

Senate Study Bill 3252

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a study of the property assessment and
2 assessment appeal process as it relates to property taxation
3 and providing an appropriation.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6588SK 81
6 sc/je/5

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1 1 Section 1. STUDY ESTABLISHED == PROPERTY ASSESSMENT AND
1 2 APPEAL PROCESS.
1 3 INTENT. It is the intent of the general assembly to
1 4 identify and correct weaknesses in the property assessment and
1 5 assessment appeal process as it relates to property taxation
1 6 in order to reduce the number of mistakes made by officials
1 7 involved in the assessment and assessment appeal process, to
1 8 reduce the number of appeals of assessment taken, to improve
1 9 the public perception of the fairness of the process, and to
1 10 create a better system for the property owners and property
1 11 taxpayers of the state.
1 12 STUDY ESTABLISHED == PURPOSE. The board of regents is
1 13 directed to establish a study of the process by which property
1 14 is assessed for purposes of property taxation and the means by
1 15 which an aggrieved owner or taxpayer may protest or appeal
1 16 such property assessment. The purpose of the study is to
1 17 identify and report to the general assembly any weaknesses in
1 18 the current system that encumber the system or that cause an
1 19 assessed valuation of property to be inconsistent with the
1 20 market value of the property. It is also the purpose of the
1 21 study to make recommendations to the general assembly for
1 22 correcting identified weaknesses.
1 23 STUDY TEAM. The board shall select faculty and staff at
1 24 the university of northern Iowa, Iowa state university of
1 25 science and technology, and the university of Iowa to jointly
1 26 conduct the study. The faculty and staff appointed to the
1 27 study team shall possess expertise in law, economics, real
1 28 estate, statistical process control, quality management, and
1 29 public policy administration.
1 30 ELEMENTS OF STUDY. The study team shall do all of the
1 31 following:
1 32 1. Review the appraisal manual prepared by the department
1 33 of revenue to determine whether the instructions and
1 34 guidelines contained in the manual are consistent with the
1 35 Code of Iowa. The review shall include implementation of the
2 1 instructions and guidelines contained in the manual in certain
2 2 test situations regarding nonagricultural property to
2 3 determine if such instructions and guidelines yield results
2 4 that are the same or similar to market values of the test
2 5 properties. A review of the elements of the agricultural
2 6 productivity formula shall also be conducted. As part of the
2 7 review, the study team shall recommend revisions to the
2 8 appraisal manual that will simplify and streamline the process
2 9 of determining the assessed value of property and will result
2 10 in assessment amounts that more closely reflect the market
2 11 value of the property.
2 12 2. Review the local assessment process by obtaining, for
2 13 each class of property, randomly chosen samples of assessments
2 14 from assessment jurisdictions around the state. The samples
2 15 shall be studied to identify any systematic variation from

2 16 market value for commercial, industrial, or residential
2 17 property and to identify for all classes of property any
2 18 systematic variation from the instructions and guidelines
2 19 contained in the department of revenue appraisal manual. This
2 20 element of the study shall also include a review of local
2 21 assessors, including the current training requirements for
2 22 local assessors and identification of any unmet training needs
2 23 of local assessors. The review of local assessors shall also
2 24 include identification and study of all aspects of local
2 25 assessors' contact with property owners and property
2 26 taxpayers, including the amount of interaction between an
2 27 assessor and an owner or taxpayer when information is being
2 28 gathered regarding assessment determinations and the
2 29 communication of assessment results to the owner or taxpayer.

2 30 3. Review the local boards of review. The study team
2 31 shall examine the procedure followed by the local boards of
2 32 review, including statutory deadlines for making protests to
2 33 assessments, timing of hearings before the local board of
2 34 review, presentation of evidence, and assistance given to
2 35 property owners or taxpayers during the protest process.

3 1 Also, the study team shall review results of protests made to
3 2 the local board of review in different assessment
3 3 jurisdictions and the costs incurred by persons protesting an
3 4 assessment and the costs incurred by the local assessor's
3 5 office in defending a protested assessment. The study team
3 6 shall examine the statutory requirements and rules of the
3 7 department of revenue related to selection and training of
3 8 members of local boards of review.

3 9 4. Review results of court appeals. The study team shall
3 10 also review results of appeals made to the property assessment
3 11 appeal board, if available. This review shall include
3 12 identifying the fiscal impact on all parties to an appeal of
3 13 appealing a decision of a local board of review to district
3 14 court or to the property assessment appeal board.

3 15 5. Review any other element of the property assessment and
3 16 assessment appeal process deemed by the study team to be a
3 17 relevant and appropriate item of review.

3 18 STUDY CONTACTS. The study team shall seek both written and
3 19 oral input from the real estate industry, the department of
3 20 revenue, the department of management, the Iowa league of
3 21 cities, the Iowa state association of counties, the Iowa
3 22 association of school boards, members of the general assembly,
3 23 business and agricultural groups, and the general public.

3 24 STUDY REPORT. The board of regents shall report the
3 25 findings, results, and recommendations of the study to the
3 26 general assembly no later than February 1, 2008.

3 27 APPROPRIATION. There is appropriated from the general fund
3 28 of the state to the state board of regents for the fiscal
3 29 years beginning July 1, 2006, and July 1, 2007, the following
3 30 amount, or so much thereof as is necessary, to be used for the
3 31 purpose designated:

3 32 For conducting the property assessment and appeal study:
3 33 \$ 250,000

3 34 Notwithstanding section 8.33, moneys appropriated in this
3 35 section that remain unencumbered or unobligated on June 30,
4 1 2007, shall not revert but shall remain available for
4 2 expenditure for the purposes designated until the close of the
4 3 succeeding fiscal year.

4 4 EXPLANATION

4 5 This bill directs the state board of regents to establish a
4 6 study of the property assessment and appeal process relating
4 7 to property taxation. The bill requires the board of regents
4 8 to appoint a study team consisting of faculty and staff from
4 9 the three regents universities to conduct the study.

4 10 The study team is to review the assessment guidelines and
4 11 instructions of the department of revenue, the local
4 12 assessment process, the local boards of review, results of
4 13 court appeals and appeals to the property assessment review
4 14 board, and any other items deemed relevant and appropriate by
4 15 the study team.

4 16 The bill appropriates \$250,000 to the state board of
4 17 regents for FY 2006=2007 and FY 2007=2008 to pay the costs of
4 18 conducting the study.

4 19 The bill directs the board of regents to submit a report of
4 20 the study to the general assembly by February 1, 2008.