



# HANDOUTS

## Property Taxation Review Committee

September 1, 2004

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**Property Tax Trends and Reform Issues  
Provided by Iowa Farm Bureau Federation**

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The image shows a spiral-bound notebook with a light beige, textured cover. The spiral binding is on the left side. The text is centered on the cover in a bold, black, serif font.

**PROPERTY TAXATION  
REVIEW COMMITTEE**

**WEDNESDAY, SEPTEMBER 1**

**IOWA FARM BUREAU FEDERATION**

**JOE JOHNSON, DIRECTOR OF STATE  
LEGISLATIVE AFFAIRS**

**TIM JOHNSON, RESEARCH SPECIALIST**



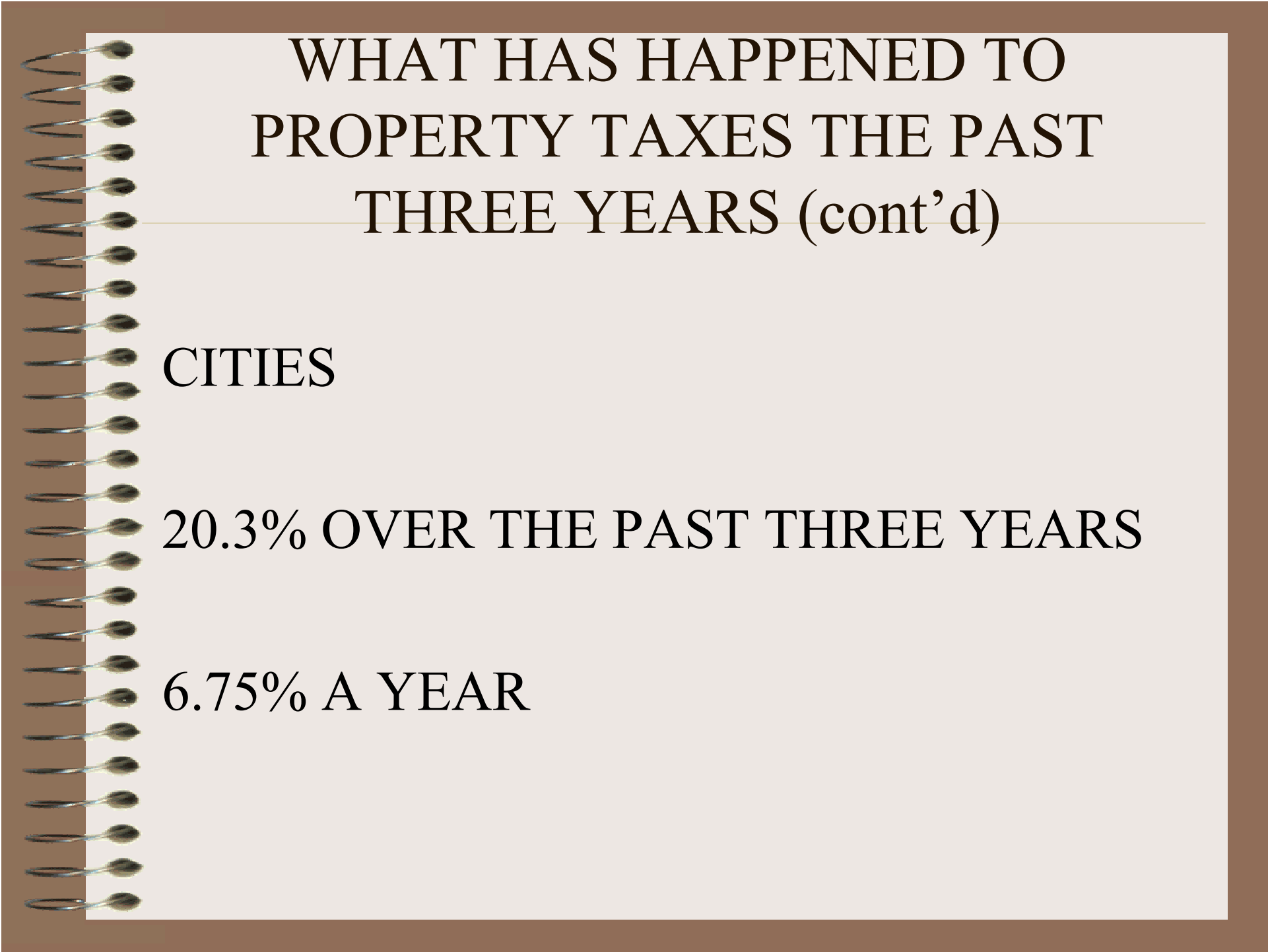
# WHAT HAS HAPPENED TO PROPERTY TAXES THE PAST THREE YEARS?

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SINCE FISCAL YEAR 2001 PROPERTY TAXES HAVE INCREASED 17.6% OR \$475 MILLION DOLLARS

AVERAGE OF 5.8% A YEAR

THERE HAS NOT BEEN A SIMILAR THREE-YEAR INCREASE IN PROPERTY TAXES OVER THE PAST TWO DECADES


A graphic of a spiral-bound notebook with a brown cover and a light beige page. The spiral binding is on the left side. The text is centered on the page.

WHAT HAS HAPPENED TO  
PROPERTY TAXES THE PAST  
THREE YEARS (cont'd)

CITIES

20.3% OVER THE PAST THREE YEARS

6.75% A YEAR




WHAT HAS HAPPENED TO  
PROPERTY TAXES THE PAST  
THREE YEARS (cont'd)

COUNTIES

15.6% OVER THE PAST THREE YEARS

5.2% A YEAR



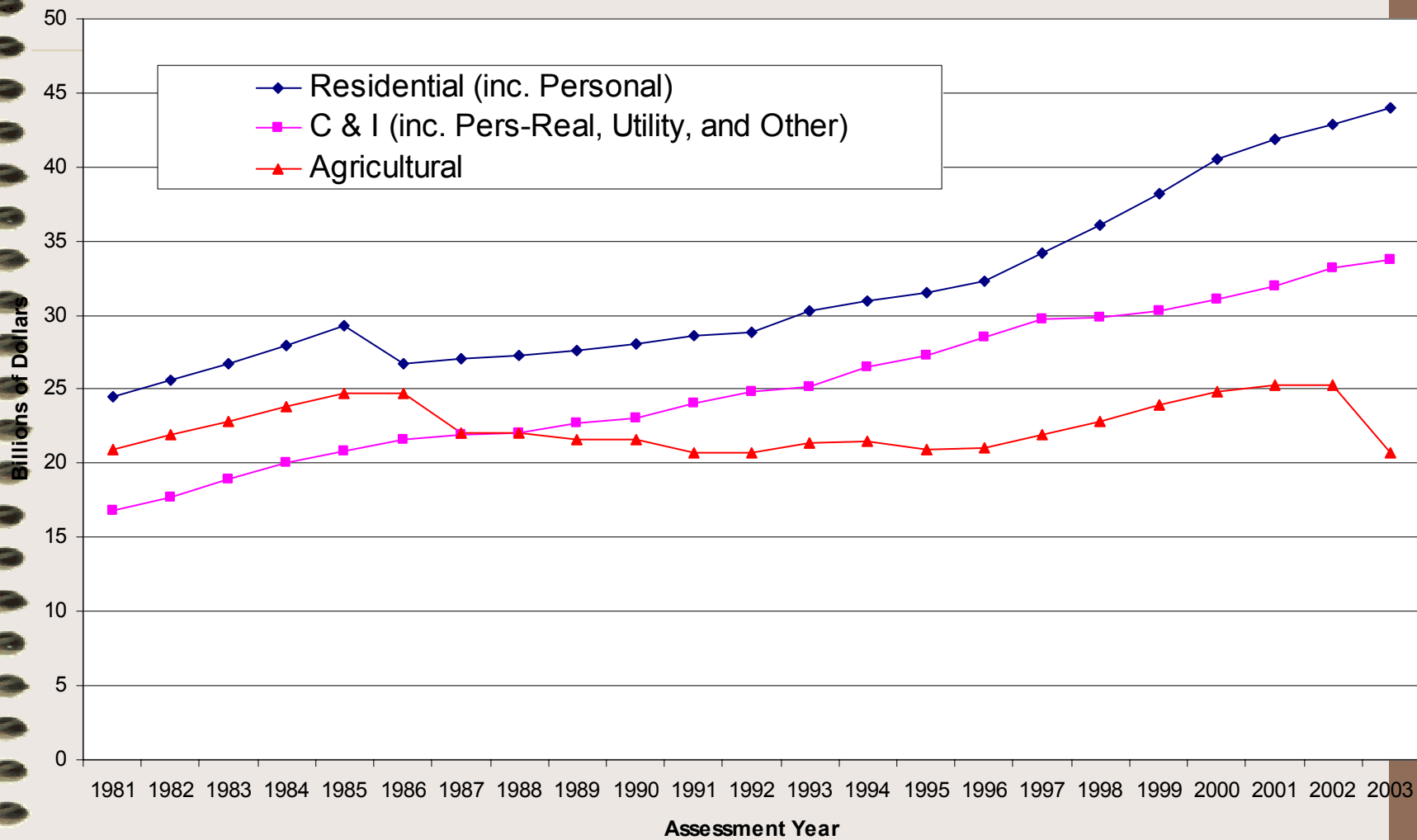
WHAT HAS HAPPENED TO  
PROPERTY TAXES THE PAST  
THREE YEARS (cont'd)

SCHOOLS

16.6% OVER THE PAST THREE YEARS

5.5% A YEAR

# Taxable Valuation by Class



# WHAT PROPERTY TAX REFORM PROPOSALS HAVE BEEN SUGGESTED?

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PROPERTY TAX LIMITATION

CONCERNS OF CITIES AND COUNTIES

1. HOME RULE
2. GROWTH AREAS NOT ABLE TO MEET EXPENDITURES
3. INABILITY TO REACT TO AN “EMERGENCY”



**WHAT PROPERTY TAX REFORM  
PROPOSALS HAVE BEEN SUGGESTED?  
(cont'd)**

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**AG LAND PRODUCTIVITY FORMULA**

**(assuming no rate change)**

**CHANGE IN CAPITALIZATION RATE**

**CHANGE FROM 7% TO 6%**

**AVERAGE 352 ACRE FARM WOULD SEE \$862 INCREASE IN  
TAXES**

**CHANGE FROM 7% TO 5%**

**AVERAGE 352 ACRE FARM WOULD SEE \$2156 INCREASE IN  
TAXES**

**WHAT PROPERTY TAX REFORM  
PROPOSALS HAVE BEEN SUGGESTED?  
(cont'd)**

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**AG LAND PRODUCTIVITY FORMULA  
(rates adjusted for no new tax collections)  
CHANGE IN CAPITALIZATION RATE**

**CHANGE FROM 7% TO 6%**

**AVERAGE 352 ACRE FARM WOULD SEE \$611 INCREASE IN  
TAXES**

**CHANGE FROM 7% TO 5%**

**AVERAGE 352 ACRE FARM WOULD SEE \$1441 INCREASE IN  
TAXES**

WHAT PROPERTY TAX REFORM  
PROPOSALS HAVE BEEN SUGGESTED?  
(cont'd)

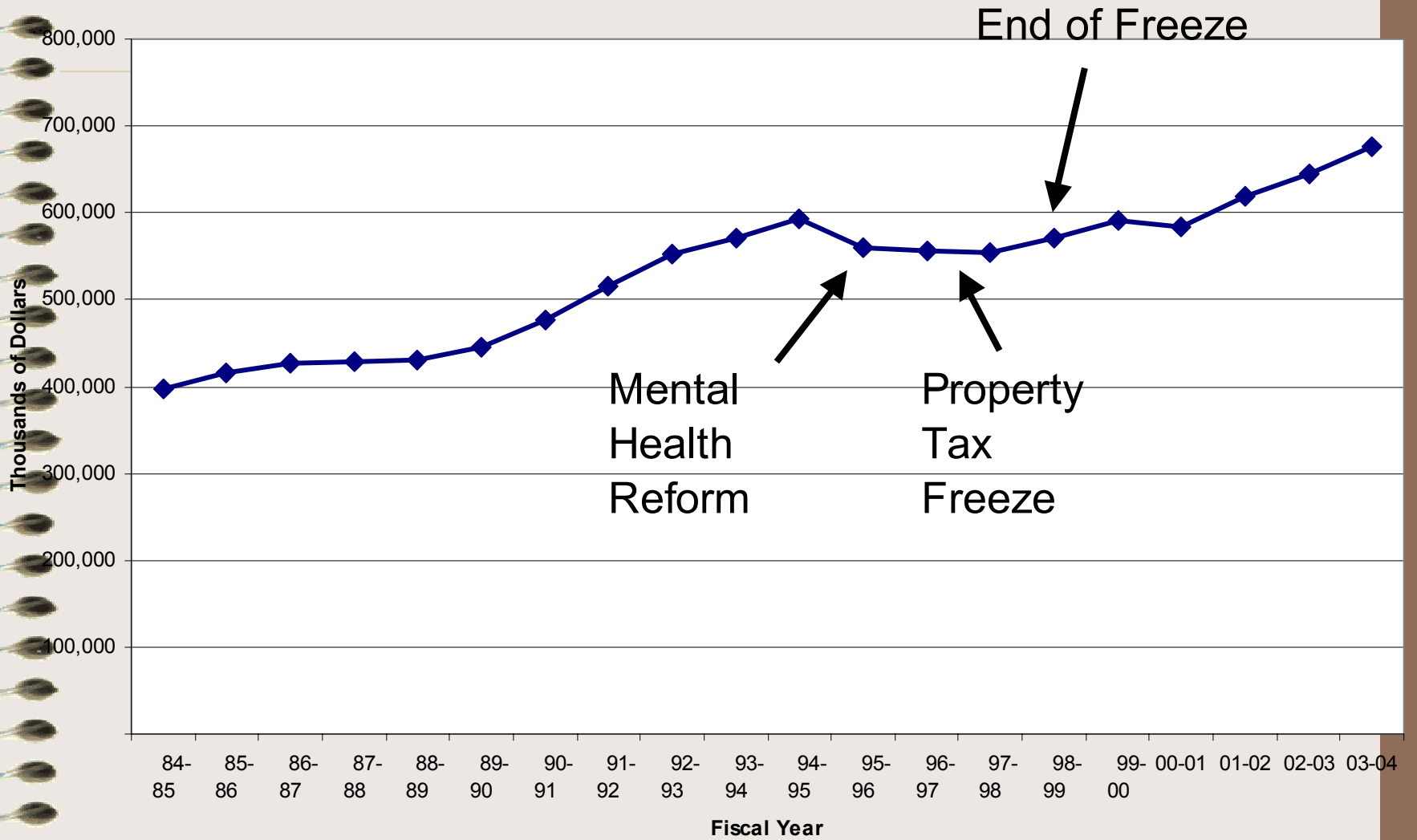
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**FREEZE RESIDENTIAL ROLLBACK**

**IF ROLLBACK WAS FROZEN AT FY**  
**2002 LEVEL (56.27%)**

**OWNER OF A \$100,000 HOME WOULD  
HAVE PAID \$160 MORE IN 2004**

# County Property Tax Collections





# QUESTIONS THAT SHOULD BE DISCUSSED

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- WHAT SHOULD PROPERTY TAXES PAY FOR?
- WHAT DOES PROPERTY TAX REFORM MEAN?
  - INCREASE PROPERTY TAXES?
  - DECREASE THE BURDEN ON PROPERTY TAXPAYERS?



# QUESTIONS THAT SHOULD BE DISCUSSED (cont'd)

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- IF IT IS TO DECREASE THE BURDEN
  - ARE WE WILLING TO LOOK TO AN ALTERNATIVE FUNDING SOURCE?
  - IF NOT, DO WE LOOK AT HOW SERVICES ARE DELIVERED OR HOW TO REDUCE SERVICES

# QUESTIONS THAT SHOULD BE DISCUSSED (cont'd)

- IS IT TO PROVIDE EQUITY? SUCH AS LOWERING COMMERCIAL TAXES.
- IF SO,
  - DO YOU LOOK FOR AN ALTERNATIVE FUNDING SOURCE
  - OR*
  - INCREASE TAXES ON OTHER CLASSES OF PROPERTY

# QUESTIONS THAT SHOULD BE DISCUSSED (cont'd)

- IF YOU ARE WILLING TO LOOK AT ANOTHER REVENUE SOURCE
  - DO YOU NEED TO PUT CONTROLS IN PLACE TO REDUCE THE BURDEN ON TAXPAYERS

*IF SO,*

WHAT KIND OF CONTROLS?

SPENDING LIMITS

REVENUE LIMITS