Property Tax Reform Proposal

Presented by the **Local Government Tax Group**

A Joint Committee of the
Iowa State Association of Counties and the Iowa League of Cities

October 2004

MEMBERSHIP

The Local Government Tax Group consists of 30 elected officials, with cities and counties represented equally with 15 members each.

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DIRECTORS' MESSAGE

The Iowa property tax system has recently been subject to much legislative and public scrutiny. In his 2003 Condition of the State address, the Governor proclaimed the system broken and called for its replacement. A few months later, lawmakers passed a major overhaul of the property assessment system. The "square foot" approach, however, would ultimately be abandoned before it was scheduled to take effect. That same summer, the assessed value of agricultural land plummeted 19 percent to a near-record low, even while agricultural land market values exceeded $3,000 an acre in parts of Iowa. In the fall of 2003, the state issued its annual rollback order and confirmed local governments' suspicion that residential properties would, for the first time, be taxed at less than half of their actual values. The state revenue picture looked bleak during this time, and some prominent lawmakers proposed eliminating state funding of property tax credits to the tune of $160 million. The confluence of these and other factors led to calls for comprehensive property tax reform from around the state. City and county officials have responded.

At the close of the 2004 legislative session, the Iowa State Association of Counties (ISAC) and the Iowa League of Cities (League) jointly created the Local Government Tax Group (LGTG). The 30 members, split evenly between cities and counties, sought to identify a comprehensive package of property tax reforms that would result in a better tax system for Iowa. To best achieve its goal, the LGTG divided into three subcommittees, each of which was responsible for identifying necessary reforms to one of three aspects of the property tax system: 1) Assessment and Valuation; 2) Budgeting and Taxation; and 3) Constraints and Limitations. The Assessment and Valuation Subcommittee focused on issues related to the fundamental aspect of property taxes: how to accurately assign values to both similar and dissimilar properties so that, in the absence of preferential treatment, each property owner pays his appropriate share of the tax burden. The Budgeting and Taxation Subcommittee addressed how city and county budgets affect and are affected by property taxes, and analyzed the connection between the underlying valuation and the bottom-line tax bill. The Constraints and Limitations Subcommittee tried to identify the most reasonable restrictions on the ability of cities and counties to impose property taxes. Its goal was to strike a balance between the flexibility that locally elected officials need to address the changing community, social and economic conditions, and the stability that taxpayers need to manage the financial aspects of their own lives.

Among its guiding principles, the LGTG aimed to increase accountability, equity, and stability in the property tax system. This report is the result of two and a half months of research, discussion, analysis and compromise. It is the opinion of the League and ISAC that these reforms, when implemented as a whole, are consistent with those principles and will result in a better property tax system for Iowa.

William R. Peterson
Executive Director
Iowa State Association of Counties

Thomas G. Bredeweg
Executive Director
Iowa League of Cities

Various proposed changes to the assessment and valuation process would primarily result in a broader tax base, thereby lowering the nominal tax rate for everyone. The residential rollback, as well as all other rollbacks, would be eliminated; agricultural and residential valuations would be uncoupled; farm buildings would add net valuation to the tax rolls; and ALL private properties would pay some property tax, unless affirmatively exempted by their individual city and county. Because of these changes, it is the estimation of the League and ISAC that the vast majority of non-agricultural businesses will pay less in property taxes. Additionally, because of an expanding tax base, we expect most homeowners to pay less property tax or see no significant change. There are, however, three exceptions.

The first is newer apartment properties, which, via a quirk in current tax law, can be classified as residential property and pay an effective tax rate less than half that of older apartment buildings that are classified as commercial property. The League and ISAC believe that as income-generating properties, apartments are inherently commercial properties and should be classified as such. Further, providing a tax break to apartment owners does not reduce the cost for renters, as is often suggested as the rationale for such a break, and would likely lead to other pseudo-residential properties, such as nursing homes, seeking the benefit of the same tax break. This general erosion of the tax base has been the norm in Iowa in recent years; it is increasing taxes on non-favored property owners and it must end.

The second exception is high-value homes and those homes not owner-occupied. The current residential rollback system taxes all homes at a constant percentage of value, now 48.5 percent, which essentially creates a 51.5 percent exemption for all homeowners. The worth of that exemption, in terms of reduced valuation and thus reduced taxes, is far greater for the owner of a $500,000 home than for the owner of a $100,000 home. The current rollback provides a greater benefit to more wealthy homeowners with greater abilities to pay. (The presumption is that home value equates to wealth and ability to pay, which is generally, but not always, true.) Another facet of the current property tax system, the homestead credit, corrects that anomaly (i.e., providing the most tax relief to those who need it least) by allowing a flat dollar amount credit. The current credit, however, is too small to be very effective as a property tax relief tool. The League and ISAC believe that a four-part change to the homestead credit and the de facto exemption achieved through the rollback will stabilize the property tax system and make it more progressive:

- Eliminate the rollback.
- Convert the homestead credit to a homeowner’s exemption.
- Increase the homeowner’s exemption from $4,850 to 50 percent of assessed value, with a floor of $10,000 and a ceiling of $150,000.
- Allow the homeowner’s exemption only for owner-occupied residences.

The combined effect of these four changes is a minor increase in taxable value for most owner-occupied homes assessed at or below $300,000; higher taxable values for owner-occupied homes assessed at more than $300,000, with a greater effect as the value increases; significantly higher taxable values for houses not owner-occupied, such as rental property and second homes; and reduced state funding of approximately $102 million for the homestead credit.

The third group that may experience higher property taxes is currently exempt properties. Non-profit organizations, religious, and educational institutions, and other charitable properties benefit from police and fire protection and other services funded with property tax revenue, just like taxable businesses. Since everyone benefits, the League and ISAC believe that ALL private property owners should pay property taxes, unless affirmatively exempted at the local level. (Government property used for a public purpose will remain non-taxable.) However, the League and ISAC also believe that non-profit, religious, educational and charitable institutions play an extremely valuable role in society. We recognize that an immediate jump from fully exempt to fully taxable status may jeopardize their operation, so we propose an exemption on all improvements for eligible properties, while the value of the land will become taxable to cities and counties. This amounts to an approximate exemption of 80 percent of the total value, and a tax bill approximately 20 percent of that for comparable properties. An individual city or county, acting in its capacity as the service provider and the taxing body, may "opt out" of this provision and maintain the 100 percent exempt status of its charitable, educational, and other exempt properties, or establish a public safety fee in lieu of the tax.

SECTION TWO: Budgeting & Taxation

Changes related to budgeting and taxation are designed to improve all areas of accountability within the property tax system. Cities and counties will publish a more meaningful, understandable, and concise budget form and notice of public hearing that highlight local government decisions. City councils and boards of supervisors will also establish by resolution what they individually deem to be an appropriate ending balance in certain funds, and citizens can monitor their policies. State government will be responsible for funding and administering any property tax credits it sees fit to implement, and will no longer rely on local governments as middlemen. This is accomplished by eliminating the homestead credit in favor of the homeowner's exemption, rolling the ag land credit into the family farm credit, and administering all remaining credits through the income tax or by a direct payment from the state to the taxpayer. The state will also be responsible for funding any new programs or mandates it chooses to implement. Finally, citizens will be allowed to protest any city or county budget just as they are now. However, only those issues raised on the budget petition may be raised at the budget appeal hearing.

SECTION THREE: Constraints & Limitations

The final section of the proposal, constraints and limitations, fundamentally changes the types of restraints imposed on city and county governments. Assessment and rate limitations, which only indirectly limit property taxes, are gone. Instead, the League and ISAC suggest an inflationary property tax revenue limitation on the general fund for cities and the general basic and rural basic funds for counties. This proposal will directly limit the total property taxes levied in each of those funds, while retaining enough flexibility for local government officials to respond appropriately to economic, social and community influences. Other limitations, including the restriction on the type of expenses eligible to be paid from supplemental or trust and agency funds, will remain in place. And the most effective property tax limitation, the local citizens' right to vote out incumbents, will remain as powerful as ever.

Assessment Limitations and the Homeowner's Exemption

Assessment limitations (and the resulting rollbacks) will be eliminated for all classes of property. Residential, commercial and industrial property, and agricultural buildings, will all be assessed and taxed at 100 percent of market value. Agricultural land will be assessed and taxed according to its net earning capacity as determined by the productivity formula. Agricultural and residential valuations will be uncoupled.

A "homeowner's exemption" of 50 percent of assessed value, with a floor of $10,000 and a ceiling of $150,000, will be allowed for all owner-occupied residences, and will replace both the residential rollback and the current homestead credit. Homes valued at less than $20,000 will receive an exemption of $10,000 or their full value, whichever is less. Homes valued at more than $20,000, but less than $300,000, will receive the 50 percent exemption, while homes valued higher than $300,000 will receive an exemption of $150,000. If the owner of a multi-unit residence (such as an apartment building) occupies a unit in that residence, the homeowner's exemption will be allowed against the value of that unit - not the entire property.

Multi-Classification

Multi-classification will be allowed on all properties. (Currently a parcel may only have one classification.) A property, including land and improvements, will be classified and assessed in proportion to its actual use, when determinable. Vacant or undeveloped land will be classified and assessed based on its potential use. For example, this will allow a portion of a property to be classified as residential and another portion of the property to be classified as commercial or agricultural.

Agricultural Property

The productivity formula for agricultural land will be expanded to cover ten years of production data rather than five. This will not have any significant effect on long-term valuation or taxes due, but will provide greater stability to the tax base by preventing drastic fluctuations in any one year.

Agricultural buildings and other structures will be assessed at their market values like all other improvements. Such valuation will be *in addition to* the valuation determined for agricultural land by the productivity formula. Any factors in the current productivity formula that incorporate the value of buildings and other structures will be eliminated.

Assessors will be required to consider at least six questions when determining "good faith" use of agricultural property. They include, but are not limited to, the following:

- Is the parcel set off and awaiting development?
- What permitted uses does current zoning allow?
- If the parcel is being offered for sale, or if it were, would it be viewed by the marketplace as other than agricultural?
- How does the land conform to other surrounding properties?
- What is the actual amount of income produced and from what sources?
- What is the highest and best use of the property?

Exempt Property

All government property used for a public purpose will remain non-taxable. This includes local, state and federal property.

Non-government (privately owned) properties deemed exempt by the Legislature will have only their improvements exempted; the value of land used in conjunction with any exempt improvements will become taxable to cities and counties, unless the applicable city and county “opt out” of this provision (see below).

- The “default” status is that the land value of exempt properties will become taxable to cities and counties. However, individual cities and counties may “opt out” of this provision by passing a resolution declaring all exempt properties within their jurisdiction 100 percent exempt from that jurisdiction’s taxes. Upon its passage, the resolution is effective for four years.
- In lieu of collecting a tax on the land value for exempt properties, a city or county may impose a public safety fee by ordinance. The fee must be reasonably related to the entity’s public safety costs, and cannot exceed the tax that would have otherwise been paid.
- For urban renewal areas established prior to January 1, 2007, the base assessment year will be 2006 for previously exempt land used in conjunction with exempt improvements.

All current and future property tax exemptions will sunset every four years and must be reaffirmed by the Legislature to remain in place. Additionally, individual property owners must reapply upon every legislative re-enactment to continue receiving the exemption. The Legislature will enact categorical exemptions; local assessors will review individual applications for compliance and approve those that meet eligibility standards.

The forest and fruit tree reserve exemptions will be allowed a maximum of $1,000 of value per acre. For example, an acre of forest reserve land with an assessed value of $50,000 would have a taxable value of $49,000, while an acre of forest reserve with an assessed value of $800 would have a taxable value of zero.

Manufactured Housing

The square foot tax currently charged to manufactured home owners (inside manufactured housing communities) will be eliminated. It will be replaced with an occupied lot surcharge that will be imposed against the landowner of a manufactured housing community. The surcharge will be equal to a percentage of the valuation of taxable property within the manufactured housing community, adjusted by the percentage of lots occupied on a given date, as certified by the landowner and confirmed by the assessor. The surcharge will be five percent if the community is 100 percent occupied, four percent if the occupancy rate is 80 percent, three percent if the occupancy rate is 60 percent, and so on. For example, if the valuation of all taxable property within a manufactured housing community is $100,000, and the community is 90 percent occupied, the surcharge would be $4,500 (*$100,000 * 5% * 90% = $4,500*). The owner of the community would be responsible for remitting $104,500 to the appropriate county treasurer.

All permanent improvements (as defined in *Code of Iowa* Chapter 427A) to manufactured housing communities will be assessed along with the value of the land, and the taxes will be charged to the landowner. Non-permanent improvements to manufactured housing communities, or the homes located therein, will not be assessed.

Land in a manufactured housing community will continue to be assessed and taxed as commercial property.

Manufactured homes outside of manufactured housing communities will continue to be taxed as residential real estate, but the tax shall be imposed on the property owner, with the value of the home being added to the total value of the parcel on which the home is located. If a manufactured home is owner-occupied, it is eligible for the new homeowner's exemption

Taxes imposed against all buildings on leased land will now be charged to the landowner, not the owner of the building. However, if a manufactured home or a building on leased land sits on land which is exempt from property taxes (such as government-owned property), the owner of the manufactured home or building on leased land shall be required to pay the property tax due.

Platted Lands

Platted lands will receive a maximum assessment freeze of six years, as opposed to the three-year limit currently in place. After six years, or when the property is first improved, the assessment freeze will expire and the classification will be changed to reflect the intended use of the land. The classification will not be agricultural unless the standards for determining "good faith" use for agricultural purposes are sufficiently achieved.

Assessment Procedures

Onsite Inspections - For the purpose of accurately listing all properties, local assessors shall conduct onsite inspections of every property in their jurisdictions at least once every ten years.

Informal Assessment Reviews - Assessment rolls will be mailed by April 1, rather than the current April 15 deadline. Assessors will conduct informal reviews of protested assessments between April 1 and April 30. If an assessor changes the value of a property as a result of an informal review, the assessor shall mail an amended assessment notice to the affected taxpayer. Appeals may be filed with the board of review between May 1 and May 15; hearings will run from May 16 to June 30, and can be extended until August 1 upon approval from the Iowa Department of Revenue (IDR).

Equalization Orders - Equalization orders will be applied prospectively, not retroactively. For example, orders promulgated in August of 2005 will be effective for the assessment year beginning January 1, 2006.

Standardization - IDR shall develop procedures and rules necessary to establish uniformity and standardization among the several assessors' offices throughout the state. IDR shall also have the power to enforce those rules. Those rules shall address, but are not limited to, the following:

- A definition of agricultural land as it relates to rural residential property;
- A definition of agricultural land as it relates to land held for development;
- Assessment of farm buildings at uniform levels of cost; and
- Assessment of cable television property.

Multi-Jurisdiction Assessors - Local conference boards will be allowed to enter into 28E agreements for the purpose of jointly employing an assessor.

Central Assessment - Cable television property and cellular towers will be centrally assessed by IDR.

Assessor's Budget - The assessor's general appraisal fund and special appraisal fund will be combined into one fund and levy. Fund balances may be designated for specific purposes.

Confidentiality - Assessors and boards of review will maintain the confidentiality of all income and expense information submitted to their offices by a private entity.

Filing Deadlines - All filings for exemption from property tax will be due April 1, except the homeowner's and charitable property exemptions, which will be due July 1.

Effective Date

Changes related to assessment and valuation shall be effective for the assessment year beginning January 1, 2006. The 2006 values will be the basis for taxes payable in the fiscal year beginning July 1, 2007.

Truth in Taxation

Cities and counties will be required to use standard budget publication and notice of public hearing forms developed by the state's city and county finance committees. The forms will show changes in property valuations, expenditures, revenues, tax askings, tax rates and equalization orders from the current fiscal year to the proposed budget year. The information should be presented as increases or decreases in dollar amounts and percentages. The information should also show what the tax rate would be if there were no tax increase for the proposed budget. The notice will include a description of major changes in the proposed budget and examples of the effect of the proposed tax levy on each property class. (See Appendices A1-A2.)

Property Tax Credits and Exemptions

The military credit and exemption will revert to a refundable income tax credit, which will make the credit available even to veterans that do not own property.

The low-income (elderly and disabled) credit will revert to a property tax reimbursement, i.e., a direct payment from the state to the taxpayer. Taxpayers will file for the credit with their county treasurer by April 1. The treasurer will send the list of approved claims to the county auditor by June 1. The auditor will calculate the taxes due for each claimant and send a list to IDR by July 1. IDR will then send a check for the appropriate amount to each claimant by September 1. The first property tax payment is due September 30th.

The agricultural land credit will be eliminated, and the associated funding should be transferred to increase the family farm credit. The family farm credit will be changed to a direct payment from the state to the taxpayer, in the form of either a property tax reimbursement or a refundable income tax credit.

The current homestead credit will be eliminated with no phase-out. As noted earlier in this report, a new homeowner’s exemption of 50 percent of assessed value, with a floor of $10,000 and a ceiling of $150,000, will be implemented.

Budget Timeline

Cities and counties will certify tax increment financing (TIF) debt to, and request TIF revenue from, county auditors by November 15 rather than December 1. The budget publication form and notice of public hearing must be published no more than 20 and no less than 4 days prior to the public hearing (current requirements are no more than 20 and no less than 10). All state appropriations to cities and counties shall be enacted no later than March 1. If the deadline is not met, such appropriations shall be no less than they were the previous year.

Fund Balances

Cities and counties will pass a resolution to establish a target maximum ending fund balance, expressed as a percentage of expenditures, for undesignated/unreserved funds in the general fund for cities and the general basic and rural basic funds for counties.

Budget Appeals

The scope of budget appeal hearings will be limited to only those issues raised in the budget protest petition.

Unfunded Mandates

Code of Iowa Section 25B.2 will be amended so that local governments do not have to comply with any new state mandates if the state does not provide sufficient funding or levy authority.

Effective Date

Changes related to budgeting and taxation will be effective for the fiscal year beginning July 1, 2007.

Assessment limits and tax rate caps, two of the current constraints on the property tax system, will be replaced with a new property tax revenue limitation. The new limitation will place an inflation-based ceiling on property taxes levied for the city general fund and the county general basic and rural basic funds. The ceiling will be adjusted annually to reflect growth in assessed valuation due to new construction and other net new valuation. Cities and counties may levy up to the ceiling in any year, and may exceed the limitation only by following specific procedures. A detailed description of the limitation follows:

Property Tax Revenue Limitation

Applicable Funds - City general fund property tax revenues and county general basic and rural basic fund property tax revenues will be limited to inflationary increases, plus an allowance for net new valuation.

- The city general fund and county general basic and rural basic funds will not have any levy rate limits, i.e., the $8.10, $3.50, and $3.95 limits will be removed.

Base Year Calculation - The base limitation amount shall reflect actual taxes certified or potential tax capacity in the fiscal year beginning either July 1, 2005 or July 1, 2006, as chosen by each city and county, and shall be adjusted by inflation and net new valuation to arrive at the limitation amount for the fiscal year beginning July 1, 2007. The base limitation amount shall be the greater of: 1) the actual amount of property taxes certified in each respective fund (general fund for cities, general basic and rural basic funds for counties) in the fiscal year beginning either July 1, 2005 or July 1, 2006; or 2) the amount of property taxes that could have been certified in each respective fund in the fiscal year beginning either July 1, 2005 or July 1, 2006 if the city or county had levied its maximum statutory rate allowed under *Code of Iowa* Section 384.1 for cities and *Code of Iowa* Section 331.423 for counties.

Inflationary Index - The index used to determine the inflationary limit will be the “State and Local Government Price Index for Gross Domestic Product” (GPI), promulgated by the U.S. Department of Commerce’s Bureau of Economic Analysis. The inflation factor will be the change in the third quarter average (July, August and September) from one year to the next. For example, the inflation factor for the fiscal year beginning July 1, 2007 will be based on the change in the GPI from third quarter of 2005 to the third quarter of 2006.

Net New Valuation - In addition to the inflationary limit, all net new valuation will increase the property tax revenue limit for cities and counties. “Net new valuation” is the net effect of the combined valuation changes resulting from: new construction; additions or improvements to existing properties; annexation or other boundary adjustments; expiration of tax abatements; and release of TIF increment valuation, only to the extent that the released increment valuation is due to new construction, additions or improvements to existing properties, annexation or other boundary adjustments, or expiration of tax abatements occurring after the division of TIF revenue begins.

- The current tax rate in the appropriate fund will be applied against the total amount of net new valuation to determine the additional allowable revenue.

Unused Levy Capacity - Subsequent to the base year, the property tax revenue limitation will be calculated by multiplying the maximum amount for the previous year by the current inflation factor, and then adding allowable revenue for net new valuation. The maximum property tax revenue for any year depends on the *maximum* for the previous year, not the *actual* for the previous year. This allows cities and counties to carry forward an unlimited amount of unused levy capacity, and prevents penalizing local governments that tax less than their maximum amounts. Any restriction on carrying forward unused levy capacity encourages local governments to tax to the maximum allowable extent and is counter-productive to the intent of a tax limitation.

Exceeding the Limitation - In lieu of the emergency levy for cities (*Code of Iowa* Section 384.8) and the additions to basic levies for counties (*Code of Iowa* Section 331.426) allowed under current law, a local government may exceed its property tax revenue limit, subject to certain restrictions. If a city or county proposes to exceed its limitation, it is required to conduct a public hearing, at which the proposed levy is presented and citizens' views may be heard, no less than 30 days prior to the budget certification date. This is separate from the public hearing at which the budget is certified. Additionally, the portion of the proposed tax levy that exceeds the limitation by greater than three percent, a figure that is comparable to the size of the $0.27 emergency levy currently in effect for cities, is subject to reverse referendum. Upon petition of ten percent of the registered voters of the city or county, as appropriate, a referendum will be held on the proposed tax levy. If a majority of voters oppose the proposed levy, then the city or county may not exceed its revenue limit by more than three percent.

- Temporary Exception or Permanent Addition - A city or county may propose to exceed its limitation with either a temporary exception or a permanent addition; both are subject to the additional public hearing and petition provisions noted in the previous paragraph. A temporary exception allows the jurisdiction to levy amounts in excess of the limitation for a specified number of years, but does not increase the base limitation amount. A permanent addition increases the base limitation amount and will therefore result in a higher limitation in all subsequent years. Whether the proposal to exceed the property tax revenue limitation is temporary or permanent shall be noted on the notice of the additional public hearing.
- This section is in addition to, and shall not be construed as prohibiting or amending, the budget protest provisions of *Code of Iowa* Chapter 24.

Effective Date

The property tax revenue limitation will be effective for the fiscal year beginning July 1, 2007.

NOTICE OF PUBLIC HEARING - CITY BUDGET AND PROPERTY TAXES
Fiscal Year July 1, 2004 - June 30, 2005
CITY NAME: **FAR LAKE**

Your mayor and city council enact the budget that determines the total property tax asking for your city government. The mayor and city council will hold a public hearing on the city budget and on the amount of property taxes it is proposing to collect to pay for the costs of services the city will provide in fiscal year 2004-05.

SPENDING: The total budget amounts below compare the city's FY04 budget with the amount the city proposes to spend in FY05.

FY04 Total Actual Budget	Proposed FY05 Budget	Change from FY04 to FY05	Percent Change
$104,419,901	$107,390,544	$2,970,643	2.84%

TAXES: The property tax amounts below compare that portion of the current budget levied in property taxes for FY04 with the property taxes the city proposes to receive in FY05.

FY04 Property Taxes	Proposed FY05 Property Taxes	Change from FY04 to FY05	Percent Change
$30,843,366	$33,494,416	$2,651,050	8.60%

OTHER REVENUES: The city funds much of its budget from non-property tax sources, including state and federal monies, other local taxes, use of cash reserves, and fees. The amounts below compare the Other Revenue budgeted in FY04 to the Other Revenue amount anticipated in FY05.

FY04 Other Revenue	Proposed FY05 Other Revenue	Change from FY04 to FY05	Percent Change
$73,576,535	$73,896,128	$319,593	0.43%

TAX RATE COMPARISON: The following compares the city's current (FY04) local tax rate, the city's tax rate if no tax asking increase is adopted, and the city's proposed tax rate for FY05. (Rates are expressed in dollars of tax per thousand dollars of taxable valuation of your property.)

FY04 Tax Rate	FY 05 Tax Rate if NO Tax Increase	Proposed FY05 Tax Rate
$18.90913	$17.28204	$18.78999

TAXES BY CLASS OF PROPERTY: Because of State orders regarding property valuation, different classes of property are affected as follows:

	Increase/ Decrease in gross taxes, $50,000 property	Increase/ Decrease in gross taxes, $100,000 property	Tax Increase/ Decrease %
Residential	$24	$48	4.95%
Commercial	$155	$310	16.39%
Industrial	-$6	-$12	-0.63%
Agricultural	-$32	-$63	-21.00%

MAJOR CHANGES: Major changes in revenues and expenditures (and consequently tax askings) include the following:
wage increase of $XXXX
insurance increase of $XXXX
etc
etc
etc
etc

ATTEND THE PUBLIC HEARING

All city residents are invited to attend the public hearing of the city council to express their opinions on the budget and on the proposed amount of FY05 property taxes. The hearing will be held as follows:

Monday, March 8, 2004 at 5:30 pm
Far Lake City Council
123 Main Street
Far Lake, Iowa

You are invited to send your written comments to:
Far Lake City Council
123 Main Street
Far Lake, IA 00000

The complete city budget may be viewed at:
Far Lake City Council
123 Main Street
Far Lake, IA 00000

NOTICE OF PUBLIC HEARING - COUNTY BUDGET AND PROPERTY TAXES
Fiscal Year July 1, 2004 - June 30, 2005

COUNTY NAME: **NEAR LAKE** COUNTY NO: **A-1**

Your county board of supervisors enacts the budget that determines the total property tax asking for your county government. The board of supervisors will hold a public hearing on the county budget and on the amount of property taxes it is proposing to collect to pay for the costs of services the county will provide in fiscal year 2004-05.

SPENDING: The total budget amounts below compare the county's FY04 budget with the amount the county proposes to spend in FY05.

FY04 Total Actual Budget	Proposed FY05 Budget	Change from FY04 to FY05	Percent Change
$60,848,333	$61,118,064	$269,731	0.44%

TAXES: The property tax amounts below compare that portion of the current budget levied in property taxes for FY04 with the property taxes the county proposes to receive on its own behalf in FY05.

FY04 Property Taxes	Proposed FY05 Property Taxes	Change from FY04 to FY05	Percent Change
$25,326,540	$26,333,266	$1,006,726	3.97%

OTHER REVENUES: The county funds much of its budget from non-property tax sources, including state and federal monies, other local taxes, use of cash reserves, and fees. The amounts below compare the Other Revenue budgeted in FY04 to the Other Revenue amount anticipated in FY05.

FY04 Other Revenue	Proposed FY05 Other Revenue	Change from FY04 to FY05	Percent Change
$35,521,793	$34,784,798	($736,995)	-2.07%

TAX RATE COMPARISON: The following compares the county's current (FY04) local tax rate, the county's tax rate if no tax asking increase is adopted, and the county's proposed tax rate for FY05. (Rates are expressed in dollars of tax per thousand dollars of taxable valuation of your property.)

FY04 Tax Rate	FY 05 Tax Rate if NO Tax Increase	Proposed FY05 Tax Rate
$7.74621	$7.25646	$7.49237

TAXES BY CLASS OF PROPERTY: Because of State orders regarding property valuation, different classes of property are affected as follows:

	Increase/ Decrease in gross taxes, $50,000 property	Increase/ Decrease in gross taxes, $100,000 property	Tax Increase/ Decrease %
Residential	$4	$9	2.15%
Commercial	$51	$103	13.29%
Industrial	-$13	-$25	-3.28%
Agricultural	-$78	-$156	-20.09%

MAJOR CHANGES: Major changes in revenues and expenditures (and consequently tax askings) include the following:
- A 2% across-the-board wage increase for county workers results in an expediture increase of $445,000.
- An 8% increase in health insurance rates results in an expenditure increase of $255,000.

etc
etc
etc
etc

ATTEND THE PUBLIC HEARING

All county residents are invited to attend the public hearing of the board of supervisors to express their opinions on the budget and on the proposed amount of FY05 property taxes. The hearing will be held as follows:

Monday, March 15, 2004 at 6:00 pm
Near Lake County Office Building, Room 100
1234 Elm Street
Far Lake, Iowa 00000

You are invited to send your written comments to:
Near Lake County Office Building, Room 100
1234 Elm Street
Far Lake, IA 00000

The complete county budget may be viewed at:
Near Lake County Office Building, Room 100
1234 Elm Street
Far Lake, IA 00000

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