

PROPERTY TAXES

They Aren't What They Seem

A series of editorials published by The Daily Tribune

Not very many people understand how the property tax works in Iowa. It's a local tax that the state tinkers with. It's a school tax that the schools can't alter. It helps finance towns and cities and counties — but a piece also goes to some hospitals and some community colleges. In all, nine governmental bodies have authority to put a tax on your property.

That tax can vary widely — depending on whether you own a farm or a house or a factory or a business.

And for some, there's no tax at all.

The Daily Tribune, Mid-Iowa's locally owned daily newspaper, took a look at all this in six editorials. We tried to explain the facts and explore the tax, and then we offered our own view on how to make this tax fairer for everyone in Iowa.

The editorials are reprinted, in full, in this special supplement.

Michael Gartner
Editor and co-owner

The local property tax: Unfair to nearly everyone

We hate to do this to you.

We hate to spoil your week by talking about property taxes.

But that's what we're going to do. Every day this week. And spoil it we will. For if you really look into the property tax in Iowa, here's what you'll find:

■ Some of you are paying far more than others of you. We'll get into that on Tuesday, when we'll show how a Main Street merchant with a \$100,000 building pays more than a factory owner with a \$100,000 factory, half again as much as a homeowner with a \$100,000 home, and more than twice as much as a city farmer with a \$100,000 piece of urban farmland.

■ Some of your neighbors don't have to pay at all. We'll get into that on Wednesday and print the names and addresses of the people and institutions who own \$40,285,300 of property in Ames and yet don't pay a nickel in taxes. And that doesn't include any of the facilities of Iowa State University or the Department of Transportation or the federal government or the city of Ames — none of whom pay taxes on land and buildings they use.

■ Some of the money you pay is hijacked and taken out of the county. We'll get into that on Thursday. The hijackers include the state of Iowa, which skims off some property tax money even though the property tax is a local tax and is none of the state's business, and the Des Moines Area Community College, which not only gets a chunk of the taxes you pay but also sneaks into town and makes off with taxes from special taxing districts that it can set up without even telling anyone about it. On Thursday, too, we'll tell you how the Story County Hospital — another of the nine bodies that have taxing power and whose levy is included in your annual property-tax bill — has been taxing Ames people for years to support an outdated

institution that few in Ames ever use.

■ Most of the money you pay goes to support your schools. Friday, we'll explain how the system works to penalize schools in prosperous towns like Ames and works to stymie parents who would be willing to spend extra money to have extra-good schools. Further, the system actually encourages districts to let kids drop out, and it makes it hard to give big pay increases to really good teachers.

Next Monday we'll offer some proposals to make the tax fairer.

Before we can get into any of that — the unfairness, the politics, the abuses, the greediness — we need to explain a few basics. For the one thing we've learned as we talked to people about property taxes is that few people understand how the rates are set and who gets the money.

So here are the two paragraphs to remember:

There is in Story County about \$2,240,000,000 of land and buildings that are subject to the property tax. About \$1 billion of that is in Ames and about \$1 billion — it's almost the same billion, but the boundaries are a little different — is in the Ames school district.

And there are nine types of governments that have the power to tax that land and those buildings. Your school district takes the biggest share of your property taxes — more than half, in some districts. If you live in a town or city, that town or city takes the next biggest bite, and the county takes the third bite. But if you don't live in a town

or city, the county takes the second biggest bite and your township then takes a chunk. Everyone, in town or country, pays property taxes to support the Story County Hospital in Nevada, and everyone pays to support the Des Moines Area Community College, most of which is in Ankeny. Everyone also pays to support the county agricultural extension operation, and people in Ames pay to support the cost of the office of city assessor Richard Horn while everyone else in the county pays to support the office of County Assessor Gary Bilyeu. Finally, everyone pays a few dollars to support statewide efforts to wipe out tuberculosis and brucellosis in cattle and swine — even though those diseases are pretty much wiped out.

So everyone's tax payment is divided up eight ways, though it's not always to the same eight bodies, and the breakdown differs by where you live and what school district you're in.

On the face of it, it's really not that complicated. But everything is not on the face of it.

Meddling, lobbying, politicking, and legislating have taken this straightforward system of financing towns and schools and turned it into a system that is unfair to the people who pay the taxes as well as to the governments that collect them, that is weighted in favor of farmers and against business owners, that forces merchants and homeowners to pay extra to finance services to freeloading government institutions — big money in Ames — that forces cities and counties and schools to borrow money when there are cheaper ways to get that money, and that lets people outside the county dip into the till and skim off money for their own political purposes.

It's all that that we'll get into the rest of this week.

As we said a few minutes ago, we hate to do this to you. But it's kind of important.

PROPERTY TAXES They Aren't What They Seem

First in an editorial series
July 31, 1995

How much is your tax? Well, that depends ...

The property-tax system in Iowa is incredibly unfair. That's the first thing you have to say about it. And it's abused by politicians and legislators and economic-development people and the area colleges and one or two others.

That's the second thing you have to say about it.

It's unfair because it taxes different property owners at different rates. Here's an example: Let's say you own a business in downtown Ames that is assessed at \$100,000. And your friend owns a factory that has land, buildings, machinery and equipment valued at \$100,000. And your neighbor owns a home that is assessed at \$100,000. And your brother-in-law owns some empty land in the city that is assessed at \$100,000.

Your property tax bill for the coming year will be \$3,182. Your friend's probably will be about \$2,550, depending on how much machinery and equipment he has in the place. Your neighbor's property-tax bill will be \$2,148. And your brother-in-law's tax bill on that empty land — assuming he seeds it in oats or some other crop — will be \$1,337.

Yet all four of you need the same protection from the police and fire department, use the same roads, send your children to the same schools and avail yourself of the same mental-health services — though the merchant, when he realizes this, might need more of those services than the other three. And all four of you could get \$100,000 if you sold out. It's unfair.

(Some people pay no property taxes at all, and others get special discounts. We'll explain that — and list all those people — in tomorrow's *Tribune*. On Thursday, we'll explain how politicians and legislators and others manipulate the system. And on Friday, we'll explain how the system works against developing better schools.)

PROPERTY TAXES They Aren't What They Seem

*Second in an editorial series
August 1, 1995*

The reason for this is clear: Politicians over the years have set up a caste system in Iowa. They believe farmers are the most important people in the state and merchants the least important. So they tell assessors to assess a merchant's land and building at its actual value, and then they tell the county to tax that property at that full value. Farms, on the other hand, are assessed, for tax purposes, not at what they'd sell for but rather at what an average farm of that size in that county would produce. That means that the typical farm in Story County is assessed at 42 percent of its true value.

The homeowner, too, is given a break. The legislators have determined that the total value of Iowa's homes should not go up more than 4 percent a year, after adjusting out the new construction, and can never exceed the percentage increase in the total value of farmland. So if house values actually rose 6 percent and farmland 3 percent, the value of homes for tax purposes would be rolled back to a 3 percent increase. This "rollback" started in 1977, and over the years it has cut the taxable proportion of a home to 67.5 percent — a figure that is likely to drop below 60 percent a year from now. So when County Auditor Judy Emmons writes up your tax bill, she calculates it on only 67.5 percent of your home's true value. Not so for merchants, though; they pay on the whole 100 percent.

Finally, the factory owner gets a break. By state mandate, one of the property taxes he pays — and that's a local tax, not a state tax so it's really none of the state's business — is being phased out. That tax, on machinery and equipment, has been producing more than \$1.1 million in revenue for Story County and its towns and schools. In theory, the state will reimburse the localities for this lost revenue, but it has consistently reneged on similar promises in the past.

If you add all these breaks together, the taxing bodies in Story County end up being told they can't tax about \$900 million of assessed property in Story County. (And that doesn't include any of the state, city, regional and federal property, which is tax-free.)

It's unfair.

But there's more. Politicians, especially Gov. Terry Branstad, love to promise tax cuts. With state finances in the soup for much of his governorship, he has actually raised state taxes, though he never mentions that. He has indeed cut some taxes, though — city and county property taxes, which, as we said, are none of his business. Besides eliminating the property tax on machinery and equipment, he capped the amount that cities and counties could collect in property taxes on homes and businesses.

He and the legislators called it a freeze, but it had lots of exceptions and was really more like a mush. Last year, the Legislature lifted this freeze, or whatever, on the cities, but kept it in place for counties. So cities now can tax whatever is needed — and politically feasible — for roads and sewers and parks, but counties cannot. That's one reason county roads and bridges are in such horrible shape — so the governor can boast about cutting taxes.

It's unfair.

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| | |
|--------------------------------|-------|
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| The Daily Tribune-Weekender | 88.9% |
| The Des Moines Register-Sunday | 72.9% |
| The Des Moines Register-Daily | 62.4% |

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THE DAILY TRIBUNE

317 5th Street Ames, Iowa 232-2160

Property tax exemptions: Legal, but terribly unfair

Have you ever driven by that terrific piece of wooded land on Mortensen Road near Elwood? It's a great plot — about three acres — and city assessor Richard Horn values it at \$196,900. Dr. Massoud Shahidi owns it, and at the new Ames tax rate for residential land it should be taxed at \$4,228.

Should be, but isn't.

Dr. Shahidi pays not a penny on that land.

Have you ever stopped in to visit the folks at the Iowa Poultry Association's headquarters? It's that nice-looking little building at 535 East Lincoln Way. Assessor Horn puts its value at \$128,400, which could make its tax bill, as a business, \$4,085.

Could make, but doesn't.

The Iowa Poultry Association pays not a penny on its building.

Have you ever stopped in the Elks Club? It's on Douglas, across from the library, and Assessor Horn says the building is worth \$317,000. The property tax on that, at the business rate that other restaurants pay, would be \$10,087.

Would be, but isn't.

The Elks pay not a penny on their club.

Dr. Shahidi, the poultry people and the Elks own just three of 116 buildings or sites in Ames that have applied for total exemptions from the property tax — and gotten them. Owners of another 114 homes or buildings — including *The Daily Tribune* — have received partial exemptions. All told, these 230 exemptions have taken off the tax rolls property valued at \$52,974,895. The annual taxes that would produce — at the business rate for businesses and the reduced residential rate for homes — would be \$1,676,936.

Would.

It's all perfectly legal — and terribly unfair. What's more, this \$53 million of untaxed property is just a small fraction of the total tax-free property in Ames, but it's the only amount you can put a precise figure on. These 230 homes and businesses had to apply for their exemptions, so they were first assessed. But other property is tax-exempt by statute, so assessors never even bother to value it. This includes the Iowa

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Third in an editorial series
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State University campus, the state-owned headquarters of the Department of Transportation, the city-owned Mary Greeley Medical Center, the federally owned Animal Disease Lab and all other land and buildings owned by the city or county or area or state or federal governments. The total is easily in the hundreds of millions of dollars — and would produce tens of millions of dollars in taxes.

Would.

What this means is that the 8,846 homeowners and the 1,250 business owners and the 32 factory owners pay extra to provide the police and fire and roads and parks and other city services for the people who live and work in these tax-free spots.

It is, as we said, terribly unfair.

So why doesn't Assessor Horn make those people pony up so taxes can be cut for those who pay the full amount? He can't. He must grant exemptions to some people who seek them. Those include churches and the church-owned homes of ministers (that takes \$20,771,650 off the tax rolls), religious schools (\$80,300 for the Grand Avenue Baptist Church school), fraternal organizations (\$633,900), agricultural societies (\$3,427,900), nonprofit retirement homes (\$7,017,900, which is the assessed value of Northcrest up on 20th Street), and other charitable and benevolent societies (\$2,090,350).

And he must not tax — not a penny — the so-called forest reserve land in the city, which can be any plot of two or more acres on which the owner has no house and on which he plants some trees and bushes. The land remains private — only the owner can enjoy it. That's the exemption that frees Dr. Shahidi from taxes on Mortensen Road.

There's more. If you own undeveloped but unforested land in the city, you can plant a crop on it and have it valued as agricultural land, which is taxed at less than half the tax on residential land and which, by a quirk, is taxed even less than agricultural land outside the city. There's more than 1,700 acres of this so-called agricultural land within Ames, and probably half of it is really land being held for the bulldozer rather than the plow, land valued — and taxed — far below its worth. An example: the land on Airport Road where Sam's Club will be built was taxed at \$1,000 an acre; it sold for \$45,000 an acre.

Finally, you can have your taxes rolled back if you are in an urban revitalization district and improve your home or building. You can petition to have the taxes on those improvements forgiven for three years or reduced for five to 10 years. It's this exemption that allowed *The Daily Tribune* to escape paying taxes — about \$3,100 a year — on \$100,000 of improvements for three years.

All of this is, as we've said three times now, terribly unfair. It's also, as we said, absolutely legal. "There's nothing in the law that says it has to be fair," Assessor Horn notes. And he's right.

But there's also nothing that says the law couldn't change. And it should.

Why shouldn't the Iowa State Memorial Union — in effect a restaurant and hotel — pay the same rate as the Holiday Inn/Gateway Center?

Why shouldn't the Elks Club pay the same rate as Aunt Maude's?

Why shouldn't Rev. Scott Grotewold of Collegiate United Methodist Church pay the same rate for his \$138,000 house as Ted Tedesco pays for his home?

Why shouldn't *The Daily Tribune* pay the same rate for its new facility as the Red Lobster, which is not in an urban revitalization district, pays for its?

The answer is, they — and we — should.

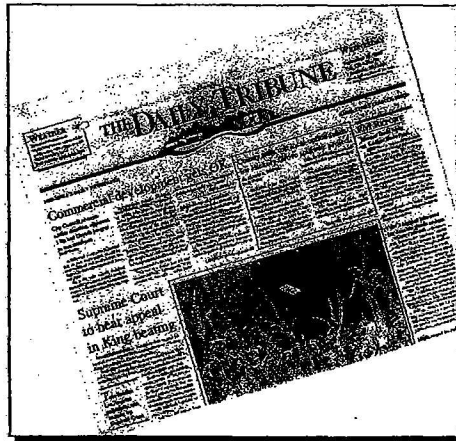
It may be legal that some people don't pay taxes.

But — for the fourth time — it's terribly unfair.

The Daily Tribune

"The Daily Tribune is the home-town, home-owned, home-grown newspaper for Mid-Iowa. Its aim is to be fair, thorough, accurate and clear in reporting everything that is happening here. Its aim, too, is to provide state, national and international news so readers can be well-versed in all events of the day. The Daily Tribune is an independent newspaper that believes in a vigorous editorial page that takes clear and strong positions on local issues, that encourages letters and contributions from its readers, and that provides wide-ranging viewpoints on local, national and international issues."

—Michael Gartner,
Editor



THE DAILY TRIBUNE

317 5th Street Ames, Iowa 232-2160

Property Taxes: Exemptions

No one knows the value of all the property that is exempt from the property tax in Ames and Story County. Land and buildings owned by the federal government, and by the state and by local governments, are exempt by statute, so they are never even assessed. These facilities include the Iowa State University campus, Animal Disease Center, Department of Transportation headquarters and the city parks, among others.

But other facilities can apply for exemptions. They must be regularly assessed. These include religious, charitable, fraternal and agricultural organizations. In Ames, 116 such properties, valued at \$37,536,600, are totally exempt.

This table, based on information from the office of city assessor Richard Horn, lists the assessed value of each parcel, the owner and the address:

| Value | Owner | Address |
|----------------------------|-------------------------------|---------------------|
| CHURCHES | | |
| 94,200 | Episcopal Parish | 3727 Calhoun Ave. |
| 75,100 | Ames Jewish Cong. | 3721 Calhoun Ave. |
| 100,900 | Nevada Congregation | 1005 Top O Hollow |
| 2,080,500 | Archdio. of Dubuque | 2900 Hoover Ave. |
| 648,700 | No. Grand Church of Christ | 919 30th St. |
| 152,700 | Children's Services | 4507 Hutchinson |
| 1,140,000 | 1st Evangelical Free | 2008 24th St. |
| 478,600 | Ames Evangelical United | 1403 24th St. |
| 485,300 | Latter Day Saints | 2524 Hoover Ave. |
| 254,800 | Northminster Presby. | 1416 20th St. |
| 1,116,900 | Bethesda Lutheran | 1517 Northwestern |
| 81,600 | Seventh Day Adventist | 1303 Grand Ave. |
| 422,000 | Grand Ave. Baptist | 612 24th St. |
| 241,800 | St. Paul Evangelical | 1435 Wilson Ave. |
| 327,400 | First Assembly of God | 409 13th St. |
| 70,300 | Lord of Life Lutheran | 913 Carroll Ave. |
| 30,600 | First Christian | 516 Seventh St. |
| 518,300 | First Christian | 611 Clark Ave. |
| 30,600 | First Christian | 515 Sixth St. |
| 93,900 | Christian Scientist | 226 Ninth St. |
| 235,200 | Ascension Lutheran | 314 Seventh St. |
| 548,400 | United Church of Christ | 608 Kellogg Ave. |
| 618,300 | First Methodist | 516 Kellogg Ave. |
| 36,100 | Unitarian Fellowship | 1015 Hyland Ave. |
| 384,100 | Unitarian Fellowship | 1015 Hyland Ave. |
| 30,100 | Collegiate Presbyterian | 2722 West St. |
| 941,500 | Collegiate Presbyterian | 159 Sheldon Ave. |
| 284,800 | Home Mission | 3624 Ontario St. |
| 106,600 | No. Amer. Islamic Trust | 1221 Michigan Ave. |
| 662,600 | St. Andrew's Lutheran | 209 Colorado Ave. |
| 88,300 | Reorg. Latter Day Saints | 104 Wilmoth Ave. |
| 207,400 | Westside Church of Christ | 4400 Lincoln Swing |
| 494,700 | Willow Creek Open Bible | 114 South Dakota |
| 111,600 | Collegiate Methodist | 2630 Lincoln Way |
| 1,507,400 | Collegiate Methodist | 2622 Lincoln Way |
| 402,700 | Campus Baptist | 130 S. Sheldon Ave. |
| 322,000 | Episcopal Parish (St. John's) | 2338 Lincoln Ave. |
| 620,000 | Memorial Lutheran | 2228 Lincoln Way |
| 709,200 | Catholic Student Center | 2210 Lincoln Way |
| 539,000 | Lutheran Student Foundation | 2126 Gable Lane |
| 564,900 | University Baptist | 2400 Mortensen |
| 196,200 | Church of the Nazarene | 203 S. Kellogg Ave. |
| 109,600 | Arcadia Lodge | 715 S. Duff Ave. |
| 188,300 | Bethany Lutheran | 3109 Diamond St. |
| 132,600 | United Pentecostal | 3505 S. Duff Ave. |
| CHURCH SCHOOLS | | |
| 80,300 | Grand Avenue Baptist | 2307 Jensen Ave. |
| CHURCH-OWNED HOUSES | | |
| 72,700 | First Assembly of God | 3218 Hoover Ave. |
| 169,500 | Calvary United Methodist | 2300 Fillmore Ave. |
| 21,400 | Calvary United Methodist | 2304 Fillmore Ave. |
| 132,300 | Bethesda Lutheran | 1518 Northwestern |
| 129,500 | St. Paul Evangelical Lutheran | 1411 Wilson Ave. |
| 116,400 | First Methodist | 1321 Burnett Ave. |
| 114,800 | First Methodist | 1102 Burnett Ave. |
| 138,000 | Collegiate United Methodist | 420 E. 20th St. |
| 95,700 | First Christian | 613 Clark Ave. |
| 80,600 | Ascension Lutheran | 615 Kellogg Ave. |
| 66,600 | Ames Fellowship Church | 3006 Ontario St. |
| 96,900 | Wesley Foundation | 3522 Annear St. |
| 54,200 | North American Islamic Trust | 3406 Ontario St. |
| 65,900 | United Presbyterian | 3208 Woodland St. |
| 88,000 | Bethany Lutheran | 3219 Diamond St. |

| Value | Owner | Address |
|---|------------------------------------|---------------------|
| MISCELLANEOUS RELIGIOUS PROPERTY | | |
| 489,200 | Lutheran Social Services | 1323 Northwestern |
| 43,900 | Collegiate Presbyterian | 2716 West St. |
| 87,700 | Society of Friends | 427 Hawthorne |
| 18,600 | St. Andrew's Lutheran | 3328 Story St. |
| 285,300 | Everett Cochrane | 400 South Dakota |
| 73,500 | R G Properties | 2513 Hunt St. |
| 33,200 | Episcopal Parish of Ames | 112 Stanton Ave. |
| LITERARY SOCIETIES | | |
| 106,200 | Actors, Inc. | 120 Abraham Dr. |
| 79,200 | Black Cultural Center | 517 Welch Ave. |
| LOW-RENT HOUSING FOR ELDERLY | | |
| 1,748,600 | Ames Ecumenical Housing | 3115 Roy Key Ave. |
| 2,586,900 | Stonehaven of Ames | 421 Stonehaven Dr. |
| NONPROFIT RETIREMENT HOMES | | |
| 7,017,900 | Northcrest, Inc. | 1801 20th St. |
| FRATERNAL ORGANIZATIONS | | |
| 317,000 | Elks | 522 Douglas Ave. |
| 186,100 | Ames Woman's Club | 106 South Dakota |
| AGRICULTURAL SOCIETIES | | |
| 128,400 | Iowa Poultry Association | 535 E. Lincoln Way |
| 259,800 | CAST | 4420 Lincoln Way |
| 1,180,300 | Iowa Cattleman's Assoc. | 2101 Ironwood Ct. |
| 94,900 | Institute for (Farmer) Co-op | 2515 Elwood Dr. |
| 87,900 | Institute for (Farmer) Co-op | 2515 Elwood Dr. |
| 46,700 | Institute for (Farmer) Co-op | 2515 Elwood Dr. |
| 46,700 | Institute for (Farmer) Co-op | 2515 Elwood Dr. |
| MISCELLANEOUS CHARITABLE | | |
| 86,400 | Mainstream Living, Inc. | 1206 Jefferson St. |
| 147,100 | Mainstream Living, Inc. | 1200 McCormick |
| 112,500 | Mainstream Living, Inc. | 1419 16th St. |
| 114,300 | Mainstream Living, Inc. | 3515 S. Duff Ave. |
| 104,300 | Mainstream Living, Inc. | 1003 Clark Ave. |
| 10,000 | YMCA | 1820 Scholl Rd. |
| 45,000 | YMCA | ISU Alumni Hall |
| 1,100 | Ames-ISU YMCA | Amherst Drive |
| 58,400 | Ames Alano Society | 1201 McCormick |
| 39,600 | Appalachia Committee | 2019 Pullman St. |
| 170,800 | Youth & Shelter Services | 703 Burnett Ave. |
| 250,000 | Youth & Shelter Services | 804 Kellogg Ave. |
| 169,700 | Youth & Shelter Services | 712 Burnett Ave. |
| 74,600 | Ames Comm. Preschool | 525 Sixth St. |
| 86,100 | Ames Boys Club | 104 Kellogg Ave. |
| 91,500 | Story County Sexual Assault Center | 720 Duff Ave. |
| 198,700 | Co-op Child-Care Service | 115 S. Sheldon Ave. |
| 34,300 | Story Co. Council on Aging | 219 S. Walnut |
| 47,100 | Story County Housing, Inc. | 219 S. Kellogg Ave. |
| 83,100 | Shelter Housing Corp. | 225 S. Kellogg Ave. |
| 45,100 | Shelter Housing Corp. | 227 S. Kellogg Ave. |
| FOREST RESERVE LAND | | |
| 22,000 | E. June Calhoun | 4024 Dawes Dr. |
| 25,700 | Forest Hills Homeowners Assn. | Forest Hills |
| 38,900 | Donald & Martha Benson | 928 Garfield Ave. |
| 29,600 | Grant Quam | 130 North Dakota |
| 35,600 | Everett & May Swager | 447 Westwood Dr. |
| 33,000 | Bernice & Esther Burns | 4810 Dover Dr. |
| 31,400 | Karl & Carole Seifert | 4624 Dover Dr. |
| 6,100 | Karl & Carole Seifert | 4618 Dover Dr. |
| 196,900 | Massoud Shahidi | 2100 Mortensen Rd. |
| 23,100 | Dennis Pyle | 2215 Timberland |
| 33,600 | John & Judith Clem | 2307 Timberland |
| 90,500 | Ringgenberg Farms | 2531 Oakwood Rd. |
| 107,500 | Wayne & Catherine Moore | Oakwood Road |

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317 5th Street Ames, Iowa 232-2160

Property Taxes: Partial Exemptions

These 114 property owners have received partial exemptions from property taxes. Most are in urban revitalization districts, where a property owner can improve his property and apply to have taxes forgiven on those improvements for three years or reduced for five to 10 years.

The other properties are mainly charity-owned buildings and land that normally would be totally exempt. But if a charity earns income from its land — if it leases its parking lot to students, for instance, or if it engages in other profit-making activities — it must pay some property taxes. The

forest-reserve exemption reflects properties where only a portion of the land has been put into the program. Industrial abatement is a five-year program that reduces taxes on the added value of a property. Some listed owners are trustees for others or beneficiaries of a trust.

| Value | Exempt | Owner | Address | Value | Exempt | Owner | Address |
|---|-----------|-------------------------|---------------------|-----------------------------|---------|-----------------------------|----------------------|
| CHURCHES | | | | | | | |
| 1,400 | 693,500 | First Baptist | 200 Lynn Ave. | 302,700 | 83,250 | Evans Building Partnership | 238 Main St. |
| 7,900 | 13,950 | Unitarian Fellowship | 1007 Hyland Ave. | 1,235,400 | 321,210 | Duff Centre, Ltd. | 213 Duff Ave. |
| RELIGIOUS RESIDENCE | | | | | | | |
| 57,700 | 99,700 | St. Thomas Aquinas | 129 Ash Ave. | 834,200 | 126,750 | Flynn/Jones Partnership | 209 Lincoln Way |
| 72,400 | 36,200 | First Assembly of God | 423 13th St. | 353,800 | 118,790 | W. & M. Merrill | 213 Lincoln Way |
| MISCELLANEOUS RELIGIOUS PROPERTY | | | | | | | |
| 84,500 | 330,600 | Campus Baptist | 112 S. Sheldon Ave. | 139,200 | 18,275 | Hanson Lumber Co. | 222 Duff Ave. |
| LITERARY SOCIETIES | | | | | | | |
| 25,600 | 267,000 | Ames Society for Arts | 413 Douglas Ave. | 94,000 | 10,681 | Michael R. Reese | 202 East Ave. |
| VETERANS ASSOCIATIONS | | | | | | | |
| 10,000 | 113,400 | American Legion Post 37 | 225 Main St. | 872,200 | 17,172 | Pyle Office Park P'ship | 515 Grand Ave. |
| FRATERNAL ORGANIZATIONS | | | | | | | |
| 29,500 | 130,800 | Lions of Iowa | 2300 S. Duff Ave. | 1,287,600 | 733,200 | Sushma & Nutan Sabai | 245 Hyland Ave. |
| AGRICULTURAL ORGANIZATIONS | | | | | | | |
| 66,400 | 1,583,200 | Nat'l Farmers Org. | 2505 Elwood Dr. | 374,500 | 109,400 | 2717 West, L.C. | 2717 West St. |
| 47,576 | 123,788 | Nat'l Farmers Org. | 2505 Elwood Dr. | 548,100 | 61,824 | Randall & Shubert P'ship | 2824 West St. |
| MISCELLANEOUS CHARITABLE ORGANIZATIONS | | | | | | | |
| 51,200 | 82,900 | American Red Cross | 426 Fifth St. | 95,500 | 20,150 | Mother Lode Enterprises | 2814 West St. |
| 60,400 | 37,750 | Ames Pre-School Center | 521 Sixth St. | 542,000 | 26,463 | Hyland Heights Apt., Ltd. | 153 Hyland Ave. |
| URBAN REVITALIZATION EXEMPTIONS | | | | | | | |
| 78,700 | 160,090 | W.K. Fedeler | 1521 E. Lincoln Way | 514,900 | 69,440 | Hyland Heights Apt., Ltd. | 119 Hyland Ave. |
| 64,300 | 39,360 | W.K. Fedeler | 1509 E. Lincoln Way | 409,600 | 115,150 | University Bank & Trust | 2546 Lincoln Way |
| 07,300 | 62,800 | F.Kapann & K.Brown | 1717 E. Lincoln Way | 75,300 | 3,000 | Douglas Ziminski | 2536 Lincoln Way |
| 43,400 | 28,500 | R. & L. Elbert | 622 Burnett Ave. | 35,700 | 6,160 | Carroll Rierston | 2508 Lincoln Way |
| 54,800 | 216,340 | Industrial Plating Co. | 218 Seventh St. | 88,000 | 7,000 | Margaret Hunziker | 2504 Lincoln Way |
| 41,600 | 9,280 | Industrial Plating Co. | 216 Seventh St. | 232,700 | 32,520 | Letha Wierson | 103 Welch Ave. |
| 96,700 | 237,042 | T. Hinders & I. Netcott | 105 Sixth St. | 475,400 | 20,397 | Scott Randall | 127 Welch Ave. |
| 94,900 | 803,480 | Fifth Street Investors | 600 Fifth St. | 254,900 | 11,229 | M. Kassis & T. Lowman | 120 Hayward Ave. |
| 62,600 | 32,720 | MBL Life Assurance | 500 Fifth St. | 128,200 | 18,250 | Albert Champlin | 2426 Lincoln Way |
| 66,800 | 127,650 | Union Story Trust | 411 Main St. | 131,800 | 23,850 | Albert Champlin | 2424 Lincoln Way |
| 70,400 | 81,800 | Iowa DOT Credit Union | 423 Main St. | 386,400 | 129,160 | Mary B. Harms | 2401 Chamberlain St. |
| 02,200 | 1,294,400 | City of Ames | 500 Main St. | 557,800 | 19,975 | Lon & Sindy Wang | 2410 Chamberlain St. |
| 33,600 | 10,700 | Linda Kay Doyle | 314 Main St. | 444,900 | 122,700 | Bart Clark | 218 Welch Ave. |
| 67,800 | 26,340 | Russell Schoenaur | 326 Main St. | 515,800 | 157,000 | Heartland Investments | 223 S. Walnut Ave. |
| 00,800 | 26,480 | Harold Schormoier | 400 Main St. | 275,000 | 61,494 | Heartland Investments | 233 S. Walnut Ave. |
| 10,300 | 48,640 | Brenton Bank | 414 Main St. | 192,300 | 33,616 | Paul R. Jones | 225 Washington Ave. |
| 81,100 | 6,460 | L. & L. Gaulte | 204 Clark Ave. | 442,300 | 97,010 | Eychaner Holdings, Inc. | 222 Lincoln Way |
| 72,900 | 70,600 | C. & D. Nelson | 509 Lincoln Way | 222,600 | 39,327 | D. & M. Hunziker | 215 S. Sherman Ave. |
| 24,700 | 53,130 | M. & J. Peterson | 511 Lincoln Way | 183,300 | 8,333 | Curtis & Carol Houge | 235 S. Duff Ave. |
| 13,200 | 13,347 | R. & J. Goodwin | 311 Lincoln Way | 460,700 | 50,948 | James & Karen Clark | 126 S. Third St. |
| 37,600 | 15,900 | Margaret Hunziker | 312 Gilchrist St. | 563,100 | 73,335 | Jones Triad Inc. | 409 S. Duff Ave. |
| 18,600 | 100,520 | Daily Tribune | 313 Fifth St. | 484,800 | 19,246 | Margaret & Floyd Penkhus | 507 S. Duff Ave. |
| 66,700 | 27,780 | VanDrie Trust | 508 Kellogg Ave. | 387,400 | 9,920 | Margaret & Floyd Penkhus | 531 S. Duff Ave. |
| 33,500 | 31,236 | Pro Group | 511 Duff Ave. | 321,800 | 55,080 | American Oil Co. | 106 E. Lincoln Way |
| 66,500 | 118,800 | L. & S. Johnson | 327 Main St. | 585,600 | 179,400 | Ames Employees Credit Union | 212 E. Lincoln Way |
| 50,300 | 16,000 | S. & L. Johnson | 329 Main St. | 155,800 | 76,200 | Gary and Beth Clarke | 118 High Ave. |
| 17,000 | 40,930 | CPM, Inc. | 409 Douglas Ave. | 337,400 | 55,796 | Ted & Dawn Sage | 232 S. Duff Ave. |
| 11,100 | 45,300 | W. & D. Wass | 233 Main St. | 593,300 | 383,200 | D-J Co. Partnership | 228 S. Duff Ave. |
| 33,200 | 484,500 | R & C Investors | 416 Douglas Ave. | 337,700 | 38,900 | Campbell Oil Co. | 220 S. Duff Ave. |
| 82,500 | 22,400 | Robert Cody | 108 Fifth St. | 759,000 | 27,156 | Ken & Janice Augustine | 400 S. Duff Ave. |
| 76,500 | 26,128 | T. & S. Davis | 101 Main St. | 707,600 | 247,800 | Gary & Janet Thompson | 412 S. Duff Ave. |
| 26,300 | 49,994 | Daniel Griffen, Jr. | 125 Main St. | 2,516,100 | 408,041 | Warren & Mary Israel | 522 S. Duff Ave. |
| 49,300 | 2,160 | W. & E. Shrum | 118 Main St. | 461,400 | 114,750 | William D. Sawdey | 508 S. Duff Ave. |
| 73,800 | 12,977 | Cottington, Inc. | 128 Main St. | 453,700 | 276,080 | Kenneth & Marjory Howe | 811 S. Duff Ave. |
| 90,800 | 17,966 | Dayton Park, Ltd. | 136 Main St. | 284,800 | 116,723 | Donna M. Rizzo | 1416 S. Duff Ave. |
| 08,800 | 31,840 | C. & B. Marrs | 208 Main St. | 37,900 | 21,680 | Julie A. Pike | 215 Freed Drive |
| 68,300 | 12,616 | Robert E. Beaty, Jr. | 212 Main St. | 136,500 | 31,000 | Cecil & Carolyn Stonwie | 1822 E. Lincoln Way |
| 124,500 | 37,700 | Wes Car Inc. | 216 Main St. | 95,400 | 49,600 | Lawrence Roden | 406 Freed Drive |
| 43,500 | 4,660 | M. & M. Rhodes | 218 Main St. | 113,900 | 8,900 | Donald & Sharon Wirth | 803 Burnett Ave. |
| 122,400 | 36,200 | G. & K. Youngberg | 220 Main St. | INDUSTRIAL ABATEMENT | | | |
| 101,500 | 21,210 | Marvin Sclarow | 230 Main St. | 1,130,500 | 470,850 | Manatts Inc. | 2120 E. 13th St. |
| FOREST RESERVE | | | | | | | |
| | | | | 1,344,800 | 179,760 | American Meat Protein | 2325 North Loop Dr. |
| | | | | 4,368,600 | 369,750 | ISU Research Park | 2501 North Loop Dr. |
| | | | | 1,045,100 | 550,320 | Park Development | 2500 North Loop Dr. |
| | | | | 666,600 | 58,725 | Donald & Leama Barber | 1920 E. Lincoln Way |
| | | | | 1,898,000 | 700,425 | Hoffman-LaRoche, Inc. | 616 Dayton Ave. |
| | | | | 164,100 | 25,300 | Carlton & Lucille Moen | 516 River Oak Dr. |
| | | | | 229,300 | 33,700 | Richard T. Hamilton | 1111 Hyland Ave. |
| | | | | 307,100 | 67,500 | Joyce R. Lang | 5018 Ontario St. |
| | | | | 358,600 | 41,800 | John & Linda Dasher | 4700 Westend Dr. |

You'd be surprised where your property tax dollars go

Some of the property taxes you pay to support local schools and local government are quietly spirited out of town.

Some are cleverly skimmed off, in a roundabout way, by the state.

Some go to support an institution that few people — especially in Ames — ever use.

Some go to a special fund to fight a disease that has been pretty much wiped out in the state.

Is all this legal? Yes.

Does any of this make sense? No.

Here's how it works.

Until just the other day, the state's 15 area community colleges had the power to go into a city or a county and — without getting any permission — set up something called a tax-increment-financing district, or TIF. That freezes for several years the taxes in that district that the usual taxing bodies — the city, the county, the schools — can collect. It has no impact on the taxes you pay if you're in that district, but as values go up over the years the taxes you pay on the increased value of your business all go directly to the college.

The college then uses that money to train or retrain workers for businesses in the district and for other economic-development purposes — and for hefty "administrative" costs. Since 1987, the college has put in 20 TIF districts in Story County — 10 of them in Ames — and it is using \$2,064,500 in property tax money to finance those job-training programs. (The area college also is one of the nine entities that can levy property taxes. The college takes about \$1 million in such direct taxes out of Story County each year.) The area college said the TIF programs would create 766 jobs, but in fact only 426 have been created. A few more might be created before the current programs all expire.

These and other TIFs (towns can put in TIFs for other purposes, too) now have made about \$35 million of property off-limits to the tax collectors of the county and its towns and schools. Each year, these drain about \$1 million in taxes away from our cities and towns and schools — which then raise taxes on the rest of us to offset this loss.

TIFs are OK, of course, if they are set up by politicians who are responsible to the voters who are affected — the voters who will have to pay additional taxes to finance the

PROPERTY TAXES
They Aren't What They Seem

Fourth in an editorial series
August 3, 1995

sewers and roads and fire protection for the people whose tax money is being diverted. But the area college has nothing to do with city and county government here, yet it had a free hand — and used it. The law finally was changed in the last session of the Legislature, and area colleges now have to ask for permission to set up TIFs. Last month, the Des Moines Area Community College asked for blanket approval to continue to TIF Ames, but the City Council wisely turned it down.

The cities and counties have no such option when dealing with other meddlers — particularly the state. And the state does meddle. Over the years, it has decided that homeowners and veterans and old and disabled people should get breaks on their property taxes — even though the property tax is none of the state's business. The Legislature enacted tax credits for those people, but, realizing it was taking money away from local governments, it agreed that the state would reimburse the localities for the lost revenue.

And it did. For a while.

When things got tight, though, the state started renegeing on its promise. Now, it reimburses about 99 percent of the veterans credit, just 81 percent of the homestead credit, and only 63 percent of the credit for the elderly and disabled and low-income people. In Story County, that shortfall comes to more than \$400,000 a year.

If stealing wasn't such an awful word, that's what we'd say the state is doing in Ames and Story County.

Now, it is poised to do the same thing with the tax the local governments put on a factory's machinery and equipment. This property tax offends Gov. Terry Branstad and some legislators and their economic-development pals, who say it puts Iowa at a factory-wooing disadvantage. So the Legislature is phasing it out. It says it will reimburse the cities and counties, but if you read the law carefully you'll see that the

reimbursement begins to decline next year and, further, that the state has the right not to appropriate even the recommended amounts.

It is a sham. But at least it's for a reason that's explainable.

What isn't explainable is the Story County Hospital. In Iowa, the 42 county hospitals have the authority to tax, and the Story County Hospital taxes us to the maximum. This year, it is assessing us 47 cents for every \$1,000 of taxable property — which probably will bring it about \$850,000 in tax dollars. It is perhaps the biggest waste of tax dollars in the county.

The Story County Hospital is just 15 miles from the bigger — and better — Mary Greeley Medical Center in Ames, a city-owned hospital that has no taxing authority and gets no direct tax dollars. Though half of that \$850,000 comes from Ames residents, few people in Ames ever use the county hospital.

Still, it will just keep taxing and taxing, year in and year out, until voters elect trustees who decide to find a new use for it — or to close it. But few people want to run for the hospital board and few vote in the elections, so the interests that want to keep it going — it's a business that contributes to the Nevada economy — will simply keep control. No one mentions taxes at election time.

One tax that might not keep going and going is a tiny — and strange — one. It's just a half-penny on \$1,000 of taxable property, and it takes only \$9,000 a year out of the county. It's earmarked to help fight tuberculosis and brucellosis in cattle and swine — two diseases that have been virtually wiped out in Iowa. There's about \$700,000 in the statewide fund, which is administered by the state veterinarian, and the money is used to buy infected herds. The tax is set annually on the recommendation of the Secretary of Agriculture, and with the diseases all but eliminated it seems likely that that tax ultimately will disappear.

But when?

We'll keep watching.

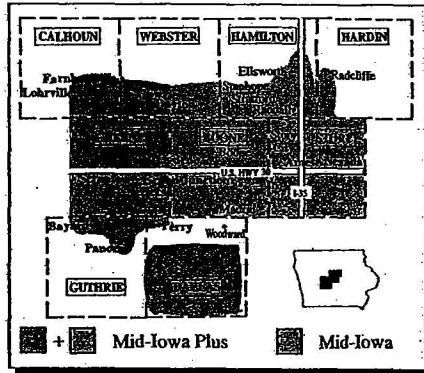
While the state keeps skimming.

And the college keeps meddling.

And the governments keep taxing.

And you keep paying.

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Household income: \$29,887

Story County - 30,500 Households:
Effective buying income: \$983,901,000
Retail sales: \$528,704,000
Household income: \$30,692

THE DAILY TRIBUNE

317 5th Street Ames, Iowa 232-2160

Today's lesson: State puts limits on school funding

PROPERTY TAXES
They Aren't What They Seem
Fifth in an editorial series
August 4, 1995

Let's say you live in a town full of educated people who care about their public schools. A town like Ames.

Let's say you live in a town where everyone is proud of the public schools but concerned that test scores are falling. A town like Ames.

Let's say you want the school board and the school administrators to do something about this. As most people in Ames do. Let's say you think they should hire more teachers or pay teachers more or buy computers or fix up classrooms. As many people in Ames think. Let's say you'd be willing to pay more taxes to finance these improved schools. As some people in Ames would.

Sorry.

Your schools are financed in large part by property taxes. And while property taxes are local taxes and schools are local schools, the state controls how much tax money you can put into those schools. It wants all schools to meet minimum standards, which is understandable. But — and this is neither believable nor understandable — it also sets maximums. It tells you that you can't tax yourself beyond a limit to make your schools super-good.

Not only that, the system is set up to penalize school districts in growing communities and to encourage districts to let youngsters drop out of school.

It's about as bad a system to finance education as a person could devise.

Here's how it works:

The state each year determines how much each school district can spend educating each pupil. The per-pupil cost varies from district to district, but not much, and is based on what the districts were spending in 1975, adjusted for 20 years of inflation. Ames, luckily, was a high-spending district then, so it still is allowed a relatively high figure of \$3,716 per pupil. (By contrast, the figure for both Nevada and Roland-Story is \$3,626.)

If you take the per-pupil figure and multiply it by the number of pupils entering school a year ago, you come up

with this year's basic school budget for instruction (which is about half the total budget). For Ames, that's \$3,716 times 4,878, or about \$18.1 million. That's financed by a combination of state aid and property taxes. The district is told, first, to levy \$5.40 in taxes per \$1,000 of taxable valuation. That's the uniform levy throughout the state. There's about \$1 billion of taxable property in the Ames school district, so that raises \$5,412,000. Then a state per-pupil formula kicks in, adding around \$8 million in state aid. You then add those figures and subtract them from the \$18.1 million allowed in the budget, and you assess more property tax to pay that — another \$4.99 per thousand in Ames, or nearly \$5 million.

So that's your basic budget. But a town that cares about its schools is allowed to add as much as 10 percent to its budget if the people vote to do so. In Ames, we voted to do that for 10 years, starting in 1991. That extra \$1.8 million is financed by state aid (about \$238,000), a little more property tax (16 cents per thousand of taxable value, or \$160,000) and a surtax on our personal income tax (we all add 6 percent to our tax bill after we calculate it, and that money — \$1,307,000 — goes to the schools.)

You can tax a little bit, too, to pay for the district's insurance and early-retirement costs, to build up cash to pay bills when the state aid is late arriving, to set aside money for plant and equipment, to build a fund for construction and to retire debt. Ames is at the maximum on every one of those funds except debt-retirement, which means that the only way the district could raise more tax money would be to sell more bonds — a costly and inefficient way to raise money.

All these taxes add up to \$14.62 per thousand dollars of

taxable valuation of your property, which accounts for 46 percent of the property taxes you'll pay in the next 12 months. Because Ames has a pretty big tax base and because of the way the formula works — mixing taxes and state aid and counting pupils and dating back to 1975 rates — that \$14.62 is quite a bit less than the \$18.09 residents pay to the Gilbert district or the \$19.46 paid in Ballard or the \$18.05 paid in Roland-Story.

But Ames could not raise its taxes to that level even if every single citizen in the district wanted to. Our schools can be just so good — and no better, by state mandate.

There's more. The 1995-96 school budgets are based on the actual number of pupils enrolled on the third Friday of September 1994 — a year ago. This means two things: If you're a growing district, as Ames is, you have to eat the cost of the added pupils each year — or, put another way, cut back on what you're spending on every pupil to find enough money to educate the added students, although you can apply to the state for extra help.

And since the count is made in the first month of the school year, a school has no incentive to keep students from dropping out after that third Friday in September. Indeed, dropouts are good from a financial standpoint. They free up money to spend on the students who stay in school. This, of course, makes no sense — if anything, there should be financial rewards for districts that keep students from dropping out, not those that allow it.

So this is what we end up with:

A property-tax system to finance schools. A system that pushes everyone toward mediocrity, a system that rewards districts with high dropout rates, a system that penalizes districts that are growing, a system that forbids districts from taxing more to make their schools better.


And a system that is so complex nobody understands it. Maybe that's the beauty of it, from the state's standpoint. For if people understood it, they'd demand that it be changed.

Comparing school taxes in Story County

Property-tax rates to support schools differ from district to district. The rates depend on the number of students and on the district's tax base and on a statewide formula. (The system is explained in the editorial at the left.) Here are the rates for the 10 school districts in Story County. The rates are expressed in dollars per thousand of taxable valuation. The table also gives the school tax as a percentage of a person's total property-tax bill, and then a figure is calculated for the total school tax that would be paid by the owner of a home or business with a taxable valuation of \$75,000.

| Town | District | Rate | % of total | tax |
|-------------|--------------|---------|------------|---------|
| Ames | Ames | \$14.62 | 46% | \$1,096 |
| Ames | Gilbert | 18.09 | 51% | 1,357 |
| Ames | United Comm. | 10.34 | 38% | 775 |
| Cambridge | Ballard | 19.46 | 56% | 1,459 |
| Collins | Col-Maxwell | 12.07 | 41% | 905 |
| Colo | Colo | 12.88 | 44% | 966 |
| Gilbert | Gilbert | 18.09 | 54% | 1,357 |
| Huxley | Ballard | 19.46 | 53% | 1,459 |
| Kelley | Ballard | 19.46 | 58% | 1,459 |
| Maxwell | Col-Maxwell | 12.07 | 41% | 905 |
| McCallsburg | Nesco | 11.59 | 37% | 869 |
| Nevada | Nevada | 16.99 | 46% | 1,274 |
| Roland | Roland-Story | 18.05 | 53% | 1,354 |
| Sheldahl | North Polk | 18.63 | 63% | 1,397 |
| Slater | Ballard | 19.46 | 53% | 1,459 |
| Story City | Roland-Story | 18.05 | 53% | 1,354 |
| Zearing | Nesco | 11.59 | 41% | 869 |

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Mid-Iowa Market Survey, Pulse Research, Portland, Oregon • June, 1994

Here are 10 suggestions to make property taxes fair

So what should be done about the property tax?

It's unfair, of course.

And it's unfathomable.

So it should be made fair and fathomable.

That can be done.

Here are 10 suggestions.

First, everyone — factory owner, merchant, farmer and homeowner — should be taxed at the same rate. It is wrong to make a merchant pay based on 100 percent of his building and land while a factory owner pays on perhaps just 90 percent and a homeowner on 67 percent and a farmer in Story County on 42 percent. The state should phase in over five years a system that would tax everyone on the full value. Taxes would go up for some of us and down for others. But that's what should happen. It's only fair.

Second, the state should sever the link between land values on the farm and in the city. Over the years, the state has refused to recognize a huge jump in residential land values for the bizarre reason that agricultural land values haven't also risen. Linking city values to farm values is like linking the price of crackers to the price of automobiles. There just isn't a relationship. Eliminating this link should be part of that five-year phase-in. It's only fair.

Third, the state should eliminate most exemptions. Every exemption puts an extra burden on those who pay — for the city and county can't cut back on police and fire protection and roads and schools and parks and garbage-collection for those who are exempt from paying their share. Exemptions for fraternal organizations, like the Elks and Veterans of Foreign Wars, should be ended immediately. So should exemptions for agricultural organizations, like the National Farmers Organization and the Iowa Poultry Association. So should exemptions for so-called literary societies and, most certainly, for those big retirement homes that are exempt because they're "nonprofit." And why should rich people with big yards be able to declare part of those yards "forest reserve" and have them taken off the tax rolls?

It's unfair, too, not to tax churches and church-owned property. Churches must be free from government interference, but that doesn't mean they shouldn't pay their own way in a city. Why should non-churchgoers have to subsidize the city services given the churches? Why should members of a tiny congregation with a little building be subsidizing the huge

PROPERTY TAXES They Aren't What They Seem

Last in an editorial series
August 7, 1995

church on the big acreage down the street? Why should the homes that the ministers — and, in some cases, the retired ministers — live in be tax-free? Church property, except for the church itself, should be put on the tax rolls immediately. Taxing of the churches themselves should be phased in over that five-year plan. It's only fair.

Fourth, the school-tax formula should be changed. Now, it penalizes growing districts, rewards districts with high dropout rates, and bars districts where education is prized from taxing themselves extra to pay for better schools. The cap on school taxes should be removed. And the instructional budget — a state-set figure based on year-old enrollment figures — should be based on actual enrollment. This would give needed money to growing districts and would take money away from districts with high drop-out rates. It's only fair.

Fifth, the state should start keeping its word. It shouldn't meddle in a local tax that is none of its business, of course, but when it does meddle it should be honest. It should, immediately, resume reimbursing cities and counties for the full cost of those discounts — homestead and veterans' and elderly and disabled and low-income — that it mandates on property-tax bills. It should immediately change the rules on the tax on machinery and equipment, which it is phasing out. It should require the factory owner to pay the tax and then apply for a credit on its state income tax. (And if the factory pays no state income tax, well, then it is stuck with the M&E tax.) It's only fair.

Sixth, the trustees of the Story County Hospital should start planning a better use for that facility. With Mary Greeley Medical Center just a few miles away, there is no justification for a hospital in Nevada, especially a hospital that takes about \$850,000 in property-tax money each year. The hospital helps the Nevada economy, and if trustees want to keep it as a going business they should find a use that will pay for itself. Otherwise, voters in Ames will figure out they are subsidizing

the institution and ultimately will elect trustees who will close it. There's still time to find a use that won't take tax dollars. It should be done. It's only fair.

Seventh, some formula should be worked out so that the federal and state and regional and county and city governments pay the city or county for services. Iowa State University already pays Ames a fee for fire protection — it was \$622,752.46 in 1994 — and the city charges its own municipal electric company a fee "in lieu of taxes." Other governments should be required to pay, too. It's only fair.

Eighth, city councils and others that can set up tax-increment-financing districts should use that authority sparingly. While that doesn't unfairly reduce taxes, it does divert taxes for earmarked causes. In general, earmarked taxes are bad — they can enrich one government function while strangling another. The Legislature was wise in limiting the authority of the area colleges to set up TIF districts, and the Ames City Council was wise in refusing to give the Des Moines Area Community College blanket authority to set up TIFs in the city. Other city and county governments should take heed. It's only fair.

Ninth, somebody should do something about the abatements and urban revitalization areas and other breaks. Every locality needs economic-development tools in this age of factory pirates and industry carpetbaggers, but they shouldn't be given out willy-nilly. Some people who get abatements don't even know they're eligible until city officials tell them — which indicates the tax break wasn't a factor in the business expansion. This is the most difficult and murkiest area of the property-tax laws. But the whole area needs to be modified. It's only fair.

Tenth, the state should drop that tiny tax that is earmarked to combat brucellosis and tuberculosis in cattle and swine. In the first place, that has nothing to do with property; that's like putting on a property tax to fight measles or study river currents — it's irrelevant; in the second place, brucellosis and tuberculosis now have been all but wiped out. This tax should be wiped out, too. It's only fair.

If all this were done, those who now pay taxes would pay less — probably far less.

Those who don't pay would suddenly be contributing.

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