed:** PAAB conducted a hearing and ruled against the taxpayer on the issue under appeal.

**Modified:** PAAB conducted a hearing and made a change in the Board of Review ruling on the issue under appeal.

**Stipulated:** The taxpayer and the Board of Review reached a settlement on the issue under appeal after the appeal was filed with PAAB but prior to a ruling by PAAB; PAAB issued an order approving the settlement and closing the case.

**Dismissed:** PAAB granted a Motion to Dismiss (typically requested and filed by the Board of Review) based on an error made by the taxpayer or a legal technicality. (Other)

**Withdrawn:** The taxpayer filed a request to withdraw the appeal; PAAB issued an order approving the withdrawal. (Other)

**Pending:** A PAAB hearing is scheduled for July 1, 2012 or later. (Open)

**No Hearing Scheduled:** No PAAB hearing is currently scheduled. (Open)

**Tables 1 through 5 present the following case data with modified rulings by year, jurisdiction, and property class:**

1. Counts of cases (large counts in several jurisdictions represent multiple appeals made by the same taxpayer);
2. The average Board of Review assessed value;
3. The average modification issued by PAAB; and
4. The average modification issued by PAAB as a percent of the average Board of Review assessed value.

**Table 5. 2011 PAAB Cases with a Modified Decision**

Jurisdiction	Property Classification	Cases	Average BoR Assessed Value	PAAB Cases with Reductions	Average PAAB Reduction	Percent Reduction
Black Hawk County	Residential	1	\$228,270	1	\$32,270	14.1%
Boone County	Agricultural	3	\$126,825	2	\$10,076	7.9%
Cedar County	Commercial	1	\$803,490	1	\$153,490	19.1%
City of Ames	Commercial	1	\$20,300,000	1	\$1,300,000	6.4%
City of Cedar Rapids	Residential	2	\$162,285	2	\$15,651	9.6%
Dallas County	Residential	2	\$327,540	2	\$19,540	6.0%
Delaware County	Residential	1	\$46,000	1	\$17,382	37.8%
Dickinson County	Residential	2	\$1,296,350	2	\$268,155	20.7%
Dubuque County	Commercial	1	\$425,000	1	\$239,973	56.5%
	Residential	1	\$364,370	1	\$22,210	6.1%
Linn County	Residential	2	\$653,880	2	\$81,350	12.4%
Plymouth County	Residential	1	\$113,560	1	\$7,560	6.7%
Polk County	Residential	3	\$251,833	3	\$46,167	18.3%
Pottawattamie County	Commercial	2	\$10,150,000	2	\$258,750	2.5%
Scott County	Residential	1	\$254,670	1	\$24,870	9.8%
Warren County	Commercial	1	\$631,700	1	\$201,700	31.9%
	Residential	5	\$220,840	5	\$80,062	36.3%
Webster County	Agricultural	1	\$50,260	1	\$2,433	4.8%
	Residential	1	\$62,960	1	\$14,960	23.8%
All Jurisdictions	Agricultural	4	\$107,684	3	\$7,528	7.0%
	Commercial	6	\$7,076,698	6	\$402,111	5.7%
	Residential	22	\$354,984	22	\$64,884	18.3%
Total		32	\$1,584,393	31	\$124,603	7.9%

Notes: BoR stands for Board of Review. Percent reduction compares the average reduction to the average assessed value. Modified cases reflect outcomes as of July 9, 2012.

In one case PAAB modified the value by raising it above the Board of Review value for one of three parcels appealed by the taxpayer while reducing the value of a second and affirming the value of the third.

**Table 4. 2010 PAAB Cases with a Modified Decision**

Jurisdiction	Property Classification	Cases	Average BoR Assessed Value	PAAB Cases with Reductions	Average PAAB Reduction	Percent Reduction
Appanoose County	Commercial	1	\$202,940	1	\$1,490	0.7%
Black Hawk County	Residential	1	\$311,600	1	\$24,100	7.7%
City of Ames	Commercial	1	\$1,300,000	1	\$70,000	5.4%
City of Davenport	Industrial	32	\$571,356	32	\$233,856	40.9%
Dallas County	Residential	3	\$263,483	3	\$17,706	6.7%
Delaware County	Commercial	1	\$18,800	0	NA	NA
Jasper County	Commercial	1	\$32,950	1	\$15,497	47.0%
Johnson County	Commercial	1	\$4,544,863	1	\$1,524,863	33.6%
Muscatine County	Residential	1	\$130,130	1	\$455	0.3%
Plymouth County	Commercial	2	\$1,747,260	2	\$207,260	11.9%
Polk County	Residential	4	\$292,275	4	\$31,675	10.8%
Pottawattamie County	Commercial	1	\$14,000,000	1	\$5,580,000	39.9%
All Jurisdictions	Commercial	8	\$2,949,259	7	\$1,086,624	36.8%
	Industrial	32	\$571,356	32	\$233,856	40.9%
	Residential	9	\$266,809	9	\$22,708	8.5%
Total		49	\$903,648	48	\$318,628	35.3%

Notes: BoR stands for Board of Review. Percent reduction compares the average reduction to the average assessed value. In one case, only the property classification was modified.



**Table 3. 2009 PAAB Cases with a Modified Decision**

Jurisdiction	Property Classification	Cases	Average BoR Assessed Value	PAAB Cases with Reductions	Average PAAB Reduction	Percent Reduction
Black Hawk County	Agricultural	1	\$203,690	1	\$8,550	4.2%
	Commercial	1	\$687,710	1	\$10,910	1.6%
	Residential	2	\$172,105	2	\$23,360	13.6%
Bremer County	Residential	2	\$232,950	2	\$11,700	5.0%
Buena Vista County	Commercial	1	\$2,150,520	1	\$50,520	2.3%
Cass County	Residential	1	\$37,756	1	\$1,888	5.0%
City of Ames	Commercial	3	\$10,669,000	2	\$2,303,500	21.6%
	Residential	144	\$89,915	144	\$24,981	27.8%
City of Cedar Rapids	Residential	2	\$171,366	2	\$122,322	71.4%
City of Clinton	Residential	1	\$376,570	1	\$41,570	11.0%
City of Davenport	Commercial	4	\$886,324	1	\$1,027,294	115.9%
	Industrial	1	\$3,890,000	1	\$1,590,000	40.9%
	Residential	1	\$64,210	0	NA	NA
Clayton County	Residential	2	\$142,636	2	\$40,561	28.4%
Dallas County	Residential	5	\$405,804	5	\$41,449	10.2%
Davis County	Residential	5	\$32,822	5	\$17,064	52.0%
Dickinson County	Residential	2	\$35,100	2	\$7,400	21.1%
Dubuque County	Residential	1	\$162,940	0	NA	NA
Floyd County	Residential	1	\$142,440	1	\$2,440	1.7%
Guthrie County	Residential	7	\$62,570	7	\$4,570	7.3%
Humboldt County	Residential	16	\$50,566	16	\$10,941	21.6%
Johnson County	Commercial	4	\$3,299,225	4	\$911,925	27.6%
	Residential	1	\$302,480	1	\$22,480	7.4%
Madison County	Residential	1	\$469,100	1	\$62,100	13.2%
Marion County	Residential	1	\$279,310	1	\$11,720	4.2%
Marshall County	Commercial	1	\$136,750	1	\$6,500	4.8%
Monroe County	Residential	1	\$191,087	1	\$24,805	13.0%
Muscatine County	Agricultural	1	\$26,430	1	\$3,620	13.7%
	Residential	1	\$210,030	1	\$13,030	6.2%
Plymouth County	Commercial	1	\$2,646,230	1	\$96,230	3.6%
Polk County	Commercial	14	\$904,429	14	\$182,571	20.2%
	Residential	25	\$251,888	25	\$17,325	6.9%
Pottawattamie County	Commercial	2	\$3,720,000	2	\$272,530	7.3%
Shelby County	Residential	1	\$493,028	1	\$109,828	22.3%
Warren County	Residential	4	\$244,475	4	\$15,575	6.4%
Webster County	Residential	2	\$206,125	2	\$5,340	2.6%
Wright County	Agricultural	2	\$102,000	2	\$60,200	59.0%
All Jurisdictions	Agricultural	4	\$108,530	4	\$33,143	30.5%
	Commercial	31	\$2,402,336	27	\$464,712	19.3%
	Industrial	1	\$3,890,000	1	\$1,590,000	40.9%
	Residential	229	\$123,635	227	\$23,364	18.9%
Total		265	\$404,185	259	\$75,573	18.7%

Notes: BoR stands for Board of Review. Percent reduction compares the average reduction to the average assessed value. Four cases reflect only a modification in the exemption status of the property. In one case only the property classification was modified. In one case, although the decision is indicated as modified, the data suggests a zero valuation by PAAB with a note that an order was issued in response to a letter from the assessor in the case.

**Table 2. 2008 PAAB Cases with a Modified Decision**

Jurisdiction	Property Classification	Cases	Average BoR Assessed Value	PAAB Cases with Reductions	Average PAAB Reduction	Percent Reduction
Cerro Gordo County	Residential	1	\$121,250	1	\$21,250	17.5%
City of Ames	Residential	1	\$375,400	1	\$88,400	23.5%
City of Cedar Rapids	Industrial	1	\$18,406,917	1	\$2,823,917	15.3%
City of Davenport	Residential	54	\$70,764	54	\$16,051	22.7%
Clay County	Agricultural	1	\$33,000	1	\$21,070	63.8%
Dallas County	Residential	2	\$226,785	2	\$5,285	2.3%
Davis County	Residential	1	\$77,060	1	\$18,370	23.8%
Dickinson County	Commercial	21	\$341,662	21	\$93,209	27.3%
Hardin County	Residential	1	\$6,430	1	\$2,630	40.9%
Johnson County	Commercial	1	\$2,569,880	1	\$970,180	37.8%
Scott County	Commercial	1	\$1,047,470	1	\$440,669	42.1%
Tama County	Residential	1	\$244,910	1	\$19,910	8.1%
Warren County	Residential	1	\$270,400	1	\$27,400	10.1%
All Jurisdictions	Agricultural	1	\$33,000	1	\$21,070	63.8%
	Commercial	23	\$469,228	23	\$146,445	31.2%
	Industrial	1	\$18,406,917	1	\$2,823,917	15.3%
	Residential	62	\$86,618	62	\$17,021	19.7%
Total		87	\$397,729	87	\$83,546	21.0%

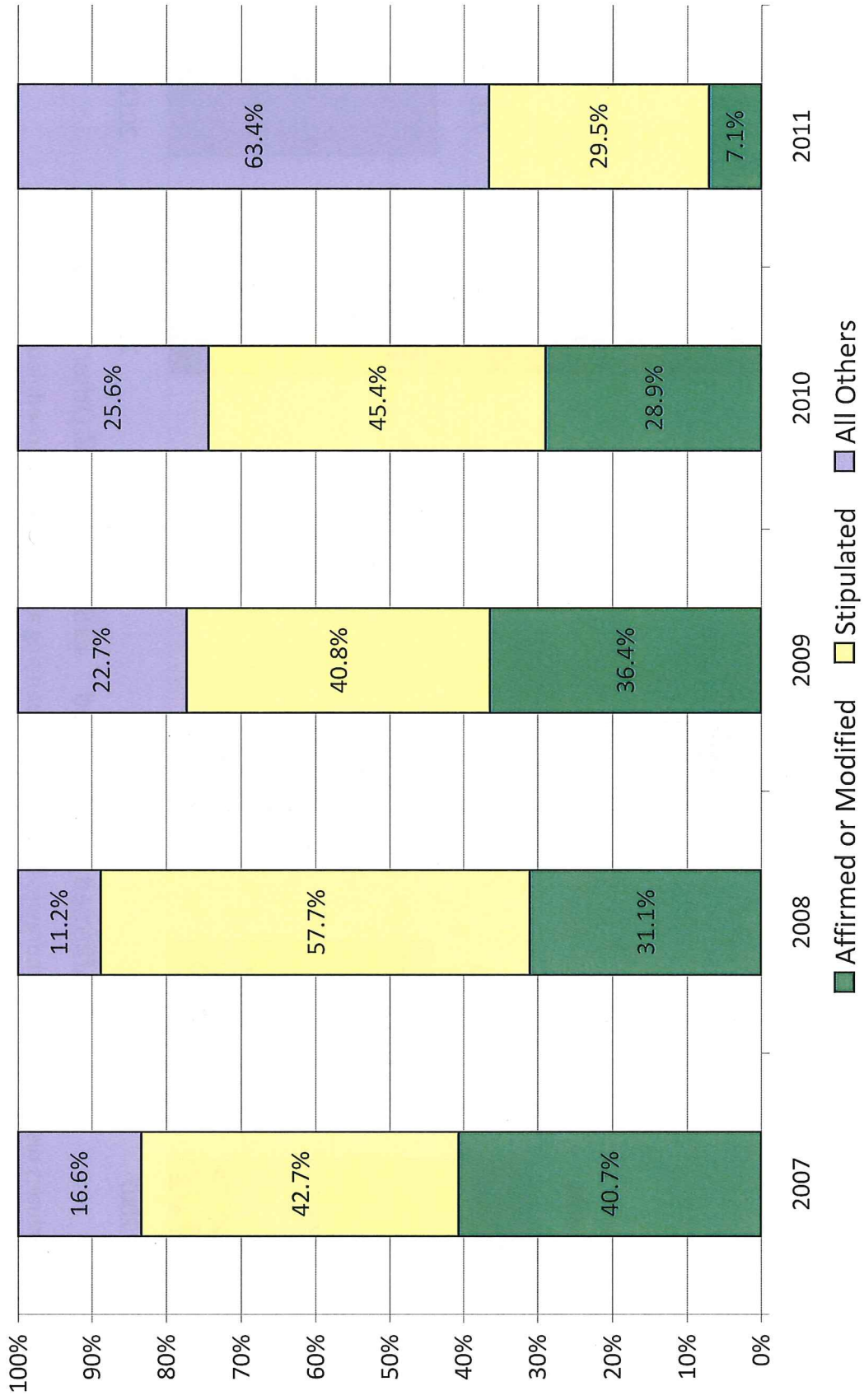
Notes: BoR stands for Board of Review. Percent reduction compares the average reduction to the average assessed value.

**Table 1. 2007 PAAB Cases with a Modified Decision**

Jurisdiction	Property Classification	Cases	Average BoR Assessed Value	PAAB Cases with Reductions	Average PAAB Reduction	Percent Reduction
Appanoose County	Commercial	1	\$320,000	1	\$67,581	21.1%
Boone County	Residential	1	\$225,117	1	\$5,117	2.3%
City of Ames	Residential	122	\$136,164	96	\$20,443	15.0%
City of Cedar Rapids	Industrial	1	\$17,138,667	1	\$1,555,667	9.1%
City of Davenport	Commercial	1	\$10,102,880	1	\$1,387,850	13.7%
City of Dubuque	Residential	2	\$122,800	2	\$7,600	6.2%
City of Mason City	Residential	2	\$146,210	2	\$7,710	5.3%
City of Sioux City	Commercial	1	\$1,142,200	1	\$342,200	30.0%
Clarke County	Residential	1	\$193,880	1	\$28,880	14.9%
Clayton County	Agricultural	1	\$26,819	1	\$19,415	72.4%
Dallas County	Residential	4	\$371,333	4	\$13,058	3.5%
Davis County	Residential	1	\$80,800	1	\$22,110	27.4%
Des Moines County	Commercial	3	\$332,033	3	\$37,033	11.2%
Dickinson County	Commercial	58	\$591,109	58	\$151,293	25.6%
	Residential	4	\$680,125	4	\$83,415	12.3%
Dubuque County	Agricultural	2	\$233,657	2	\$17,513	7.5%
	Residential	1	\$206,200	1	\$6,000	2.9%
Greene County	Residential	1	\$299,100	1	\$29,100	9.7%
Guthrie County	Residential	1	\$612,476	1	\$12,476	2.0%
Iowa County	Residential	1	\$127,090	1	\$20,470	16.1%
Johnson County	Commercial	3	\$2,786,733	3	\$492,267	17.7%
Montgomery County	Residential	1	\$249,950	1	\$19,450	7.8%
Muscatine County	Residential	2	\$112,045	2	\$24,300	21.7%
Palo Alto County	Commercial	1	\$20,855,750	1	\$4,355,750	20.9%
Plymouth County	Agricultural	1	\$97,340	1	\$14,240	14.6%
	Commercial	1	\$80,030	0	NA	NA
	Residential	2	\$114,205	1	\$18,410	16.1%
Polk County	Commercial	6	\$1,628,833	5	\$282,700	17.4%
	Residential	10	\$235,330	9	\$31,550	13.4%
Scott County	Commercial	1	\$105,440	1	\$2,940	2.8%
	Residential	2	\$449,175	2	\$31,675	7.1%
Story County	Agricultural	1	\$447,500	1	\$45,400	10.1%
Wapello County	Residential	1	\$76,070	1	\$22,760	29.9%
Warren County	Residential	1	\$653,900	1	\$23,900	3.7%
All Jurisdictions	Agricultural	5	\$207,795	5	\$22,816	11.0%
	Commercial	76	\$1,131,841	74	\$242,334	21.4%
	Industrial	1	\$17,138,667	1	\$1,555,667	9.1%
	Residential	160	\$173,654	132	\$22,603	13.0%
Total		242	\$545,381	212	\$106,538	19.5%

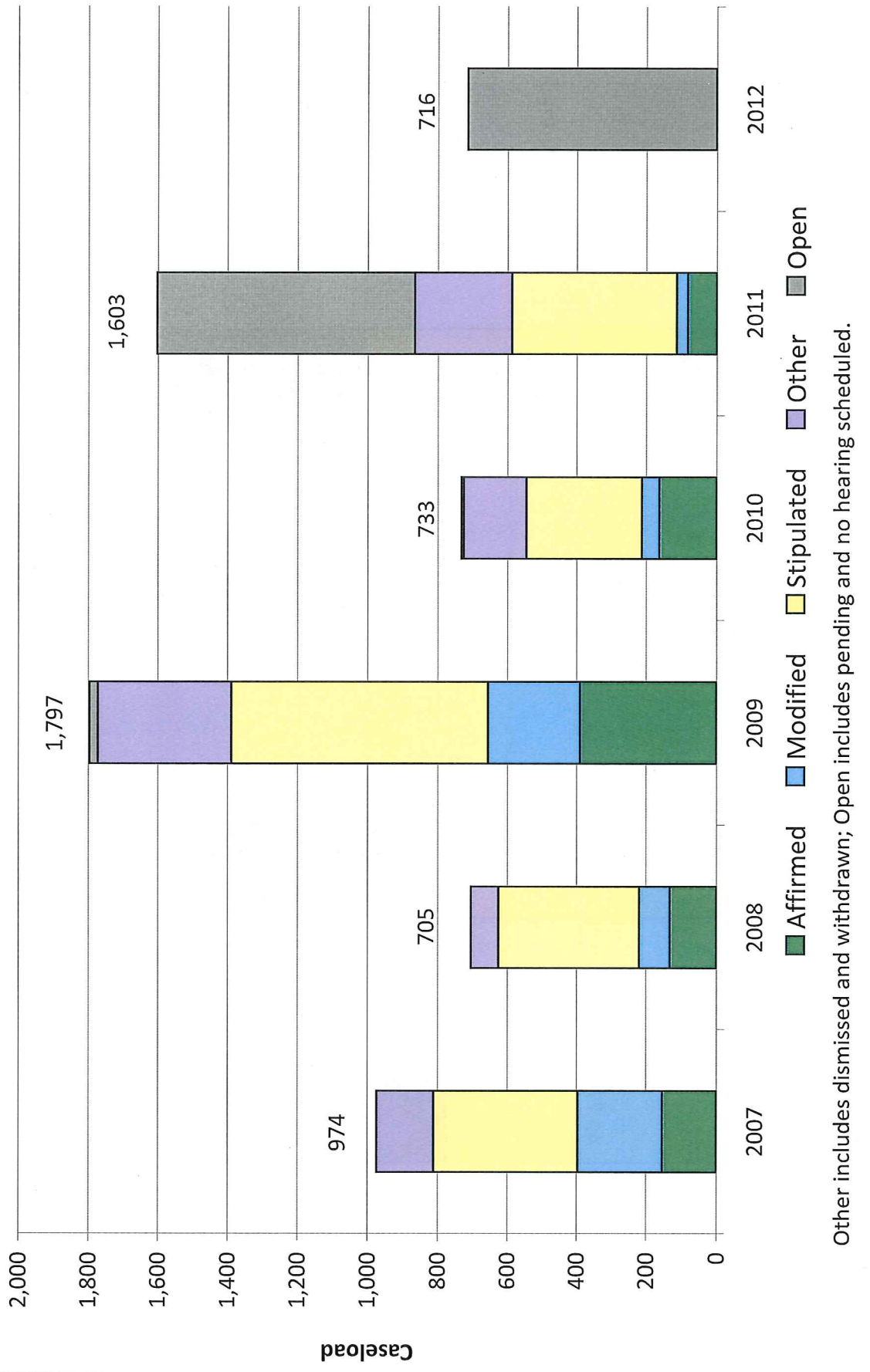
Notes: BoR stands for Board of Review. Percent reduction compares the average reduction to the average assessed value. Twenty-six cases reflect a modification on the distribution of the assessment between land and improvements but not in the total value. One case reflects only a modification in the exemption status of the property. One case reflects a change in the classification. Two cases are the second parcel involved in a decision attributed solely to the first parcel.

**Figure 4. PAAB Caseload Outcome Distribution by Year**

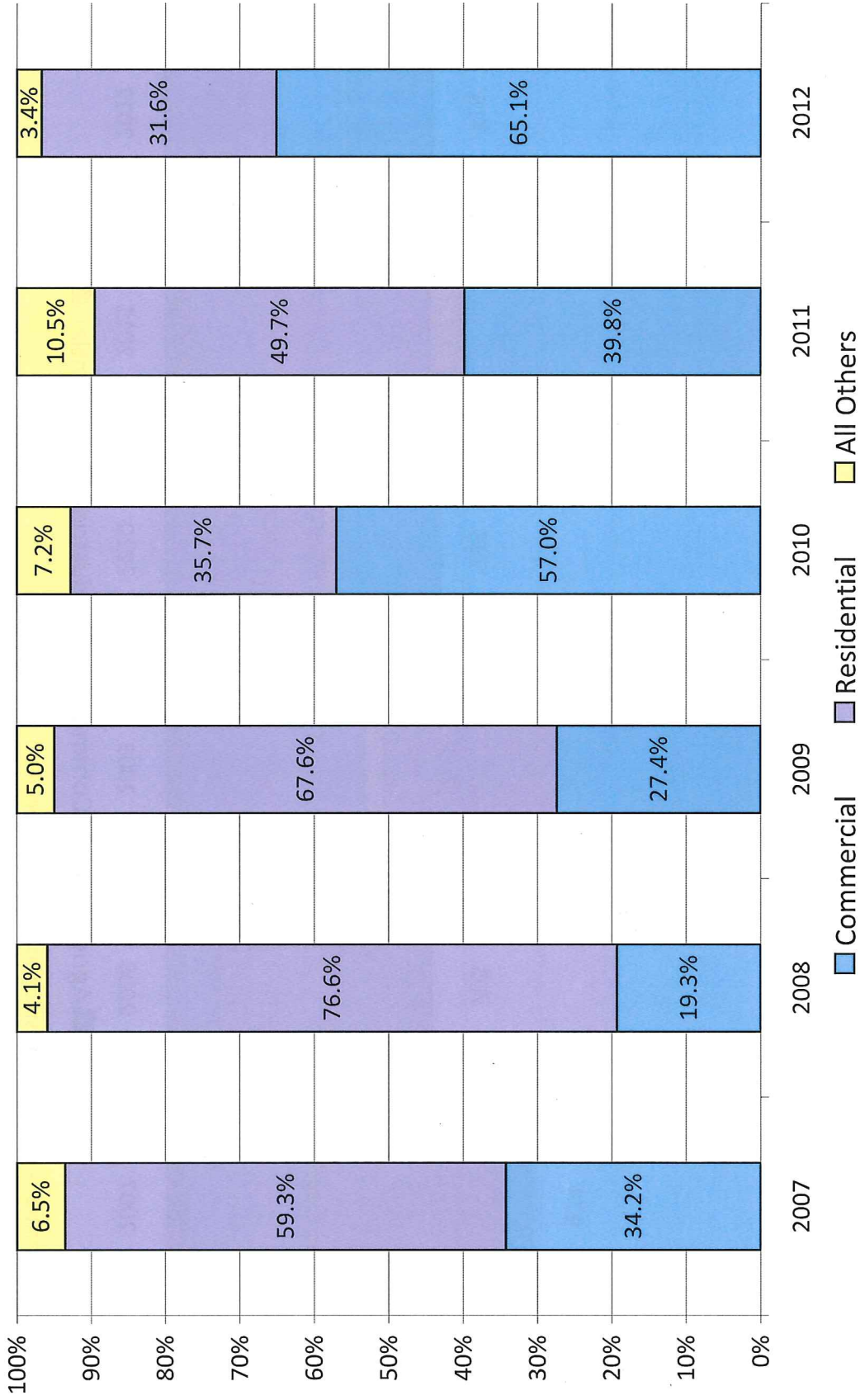


All Others includes dismissed, withdrawn, pending, and no hearing scheduled.

**Figure 3. PAAB Caseload Outcomes by Year**

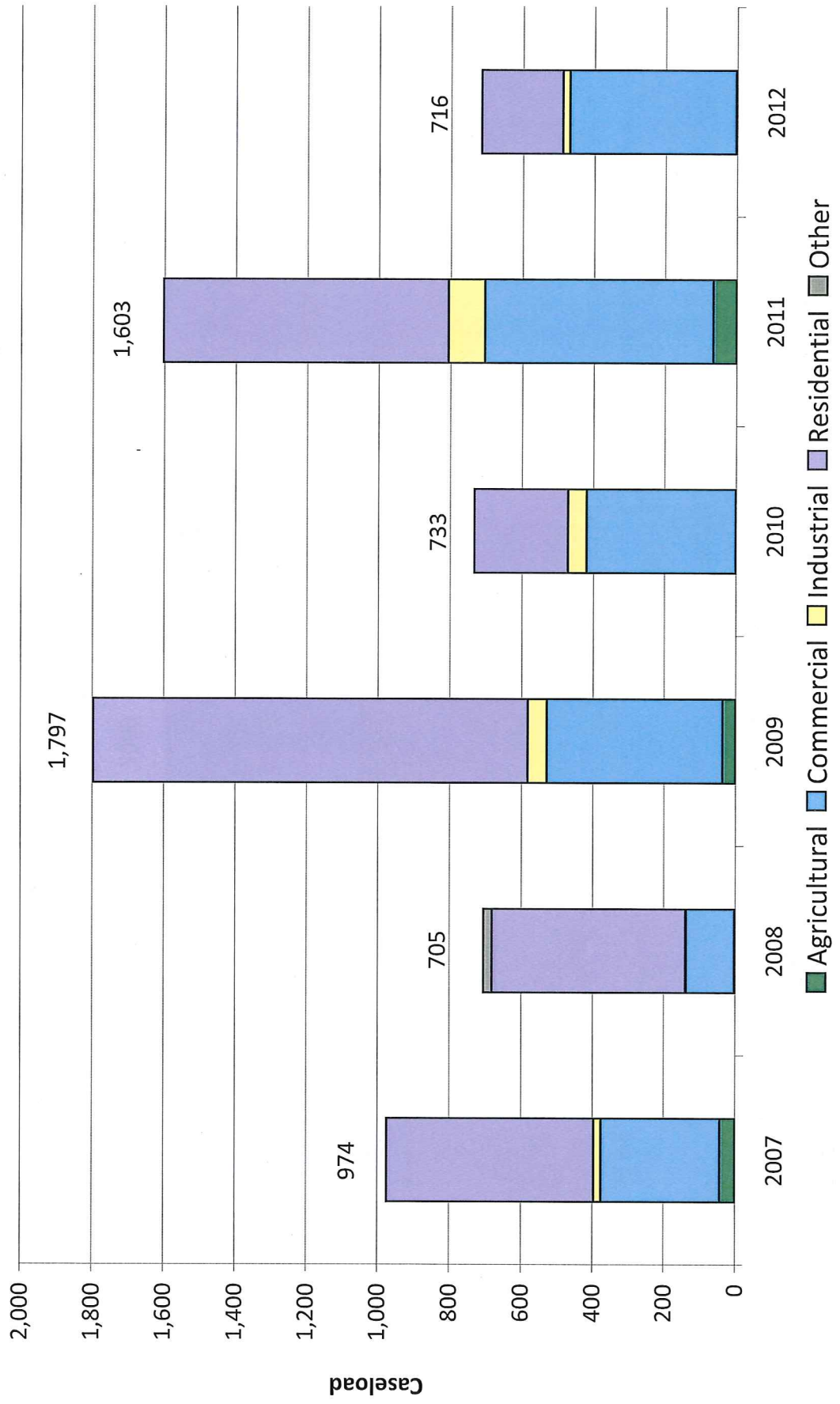


**Figure 2. PAAB Caseload Property Classification Distribution by Year**



All Others includes Agricultural, Industrial, multiple classifications, and unidentified.

**Figure 1. PAAB Caseload Property Classification by Year**



Other includes multiple classifications and unidentified.

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## APPENDIX C

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# **Analysis for the Legislative PAAB Review Committee**

**November 2012**

**Iowa Department of Revenue**

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## ABSTRACT OF ANALYSIS FOR THE LEGISLATIVE PAAB REVIEW COMMITTEE

- Nearly 50 percent of taxpayers making appeals to PAAB were appealing residential properties, followed closely by commercial appeals at 44 percent.
- PAAB appeals ultimately result in one of five general outcomes with the following counts for the 2,250 taxpayer appeals filed for 2007-2012, where appeals filed for different property classifications or in different years are counted separately:
  - Affirmed: 410 (14.5%)
  - Modified: 225 (8.0%)
  - Dismissed: 236 (8.4%)
  - Stipulated: 900 (31.9%)
  - Withdrawn: 387 (13.7%)
- For appeal years 2007 through 2010, where nearly all appeals have been resolved, more than half of the \$3.9 billion of properties appealed to PAAB ended up being stipulated.
- The median PAAB modification for taxpayers appealing a residential property is \$18,000 compared to \$435,000 for taxpayers appealing a commercial property and \$1.7 million for taxpayers appealing an industrial property.
- Over half of taxpayers receiving modified rulings from PAAB for residential properties experienced a property tax decrease of less than \$300. The median property tax change for commercial properties was \$13,000 compared to \$58,000 for industrial properties.
- Only six taxpayers experienced an estimated increase in property tax bills. All were a result of a change in the property classification from residential to agricultural.
- Since its inception in 2007 through fiscal year 2012, PAAB has incurred a total of \$4.5 million in expenses. Of that total, \$3.8 million was paid for salaries.
- Over one-third of the 199 respondents to Department of Revenue surveys indicated they were satisfied with the PAAB process while just under one-third indicated they were dissatisfied.
- The vast majority of assessors overwhelmingly agreed that a filing fee should be introduced for PAAB appeals.
- More than one-half of all respondents think the PAAB process takes too long.
- Almost half of appeals resulting in modified outcomes took a year or more to be resolved.
- Most assessors believe appraisals should be exchanged prior to a Board of Review hearing.
- Over two-thirds of assessors favor electronic filing options with PAAB.
- Over half of Board of Review members requested additional training.
- As intended, the PAAB process has reduced the number of property tax cases heard in District Court.

## EXECUTIVE SUMMARY FOR THE LEGISLATIVE PAAB REVIEW COMMITTEE

In 2007, the Property Assessment Appeal Board (PAAB) was established to serve as a consistent, fair, and equitable property assessment appeal process for parties not satisfied with local Board of Review decisions that could serve as an alternative to appealing an assessment with the District Court. The legislation creating PAAB established a Legislative PAAB Review Committee that was to meet during 2012 and assess the process. The following summarizes data reviewed in response to the questions raised by the Committee at its first meeting.

### *Distribution of Appeals by Year and Property Classification*

- In the first six years of its existence, PAAB received 6,624 separate appeals filed by an estimated 2,250 taxpayers. The average number of appeals during an equalization year (odd years) was 1,456, nearly double the 752 average number of appeals made during the even years (see Table 1).
- Taxpayers with appeals for residential properties comprised 46 percent of taxpayers with PAAB appeals on average but accounted for only 11 percent of the value of appeals (see Figures 1 and 3).
- Taxpayers with appeals for commercial properties comprised 49 percent of PAAB appeals on average but accounted for 80 percent of the value of appeals (see Figures 1 and 3).

### *PAAB Appeal Outcomes*

PAAB appeals ultimately result in one of five general outcomes (see Figure 4 and Table 3):

- **Affirmed:** PAAB conducted a hearing and ruled against the taxpayer on the issue under appeal. Taxpayers with appeals for 2007-2012: 410 (14.5%)
- **Modified:** PAAB conducted a hearing and made a change in the Board of Review ruling on the issue under appeal. Taxpayers with appeals for 2007-2012: 225 (8.0%)
- **Dismissed:** PAAB granted a Motion to Dismiss (typically requested and filed by the Board of Review) based on an error made by the taxpayer or a legal technicality. Taxpayers with appeals for 2007-2012: 236 (8.4%)
- **Stipulated:** The taxpayer and the Board of Review reached a settlement on the issue under appeal after the appeal was filed with PAAB but prior to a ruling by PAAB; PAAB issued an order approving the settlement and closing the case. Taxpayers with appeals for 2007-2012: 900 (31.9%)
- **Withdrawn:** The taxpayer filed a request to withdraw the appeal; PAAB issued an order approving the withdrawal. Taxpayers with appeals for 2007-2012: 387 (13.7%)
- Fifty-three percent of the \$3.9 billion in assessed value of properties appealed during 2007 through 2010 resulted in a stipulated outcome; 14 percent of the total assessed value of properties appealed to PAAB received an affirmed or modified outcome (see Figure 4 and Table 3).
- Twenty jurisdictions had no PAAB appeals during 2007 through 2010. The remaining jurisdictions had a range of 0 to 63 affirmed cases, 0 to 346 stipulated outcomes, and 0 to 47 modified outcomes (see Figures 6 through 8).

### *PAAB Affirmed and Modified Rulings*

- For the 2007 through 2011 appeal years, 638 taxpayers had appeals resulting in either an affirmed or modified outcome with 442 (69%) heard orally while the remaining appeals were handled as a written consideration (see Table 5).

### *PAAB Modifications*

- Since its inception in 2007, PAAB has issued modified decisions for 209 taxpayers including 14 changes to the property classification of parcels and an aggregate reduction in assessed values of \$76 million (see Table 7).
- The median PAAB modification for taxpayers appealing a residential property is \$18,000 compared to \$435,000 for taxpayers appealing a commercial property and \$1.7 million for taxpayers appealing an industrial property (see Table 7).

### *Estimated Property Tax Change as a Result of PAAB Rulings*

- Taxpayers receiving modified rulings from PAAB for residential properties experienced a median nominal property tax decrease of \$293 based on property values and tax rates effective in the year of the appeal. The median property tax change for taxpayers with modified rulings for commercial properties is \$13,000 compared to \$58,000 for industrial properties (see Table 7).
- Six taxpayers experienced an estimated increase in property tax bills as a result of a PAAB decision to change the property classification from residential to agricultural (see Table 16).
- Summing over the five single years of estimated property tax changes results in a total impact from the PAAB decisions on property tax bills of \$2.2 million for the 209 taxpayers (see Table 7).

### *PAAB Expenses*

- Since its inception in 2007 through fiscal year 2012, PAAB has incurred a total of \$4.5 million in expenses. Of that total, \$3.8 million was paid for salaries.

### *Information Gathered Through Surveys of Various Stakeholders*

To assist the Legislature in its review of PAAB, the Department of Revenue prepared three surveys for various stakeholders in the State's property assessment appeal process including the County and City Assessors, Board of Review Members, and other stakeholders. The third survey was distributed to the Iowa Bar Association, the Iowa Realtors Association, the Iowa Association of Business and Industry, and the Iowa County Attorneys Association.<sup>1</sup>

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<sup>1</sup>The survey questions on the third survey were written with the taxpayer and his attorney in mind which made them less useful for gathering information from the county attorneys.

- Thirty-five percent of the 199 respondents indicated they were satisfied or highly satisfied with the PAAB process while 29 percent indicated they were dissatisfied or highly dissatisfied (see Table 8).
- Assessors overwhelmingly agreed that a filing fee should be introduced for PAAB appeals with 95 percent responding yes (see Table 8).
- Over one-half of all respondents reported issues with the length of time PAAB takes to resolve appeals, with 80 percent of assessors reporting concerns (see Table 8).

#### *County and City Assessor Survey Responses*

- Seventy-nine percent of assessors indicated they believed petitioners and defendants should be required to exchange appraisals prior to the Board of Review hearing (see Table 9).
- Over two-thirds of assessors indicated that an option to file appeals and other documents electronically with PAAB would bring value (see Table 9).

#### *Board of Review Survey Responses*

- Fifty-four percent recommended additional training for Board of Review members, with 87 percent of those members requesting training about assessment laws (see Table 10).

#### *PAAB Process Length*

- One common concern among survey respondents was the length of time PAAB takes to resolve appeals. The median time between the appeal being filed and record being closed is shortest for those appeals that were dismissed at 128 days (see Table 11). The longest time is for appeals receiving a modified ruling of 357 days.
- For appeals with an affirmed ruling, the median time between the appeal being filed and a hearing date is 289 days, similar to the 270 days for appeals with modified rulings. The time between the hearing date and the decision from PAAB is 52 days for affirmed rulings and 67 days for modified rulings.

#### *District Court Case Data*

- The counts of District Court cases regarding property assessments show the expected zigzag pattern between equalization and even years, but also a noticeable drop in 2007 (see Figure 9).
- Statistical analysis of District Court case data, controlling for the number of Board of Review appeals, 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.



# DATA ANALYSIS FOR THE LEGISLATIVE PAAB REVIEW COMMITTEE

In 2007, the Property Assessment Appeal Board (PAAB) was established to serve as a consistent, fair, and equitable property assessment appeal process for parties not satisfied with local Board of Review decisions that could serve as an alternative to appealing an assessment with the District Court. The legislation creating PAAB established a Legislative PAAB Review Committee that was to meet in 2012 and assess the process. This document attempts to answer many questions raised by the Committee at its first meeting in July 2012.

## DATA ON PAAB APPEALS AND OUTCOMES FROM THE PAAB DATABASES

### *Distribution of Appeals by Year and Property Classification*

In the first six years of its existence, PAAB has received 6,624 separate appeals filed by an estimated 2,250 taxpayers. The average number of appeals during an equalization year (odd years) was 1,456, nearly double the 752 average number of appeals made during the even years (see Table 1). In only three cases was the appellant a county assessor.<sup>2</sup> On average 57 percent of appeals were filed for residential properties and 37 percent were filed for commercial properties each year (see Figure 1 and Table 1).

A taxpayer wishing to appeal a Board of Review decision covering multiple parcels must file a separate appeal with PAAB for each parcel. However, these parcels are more reasonably considered together in any assessment of the PAAB process. For the remainder of this analysis, appeals are grouped by taxpayer within each year. On a taxpayer basis, the average residential share of total appeals falls to 50 percent and the average commercial share rises to 44 percent (see Figure 2 and Table 1). During equalization years, the largest group of taxpayers are appealing residential property (54%). During even years, the largest group of taxpayers are appealing commercial property (49%).

During 2007 through 2012, the total assessed value of the properties appealed to PAAB as established by the local Board of Review prior to the PAAB appeal exceeds \$7.4 billion (see Table 2). The distribution of PAAB appeals is noticeably different when considered in terms of assessed values as compared to counts by taxpayers. The residential average share of PAAB appeals drops to 11 percent while the commercial average share rises to 80 percent (see Figure 3 and Table 2).

### *PAAB Appeal Outcomes*

As represented on the PAAB Process Overview flow chart (see Appendix), PAAB appeals ultimately result in one of five general outcomes (see Figure 4 and Table 3):

- **Affirmed:** PAAB conducted a hearing and ruled against the taxpayer on the issue under appeal. Taxpayers with appeals for 2007-2012: 410 (14.5%)
- **Modified:** PAAB conducted a hearing and made a change in the Board of Review ruling on the issue under appeal. Taxpayers with appeals for 2007-2012: 225 (8.0%)
- **Dismissed:** PAAB granted a Motion to Dismiss (typically requested and filed by the Board of Review) based on an error made by the taxpayer or a legal technicality. Taxpayers with appeals for 2007-2012: 236 (8.4%)

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<sup>2</sup> Going forward, this document will use the term taxpayers to refer to all appellants because only three appeals were filed by assessors.

- **Stipulated:** The taxpayer and the Board of Review reached a settlement on the issue under appeal after the appeal was filed with PAAB but prior to a ruling by PAAB; PAAB issued an order approving the settlement and closing the case. Taxpayers with appeals for 2007-2012: 900 (31.9%)
- **Withdrawn:** The taxpayer filed a request to withdraw the appeal; PAAB issued an order approving the withdrawal. Taxpayers with appeals for 2007-2012: 387 (13.7%)

Based on the PAAB databases as of October 8, 2012, the remaining taxpayers with appeals either had a PAAB hearing scheduled prior to October 1, 2012 with a decision pending (73, 2.6%), have a hearing scheduled in the next few months (92, 3.3%), or have not yet had a hearing scheduled (495, 17.6%).

As seen for total appeals, the distribution of outcomes by Board of Review assessed value is different than the distribution by number of taxpayers (see Figure 5 and Table 4). With over 44 percent of taxpayers' appeals unresolved for 2011 and 80 percent unresolved for 2012, when assessing the overall distribution of outcomes from the PAAB process it is helpful to focus on PAAB's first four years, where all but seven taxpayers had a final outcome recorded as of October 8, 2012. While 42 percent of appeals grouped by taxpayer resulted in a stipulated outcome, 53 percent of the \$3.9 billion in assessed value of properties appealed during 2007 through 2010 resulted in a stipulated outcome. PAAB affirmed or modified outcomes resulted for 31 percent of taxpayers, but only 14 percent of the total assessed value of properties appealed received an affirmed or modified outcome.

Another way to view the outcomes data from the PAAB process is to consider the geographic distribution of those outcomes. The share of PAAB appeals between 2007 and 2010, considered on a taxpayer basis, are mapped by assessor jurisdiction and outcome. For example, the share of taxpayers in each jurisdiction with appeals that resulted in an affirmed ruling is mapped along with the count of affirmed cases (see Figure 6). The twenty jurisdictions with a designation of "None" reflect those with no PAAB appeals during the first four years. The remaining jurisdictions had a range of 0 to 63 affirmed cases, reflecting 0 to 100% of the PAAB taxpayer appeals for the jurisdiction. Similar presentations are provided for appeals resulting in stipulated and modified outcomes (see Figures 7 and 8). The range of stipulated outcomes across jurisdictions is 0 to 346 while the range of modified outcomes is 0 to 47.

#### *PAAB Affirmed and Modified Rulings*

Although PAAB makes a ruling to close all appeals, only for affirmed and modified outcomes does PAAB make a decision that may result in a change to the assessed value of the property at issue. In order to gather the necessary information to make a decision, the PAAB process includes either an oral hearing or written consideration of the appeal. When taxpayers file an appeal, they must designate whether they want a hearing or not.

For the 2007 through 2011 appeal years, 638 taxpayers had appeals result in either an affirmed or modified outcome with 442 (69%) heard orally while the remaining appeals were handled as a written consideration (see Table 5). Of the appeals that were heard orally, 61 percent resulted in an affirmed outcome compared to 71 percent of the appeals handled through a written consideration. Another way to consider potential differences in outcomes by method of review is to look at the distribution between oral and written hearings for appeals resulting in a modified outcome. Sixty-seven percent of taxpayers receiving affirmed rulings had their appeals heard orally compared to 75 percent of taxpayers receiving modified outcomes.

Over half of the appeals that received oral hearings had Board of Review assessed values less than \$300,000. The median assessed value for parcels considered through written means was \$230,000. Because assessed values differ by property

classification, a similar analysis on method of review was completed by classification (see Table 6). For agricultural and residential properties, the median value is higher for appeals considered through the written process as compared to the oral process. However, for commercial properties that relationship is the opposite. Counts of industrial properties are so low that a comparison is not meaningful.

#### *PAAB Modifications*

Since its inception in 2007, PAAB has issued modified decisions for 209 taxpayers, where 14 taxpayers received modified decisions in multiple years and one taxpayer received a modified decision for two different property classes within the same year. Those decisions resulted in 14 changes to the property classification of parcels and an aggregate reduction in assessed values of \$76 million (see Table 7). The median change in assessed value for a taxpayer across all years is \$25,000; however, those medians differ starkly by property class.<sup>3</sup> The median PAAB modification for taxpayers appealing a residential property is \$18,000 compared to \$435,000 for taxpayers appealing a commercial property and \$1.7 million for taxpayers appealing an industrial property.

#### *Estimated Property Tax Change as a Result of PAAB Rulings*

For the modified appeals received by 209 taxpayers, the impact of that decision on the taxpayer's property tax bill for the appeal year was estimated. First the applicable property tax rate was established for each appeal using the average consolidated property tax rate reported by the Department of Management for the county in which the property is located for the assessment year at issue. For appeals made for properties located in the eight cities with separate assessors, the average consolidated property tax rate for urban areas within that county was used. Second, the initial property tax liability for the parcel at issue was computed by multiplying the Board of Review assessed value by the applicable rollback for the classification of the property prior to the PAAB ruling and the applicable average consolidated property tax rate. Third, the property tax liability after the PAAB ruling was similarly calculated using the PAAB assessed value and the rollback rate applicable to the classification as ruled by PAAB. Finally, the difference between the two liabilities was calculated as the estimated property tax change.

As with changes in assessments, the median estimated change in property tax differs significantly across the property classes (see Table 7). Taxpayers receiving modified rulings from PAAB for residential properties experienced a median nominal property tax decrease of \$293 based on property values and tax rates effective in the year of the appeal. The median property tax change for taxpayers with modified rulings for commercial properties was \$13,000 compared to \$58,000 for industrial properties.

Six taxpayers experienced an estimated increase in property tax bills as a result of a PAAB decision to change the property classification from residential to agricultural. Two taxpayers experienced no change in the estimated property tax because the PAAB modification only pertained to the distribution of the assessed property value between land and buildings. Summing over the five single years of estimated property tax changes results in a total impact from the PAAB decisions on property tax bills of \$2.2 million for the 209 taxpayers (see Table 7). No attempt was made to consider the impact of the PAAB modifications on tax bills in years other than the year of the PAAB appeal.

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<sup>3</sup> Median is the observation that is in the middle of a series ordered from smallest to largest.

## PAAB EXPENSES

Since its inception in 2007 through fiscal year 2012, the Property Assessment Appeal Board has incurred a total of \$4.5 million in expenses. Of that total, \$3.8 million was paid in salaries. Other expenses include office rent and general business costs such as technological support and postage.<sup>4</sup> PAAB is comprised of three members with two support staff. The support staff was increased to three during fiscal year 2009 (although the sixth position was open between May and September 2012).

## INFORMATION GATHERED THROUGH SURVEYS OF VARIOUS STAKEHOLDERS

To assist the Legislature in its review of PAAB, the Department of Revenue prepared three surveys for various stakeholders in the State's property assessment appeal process including the County and City Assessors, Board of Review Members, and other stakeholders. The third survey was distributed to the Iowa Bar Association, the Iowa Realtors Association, the Iowa Association of Business and Industry, and the Iowa County Attorneys Association.<sup>5</sup> Some of the same questions regarding PAAB were asked on all three surveys while other questions were directed toward specific respondents. The following presents the information gleaned from the survey responses.

A total of 199 surveys were completed. For these respondents, 35 percent indicated they were satisfied or highly satisfied with the PAAB process while 29 percent indicated they were dissatisfied or highly dissatisfied (see Table 8). The county and city assessors reported the greatest dissatisfaction at 40 percent (i.e., either answering dissatisfied or highly dissatisfied), although the respondents to the other stakeholders survey (over half of which were attorneys) had the largest share indicating highly dissatisfied, at 20 percent. Assessors overwhelmingly agreed that a filing fee should be introduced for PAAB appeals with 95 percent responding yes. For all respondents, 70 percent recommended a filing fee be introduced. Less than one-third of respondents suggested that a single hearing official would be sufficient for PAAB appeals. Fifty-seven of all respondents reported issues with the length of time PAAB takes to resolve appeals, with 80 percent of assessors reporting concerns.

### *County and City Assessor Survey Responses*

In addition to the questions about PAAB noted above, the assessors were asked questions about the Board of Review process, District Court appeals, and additional questions about PAAB. Because PAAB appeals can only result after a taxpayer has appealed an assessment with the local Board of Review, identifying possible problems with the Board of Review process seemed a relevant step in a review of PAAB.

Only 16 percent of assessors indicated a change in composition of the Board of Review members would be beneficial and less than 6 percent suggested a longer appeal period for the Board of Review would improve the process (see Table 9). However 79 percent of assessors indicated they believed petitioners and defendants should be required to exchange

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<sup>4</sup> PAAB offices were initially housed in a private building with rent costs. During fiscal year 2011, PAAB offices were moved to the Hoover State Office Building, significantly reducing those costs.

<sup>5</sup> The survey questions on the third survey were written with the taxpayer and his attorney in mind which made them less useful for gathering information from the county attorneys.

appraisals prior to the Board of Review hearing. Almost 60 percent recommended additional training for the members, with 90 percent or more of those respondents recommending training about assessment laws and the appeals procedure.

Currently PAAB only accepts appeals and other communication through the mail or through hand delivery. Over two-thirds of assessors indicated that an option to file appeals and other documents electronically with PAAB would bring value (see Table 9). Fifty-six percent of assessors agreed with a suggestion to set a maximum assessed value limitation for PAAB appeals with 57 percent of those respondents choosing \$500,000 as that maximum value.

### *Board of Review Survey Responses*

Board of Review members were asked about both the Board of Review process and the PAAB process. Responses to the questions about the PAAB process were discussed above (see Table 8). Only seven percent of respondents suggested a longer appeal period for the Board of Review would improve the process (see Table 10). However 50 percent indicated they believed petitioners and defendants should be required to exchange appraisals prior to the Board of Review hearing. Fifty-four percent recommended additional training, with 87 percent of those members requesting training about assessment laws.

### *PAAB Process Length*

One common concern among survey respondents was the length of time PAAB takes to resolve appeals. To provide some information in regards to this concern, appeal dates were reviewed. PAAB databases include several dates about the appeals such as the date the appeal was filed with PAAB, the date of the PAAB hearing, and the date the record was closed. By statute, all appeals must be filed with PAAB within 20 days of the Board of Review decision. Over the 2007 through 2011 period, for taxpayers whose appeals were closed by October 8, 2012, the data suggest a wide range of time between appeal and close (2 to 891 days) with the median of 324 days, which means half of the taxpayers experienced that process time or shorter and half experienced that process time or longer (see Table 12). For appeals that ended in stipulation, dismissal, or withdrawal, it is possible that no PAAB hearing was ever set. The median time between the appeal being filed and record being closed was shortest for those taxpayers whose appeals were dismissed at 128 days. The longest time was experienced by taxpayers whose appeals received a modified ruling at 357 days. For taxpayers receiving an affirmed ruling, the median time between the appeal being filed and a hearing date was 289 days, similar to the 270 days for taxpayers receiving modified rulings. The median time between the hearing date and the decision from PAAB was 52 days for affirmed rulings and 67 days for modified rulings.

## **DISTRICT COURT CASE DATA**

In response to a request from the Department of Revenue to the Iowa court system, a database was created that included property assessment appeal cases initiated in 2000 through 2012-to-date.<sup>6</sup> The counts of cases across all courts show the expected zigzag pattern between equalization and even years, but also a noticeable drop in 2007 (see Figure 9). Prior to PAAB, average cases in odd years were 196 and average cases in even years were 112 (see Table 12). Taking averages

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<sup>6</sup> The courts do not have a specific case type or even an event code that identifies property tax assessment appeals. However, using information from a few cases, court IT staff created an ad hoc script to run against their database that should be a reasonable representation of the caseload in the courts.

over the years suggests that the count of court cases after the introduction of PAAB is down 73 (37%) in odd years and 65 (58%) in even years. However, the average number of Board of Review appeals is up since 2007 which should result in higher counts of District Court cases. Statistical analysis of the case data, controlling for the number of Board of Review appeals, suggests that the introduction of PAAB as an alternative to the District Court has reduced the number of Court cases during an average equalization year by 131, and 101 on average for even years.

## TABLES AND FIGURES

**TABLE 1. PAAB APPEALS AND TAXPAYERS WITH PAAB APPEALS BY PROPERTY CLASSIFICATION AND YEAR OF APPEAL**

Property Classification	Count of Appeals							Average		
	2007	2008	2009	2010	2011	2012	Total	Odd Years	Even Years	Even Years
Agricultural	43	2	37	1	66	4	153	49	2	2
Commercial	333	136	489	420	638	346	2,362	487	301	301
Industrial	20	2	53	52	102	52	281	58	35	35
Residential	578	540	1,212	260	797	416	3,803	862	405	405
Multiple	0	25	0	0	0	0	25	0	8	8
Total	974	705	1,791	733	1,603	818	6,624	1,456	752	752

Property Classification	Distribution of Appeals							Average		
	2007	2008	2009	2010	2011	2012	Average 2007-2012	Odd Years	Even Years	Even Years
Agricultural	4.4%	0.3%	2.1%	0.1%	4.1%	0.5%	1.9%	3.5%	0.3%	0.3%
Commercial	34.2%	19.3%	27.3%	57.3%	39.8%	42.3%	36.7%	33.8%	39.6%	39.6%
Industrial	2.1%	0.3%	3.0%	7.1%	6.4%	6.4%	4.2%	3.8%	4.6%	4.6%
Residential	59.3%	76.6%	67.7%	35.5%	49.7%	50.9%	56.6%	58.9%	54.3%	54.3%
Multiple	0.0%	3.5%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	1.2%	1.2%

Property Classification	Count of Taxpayers							Average		
	2007	2008	2009	2010	2011	2012	Total	Odd Years	Even Years	Even Years
Agricultural	20	2	14	1	22	2	59	19	2	2
Commercial	167	74	253	145	299	159	882	240	126	126
Industrial	12	2	20	12	40	18	87	24	11	11
Residential	269	57	350	142	350	179	1,272	323	126	126
Multiple	0	5	0	0	0	0	5	0	2	2
Total	460	138	622	297	695	352	2,250	592	262	262

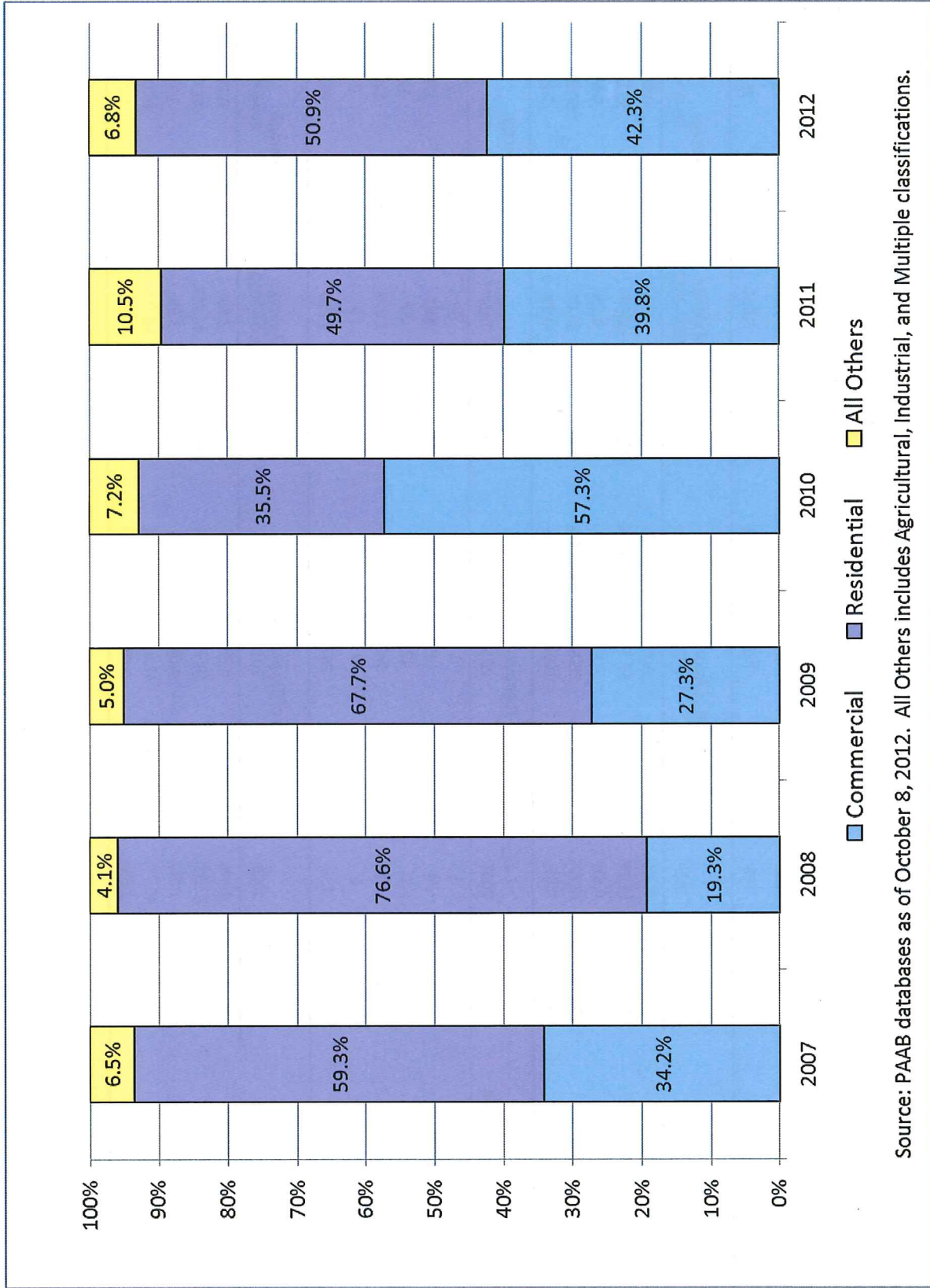
Property Classification	Distribution of Taxpayers							Average		
	2007	2008	2009	2010	2011	2012	Average 2007-2012	Odd Years	Even Years	Even Years
Agricultural	4.3%	1.4%	2.2%	0.3%	3.1%	0.6%	2.0%	3.2%	0.8%	0.8%
Commercial	35.7%	52.9%	39.7%	48.3%	42.1%	44.4%	43.8%	39.2%	48.5%	48.5%
Industrial	2.6%	1.4%	3.1%	4.0%	5.6%	5.0%	3.6%	3.8%	3.5%	3.5%
Residential	57.5%	40.7%	54.9%	47.3%	49.2%	50.0%	49.9%	53.9%	46.0%	46.0%
Multiple	0.0%	3.6%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	1.2%	1.2%

Source: PAAB databases as of October 8, 2012.

Note: The multiple property classification was only used in 2008. Totals for taxpayer counts do not equal the sum by property classification or year of appeal as some taxpayers filed several appeals across classifications or years, but are only counted once in the totals.

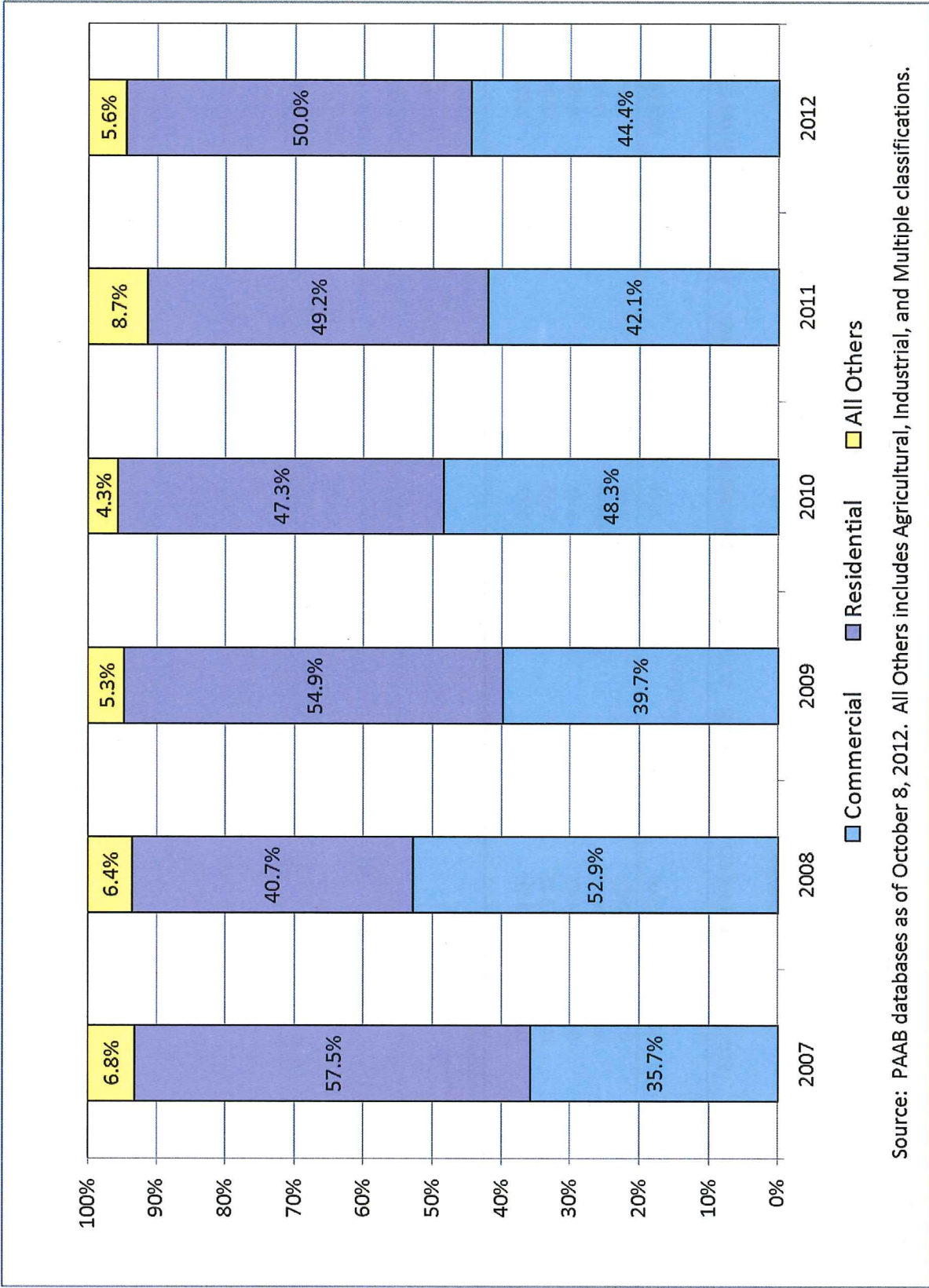


**FIGURE 1. DISTRIBUTION OF PAAB APPEALS BY PROPERTY CLASSIFICATION AND YEAR OF APPEAL**



Source: PAAB databases as of October 8, 2012. All Others includes Agricultural, Industrial, and Multiple classifications.

**FIGURE 2. DISTRIBUTION OF TAXPAYERS WITH PAAB APPEALS BY PROPERTY CLASSIFICATION AND YEAR OF APPEAL**



Source: PAAB databases as of October 8, 2012. All Others includes Agricultural, Industrial, and Multiple classifications.

**TABLE 2. BOARD OF REVIEW ASSESSED VALUES OF PAAB APPEALS BY PROPERTY CLASSIFICATION AND YEAR OF APPEAL**

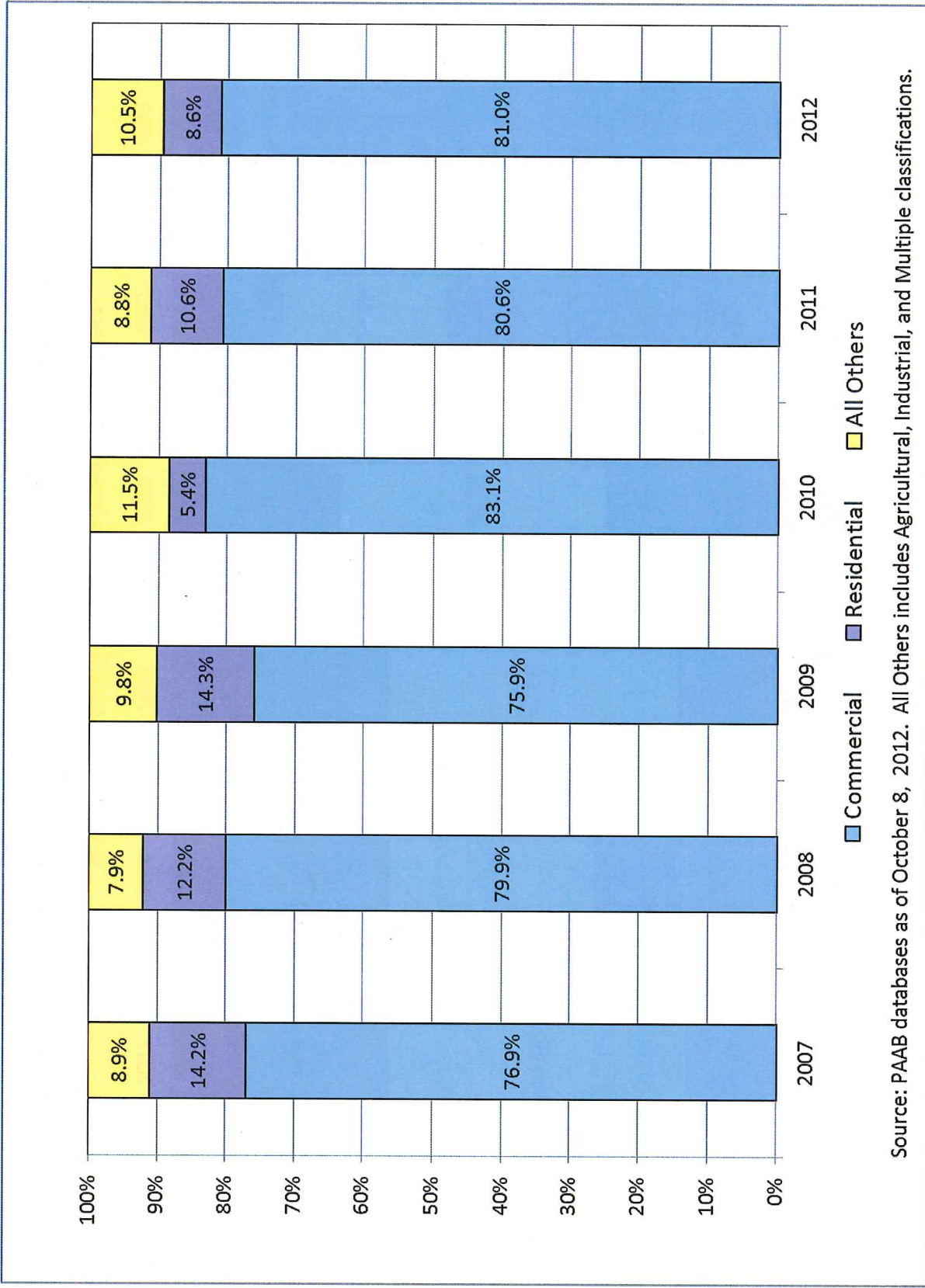
Property Classification	Board of Revenue Assessed Value						Average		
	2007	2008	2009	2010	2011	2012	Total	Even Years	
Agricultural	\$3,458,081	\$155,280	\$2,356,539	\$40,590	\$4,376,263	\$979,635	\$11,366,388	\$3,396,961	\$391,835
Commercial	\$557,857,035	\$340,853,538	\$1,146,992,956	\$1,057,282,564	\$1,783,986,508	\$1,020,131,374	\$5,907,103,975	\$1,162,945,500	\$806,089,159
Industrial	\$61,279,423	\$18,870,817	\$146,344,223	\$146,726,530	\$190,159,131	\$131,053,758	\$694,433,882	\$132,594,259	\$98,883,702
Residential	\$102,712,152	\$51,858,537	\$216,009,046	\$68,131,392	\$234,176,455	\$107,996,693	\$780,884,275	\$184,299,218	\$75,995,541
Multiple	\$0	\$14,730,000	\$0	\$0	\$0	\$0	\$14,730,000	\$0	\$4,910,000
<b>Total</b>	<b>\$725,306,691</b>	<b>\$426,468,172</b>	<b>\$1,511,702,764</b>	<b>\$1,272,181,076</b>	<b>\$2,212,698,357</b>	<b>\$1,260,161,460</b>	<b>\$7,408,518,520</b>	<b>\$1,483,235,937</b>	<b>\$986,270,236</b>

Property Classification	Distribution			Average	
	2007	2008	2009	2010	2012
Agricultural	0.5%	0.0%	0.2%	0.0%	0.1%
Commercial	76.9%	79.9%	75.9%	83.1%	81.0%
Industrial	8.4%	4.4%	9.7%	11.5%	10.4%
Residential	14.2%	12.2%	14.3%	5.4%	8.6%
Multiple	0.0%	3.5%	0.0%	0.0%	0.0%
<b>Total</b>	<b>0.2%</b>	<b>79.6%</b>	<b>0.3%</b>	<b>77.8%</b>	<b>81.3%</b>
<b>Average</b>	<b>8.8%</b>	<b>8.9%</b>	<b>13.0%</b>	<b>10.9%</b>	<b>8.7%</b>
<b>Even Years</b>	<b>0.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.2%</b>

Source: PAAB databases as of October 8, 2012

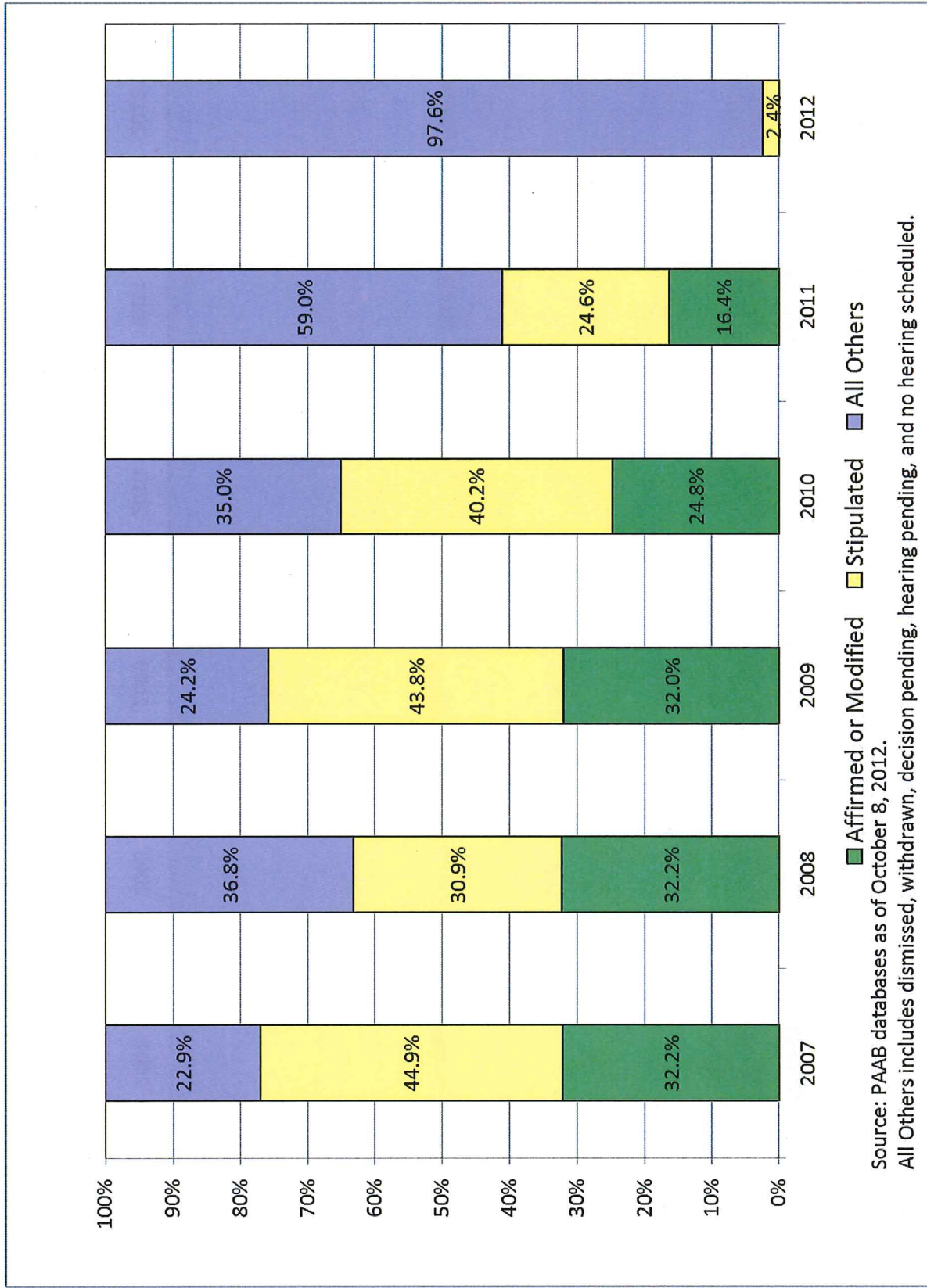
Note: The multiple classification was only used in 2008.

**FIGURE 3. DISTRIBUTION OF ASSESSED VALUES FOR PAAB APPEALS BY PROPERTY CLASSIFICATION AND YEAR OF APPEAL**



Source: PAAB databases as of October 8, 2012. All Others includes Agricultural, Industrial, and Multiple classifications.

**FIGURE 4. DISTRIBUTION OF PAAB OUTCOMES BY TAXPAYERS WITH APPEALS AND YEAR OF APPEAL**



**TABLE 3. TAXPAYERS WITH PAAB APPEALS BY OUTCOME OF PAAB APPEAL AND YEAR OF APPEAL**

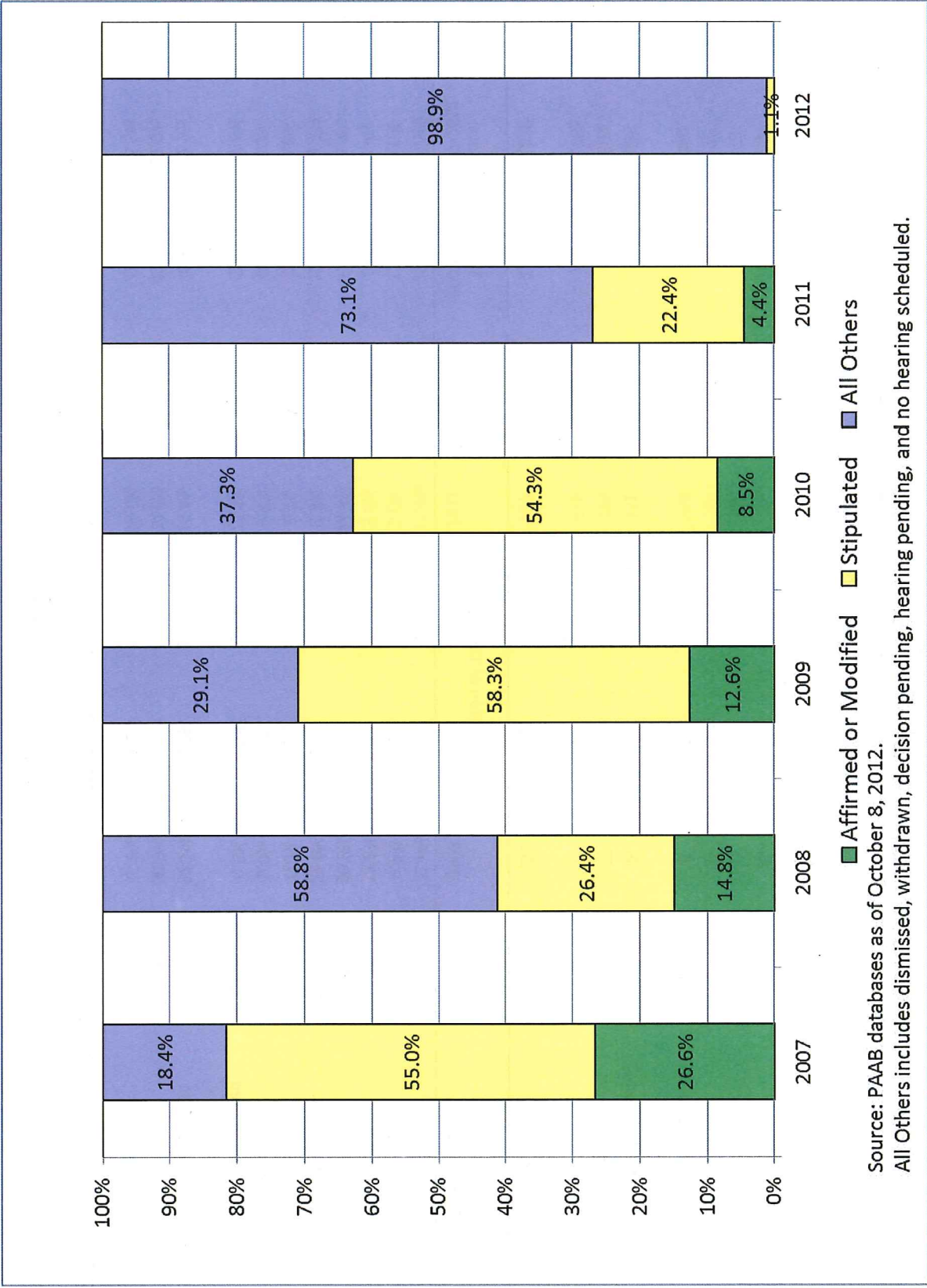
PAAB Outcome	Count of Taxpayers					Total		
	2007	2008	2009	2010	2011	2012	2007-2010	2007-2012
Affirmed	88	34	135	62	91	0	319	410
Modified	68	15	83	19	40	0	185	225
Dismissed	31	21	34	46	43	61	132	236
Stipulation	218	47	299	131	196	9	695	900
Withdrawn	80	35	125	67	74	6	307	387
Decision Pending	0	0	6	1	66	0	7	73
Hearing Pending	0	0	0	0	79	13	0	92
No Hearing Scheduled	0	0	0	0	208	287	0	495
Affirmed or Modified	156	49	218	81	131	0	504	635
Stipulated	218	47	299	131	196	9	695	900
All Others	111	56	165	114	470	367	446	1,283
<b>Total</b>	<b>485</b>	<b>152</b>	<b>682</b>	<b>326</b>	<b>797</b>	<b>376</b>	<b>1,645</b>	<b>2,818</b>

PAAB Outcome	Distribution of Taxpayers					Total		
	2007	2008	2009	2010	2011	2012	2007-2010	2007-2012
Affirmed	18.1%	22.4%	19.8%	19.0%	11.4%	0.0%	19.4%	14.5%
Modified	14.0%	9.9%	12.2%	5.8%	5.0%	0.0%	11.2%	8.0%
Dismissed	6.4%	13.8%	5.0%	14.1%	5.4%	16.2%	8.0%	8.4%
Stipulation	44.9%	30.9%	43.8%	40.2%	24.6%	2.4%	42.2%	31.9%
Withdrawn	16.5%	23.0%	18.3%	20.6%	9.3%	1.6%	18.7%	13.7%
Decision Pending	0.0%	0.0%	0.9%	0.3%	8.3%	0.0%	0.4%	2.6%
Hearing Pending	0.0%	0.0%	0.0%	0.0%	9.9%	3.5%	0.0%	3.3%
No Hearing Scheduled	0.0%	0.0%	0.0%	0.0%	26.1%	76.3%	0.0%	17.6%
Affirmed or Modified	32.2%	32.2%	32.0%	24.8%	16.4%	0.0%	30.6%	22.5%
Stipulated	44.9%	30.9%	43.8%	40.2%	24.6%	2.4%	42.2%	31.9%
All Others	22.9%	36.8%	24.2%	35.0%	59.0%	97.6%	27.1%	45.5%

Source: PAAB databases as of October 8, 2012. Taxpayer counts group appeals by property classification and Board of Review within each year.  
Notes: "Decision Pending" reflects appeals with a hearing date prior to October 1, 2012 but no PAAB decision recorded. "Hearing Pending" reflects appeals with a PAAB hearing date scheduled for October 1, 2012 or later. "No Hearing Scheduled" reflects appeals with no PAAB hearing scheduled and no PAAB decision recorded.

**FIGURE 5. DISTRIBUTION OF PAAB OUTCOMES BY BOARD OF REVIEW ASSESSED VALUE AND YEAR OF APPEAL**



**TABLE 4. BOARD OF REVIEW ASSESSED VALUES BY OUTCOME OF PAAB APPEAL AND YEAR OF APPEAL**

PAAB Outcome	Board of Review Assessed Value							Total	
	2007	2008	2009	2010	2011	2012	2007-2010	2007-2012	
Affirmed	\$58,785,350	\$28,432,537	\$83,607,998	\$48,622,051	\$25,550,523	\$0	\$219,447,936	\$244,998,459	
Modified	\$133,940,363	\$34,602,457	\$107,008,731	\$60,437,583	\$72,835,995	\$0	\$335,989,134	\$408,825,129	
Dismissed	\$8,355,783	\$113,593,176	\$56,732,844	\$102,085,723	\$215,781,360	\$31,067,028	\$280,767,526	\$527,615,914	
Stipulation	\$399,072,351	\$112,463,690	\$880,801,172	\$697,969,017	\$495,809,515	\$13,971,982	\$2,090,306,230	\$2,600,087,727	
Withdrawn	\$125,152,844	\$137,376,312	\$362,597,799	\$364,478,410	\$257,310,542	\$14,934,642	\$989,605,365	\$1,261,850,549	
Decision Pending	\$0	\$0	\$20,954,220	\$12,857,592	\$312,898,619	\$0	\$33,811,812	\$346,710,431	
Hearing Pending	\$0	\$0	\$0	\$0	\$144,305,989	\$11,109,457	\$0	\$155,415,446	
No Hearing Scheduled	\$0	\$0	\$0	\$0	\$688,205,814	\$1,189,078,351	\$0	\$1,877,284,165	
Affirmed or Modified	\$192,725,713	\$63,034,994	\$190,616,729	\$109,059,634	\$98,386,518	\$0	\$555,437,070	\$653,823,588	
Stipulated	\$399,072,351	\$112,463,690	\$880,801,172	\$697,969,017	\$495,809,515	\$13,971,982	\$2,090,306,230	\$2,600,087,727	
All Others	\$133,508,627	\$250,969,488	\$440,284,863	\$479,421,725	\$1,618,502,324	\$1,246,189,478	\$1,304,184,703	\$4,168,876,505	
<b>Total</b>	<b>\$725,306,691</b>	<b>\$426,468,172</b>	<b>\$1,511,702,764</b>	<b>\$1,286,450,376</b>	<b>\$2,212,698,357</b>	<b>\$1,260,161,460</b>	<b>\$3,949,928,003</b>	<b>\$7,422,787,820</b>	

PAAB Outcome	Distribution of Board of Review Assessed Values							Total	
	2007	2008	2009	2010	2011	2012	2007-2010	2007-2012	
Affirmed	8.1%	6.7%	5.5%	3.8%	1.2%	0.0%	5.6%	3.3%	
Modified	18.5%	8.1%	7.1%	4.7%	3.3%	0.0%	8.5%	5.5%	
Dismissed	1.2%	26.6%	3.8%	7.9%	9.8%	2.5%	7.1%	7.1%	
Stipulation	55.0%	26.4%	58.3%	54.3%	22.4%	1.1%	52.9%	35.0%	
Withdrawn	17.3%	32.2%	24.0%	28.3%	11.6%	1.2%	25.1%	17.0%	
Decision Pending	0.0%	0.0%	1.4%	1.0%	14.1%	0.0%	0.9%	4.7%	
Hearing Pending	0.0%	0.0%	0.0%	0.0%	6.5%	0.9%	0.0%	2.1%	
No Hearing Scheduled	0.0%	0.0%	0.0%	0.0%	31.1%	94.4%	0.0%	25.3%	
Affirmed or Modified	26.6%	14.8%	12.6%	8.5%	4.4%	0.0%	14.1%	8.8%	
Stipulated	55.0%	26.4%	58.3%	54.3%	22.4%	1.1%	52.9%	35.0%	
All Others	18.4%	58.8%	29.1%	37.3%	73.1%	98.9%	33.0%	56.2%	

Source: PAAB databases as of October 8, 2012.

Notes: "Decision Pending" reflects appeals with a hearing date prior to October 1, 2012 but no PAAB decision recorded. "Hearing Pending" reflects appeals with a PAAB hearing date scheduled for October 1, 2012 or later. "No Hearing Scheduled" reflects appeals with no PAAB hearing scheduled and no PAAB decision recorded.









**TABLE 5. TAXPAYERS RECEIVING PAAB RULINGS BY METHOD OF REVIEW, OUTCOME, AND YEAR OF APPEAL**

Method of Review	PAAB Outcome	Count of Taxpayers					Total 2007-2011
		2007	2008	2009	2010	2011	
Oral	Affirmed	66	28	93	34	50	271
	Modified	55	13	63	17	23	171
	<b>Total Oral</b>	<b>121</b>	<b>41</b>	<b>156</b>	<b>51</b>	<b>73</b>	<b>442</b>
Written	Affirmed	23	6	42	28	41	140
	Modified	15	2	20	2	17	56
	<b>Total Written</b>	<b>38</b>	<b>8</b>	<b>62</b>	<b>30</b>	<b>58</b>	<b>196</b>

Method of Review	PAAB Outcome	Distribution of Outcome by Method of Review					Total 2007-2011
		2007	2008	2009	2010	2011	
Oral	Affirmed	54.5%	68.3%	59.6%	66.7%	68.5%	61.3%
	Modified	45.5%	31.7%	40.4%	33.3%	31.5%	38.7%
Written	Affirmed	60.5%	75.0%	67.7%	93.3%	70.7%	71.4%
	Modified	39.5%	25.0%	32.3%	6.7%	29.3%	28.6%

Method of Review	PAAB Outcome	Distribution of Method of Review by Outcome					Total 2007-2011
		2007	2008	2009	2010	2011	
Oral	Affirmed	74.2%	82.4%	68.9%	54.8%	54.9%	67.0%
Written	Affirmed	25.8%	17.6%	31.1%	45.2%	45.1%	33.0%
Oral	Modified	78.6%	86.7%	75.9%	89.5%	57.5%	75.3%
Written	Modified	21.4%	13.3%	24.1%	10.5%	42.5%	24.7%

Method of Review	PAAB Outcome	Distribution of Method of Review					Total 2007-2011
		2007	2008	2009	2010	2011	
Oral	Affirmed or Modified	76.1%	83.7%	71.6%	63.0%	55.7%	69.3%
Written	Affirmed or Modified	23.9%	16.3%	28.4%	37.0%	44.3%	30.7%

Method of Review	PAAB Outcome	Median Board of Review Assessed Value					Total 2007-2011
		2007	2008	2009	2010	2011	
Oral	Affirmed	\$233,491	\$212,950	\$284,700	\$325,140	\$154,200	\$229,257
	Modified	\$529,800	\$375,400	\$330,400	\$460,470	\$378,000	\$378,000
	<b>Total Oral</b>	<b>\$320,000</b>	<b>\$270,400</b>	<b>\$288,450</b>	<b>\$335,450</b>	<b>\$182,600</b>	<b>\$290,800</b>
Written	Affirmed	\$185,000	\$332,005	\$233,450	\$263,868	\$203,040	\$230,047
	Modified	\$232,590	\$125,670	\$237,000	\$314,295	\$254,670	\$238,750
	<b>Total Written</b>	<b>\$228,784</b>	<b>\$253,165</b>	<b>\$233,450</b>	<b>\$263,868</b>	<b>\$216,900</b>	<b>\$232,520</b>

Source: PAAB databases as of October 8, 2012.

**TABLE 6. TAXPAYERS RECEIVING PAAB RULINGS BY METHOD OF REVIEW, OUTCOME, AND PROPERTY CLASSIFICATION**

Method of Review	PAAB Outcome	Count of Taxpayers				Total 2007-2011
		Agricultural	Commercial	Industrial	Residential	
Oral	Affirmed	22	82	0	167	271
	Modified	7	61	5	98	171
	<b>Total Oral</b>	<b>29</b>	<b>143</b>	<b>5</b>	<b>265</b>	<b>442</b>
Written	Affirmed	6	25	2	107	140
	Modified	4	7	0	45	56
	<b>Total Written</b>	<b>10</b>	<b>32</b>	<b>2</b>	<b>152</b>	<b>196</b>

Method of Review	PAAB Outcome	Distribution of Outcome by Method of Review				Total 2007-2011
		Agricultural	Commercial	Industrial	Residential	
Oral	Affirmed	75.9%	57.3%	0.0%	63.0%	61.3%
	Modified	24.1%	42.7%	100.0%	37.0%	38.7%
Written	Affirmed	60.0%	78.1%	100.0%	70.4%	71.4%
	Modified	40.0%	21.9%	0.0%	29.6%	28.6%

Method of Review	PAAB Outcome	Distribution of Method of Review by Outcome				Total 2007-2011
		Agricultural	Commercial	Industrial	Residential	
Oral	Affirmed	78.6%	76.6%	0.0%	60.9%	54.0%
Written	Affirmed	21.4%	23.4%	100.0%	39.1%	46.0%
Oral	Modified	63.6%	89.7%	100.0%	68.5%	75.3%
Written	Modified	36.4%	10.3%	0.0%	31.5%	24.7%

Method of Review	PAAB Outcome	Distribution of Method of Review				Total 2007-2011
		Agricultural	Commercial	Industrial	Residential	
Oral	Affirmed or Modified	74.4%	81.7%	71.4%	63.5%	69.3%
Written	Affirmed or Modified	25.6%	18.3%	28.6%	36.5%	30.7%

Method of Review	PAAB Outcome	Median Board of Review Assessed Value				Total 2007-2011
		Agricultural	Commercial	Industrial	Residential	
Oral	Affirmed	\$103,896	\$543,250	NA	\$207,020	\$229,257
	Modified	\$103,700	\$2,589,200	\$14,291,700	\$260,175	\$378,000
	<b>Total Oral</b>	<b>\$103,700</b>	<b>\$1,125,100</b>	<b>\$14,291,700</b>	<b>\$214,680</b>	<b>\$290,800</b>
Written	Affirmed	\$126,455	\$175,260	\$437,865	\$242,758	\$230,047
	Modified	\$194,519	\$687,710	NA	\$228,270	\$238,750
	<b>Total Written</b>	<b>\$139,524</b>	<b>\$342,125</b>	<b>\$437,865</b>	<b>\$232,520</b>	<b>\$232,520</b>

Source: PAAB databases as of October 8, 2012.

**TABLE 7. CHANGES IN ASSESSMENTS AND PROPERTY TAXES FOR MODIFIED PAAB RULINGS BY FINAL PROPERTY CLASSIFICATION AND YEAR OF APPEAL**

Property Classification	Total Assessment Changes					Total
	2007	2008	2009	2010	2011	
Agricultural	-\$320,541	-\$39,440	-\$169,983	\$0	-\$612,408	-\$1,142,372
Commercial	-\$19,748,230	-\$3,368,238	-\$12,547,213	-\$8,065,900	-\$7,228,680	-\$50,958,261
Industrial	-\$1,555,667	-\$2,823,917	-\$1,590,000	-\$7,483,399	\$0	-\$13,452,983
Residential	-\$2,765,473	-\$1,036,930	-\$5,165,859	-\$204,374	-\$1,148,693	-\$10,321,329
All	-\$24,389,911	-\$7,268,525	-\$19,473,055	-\$15,753,673	-\$8,989,781	-\$75,874,945

Property Classification	Median Assessment Change by Taxpayer					2007-2011
	2007	2008	2009	2010	2011	
Agricultural	-\$45,400	-\$19,720	-\$8,550	\$0	-\$12,871	-\$21,070
Commercial	-\$441,700	-\$943,740	-\$435,030	-\$207,260	-\$300,000	-\$435,400
Industrial	-\$1,555,667	-\$2,823,917	-\$1,590,000	-\$3,741,700	\$0	-\$1,691,700
Residential	-\$15,575	-\$20,580	-\$17,150	-\$19,980	-\$20,111	-\$18,211
All	-\$33,230	-\$27,400	-\$19,900	-\$33,139	-\$25,035	-\$25,000

Property Classification	Total Estimated Property Tax Change					Total
	2007	2008	2009	2010	2011	
Agricultural	\$4,461	\$167	-\$1,928	\$0	-\$15,275	-\$12,575
Commercial	-\$543,495	-\$87,485	-\$434,579	-\$252,405	-\$218,160	-\$1,536,124
Industrial	-\$50,213	-\$91,321	-\$54,709	-\$258,192	\$0	-\$454,435
Residential	-\$37,245	-\$15,497	-\$80,001	-\$3,766	-\$24,894	-\$161,403
All	-\$626,492	-\$194,136	-\$571,217	-\$514,363	-\$258,329	-\$2,164,537

Property Classification	Median Estimated Property Tax Change by Taxpayer					2007-2011
	2007	2008	2009	2010	2011	
Agricultural	\$222	\$84	-\$178	\$0	-\$215	-\$178
Commercial	-\$12,913	-\$21,105	-\$17,938	-\$5,522	-\$9,288	-\$12,919
Industrial	-\$50,213	-\$91,321	-\$54,709	-\$129,096	\$0	-\$58,367
Residential	-\$242	-\$263	-\$304	-\$301	-\$369	-\$293
All	-\$499	-\$537	-\$359	-\$585	-\$447	-\$439

Property Classification	Count of Taxpayers Receiving Modified Rulings					Total
	2007	2008	2009	2010	2011	
Agricultural	7	2	5	0	5	19
Commercial	24	4	18	8	9	63
Industrial	1	1	1	2	0	5
Residential	36	8	59	9	26	138
All	68	15	83	19	40	209

Source: PAAB databases as of October 8, 2012.

Notes: Tax changes calculated on an appeal-level basis using average consolidated property tax rates by county for the assessment year at issue. Property classification reflects the classification after the PAAB decision. Rollbacks were applied based on the classification, accounting for the impact of classification changes in 14 cases reported on the PAAB Web site.

**TABLE 8. REPORTED SATISFACTION WITH THE PAAB APPEAL PROCESS AND OTHER RESPONSES FROM SURVEY RESPONDENTS**

	Assessors	Board of Review	Other Stakeholders	All Respondents
Highly Satisfied	1.2%	8.6%	12.2%	5.9%
Satisfied	10.3%	55.2%	31.7%	29.0%
Neither Satisfied or Dissatisfied	48.3%	29.3%	22.0%	36.6%
Dissatisfied	31.0%	6.9%	14.6%	19.9%
Highly Dissatisfied	9.2%	0.0%	19.5%	8.6%

	Share Answering Yes			
	Assessors	Board of Review	Other Stakeholders	All Respondents
Should there be a filling fee for PAAB petitions?	95.4%	34.5%	58.7%	69.9%
Would a single hearing official be sufficient for a PAAB case?	29.9%	27.6%	38.1%	31.2%
Are there issues with the PAAB Board regarding how long it takes to get something resolved?	80.5%	31.0%	46.2%	57.0%
Count of responses	87	58	54	199

Source: IDR Survey

Note: Not all stakeholders provided an answer to each of the questions reflected in this table.

**TABLE 9. SURVEY RESPONSES FROM COUNTY AND CITY ASSESSORS REGARDING THE BOARD OF REVIEW AND PAAB PROCESSES**

<b>Board of Review Process</b>	<b>Yes Responses</b>	
	<b>Share</b>	<b>Count</b>
Would a different composition of Board of Review members improve the process?	16.1%	14
Would a longer appeal period improve the Board of Review process?	5.8%	5
Would an increase in time for taxpayers to prepare for the hearing be beneficial?	13.8%	12
Should Petitioners and Defendants be required to exchange appraisals prior to the hearing?	79.3%	69
Would increased training for Board of Review members improve the process?	57.5%	50
For those answering yes to increased training: Share suggesting...		
Appraisal Training	74.0%	37
Assessment Laws Training	90.0%	45
Appeal Procedure Training	92.0%	46
<hr/>		
<b>PAAB Process</b>	<b>Yes Responses</b>	
	<b>Share</b>	<b>Count</b>
Should PAAB hearings be de novo?	44.8%	39
Would electronic filings for PAAB bring value?	66.7%	58
Would other electronic document submissions bring value?	71.3%	62
Should there be a maximum assessed value limitation for PAAB	56.3%	49
For those answering yes to a limit:		
\$100,000	6.1%	12
\$250,000	36.7%	29
\$500,000	57.1%	59

Source: IDR Survey



**TABLE 10. SURVEY RESPONSES FROM BOARD OF REVIEW MEMBERS REGARDING THE BOARD OF REVIEW PROCESS**

	Yes Responses	
	Share	Count
Would a longer appeal period improve the Board of Review process?	6.9%	4
Should Petitioners and Defendants be required to exchange appraisals prior to the hearing?	50.0%	28
Would increased training for Board of Review members improve the process?	53.5%	31
For those answering yes to increased training: Share suggesting...		
Appraisal Training	76.7%	23
Assessment Laws Training	86.7%	26
Appeal Procedure Training	71.0%	22

Source: IDR Survey

**TABLE 11. PAAB PROCESS LENGTH FOR TAXPAYERS BY OUTCOME AND YEAR OF APPEAL**

PAAB Decision	Median Days Between PAAB Appeal and Record Closed					Median 2007-2011
	2007	2008	2009	2010	2011	
Affirmed	368	378	334	373	260	352
Modified	353	368	388	400	308	357
Dismissed	47	331	96	248	80	128
Stipulation	248	326	402	379	283	317
Withdrawn	288	211	436	402	262	332
Total	276	365	391	372	271	324

	Median Days Between PAAB Appeal and Hearing					Median 2007-2011
	2007	2008	2009	2010	2011	
Affirmed	182	333	329	326	203	289
Modified	225	289	331	329	241	270

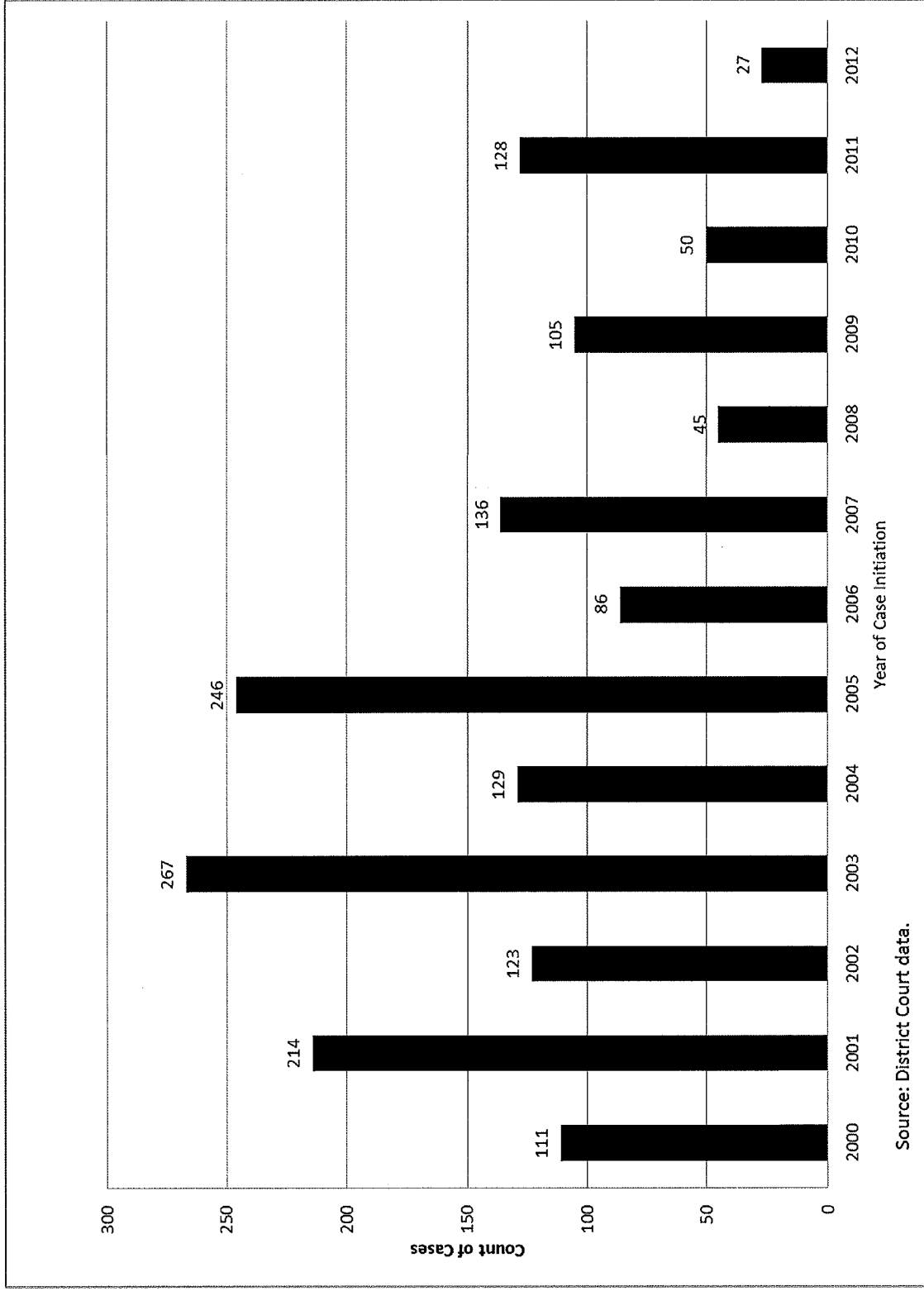
	Median Days Between Hearing and PAAB Decision					Median 2007-2011
	2007	2008	2009	2010	2011	
Affirmed	99	59	33	48	51	52
Modified	95	90	50	70	67	67

	Share of Total Time Between Hearing and PAAB Decision					Median 2007-2011
	2007	2008	2009	2010	2011	
Affirmed	35.2%	15.1%	9.1%	12.8%	20.1%	15.2%
Modified	29.6%	23.7%	13.0%	17.5%	21.8%	19.9%

Source: PAAB databases as of October 8, 2012.

**FIGURE 9. DISTRICT COURT PROPERTY ASSESSMENT CASES BY YEAR OF CASE INITIATION**



**TABLE 12. COUNT OF DISTRICT COURT PROPERTY ASSESSMENT CASES BY YEAR OF CASE INITIATION COMPARED TO BOARD OF REVIEW APPEALS AND TAXPAYERS WITH PAAB APPEALS BY YEAR OF APPEAL**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Board of Review Appeals	NA	NA	NA	19,217	6,147	19,780	5,510	18,743	6,979	19,061	11,727	21,558	7,471
PAAB Appeals by Taxpayer	--	--	--	--	--	--	--	460	138	622	297	695	352
District Court Cases	111	214	123	267	129	246	86	136	45	105	50	128	27
Ratio of PAAB Appeals to Board of Review Appeals				1.4%	2.1%	1.2%	1.6%	2.5%	2.0%	3.3%	2.5%	3.2%	4.7%
Ratio of District Court Cases to Board of Review Appeals				1.4%	2.1%	1.2%	1.6%	0.7%	0.6%	0.6%	0.4%	0.6%	0.4%

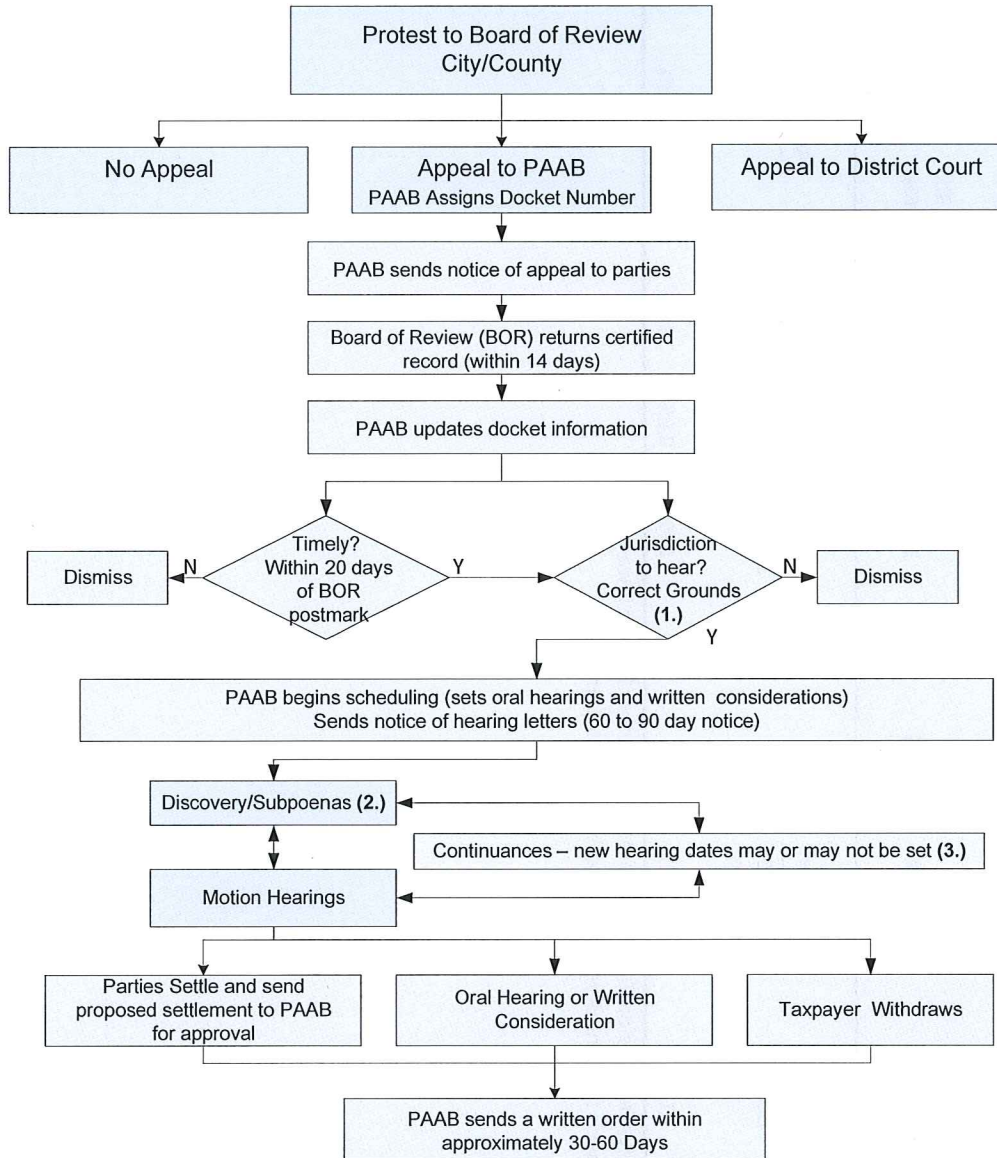
	Odd Years	Even Years		Odd Years		Even Years		
		Pre PAAB	Post PAAB	Change	Pre PAAB	Post PAAB	Change	
Average Board of Review Appeals	19,672	7,591	12,964	19,787	6,824	5,829	9,353	3,525
Average District Court Cases	183	91	196	123	-73	112	48	-65
Average Ratio of Court Cases to Board of Review Appeals	0.9%	1.2%	1.7%	0.6%	-1.0%	1.8%	0.5%	-1.3%

Source: Iowa Department of Revenue, Property Tax Division; PAAB databases as of October 8, 2012; Iowa Courts.

Note: 2012 case data is incomplete so that year is not considered in the analysis in the lower panel.

# APPENDIX: PAAB FLOW CHART

## Property Assessment Appeal Board (PAAB) Process Overview



**Notes:**

1. PAAB verifies it has jurisdiction to hear case: first filed with BOR, timely filed, verify grounds. In interim years change of value is the only ground that can be used for an appeal.
2. The purpose of discovery is to obtain information related to the property (s) under appeal. Both parties have the right to use discovery. Discovery may take the form of interrogatories or the request for production of documents. Motions to compel and subpoenas may also occur during discovery.
3. Either party may request or object to a continuance.