

**IOWA STATE BOARD OF TAX REVIEW
2014 ANNUAL REPORT
2015 LEGISLATIVE PRIORITIES**

Iowa Code section 421.1(4)(f) requires the Iowa State Board of Tax Review to submit a report to the General Assembly, at each regular session, providing recommendations to the Iowa Legislature.

The three current members of the Board are Michael Milligan, Kathleen Till Stange, and Jeff Elgin, who was the chairperson during 2014.

Annual Report of Board Activities

The Board met twice during 2014. The meetings were held on July 8 and December 3, 2014. The meetings are outline below.

July 8, 2014 – Hoover State Office Building

- Introduction of new Board attorney, Barbara Galloway and review of Board issues.
- Discussion with Victoria Daniels, IDR Division Administrator, Tax Policy & Communications, regarding replacing the Board member that vacated the position because of her husband's employment transfer; review of legislative bill SSB3216, legislation passed which may affect the Board's agenda items; and other pertinent issues affecting the Board.
- Reviewed open docket and determined cases to be scheduled for hearings and hearing dates.

December 3, 2014 – Hoover State Office Building

- **Hearing: In the Matter of John R. Porter**

This was a case brought before the Board on the Director's Final Order (on Appeal) regarding an individual who had protested the assessment of individual income taxes for the tax year 2008 which were assessed based on information received from the IRS. The individual alleged that he was not required to file a return.

Mr. Porter appeared by telephone representing himself. Assistant Attorney General Valencia McCown and Iowa Department of Revenue Attorney Alana Stamas appeared as counsel for the Iowa Department of Revenue. Both sides presented its case. After discussion in closed session the Board voted unanimously to affirm the Director's Final Order (on Appeal) dated September 26, 2013.

Recommendations for the 2015 Legislature

The Board recommends the elimination of the State Board of Tax Review. The Board became a redundant level of review after the Iowa Administrative Procedure Act became effective July 1, 1975. The Iowa Administrative Procedure Act provides a minimal procedure of a hearing before an Administrative Law Judge, review by the Director of the Department of Review, and review in the District Court. This procedure adequately protects the rights of taxpayers contesting assessments, and the election to appeal a Director's decision to the Board only delays the process. The Board recommends that the Legislature repeal Iowa Code section 421.1.

Repealing Iowa Code section 421.1 would also require other statutory amendments to repeal the Board's original jurisdiction to hear appeals, including Iowa Code sections 429.1-.3 and 441.47-.49 and there may be other sections. The Legislature could consider transferring these duties to the Property Assessment Appeal Board, Iowa Code section 421.1A.

The Iowa Supreme Court reversed a ruling of the Iowa District Court that affirmed the State Board of Tax Review's decision that that a cable company would not be subject to property tax pursuant to Iowa Code chapter 433. *Kay-Decker v. Iowa State Bd. Of Tax Review*, 857 N.W.2d 216 (Iowa 2014). The Board recommends that the Legislature amend Iowa Code section 429. 1 and Iowa Code Chapter 433 to state whether a cable company is subject to either local or centralized tax assessment. Further, the Legislature needs to address why local tax assessments and centralized tax assessments are calculated differently.