

**House File 2162 - Introduced**

HOUSE FILE 2162

BY SIECK

**A BILL FOR**

1 An Act relating to property assessment standards and  
2 litigation.

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

1 Section 1. Section 421.17, subsection 6, paragraph b, Code  
2 2024, is amended to read as follows:

3 b. (1) The director shall require all city and county  
4 assessors to prepare a quarterly report in the manner and form  
5 to be prescribed by the director showing for each warranty deed  
6 or contract of sale of real estate, divided between rural and  
7 urban, during the last completed quarter the amount of real  
8 property transfer tax, the sale price or consideration, and the  
9 equalized value at which that property was assessed that year.  
10 This report with further information required by the director  
11 shall be submitted to the department within sixty days after  
12 the end of each quarter.

13 (2) The department shall prepare annual summaries of the  
14 records of the ratio of assessments to actual sales prices  
15 for all counties, and for cities having city assessors, ~~and~~  
16 ~~the.~~ The information for the preceding year shall be available  
17 for public inspection by May 1, and shall be available on the  
18 department's internet website for a minimum of twenty years  
19 from the date of publication.

20 Sec. 2. Section 421.17, subsection 17, Code 2024, is amended  
21 to read as follows:

22 17. a. To prepare and issue a state appraisal manual  
23 which each county and city assessor shall use in assessing and  
24 valuing all classes of property in the state.

25 b. The appraisal manual shall be continuously revised and  
26 the manual and revisions shall be issued to the county and  
27 city assessors in such form and manner as prescribed by the  
28 director.

29 c. Each county and city assessor shall use the most recently  
30 issued manual in assessing and valuing all classes of property  
31 in the state within two years of the publication date of the  
32 most recently issued manual. The department may grant an  
33 extension of up to two years to a county or city assessor  
34 upon request and demonstration of substantial hardship by an  
35 assessor.

1 d. When preparing the state appraisal manual, the director  
2 shall adopt standards for assessing property developed and  
3 published by the international association of assessing  
4 officers. Such standards must include all of the following:

5 (1) Use of a coefficient of dispersion analysis in  
6 determining whether properties are equitably assessed.  
7 Assessments shall maintain a coefficient of dispersion less  
8 than fifteen and ninety-nine hundredths percent unless there  
9 is good cause for a variance.

10 (2) Use of a price-related differential analysis in  
11 determining whether properties are equitably assessed.  
12 Assessments shall maintain a price-related differential between  
13 ninety-eight hundredths and one and three hundredths unless  
14 there is good cause for a variance.

15 Sec. 3. Section 441.21, subsection 1, Code 2024, is amended  
16 by adding the following new paragraph:

17 NEW PARAGRAPH. *0i.* The coefficient of dispersion and  
18 price-related differentials of a class of property shall be  
19 calculated based on comparisons of the actual value of property  
20 in the same class within the state.

21 Sec. 4. Section 441.37, subsection 1, paragraph a,  
22 subparagraph (1), subparagraph division (a), Code 2024, is  
23 amended to read as follows:

24 (a) That said assessment is not equitable as compared with  
25 assessments of ~~other~~ like property in the taxing district.

26 Sec. 5. Section 441.37, subsection 1, paragraph a, Code  
27 2024, is amended by adding the following new subparagraph:

28 NEW SUBPARAGRAPH. (04) For purposes of this section, "*like*  
29 *property*" means all property within a given class of property.

30 Sec. 6. Section 441.41, subsection 1, Code 2024, is amended  
31 to read as follows:

32 1. a. In the case of cities having an assessor, the city  
33 legal department shall represent the assessor and board of  
34 review in all litigation dealing with assessments. In the case  
35 of counties, the county attorney shall represent the assessor

1 and board of review in all litigation dealing with assessments.  
2 Any taxing district interested in the taxes received from such  
3 assessments may be represented by an attorney and shall be  
4 required to appear by attorney upon written request of the  
5 assessor to the presiding officer of any such taxing district.

6 Subject

7 b. In cases where the opposing party is a legal business  
8 entity, including nonprofit entities, and subject to review and  
9 prior approval by either the city legal department in the case  
10 of a city or the county attorney in the case of a county, the  
11 conference board may employ special counsel to assist the city  
12 legal department or county attorney as the case may be.

13 Sec. 7. Section 441.42, Code 2024, is amended by adding the  
14 following new subsection:

15 NEW SUBSECTION. 1A. A property owner may appeal the  
16 assessment of any property to the board of review or a court  
17 with jurisdiction over the assessed property provided that the  
18 assessed property is located in a taxing district to which the  
19 property owner appealing the assessment owns property of the  
20 same class. Appeals made pursuant to this subsection shall be  
21 made in accordance with section 441.37.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with  
24 the explanation's substance by the members of the general assembly.

25 This bill relates to property assessment standards and  
26 litigation.

27 The international association of assessing officers  
28 (IAAO) is a nonprofit professional membership organization  
29 of government assessment officials and others interested in  
30 the administration of the property tax. The IAAO regularly  
31 publishes standards related to property assessments with  
32 the goal of advancing more equitable property appraisals,  
33 assessment administration, and property tax policies.

34 Current law requires the director of the department of  
35 revenue (director) to prepare and issue a state appraisal

1 manual which each county and city assessor must use to assess  
2 and value all classes of property. The bill requires the  
3 director to adopt real estate property assessment standards for  
4 the state appraisal manual in conformance with the standards  
5 developed and published by the IAAO. Such standards must  
6 include the use of the coefficient of dispersion (COD) and  
7 price-related differentials (PRD).

8 COD is the measure of the spread of values about the median  
9 value of a class of properties. When the difference between  
10 the median value of a class of properties and the actual value  
11 to sales value ratio of a property increases, the COD will  
12 increase as well. CODs above a certain percentage are seen as  
13 inequitable. The bill requires assessors to maintain a COD  
14 of less than 15.99 percent unless there is good cause for a  
15 variance.

16 PRD, or analysis of assessment bias, is used in order to  
17 determine whether higher-valued properties are overvalued or  
18 undervalued in relation to lower-valued properties. The bill  
19 requires assessors to maintain a PRD between .98 and 1.03  
20 unless there is good cause for a variance.

21 The bill requires the COD and PRD of a class of property  
22 to be calculated based on comparisons of the actual value of  
23 property in the same class.

24 The bill defines, for the purposes of protesting an  
25 assessment, "like property" as all property within a given  
26 class of property.

27 The bill limits the employment of special counsel to assist a  
28 city legal department or county attorney in litigation dealing  
29 with assessments to cases where the opposing party is a legal  
30 business entity, including a nonprofit entity. Under current  
31 law, a city legal department or county attorney may employ  
32 special counsel to assist the city legal department or county  
33 attorney in any litigation dealing with assessments.

34 The bill allows a property owner to appeal the assessment  
35 of any other property provided that the property with the

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1 assessment to be appealed is located in a taxing district to  
2 which the property owner appealing the assessment owns property  
3 of the same class. The bill requires such appeals to be made  
4 in accordance with Code section 441.37 (protest of assessment  
5 — grounds).