

F I N A L   R E P O R T

PROPERTY TAX STRUCTURE SUBCOMMITTEE  
OF THE  
SENATE AND HOUSE STANDING COMMITTEES ON WAYS AND MEANS

January, 1980

The Legislative Council established the Property Tax Structure Subcommittee composed of members of the Senate and House Standing Committees on Ways and Means to conduct a study of the current property tax laws. The Legislative Council authorized and approved the appointment of ten members to the Subcommittee and authorized seven meetings for the Subcommittee.

The members of the Subcommittee are the following:

Senator Rolf V. Craft, Co-chairperson  
Representative James C. West, Co-chairperson  
Senator Jack W. Hester  
Senator David M. Readinger  
Senator Norman G. Rodgers  
Senator Bass Van Gilst  
Representative Robert T. Anderson  
Representative Lowell E. Norland  
Representative Hugo Schnekloth  
Representative Patricia Thompson

At its first meeting, Mr. Gerald D. Bair, Director of Revenue, reviewed the tentative 1979 equalization order which proposed to increase the values in each class of property by an average on a statewide basis of 7.82 percent for agricultural land, 33.01 percent for urban residential property, 25.57 percent for rural residential property, and 17.76 percent for commercial property. The department also submitted the results of a survey it had been requested to do relative to the amount of commercial property in the state that can be classified as commercial-residential property. It was determined that approximately 20 percent of commercial property is used for residential purposes.

At its second and third meetings, the Subcommittee was presented with some proposals from the Iowa State Assessor's Association. Some of these recommendations include:

1. Repeal of the requirement that assessors collect the data and prepare farm census reports.
2. Consider the feasibility of creating a separate class of property for commercial-residential property.

3. Provide clear definitions of agricultural land and rural residential property.

4. Revise the present forest and fruit tree reservation law by changing the current assessment figure to a more workable one.

The Department of Revenue reviewed the final 1979 equalization order which increased the values in each class of property by an average on a statewide basis of 7.6 percent for agricultural land, 25.8 percent for urban residential property, 25.5 percent for rural residential property, and 16.9 percent for commercial property.

The Subcommittee also discussed alternatives available for resolving problems arising under the current property tax statute:

1. Imposing assessment limitations on all classes of property.

2. Imposing budget limits on political subdivisions of the state.

3. Providing for the spreading of the assessment adjustments resulting from an equalization order over two years.

4. Repeal the valuation adjustments contained in the 1979 equalization order which was applied retroactively to January 1, 1979 valuations.

5. Provide for a renter's credit which may be filed in 1980.

6. Establish a separate class of property for commercial-residential property.

7. Provide for improved notice and appeal procedures on valuation adjustments ordered under a retroactive equalization order.

At the fourth and fifth meetings of the Subcommittee, Dr. Marvin Julius of Iowa State University reviewed the development of the new productivity formula proposed to be used in valuing agricultural land. The new productivity formula places emphasis on state average earnings rather than county average earnings. The Subcommittee agreed that another meeting will be held to further consider the new productivity formula.

The Subcommittee also approved and referred to the respective Standing Committees on Ways and Means the following bills:

1. A bill which will increase the homestead tax credit from the actual levy on the first \$4,500 of valuation to the actual levy on the first \$5,000 of valuation effective for homestead tax credits claimed on or after January 1, 1979 and on or before July 1, 1979 and to increase the standing appropriation to the agricultural land tax credit fund from forty-two million dollars to forty-four

million dollars. The bill also provides that commercial, industrial, and centrally-assessed property shall be valued by the department of revenue at a percentage of its actual value for tax purposes effective with January 1, 1979 values. Centrally-assessed property will be assessed at the same percentage as commercial or industrial property, whichever is lower. The same limits applicable to agricultural and residential property are applicable to commercial, industrial, and centrally-assessed property. The bill provides that the director of revenue shall certify the percentages to be applied to commercial, industrial, and centrally-assessed property not more than fifteen days following enactment of the bill. (See Bill I attached)

2. A bill which provides that the board of supervisors of each county can provide for property tax exemptions, not exceeding in the aggregate the greater of one percent of the acreage assessed as agricultural property or 3,000 acres, which is wetlands, forest cover, river and stream, river and stream banks, or open prairie. Applications for the exemptions must be filed each year. The board shall determine a priority for the granting of the exemption and the amount of acres to be exempted. The board does not have to grant any exemption under this bill or exempt in the aggregate the maximum acreage. The board must obtain the approval of the governing body of a city before a property tax exemption can be granted to property located within that city. (See Bill II attached)

3. A bill which provides for the inclusion of additional information on notices published prior to budget hearings on the budget of a political subdivision. The additional information required relates to valuation increases, property tax budgets and total budgets of the political subdivision and the use of pie graphs to show sources of revenue and categories of expenditures by a political subdivision. The bill also requires county treasurers to send tax statements to property owners in the county and identifying the amounts in credits each taxpayer is receiving and the amount in dollars the taxpayer is paying for each political subdivision in which the taxpayer resides. (See Bill III attached)

BILL I

PROPOSED SENATE/HOUSE FILE

By (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY THE PROPERTY  
TAX SUBCOMMITTEE OF THE SENATE  
AND HOUSE STANDING COMMITTEES  
ON WAYS AND MEANS)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to property taxation by providing additional  
2 property tax credits for property owners by increasing the  
3 homestead tax credit and the agricultural land tax credit,  
4 by providing for the valuation of commercial property,  
5 industrial property, and property valued by the department  
6 of revenue at a percentage of its actual value for tax  
7 purposes and making the Act retroactive.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred twenty-five point one  
2 (425.1), subsections two (2), four (4), and seven (7), Code  
3 1979, are amended to read as follows:

4 2. The homestead credit fund shall be apportioned each  
5 year so as to give a credit against the tax on each eligible  
6 homestead in the state in an amount equal to the actual levy  
7 on the first ~~four~~ five thousand ~~five-hundred~~ dollars of actual  
8 value for each homestead.

9 4. Annually the department of revenue shall estimate the  
10 credit not to exceed the actual levy on the first ~~four~~ five  
11 thousand ~~five-hundred~~ dollars of actual value of each eligible  
12 homestead, and shall certify to the county auditor of each  
13 county ~~such~~ the credit and ~~the~~ its amount in dollars ~~thereof~~.  
14 Each county auditor shall then enter ~~such~~ the credit against  
15 the tax levied on each eligible homestead in each county  
16 payable during the ensuing year, designating on the tax lists  
17 ~~such~~ the credit as being from the homestead credit fund, and  
18 credit shall then be given to the several taxing districts  
19 in which ~~such~~ eligible homesteads are located in an amount  
20 equal to the credits allowed on the taxes of ~~such~~ the  
21 homesteads. The amount of ~~said~~ credits shall be apportioned  
22 by each county treasurer to the several taxing districts as  
23 provided by law, in the same manner as though the amount of  
24 the credit had been paid by the owners of ~~said~~ the homesteads,  
25 ~~provided, however, that.~~ However, the several taxing districts  
26 shall not ~~be-permitted-to~~ draw the funds so credited until  
27 after the semiannual allocations have been received by the  
28 county treasurer, as provided in this chapter. Each county  
29 treasurer shall show on each tax receipt the amount of credit  
30 received from the homestead credit fund.

31 7. Where any special charter city levies and collects  
32 its own taxes, the amount of the homestead tax credit allowed  
33 on eligible homesteads within the city shall be computed as  
34 follows:

35 a. In an amount equal to the tax levy by the special

1 charter city on the first ~~forty-five-hundred~~ five thousand  
2 dollars of actual value for each eligible homestead.

3 b. In an amount equal to the remainder of the consolidated  
4 levy as established by the county auditor on the first ~~forty-~~  
5 five-hundred five thousand dollars of actual value for each  
6 eligible homestead.

7 The homestead tax credit computed under this subsection  
8 shall be applicable for each homestead tax credit claimed  
9 between January 1 and July 1 of the year in which the valuation  
10 being taxed by the city and county respectively was  
11 established.

12 Sec. 2. Section four hundred twenty-six point one (426.1),  
13 Code 1979, is amended to read as follows:

14 426.1 AGRICULTURAL LAND CREDIT FUND. There is hereby  
15 created as a permanent fund in the office of the treasurer  
16 of state a fund to be known as the agricultural land credit  
17 fund, and for the purpose of establishing and maintaining  
18 said fund for each fiscal year there is appropriated thereto  
19 from funds in the general fund not otherwise appropriated  
20 the sum of ~~forty-two~~ forty-four million dollars. Any balance  
21 in said fund on June 30 shall revert to the general fund.

22 Sec. 3. Section four hundred forty-one point twenty-one  
23 (441.21), Code 1979, as amended by Acts of the Sixty-eighth  
24 General Assembly, 1979 Session, chapter twenty-five (25),  
25 sections three (3), four (4), five (5), and six (6), is amended  
26 by inserting after subsection five (5) the following new  
27 subsection:

28 NEW SUBSECTION. For valuations established as of January  
29 1, 1979, commercial property and industrial property, excluding  
30 properties referred to in section four hundred twenty-seven  
31 A point one (427A.1), subsection six (6), of the Code, shall  
32 be assessed as a percentage of the actual value of each class  
33 of property. The percentage shall be determined for each  
34 class of property by the director of revenue for the state  
35 in accordance with the provisions of this section. For

1 valuations established as of January 1, 1979, the percentage  
2 shall be the quotient of the dividend and divisor as defined  
3 in this section. The dividend for each class of property  
4 shall be the total actual valuation for each class of property  
5 established for 1978, plus six percent of the amount so  
6 determined. The divisor for each class of property shall  
7 be the valuation for each class of property established for  
8 1978, as reported by the assessors on the abstracts of  
9 assessment for 1978, plus the amount of value added to the  
10 total actual value by the revaluation of existing properties  
11 in 1979 as equalized by the director of revenue pursuant to  
12 section four hundred forty-one point forty-nine (441.49) of  
13 the Code. For valuations established as of January 1, 1980,  
14 commercial property and industrial property, excluding  
15 properties referred to in section four hundred twenty-seven  
16 A point one (427A.1), subsection six (6), of the Code, shall  
17 be assessed at a percentage of the actual value of each class  
18 of property. The percentage shall be determined for each  
19 class of property by the director of revenue for the state  
20 in accordance with the provisions of this section. For  
21 valuations established as of January 1, 1980, the percentage  
22 shall be the quotient of the dividend and divisor as defined  
23 in this section. The dividend for each class of property  
24 shall be the dividend as determined for each class of property  
25 for valuations established as of January 1, 1979, adjusted  
26 by the product obtained by multiplying the percentage  
27 determined for that year by the amount of any additions or  
28 deletions to actual value, excluding those resulting from  
29 the revaluation of existing properties, as reported by the  
30 assessors on the abstracts of assessment for 1979, plus four  
31 percent of the amount so determined. The divisor for each  
32 class of property shall be the total actual value of all such  
33 property in 1979, as equalized by the director of revenue  
34 pursuant to section four hundred forty-one point forty-nine  
35 (441.49) of the Code, plus the amount of value added to the

1 total actual value by the revaluation of existing properties  
2 in 1980. The director shall utilize information reported  
3 on the abstracts of assessment submitted pursuant to section  
4 four hundred forty-one point forty-five (441.45) of the Code  
5 in determining such percentage. For valuations established  
6 as of January 1, 1981, and each year thereafter, the percentage  
7 of actual value as equalized by the director of revenue as  
8 provided in section four hundred forty-one point forty-nine  
9 (441.49) of the Code at which commercial property and  
10 industrial property, excluding properties referred to in  
11 section four hundred twenty-seven A point one (427A.1),  
12 subsection six (6), of the Code, shall be assessed shall be  
13 calculated in accordance with the methods provided herein,  
14 except that any references to six percent in this subsection  
15 shall be four percent. Property valued by the department  
16 of revenue pursuant to chapters four hundred twenty-eight  
17 (428), four hundred thirty-three (433), four hundred thirty-  
18 four (434), four hundred thirty-six (436), four hundred thirty-  
19 seven (437), and four hundred thirty-eight (438) of the Code  
20 shall be considered as one class of property and shall also  
21 be assessed at a percentage of its actual value which  
22 percentage shall be equal to the percentage determined by  
23 the director of revenue for commercial property or industrial  
24 property, whichever is lower.

25 Sec. 4. Section four hundred forty-one point twenty-one  
26 (441.21), Code 1979, as amended by Acts of the Sixty-eighth  
27 General Assembly, 1979 Session, chapter twenty-five (25),  
28 sections three (3), four (4), five (5), and six (6), is amended  
29 by inserting after subsection eight (8) the following new  
30 subsection:

31 NEW SUBSECTION. For valuations established as of January  
32 1, 1980, against which taxes will be levied for the fiscal  
33 year beginning in the 1980 calendar year by any special charter  
34 city that levies and collects its own taxes, the percentage  
35 of actual value at which commercial and industrial property,



1 excluding properties referred to in section four hundred  
2 twenty-seven A point one (427A.1), subsection six (6), of  
3 the Code, shall be assessed shall be the quotient of the  
4 dividend and divisor as defined in this section. The dividend  
5 for each class of property shall be the valuation for each  
6 class of property for valuations established as of January  
7 1, 1979, and upon which any special charter city levied its  
8 taxes in 1979, plus four percent of the amount so determined.  
9 The divisor for each class of property shall be the total  
10 actual value of all such property for 1979, as equalized by  
11 the director of revenue pursuant to section four hundred  
12 forty-one point forty-nine (441.49) of the Code, plus the  
13 amount of value added to said total actual value by the  
14 revaluation of existing properties in 1980. Property valued  
15 by the department of revenue pursuant to chapters four hundred  
16 twenty-eight (428), four hundred thirty-three (433), four  
17 hundred thirty-four (434), four hundred thirty-six (436),  
18 four hundred thirty-seven (437), and four hundred thirty-eight  
19 (438) of the Code shall be considered as one class of property  
20 and shall also be assessed at a percentage of its actual value  
21 which percentage shall be equal to the percentage determined  
22 by the director of revenue for commercial property or  
23 industrial property, whichever is lower. The percentage at  
24 which commercial property, industrial property and property  
25 valued by the department of revenue pursuant to chapters four  
26 hundred twenty-eight (428), four hundred thirty-three (433),  
27 four hundred thirty-four (434), four hundred thirty-six (436),  
28 four hundred thirty-seven (437), and four hundred thirty-eight  
29 (438) of the Code shall be assessed will be certified by the  
30 director on or before May 31, 1980 to the appropriate city  
31 official in special charter cities that levy and collect their  
32 own taxes. The percentage so certified shall be applicable  
33 only to those valuations against which the special charter  
34 city levies its own tax. For valuations established as of  
35 January 1, 1981, and each year thereafter for any special

1 charter city that levies and collects its own taxes, the  
2 percentage of actual value as equalized by the director of  
3 revenue as provided in section four hundred forty-one point  
4 forty-nine (441.49) at which commercial property and industrial  
5 property, excluding property referred to in section four  
6 hundred twenty-seven A point one (427A.1), subsection six  
7 (6), of the Code, and property valued by the department of  
8 revenue pursuant to chapters four hundred twenty-eight (428),  
9 four hundred thirty-three (433), four hundred thirty-four  
10 (434), four hundred thirty-six (436), four hundred thirty-  
11 seven (437), and four hundred thirty-eight (438) of the Code  
12 shall be assessed shall be calculated in accordance with the  
13 methods provided herein adjusted to include the applicable  
14 and current values as equalized by the director of revenue,  
15 except that any references to six percent in this subsection  
16 shall be four percent. The assessor shall provide valuation  
17 information to the director of revenue sufficient for the  
18 computation of the assessment percentage by May fifteenth  
19 of each year on forms prescribed by the director of revenue.

20 Sec. 5. Section four hundred forty-one point twenty-one  
21 (441.21), subsection twelve (12), Code 1979, as amended by  
22 Acts of the Sixty-eighth General Assembly, 1979 Session,  
23 chapter twenty-five (25), section five (5), is amended to  
24 read as follows:

25 12. Not later than November 1, 1979, and November first  
26 of each subsequent year, the director shall certify to the  
27 county auditor of each county the percentages of actual value  
28 at which residential and property, agricultural property,  
29 commercial property, industrial property, and property valued  
30 by the department of revenue pursuant to chapters four hundred  
31 twenty-eight (428), four hundred thirty-three (433), four  
32 hundred thirty-four (434), four hundred thirty-six (436),  
33 four hundred thirty-seven (437), and four hundred thirty-eight  
34 (438) of the Code in each assessing jurisdiction in the county  
35 shall be assessed for taxation. The county auditor shall

1 proceed to determine the assessed values of agricultural  
2 and property, residential property, commercial property,  
3 industrial property, and property valued by the department  
4 of revenue pursuant to chapters four hundred twenty-eight  
5 (428), four hundred thirty-three (433), four hundred thirty-  
6 four (434), four hundred thirty-six (436), four hundred thirty-  
7 seven (437), and four hundred thirty-eight (438) of the Code  
8 by applying such percentages to the current actual value of  
9 such property, as reported to the county auditor by the  
10 assessor, and the assessed values so determined shall be the  
11 taxable values of such properties upon which the levy shall  
12 be made.

13 Sec. 6. Section four hundred forty-one point twenty-one  
14 (441.21), subsection thirteen (13), Code 1979, is amended  
15 to read as follows:

16 13. The percentage of actual value computed by the director  
17 for agricultural and property, residential property, commercial  
18 property, industrial property and property valued by the  
19 department of revenue pursuant to chapters four hundred twenty-  
20 eight (428), four hundred thirty-three (433), four hundred  
21 thirty-four (434), four hundred thirty-six (436), four hundred  
22 thirty-seven (437), and four hundred thirty-eight (438) of  
23 the Code and used to determine assessed values of those classes  
24 of property does not constitute a rule as defined in section  
25 17A.2, subsection 7.

26 Sec. 7. Notwithstanding the provisions of section four  
27 hundred forty-one point twenty-one (441.21), subsection twelve  
28 (12), of the Code, as amended by section five (5) of this  
29 Act, the director of revenue shall certify to the county  
30 auditor of each county the percentages of actual value at  
31 which commercial property, industrial property and property  
32 valued by the department of revenue pursuant to chapters four  
33 hundred twenty-eight (428), four hundred thirty-three (433),  
34 four hundred thirty-four (434), four hundred thirty-six (436),  
35 four hundred thirty-seven (437), and four hundred thirty-eight

1 (438) of the Code in each assessing jurisdiction in the county  
 2 shall be assessed for taxation not later than fifteen days  
 3 following the effective date of this Act. The county auditor  
 4 shall immediately proceed to apply the percentages certified  
 5 by the director of revenue in the manner provided under section  
 6 four hundred forty-one point twenty-one (441.21), subsection  
 7 twelve (12), of the Code.

8 Sec. 8. The provisions of section one (1) of this Act  
 9 are retroactive to January 1, 1979 for credits claimed on  
 10 or after January 1, 1979 and approved under chapter four hun-  
 11 dred twenty-five (425) of the Code for a homestead tax credit  
 12 on an eligible homestead and to this extent the provisions  
 13 of section one (1) of this Act are retroactive.

14 Sec. 9. The provisions of sections three (3) through seven  
 15 (7) of this Act are retroactive to January 1, 1979 for actual  
 16 values determined as of January 1, 1979 for commercial  
 17 property, industrial property, and property valued by the  
 18 department of revenue pursuant to chapters four hundred twenty-  
 19 eight (428), four hundred thirty-three (433), four hundred  
 20 thirty-four (434), four hundred thirty-six (436), four hundred  
 21 thirty-seven (437), and four hundred thirty-eight (438) of  
 22 the Code for which the assessed value shall be determined  
 23 pursuant to the provisions of sections three (3) through seven  
 24 (7) of this Act and to this extent the provisions of section  
 25 three (3) through seven (7) of this Act are retroactive.

26 Sec. 10. This Act, being deemed of immediate importance,  
 27 shall take effect from and after its publication in  
 28 \_\_\_\_\_, a newspaper published in  
 29 \_\_\_\_\_, Iowa, and in  
 30 \_\_\_\_\_, a newspaper published in  
 31 \_\_\_\_\_, Iowa.

#### 32 EXPLANATION

33 The bill increases the homestead tax credit from the actual  
 34 levy on the first \$4,500 of valuation to the actual levy on  
 35 the first \$5,000 of valuation effective for homestead tax

1 credits claimed on or after January 1, 1979 and on or before  
2 July 1, 1979. The bill increases the standing appropriation  
3 to the agricultural land tax credit fund from \$42,000,000  
4 to \$44,000,000.

5 The bill also provides that commercial, industrial, and  
6 centrally-assessed property shall be valued by the department  
7 of revenue at a percentage of its actual value for tax purposes  
8 effective with January 1, 1979 values. Centrally-assessed  
9 property will be assessed at the same percentage as commercial  
10 or industrial property, whichever is lower. The same limits  
11 applicable to agricultural and residential property are  
12 applicable to commercial, industrial, and centrally-assessed  
13 property. The bill provides that the director of revenue  
14 shall certify the percentages to be applied to commercial,  
15 industrial, and centrally-assessed property not more than  
16 fifteen days following enactment of the bill. The bill is  
17 effective upon publication.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

By (PROPOSED COMMITTEE ON WAYS AND MEANS BILL BY THE PROPERTY TAX STRUCTURE SUBCOMMITTEE OF THE SENATE AND HOUSE STANDING COMMITTEES ON WAYS AND MEANS)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

# A BILL FOR

1 An Act relating to property tax exemptions for wetlands,  
2 forest cover, rivers and streams, river and stream banks  
3 and open prairies.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred twenty-seven point one  
2 (427.1), Code 1979, is amended by adding the following new  
3 subsection:

4 NEW SUBSECTION. Wetlands, forest covers, rivers and  
5 streams, river and stream banks, and open prairies as  
6 designated by the board of supervisors of the county in which  
7 located. The board of supervisors shall annually designate  
8 the real property, not to exceed in the aggregate the greater  
9 of one percent of the acres assessed as agricultural land  
10 or three thousand acres in each county, for which this  
11 exemption shall apply. The procedures of this subsection  
12 shall be followed for each assessment year for which exemptions  
13 are granted. The exemption shall be only for the assessment  
14 year for which it is granted but a parcel of property may  
15 be granted subsequent exemptions. The exemption shall only  
16 be granted for parcels of property of two acres or more.

17 Application for this exemption shall be filed with the  
18 commissioners of the soil conservation district in which the  
19 property is located, or if not located in a district, to the  
20 board of supervisors, not later than April fifteenth of the  
21 year for which the exemption is requested, on forms provided  
22 by the department of revenue. The application shall describe  
23 and locate the property to be exempted. Upon receipt of the  
24 application, the commissioners or the board of supervisors,  
25 if the property is not located in a soil conservation district,  
26 shall certify whether the property is eligible to receive  
27 the exemption. If the commissioners certify that the property  
28 is eligible, the application shall be forwarded to the board  
29 of supervisors by May first of that year with the certification  
30 of the eligible acreage. An application must be accompanied  
31 by an affidavit signed by the applicant that if an exemption  
32 is granted the property will not be used for economic gain  
33 during the year for which the exemption is granted.

34 Before the board of supervisors may designate real property  
35 for the exemption, it shall establish priorities for the types

1 of real property for which an exemption may be granted and  
2 the amount of acreage. These priorities may be the same as  
3 or different than those for previous years. The board of  
4 supervisors shall get the approval of the governing body of  
5 the city before an exemption may be granted to real property  
6 located within the corporate limits of that city. A public  
7 hearing shall be held with notice given as provided in section  
8 twenty-three point two (23.2) of the Code at which the proposed  
9 priority list shall be presented. After the public hearing,  
10 the board of supervisors shall adopt by resolution the proposed  
11 priority list or another priority list. The board of  
12 supervisors shall also provide for the procedure they will  
13 follow where the amount of acres for which exemptions are  
14 sought exceeds the amount the priority list provides for that  
15 type or in the aggregate for all types.

16 After receipt of the application with its accompanying  
17 certification and affidavit and the establishment of the  
18 priority list, the board of supervisors may grant tax  
19 exemptions under this section using the established priority  
20 list as a mandate. Real property designated for the tax  
21 exemption shall be designated by May fifteenth of the year  
22 for which the exemption is granted. Notification shall be  
23 sent to the county auditor and the applicant.

24 The board of supervisors does not have to grant tax  
25 exemptions under this subsection, grant tax exemptions in  
26 the aggregate of three thousand acres or one percent of the  
27 acres assessed as agricultural land whichever is greater or,  
28 grant a tax exemption for the total acreage for which the  
29 applicant requested the exemption. Only real property in  
30 parcels of two acres or more which is wetlands, forest cover,  
31 river and stream, river and stream banks or open prairie and  
32 which is subject to property tax for the assessment year for  
33 which the tax exemption is requested is eligible for the  
34 exemption under this subsection. If the real property is  
35 located within a city the approval of the governing body must



1 be obtained before the real property may be eligible for an  
2 exemption. For purposes of this subsection:

3 a. "Wetlands" means land preserved in its natural condi-  
4 tion which is mostly under water, produces little economic  
5 gain, and has no practical use except for wildlife or water  
6 conservation purposes, drainage of which would be lawful,  
7 feasible and practical and would provide land suitable for  
8 the production of livestock, dairy animals, poultry, fruit,  
9 vegetables, forage and grains. "Wetlands" includes adjacent  
10 land which is not suitable for agricultural purposes due to  
11 the presence of the land which is under water.

12 b. "Open prairies" includes hillsides and gully areas.

13 c. "Forest cover" means land which is predominantly wooded.

14 EXPLANATION

15 The bill provides that the board of supervisors of each  
16 county can provide for property tax exemptions, not exceeding  
17 in the aggregate the greater of one percent of the acreage  
18 assessed as agricultural property or 3,000 acres, which is  
19 wetlands, forest cover, river and stream, river and stream  
20 banks, or open prairie. Applications for the exemptions must  
21 be filed each year. The board shall determine a priority  
22 for the granting of the exemption and the amount of acres  
23 to be exempted. The board does not have to grant any exemption  
24 under this bill or exempt in the aggregate the maximum acreage.  
25 The board must obtain the approval of the governing body of  
26 a city before a property tax exemption can be granted to  
27 property located within that city.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

By (PROPOSED COMMITTEE ON WAYS AND MEANS BILL BY THE PROPERTY TAX STRUCTURE SUBCOMMITTEE OF THE SENATE AND HOUSE STANDING COMMITTEES ON WAYS AND MEANS)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the information which shall be included in  
2 notices prior to budget hearings by a political subdivision  
3 and to be included on tax statements provided by the county  
4 treasurer.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. DEFINITIONS. As used in this  
2 Act, unless the context otherwise requires:

3 1. "Base year" means the preceding fiscal year.

4 2. "Political subdivision" means a city, county, and  
5 school district.

6 3. "Total budget" means the budget including amendments  
7 for all funds or programs of a political subdivision.

8 4. "Property tax budget" means those parts of the total  
9 budget of a political subdivision to be derived from prop-  
10 erty taxes.

11 Sec. 2. NEW SECTION. BUDGET PROCESS--NOTICE OF PUBLIC  
12 HEARING. In addition to the requirements of chapters twenty-  
13 four (24) and three hundred eighty-four (384), division two  
14 (II), of the Code relating to the publication of notice and  
15 public hearing on a budget of a political subdivision, the  
16 public notice of a hearing on a total budget shall also in-  
17 clude the following information:

18 1. The total valuation for all taxable property within  
19 the political subdivision for the base year, the political  
20 subdivision's property tax levy for the base year, and the  
21 dollar amount of the property tax budget.

22 2. The total valuation for all taxable property within  
23 the political subdivision against which taxes will be levied  
24 for the proposed property tax budget, the property tax levy  
25 required to raise the amount needed to fund the proposed  
26 property tax budget, and the dollar amount of the proposed  
27 property tax budget.

28 3. If the total valuation for the proposed property tax  
29 budget is different from the total valuation for the base  
30 year, the notice shall also specify the amount in dollars  
31 resulting from the revaluation of existing properties and  
32 the amount in dollars resulting from new construction, and  
33 the levy which would be required to raise the dollar amount  
34 of the property tax budget for the base year.

35 4. The percentage and the dollar amount increase or

1 decrease for the total budget and the property tax budget  
2 of the political subdivision.

3 5. A comparison of the percentages and dollar amounts  
4 proposed to be expended with the percentages and dollar amounts  
5 expended or proposed to be expended during the current fiscal  
6 year as amended to the date of publication which information  
7 shall be displayed in the publication in the form of a pie  
8 graph. The graphs shall be prepared for both fiscal years  
9 with one pie graph for each fiscal year showing the sources  
10 of anticipated revenue and one pie graph for each fiscal year  
11 showing the proposed budget expenditures by category of  
12 services.

13 Sec. 3. NEW SECTION. TAX STATEMENT TO PROPERTY OWNER-  
14 -CONTENTS. The county treasurer in each county shall prepare  
15 and deliver by ordinary mail a statement of taxes due and  
16 payable during the fiscal year. The tax statement shall state  
17 when the taxes are due and payable, when the taxes become  
18 delinquent, and the amount of any penalty and interest pay-  
19 able upon delinquent taxes. The tax statement shall also  
20 specify the following information:

21 1. The amount of the homestead tax credit, agricultural  
22 land tax credit, veterans tax credit, personal property tax  
23 credit, and any other credits received and credited against  
24 the amount of the property taxes levied against the property.

25 2. The levy and the amount of taxes due for each politi-  
26 cal subdivision for the current year and the levy and the  
27 amount of taxes levied for the base year.

28 3. The valuation of the property against which the taxes  
29 are levied for the current year and against which the taxes  
30 were levied in the base year.

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#### EXPLANATION

32 The bill provides for the inclusion of additional  
33 information on notices published on the budget of a political  
34 subdivision. The additional information required relates  
35 to valuation increases, property tax budgets and total budgets

1 of the political subdivision and the use of pie graphs to  
2 show sources of revenue and categories of expenditures by  
3 a political subdivision. The bill also requires county  
4 treasurers to send tax statements to property owners and  
5 identifying amounts of credits each taxpayer is receiving  
6 and the amount in dollars the taxpayer is paying to each  
7 political subdivision in which he resides.

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