

House File 2224 - Introduced

HOUSE FILE 2224
BY SIECK

A BILL FOR

- 1 An Act relating to property assessment standards and litigation.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 421.17, subsection 6, paragraph b, Code
2 2026, 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 the
12 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 for
15 all counties, and for cities having city assessors, ~~and the~~. The
16 information for the preceding year shall be available for public
17 inspection by May 1, and shall be available on the department's
18 internet website for a minimum of twenty years from the date of
19 publication.

20 Sec. 2. Section 421.17, subsection 17, Code 2026, is amended
21 to read as follows:

22 17. a. To prepare and issue a state appraisal manual which
23 each county and city assessor shall use in assessing and valuing
24 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 city
27 assessors in such form and manner as prescribed by the director.

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

34 d. When preparing the state appraisal manual, the director
35 shall adopt standards for assessing property developed and

1 published by the international association of assessing officers.

2 Such standards must include all of the following:

3 (1) Use of a coefficient of dispersion analysis in
4 determining whether properties are equitably assessed.

5 Assessments shall maintain a coefficient of dispersion less than
6 fifteen and ninety-nine hundredths percent unless there is good
7 cause for a variance.

8 (2) Use of a price-related differential analysis in
9 determining whether properties are equitably assessed.

10 Assessments shall maintain a price-related differential between
11 ninety-eight hundredths and one and three hundredths unless there
12 is good cause for a variance.

13 Sec. 3. Section 441.21, subsection 1, Code 2026, is amended
14 by adding the following new paragraph:

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

19 Sec. 4. Section 441.37, subsection 1, paragraph a,
20 subparagraph (1), subparagraph division (a), Code 2026, is
21 amended to read as follows:

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

24 Sec. 5. Section 441.37, subsection 1, paragraph a, Code 2026,
25 is amended by adding the following new subparagraph:

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

28 Sec. 6. Section 441.41, subsection 1, Code 2026, is amended
29 to read as follows:

30 1. a. In the case of cities having an assessor, the city
31 legal department shall represent the assessor and board of review
32 in all litigation dealing with assessments. In the case of
33 counties, the county attorney shall represent the assessor and
34 board of review in all litigation dealing with assessments.
35 Any taxing district interested in the taxes received from such

1 assessments may be represented by an attorney and shall be
2 required to appear by attorney upon written request of the
3 assessor to the presiding officer of any such taxing district.

4 Subject

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

11 Sec. 7. Section 441.42, Code 2026, is amended by adding the
12 following new subsection:

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

20 EXPLANATION

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

23 This bill relates to property assessment standards and
24 litigation.

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

32 Current law requires the director of the department of revenue
33 (director) to prepare and issue a state appraisal manual which
34 each county and city assessor must use to assess and value
35 all classes of property. The bill requires the director to

1 adopt real estate property assessment standards for the state
2 appraisal manual in conformance with the standards developed and
3 published by the IAAO. Such standards must include the use of the
4 coefficient of dispersion (COD) and price-related differentials
5 (PRD).

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

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

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

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

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

32 The bill allows a property owner to appeal the assessment of
33 any other property provided that the property with the assessment
34 to be appealed is located in a taxing district to which the
35 property owner appealing the assessment owns property of the same

1 class. The bill requires such appeals to be made in accordance
2 with Code section 441.37 (protest of assessment — grounds).

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