

APR 7 2005
WAYS & MEANS CALENDAR

HOUSE FILE 847
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO HSB 289)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by requiring funding of
2 essential services by cities and counties, modifying property
3 assessment guidelines and notification requirements, creating
4 a property assessment appeal board to hear appeals of the
5 actions of local boards of review, tying together the
6 assessment limitations of certain classes of property, and
7 including a retroactive applicability date provision.

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

HF 847

HOUSE FILE 847

H-1395

1 Amend House File 847 as follows:

2 1. Page 1, line 27, by striking the words
3 "garbage disposal," and inserting the following:
4 "garbage disposal including recycling programs and
5 services,".

6 2. Page 2, line 25, by striking the words
7 "garbage disposal," and inserting the following:
8 "garbage disposal including recycling programs and
9 services,".

By MASCHER of Johnson

H-1395 FILED APRIL 18, 2005

1 Section 1. NEW SECTION. 331.437A ESSENTIAL SERVICES --
2 FUNDING.

3 1. If a county's property tax capacity is reduced or the
4 amount of revenue to be received by a county from sources
5 other than property taxes is reduced, a county is prohibited
6 from reducing funding for essential services provided by the
7 county from the level such services were funded in the
8 previous year without first reducing funding for services that
9 are not essential services.

10 2. If funding for essential services is reduced under the
11 circumstances described in subsection 1, the budget summary
12 required to be published by the county pursuant to section
13 331.434 shall include a listing of the essential services, by
14 service area and item, for which funding was reduced from the
15 previous year, the previous year's funding for such service
16 area and item, and the proposed funding for such service area
17 and item. The listing shall be prefaced by the following
18 statement:

19 "State law requires that when the revenue capacity of a
20 county is reduced, funding for nonessential services shall be
21 reduced before reductions are made in funding of essential
22 services. Following is the list of essential services for
23 which funding is reduced in this proposed budget."

24 3. For purposes of this section, "essential services"
25 means law enforcement, fire protection service, emergency
26 medical services, street lights, water, sewage and sewage
27 disposal, garbage pickup and garbage disposal, landfills,
28 roads and road maintenance, streets and street maintenance,
29 bridges and bridge maintenance, sidewalks and sidewalk
30 maintenance, snow removal, and local emergency management to
31 the extent such essential services are mandated by statute or
32 have been provided at the discretion of the county board of
33 supervisors.

34 Sec. 2. NEW SECTION. 384.20A ESSENTIAL SERVICES --
35 FUNDING.

1 1. If a city's property tax capacity is reduced or the
2 amount of revenue to be received by a city from sources other
3 than property taxes is reduced, a city is prohibited from
4 reducing funding for essential services provided by the city
5 from the level such services were funded in the previous year
6 without first reducing funding for services that are not
7 essential services.

8 2. If funding for essential services is reduced under the
9 circumstances described in subsection 1, the budget summary
10 required to be published by the city pursuant to section
11 384.16 shall include a listing of the essential services, by
12 service area and item, for which funding was reduced from the
13 previous year, the previous year's funding for such service
14 area and item, and the proposed funding for such service area
15 and item. The listing shall be prefaced by the following
16 statement:

17 "State law requires that when the revenue capacity of a
18 city is reduced, funding for nonessential services shall be
19 reduced before reductions are made in funding of essential
20 services. Following is the list of essential services for
21 which funding is reduced in this proposed budget."

22 3. For purposes of this section, "essential services"
23 means law enforcement, fire protection service, emergency
24 medical services, street lights, water, sewage and sewage
25 disposal, garbage pickup and garbage disposal, landfills,
26 roads and road maintenance, streets and street maintenance,
27 bridges and bridge maintenance, sidewalks and sidewalk
28 maintenance, snow removal, and local emergency management to
29 the extent such essential services are mandated by statute or
30 have been provided at the discretion of the city council.

31 Sec. 3. NEW SECTION. 421.1A PROPERTY ASSESSMENT APPEAL
32 BOARD.

33 1. A statewide property assessment appeal board is created
34 for the purpose of establishing a consistent, fair, and
35 equitable property assessment appeal process. The statewide

1 property assessment appeal board is established within the
2 department of revenue for administrative and budgetary
3 purposes. The board's principal office shall be in the office
4 of the department of revenue in the capital of the state.

5 2. a. The property assessment appeal board shall consist
6 of three members appointed to staggered six-year terms,
7 beginning and ending as provided in section 69.19, by the
8 governor and subject to confirmation by the senate. Subject
9 to confirmation by the senate, the governor shall appoint from
10 the members a chairperson of the board to a two-year term.
11 Vacancies on the board shall be filled for the unexpired
12 portion of the term in the same manner as regular appointments
13 are made. The term of office for the initial board shall
14 begin January 1, 2007.

15 b. Each member of the property assessment appeal board
16 shall be qualified by virtue of at least two years' experience
17 in the area of government, corporate, or private practice
18 relating to property appraisal and property tax
19 administration. One member of the board shall be a certified
20 real estate appraiser or hold a professional appraisal
21 designation, one member shall be an attorney practicing in the
22 area of state and local taxation or property tax appraisals,
23 and one member shall be a professional with experience in the
24 field of accounting or finance and with experience in state
25 and local taxation matters. No more than two members of the
26 board may be from the same political party as that term is
27 defined in section 43.2.

28 c. The property assessment appeal board shall organize by
29 appointing an executive secretary who shall take the same oath
30 of office as the members of the board. The board shall set
31 the salary of the executive secretary within the limits of the
32 pay plan for exempt positions provided for in section 8A.413,
33 subsection 2. The board may employ additional personnel as it
34 finds necessary.

35 3. At the election of a property owner or aggrieved

1 taxpayer or an appellant described in section 441.42, the
2 property assessment appeal board shall review any final
3 decision, finding, ruling, determination, or order of a local
4 board of review relating to protests of an assessment,
5 valuation, or application of an equalization order.

6 4. The property assessment appeal board may do all of the
7 following:

8 a. Affirm, reverse, or modify a final decision, finding,
9 ruling, determination, or order of a local board of review.

10 b. Order the payment or refund of property taxes in a
11 matter over which the board has jurisdiction.

12 c. Grant other relief or issue writs, orders, or
13 directives that the board deems necessary or appropriate in
14 the process of disposing of a matter over which the board has
15 jurisdiction.

16 d. Subpoena documents and witnesses and administer oaths.

17 e. Adopt administrative rules pursuant to chapter 17A for
18 the administration and implementation of its powers, including
19 rules for practice and procedure for protests filed with the
20 board, the manner in which hearings on appeals of assessments
21 shall be conducted, filing fees to be imposed by the board,
22 and for the determination of the correct assessment of
23 property which is the subject of an appeal.

24 f. Adopt administrative rules pursuant to chapter 17A
25 necessary for the preservation of order and the regulation of
26 proceedings before the board, including forms or notice and
27 the service thereof, which rules shall conform as nearly as
28 possible to those in use in the courts of this state.

29 5. The property assessment appeal board shall employ a
30 competent attorney to serve as its general counsel, and
31 assistants to the general counsel as it finds necessary for
32 the full and efficient discharge of its duties,
33 notwithstanding section 13.7. The general counsel is the
34 attorney for, and legal advisor of, the board. The general
35 counsel or an assistant to the general counsel shall provide

1 the necessary legal advice to the board in all matters and
2 shall represent the board in all actions instituted in a court
3 challenging the validity of a rule or order of the board. The
4 general counsel shall devote full time to the duties of the
5 office. During employment as general counsel to the board,
6 the counsel shall not be a member of a political committee,
7 contribute to a political campaign, participate in a political
8 campaign, or be a candidate for partisan political office.

9 6. The members of the property assessment appeal board
10 shall receive a salary commensurate with the salary of a
11 district judge. The members of the board, any administrative
12 law judges, and any employees of the board, when required to
13 travel in the discharge of official duties, shall be paid
14 their actual and necessary expenses incurred in the
15 performance of duties.

16 Sec. 4. Section 428.4, unnumbered paragraph 1, Code 2005,
17 is amended to read as follows:

18 Property shall be assessed for taxation each year. Real
19 estate shall be listed and assessed in 1981 and every two
20 years thereafter. The assessment of real estate shall be the
21 value of the real estate as of January 1 of the year of the
22 assessment. The year 1981 and each odd-numbered year
23 thereafter shall be a reassessment year. In any year, after
24 the year in which an assessment has been made of all the real
25 estate in an assessing jurisdiction, the assessor shall value
26 and assess or revalue and reassess, as the case may require,
27 any real estate that the assessor finds was incorrectly valued
28 or assessed, or was not listed, valued, and assessed, in the
29 assessment year immediately preceding, also any real estate
30 the assessor finds has changed in value subsequent to January
31 1 of the preceding real estate assessment year. However, a
32 percentage increase on a class of property shall not be made
33 in a year not subject to an equalization order unless ordered
34 by the department of revenue. The assessor shall determine
35 the actual value and compute the taxable value thereof as of

1 January 1 of the year of the revaluation and reassessment.
2 The assessment shall be completed as specified in section
3 441.28, but no reduction or increase in actual value shall be
4 made for prior years. If an assessor makes a change in the
5 valuation of the real estate as provided for, sections 441.23,
6 441.37, 441.37A, 441.38 and 441.39 apply.

7 Sec. 5. Section 441.19, subsection 4, Code 2005, is
8 amended to read as follows:

9 4. The supplemental returns ~~herein~~ provided for in this
10 section shall be preserved in the same manner as assessment
11 rolls, but shall be confidential to the assessor, board of
12 review, property assessment appeal board, or director of
13 revenue, and shall not be open to public inspection, but any
14 final assessment roll as made out by the assessor shall be a
15 public record, provided that such supplemental return shall be
16 available to counsel of either the person making the return or
17 of the public, in case any appeal is taken to the board of
18 review, to the property assessment appeal board, or to the
19 court.

20 Sec. 6. Section 441.21, subsection 1, Code 2005, is
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. h. The assessor shall determine the value
23 of real property in accordance with rules adopted by the
24 department of revenue and in accordance with forms and
25 guidelines contained in the real property appraisal manual
26 prepared by the department as updated from time to time. Such
27 rules, forms, and guidelines shall not be inconsistent with or
28 change the means, as provided in this section, of determining
29 the actual, market, taxable, and assessed values. If the
30 director of revenue determines that an assessor has willfully
31 disregarded the rules of the department relating to valuation
32 of property or has willfully disregarded the forms and
33 guidelines contained in the real property appraisal manual,
34 the department shall take steps to withhold the reimbursement
35 payment authorized in section 425.1 to the county or city, as

1 applicable, until the director of revenue determines that the
2 assessor is in compliance. The department shall adopt rules
3 relating to application of this paragraph.

4 Sec. 7. Section 441.21, subsection 2, Code 2005, is
5 amended to read as follows:

6 2. In the event market value of the property being
7 assessed cannot be readily established in the foregoing
8 manner, then the assessor may determine the value of the
9 property using the other uniform and recognized appraisal
10 methods including its productive and earning capacity, if any,
11 industrial conditions, its cost, physical and functional
12 depreciation and obsolescence and replacement cost, and all
13 other factors which would assist in determining the fair and
14 reasonable market value of the property but the actual value
15 shall not be determined by use of only one such factor. The
16 following shall not be taken into consideration: Special
17 value or use value of the property to its present owner, and
18 the good will or value of a business which uses the property
19 as distinguished from the value of the property as property.
20 However, in assessing property that is rented or leased to
21 low-income individuals and families as authorized by section
22 42 of the Internal Revenue Code, as amended, and which section
23 limits the amount that the individual or family pays for the
24 rental or lease of units in the property, the assessor shall
25 use the productive and earning capacity from the actual rents
26 received as a method of appraisal and shall take into account
27 the extent to which that use and limitation reduces the market
28 value of the property. The assessor shall not consider any
29 tax credit equity or other subsidized financing as income
30 provided to the property in determining the assessed value.
31 The property owner shall notify the assessor when property is
32 withdrawn from section 42 eligibility under the Internal
33 Revenue Code. The property shall not be subject to section 42
34 assessment procedures for the assessment year for which
35 section 42 eligibility is withdrawn. This notification must

1 be provided to the assessor no later than March 1 of the
2 assessment year or the owner will be subject to a penalty of
3 five hundred dollars for that assessment year. The penalty
4 shall be collected at the same time and in the same manner as
5 regular property taxes. Upon adoption of uniform rules by the
6 revenue department of revenue or succeeding authority covering
7 assessments and valuations of such properties, said the
8 valuation on such properties shall be determined in accordance
9 therewith with such rules and in accordance with forms and
10 guidelines contained in the real property appraisal manual
11 prepared by the department as updated from time to time for
12 assessment purposes to assure uniformity, but such rules,
13 forms, and guidelines shall not be inconsistent with or change
14 the foregoing means of determining the actual, market, taxable
15 and assessed values.

16 Sec. 8. Section 441.21, subsections 4 and 5, Code 2005,
17 are amended to read as follows:

18 4. For valuations established as of January 1, 1979, the
19 percentage of actual value at which agricultural and
20 residential property shall be assessed shall be the quotient
21 of the dividend and divisor as defined in this section. The
22 dividend for each class of property shall be the dividend as
23 determined for each class of property for valuations
24 established as of January 1, 1978, adjusted by the product
25 obtained by multiplying the percentage determined for that
26 year by the amount of any additions or deletions to actual
27 value, excluding those resulting from the revaluation of
28 existing properties, as reported by the assessors on the
29 abstracts of assessment for 1978, plus six percent of the
30 amount so determined. ~~However, if the difference between the~~
31 ~~dividend so determined for either class of property and the~~
32 ~~dividend for that class of property for valuations established~~
33 ~~as of January 1, 1978, adjusted by the product obtained by~~
34 ~~multiplying the percentage determined for that year by the~~
35 ~~amount of any additions or deletions to actual value,~~

1 ~~excluding those resulting from the revaluation of existing~~
2 ~~properties, as reported by the assessors on the abstracts of~~
3 ~~assessment for 1978, is less than six percent, the 1979~~
4 ~~dividend for the other class of property shall be the dividend~~
5 ~~as determined for that class of property for valuations~~
6 ~~established as of January 1, 1978, adjusted by the product~~
7 ~~obtained by multiplying the percentage determined for that~~
8 ~~year by the amount of any additions or deletions to actual~~
9 ~~value, excluding those resulting from the revaluation of~~
10 ~~existing properties, as reported by the assessors on the~~
11 ~~abstracts of assessment for 1978, plus a percentage of the~~
12 ~~amount so determined which is equal to the percentage by which~~
13 ~~the dividend as determined for the other class of property for~~
14 ~~valuations established as of January 1, 1978, adjusted by the~~
15 ~~product obtained by multiplying the percentage determined for~~
16 ~~that year by the amount of any additions or deletions to~~
17 ~~actual value, excluding those resulting from the revaluation~~
18 ~~of existing properties, as reported by the assessors on the~~
19 ~~abstracts of assessment for 1978, is increased in arriving at~~
20 ~~the 1979 dividend for the other class of property. The~~
21 ~~divisor for each class of property shall be the total actual~~
22 ~~value of all such property in the state in the preceding year,~~
23 ~~as reported by the assessors on the abstracts of assessment~~
24 ~~submitted for 1978, plus the amount of value added to said~~
25 ~~total actual value by the revaluation of existing properties~~
26 ~~in 1979 as equalized by the director of revenue pursuant to~~
27 ~~section 441.49. The director shall utilize information~~
28 ~~reported on abstracts of assessment submitted pursuant to~~
29 ~~section 441.45 in determining such percentage. For valuations~~
30 ~~established as of January 1, 1980, and each year thereafter,~~
31 ~~the percentage of actual value as equalized by the director of~~
32 ~~revenue as provided in section 441.49 at which agricultural~~
33 ~~and residential property shall be assessed shall be calculated~~
34 ~~in accordance with the methods provided herein including the~~
35 ~~limitation of increases in agricultural and residential~~

1 ~~assessed-values-to-the-percentage-increase-of-the-other-class~~
2 ~~of-property-if-the-other-class-increases-less-than-the~~
3 ~~allowable-limit-adjusted-to-include-the-applicable-and-current~~
4 ~~values-as-equalized-by-the-director-of-revenue~~ in this
5 subsection, except that any references to six percent in this
6 subsection shall be four percent. For valuations established
7 as of January 1, 2005, and each year thereafter, the
8 percentage of actual value as equalized by the director of
9 revenue as provided in section 441.49 at which agricultural
10 and residential property shall be assessed shall be calculated
11 in accordance with the methods provided in this subsection and
12 subsection 5A, except that any references to six percent in
13 this subsection shall be four percent.

14 5. For valuations established as of January 1, 1979,
15 commercial property and industrial property, excluding
16 properties referred to in section 427A.1, subsection 7, shall
17 be assessed as a percentage of the actual value of each class
18 of property. The percentage shall be determined for each
19 class of property by the director of revenue for the state in
20 accordance with the provisions of this section. For
21 valuations established as of January 1, 1979, the percentage
22 shall be the quotient of the dividend and divisor as defined
23 in this section. The dividend for each class of property
24 shall be the total actual valuation for each class of property
25 established for 1978, plus six percent of the amount so
26 determined. The divisor for each class of property shall be
27 the valuation for each class of property established for 1978,
28 as reported by the assessors on the abstracts of assessment
29 for 1978, plus the amount of value added to the total actual
30 value by the revaluation of existing properties in 1979 as
31 equalized by the director of revenue pursuant to section
32 441.49. For valuations established as of January 1, 1979,
33 property valued by the department of revenue pursuant to
34 chapters 428, 433, 437, and 438 shall be considered as one
35 class of property and shall be assessed as a percentage of its

1 actual value. The percentage shall be determined by the
2 director of revenue in accordance with the provisions of this
3 section. For valuations established as of January 1, 1979,
4 the percentage shall be the quotient of the dividend and
5 divisor as defined in this section. The dividend shall be the
6 total actual valuation established for 1978 by the department
7 of revenue, plus ten percent of the amount so determined. The
8 divisor for property valued by the department of revenue
9 pursuant to chapters 428, 433, 437, and 438 shall be the
10 valuation established for 1978, plus the amount of value added
11 to the total actual value by the revaluation of the property
12 by the department of revenue as of January 1, 1979. For
13 valuations established as of January 1, 1980, commercial
14 property and industrial property, excluding properties
15 referred to in section 427A.1, subsection 7, shall be assessed
16 at a percentage of the actual value of each class of property.
17 The percentage shall be determined for each class of property
18 by the director of revenue for the state in accordance with
19 the provisions of this section. For valuations established as
20 of January 1, 1980, the percentage shall be the quotient of
21 the dividend and divisor as defined in this section. The
22 dividend for each class of property shall be the dividend as
23 determined for each class of property for valuations
24 established as of January 1, 1979, adjusted by the product
25 obtained by multiplying the percentage determined for that
26 year by the amount of any additions or deletions to actual
27 value, excluding those resulting from the revaluation of
28 existing properties, as reported by the assessors on the
29 abstracts of assessment for 1979, plus four percent of the
30 amount so determined. The divisor for each class of property
31 shall be the total actual value of all such property in 1979,
32 as equalized by the director of revenue pursuant to section
33 441.49, plus the amount of value added to the total actual
34 value by the revaluation of existing properties in 1980. The
35 director shall utilize information reported on the abstracts

1 of assessment submitted pursuant to section 441.45 in
2 determining such percentage. For valuations established as of
3 January 1, 1980, property valued by the department of revenue
4 pursuant to chapters 428, 433, 437, and 438 shall be assessed
5 at a percentage of its actual value. The percentage shall be
6 determined by the director of revenue in accordance with the
7 provisions of this section. For valuations established as of
8 January 1, 1980, the percentage shall be the quotient of the
9 dividend and divisor as defined in this section. The dividend
10 shall be the total actual valuation established for 1979 by
11 the department of revenue, plus eight percent of the amount so
12 determined. The divisor for property valued by the department
13 of revenue pursuant to chapters 428, 433, 437, and 438 shall
14 be the valuation established for 1979, plus the amount of
15 value added to the total actual value by the revaluation of
16 the property by the department of revenue as of January 1,
17 1980. For valuations established as of January 1, 1981, and
18 each year thereafter, the percentage of actual value as
19 equalized by the director of revenue as provided in section
20 441.49 at which commercial property and industrial property,
21 excluding properties referred to in section 427A.1, subsection
22 7, shall be assessed shall be calculated in accordance with
23 the methods provided ~~herein~~ in this subsection, except that
24 any references to six percent in this subsection shall be four
25 percent. For valuations established as of January 1, 1981,
26 and each year thereafter, the percentage of actual value at
27 which property valued by the department of revenue pursuant to
28 chapters 428, 433, 437, and 438 shall be assessed shall be
29 calculated in accordance with the methods provided herein,
30 except that any references to ten percent in this subsection
31 shall be eight percent. Beginning with valuations established
32 as of January 1, 1979, and each year thereafter, property
33 valued by the department of revenue pursuant to chapter 434
34 shall also be assessed at a percentage of its actual value
35 which percentage shall be equal to the percentage determined

1 by the director of revenue for commercial property, industrial
2 property, or property valued by the department of revenue
3 pursuant to chapters 428, 433, 437, and 438, whichever is
4 lowest. For valuations established as of January 1, 2005, and
5 each year thereafter, the percentage of actual value as
6 equalized by the director of revenue as provided in section
7 441.49 at which commercial and industrial property shall be
8 assessed shall be calculated in accordance with the methods
9 provided in this subsection and subsection 5A, except that any
10 references to six percent in this subsection shall be four
11 percent.

12 Sec. 9. Section 441.21, Code 2005, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 5A. Notwithstanding the limitation of
15 increases in subsection 4 and the limitation of increases for
16 commercial and industrial property in subsection 5, for
17 valuations established as of January 1, 2005, and each year
18 thereafter, for residential, agricultural, commercial, and
19 industrial property, the assessed values of these four classes
20 of property shall be limited to the percentage increase of
21 that class of property that is the lowest percentage increase
22 under the allowable limit adjusted to include the applicable
23 and current values as equalized by the director of revenue.

24 Sec. 10. Section 441.28, Code 2005, is amended to read as
25 follows:

26 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO TAXPAYER.

27 The assessment shall be completed not later than April 15
28 each year. If the assessor makes any change in an assessment
29 after it has been entered on the assessor's rolls, the
30 assessor shall note on ~~said~~ the roll, together with the
31 original assessment, the new assessment and the reason for the
32 change, together with the assessor's signature and the date of
33 the change. Provided, however, in the event the assessor
34 increases any assessment the assessor shall give notice of the
35 increase in writing thereof to the taxpayer by mail prior-to

1 ~~the-meeting-of-the-board-of-review~~ postmarked no later than
2 April 15. No changes shall be made on the assessment rolls
3 after April 15 except by order of the board of review or of
4 the property assessment appeal board, or by decree of court.

5 Sec. 11. Section 441.35, unnumbered paragraph 2, Code
6 2005, is amended to read as follows:

7 In any year after the year in which an assessment has been
8 made of all of the real estate in any taxing district, ~~it~~
9 ~~shall-be-the-duty-of~~ the board of review ~~to~~ shall meet as
10 provided in section 441.33, and where ~~it~~ the board finds the
11 same has changed in value, ~~to~~ the board shall revalue and
12 reassess any part or all of the real estate contained in such
13 taxing district, and in such case, ~~it~~ the board shall
14 determine the actual value as of January 1 of the year of the
15 revaluation and reassessment and compute the taxable value
16 thereof, ~~and any.~~ Any aggrieved taxpayer may petition for a
17 revaluation of the taxpayer's property, but no reduction or
18 increase shall be made for prior years. If the assessment of
19 any such property is raised, or any property is added to the
20 tax list by the board, the clerk shall give notice in the
21 manner provided in section 441.36, ~~provided, however, that.~~
22 However, if the assessment of all property in any taxing
23 district is raised, the board may instruct the clerk to give
24 immediate notice by one publication in one of the official
25 newspapers located in the taxing district, and such published
26 notice shall take the place of the mailed notice provided for
27 in section 441.36, but all other provisions of ~~said~~ that
28 section shall apply. The decision of the board as to the
29 foregoing matters shall be subject to appeal to the property
30 assessment appeal board within the same time and in the same
31 manner as provided in section 441.37A and to the district
32 court within the same time and in the same manner as provided
33 in section 441.38.

34 Sec. 12. NEW SECTION. 441.37A APPEAL OF PROTEST TO
35 PROPERTY ASSESSMENT APPEAL BOARD.

1 1. For the assessment year beginning January 1, 2007, and
2 all subsequent assessment years, appeals may be taken from the
3 action of the board of review with reference to protests of
4 assessment, valuation, or application of an equalization order
5 to the property assessment appeal board created in section
6 421.1A. However, a property owner or aggrieved taxpayer or an
7 appellant described in section 441.42 may bypass the property
8 assessment appeal board and appeal the decision of the local
9 board of review to the district court pursuant to section
10 441.38. For an appeal to the property assessment appeal board
11 to be valid, written notice must be filed by the party
12 appealing the decision with the executive secretary of the
13 property assessment appeal board within twenty days after the
14 date the board of review's letter of disposition of the appeal
15 is postmarked to the party making the protest. The written
16 notice of appeal shall include a petition setting forth the
17 basis of the appeal and the relief sought. No new grounds in
18 addition to those set out in the protest to the local board of
19 review as provided in section 441.37 can be pleaded, but
20 additional evidence to sustain those grounds may be
21 introduced. The assessor shall have the same right to appeal
22 to the assessment appeal board as an individual taxpayer,
23 public body, or other public officer as provided in section
24 441.42.

25 Filing of the written notice of appeal and petition with
26 the executive secretary of the property assessment appeal
27 board shall preserve all rights of appeal of the appellant,
28 except as otherwise provided in subsection 2. A copy of the
29 appellant's written notice of appeal and petition shall be
30 mailed by the executive secretary of the property assessment
31 appeal board to the local board of review whose decision is
32 being appealed. In all cases where a change in assessed
33 valuation of one hundred thousand dollars or more is
34 petitioned for, the local board of review shall mail a copy of
35 the written notice of appeal and petition to all affected

1 taxing districts as shown on the last available tax list.

2 2. A party to the appeal may request a hearing or the
3 appeal may proceed without a hearing. If a hearing is
4 requested, the appellant and the local board of review from
5 which the appeal is taken shall be given at least thirty days'
6 written notice by the property assessment appeal board of the
7 date the appeal shall be heard and the local board of review
8 may be present and participate at such hearing. Notice to all
9 affected taxing districts shall be deemed to have been given
10 when written notice is provided to the local board of review.
11 Failure by the appellant to appear at the property assessment
12 appeal board hearing shall be grounds for dismissal of the
13 appeal unless a continuance is granted to the appellant. If
14 an appeal is dismissed for failure to appear, the property
15 assessment appeal board shall have no jurisdiction to consider
16 any subsequent appeal on the appellant's protest.

17 An appeal may be considered by less than a majority of the
18 members of the board, and the chairperson of the board may
19 assign members to consider appeals. Appeals to the property
20 assessment appeal board may also be considered by an
21 administrative law judge assigned by the division of
22 administrative hearings of the department of inspections and
23 appeals in accordance with section 10A.801. If a hearing is
24 requested, it shall be open to the public and shall be
25 conducted in accordance with the rules of practice and
26 procedure adopted by the board. However, any deliberation of
27 the officer considering the appeal in reaching a decision on
28 any appeal shall be confidential. The property assessment
29 appeal board, or any member of the board, or an administrative
30 law judge may require the production of any books, records,
31 papers, or documents as evidence in any matter pending before
32 the board that may be material, relevant, or necessary for the
33 making of a just decision. Any books, records, papers, or
34 documents produced as evidence shall become part of the record
35 of the appeal. Any testimony given relating to the appeal

1 shall be transcribed and made a part of the record of the
2 appeal.

3 3. a. The officer considering the appeal shall determine
4 anew all questions arising before the local board of review
5 which relate to the liability of the property to assessment or
6 the amount thereof. All of the evidence shall be considered
7 and there shall be no presumption as to the correctness of the
8 valuation of assessment appealed from. The property
9 assessment appeal board shall make a decision in each appeal
10 filed with the board. If the appeal is considered by less
11 than a majority of the board or by an administrative law
12 judge, the determination made by that person shall be
13 forwarded to the full board for approval, rejection, or
14 modification. If the initial determination is rejected by the
15 board, it shall be returned for reconsideration to the board
16 member or administrative law judge making the initial
17 determination. Any deliberation of the board regarding an
18 initial determination shall be confidential.

19 b. The decision of the board shall be considered the final
20 agency action for purposes of further appeal, except as
21 otherwise provided in section 441.49. The decision shall be
22 final unless appealed to district court as provided in section
23 441.38. The levy of taxes on any assessment appealed to the
24 board shall not be delayed by any proceeding before the board,
25 and if the assessment appealed from is reduced by the decision
26 of the board, any taxes levied upon that portion of the
27 assessment reduced shall be abated or, if already paid, shall
28 be refunded. If the subject of an appeal is the application
29 of an equalization order, the property assessment appeal board
30 shall not order a reduction in assessment greater than the
31 amount that the assessment was increased due to application of
32 the equalization order. Each party to the appeal shall be
33 responsible for the costs of the appeal incurred by that
34 party.

35 Sec. 13. Section 441.38, Code 2005, is amended to read as

1 follows:

2 441.38 APPEAL TO DISTRICT COURT.

3 1. Appeals may be taken from the action of the local board
4 of review with reference to protests of assessment, to the
5 district court of the county in which the board holds its
6 sessions within twenty days after its adjournment or May 31,
7 whichever date is later. Appeals may be taken from the action
8 of the property assessment appeal board to the district court
9 of the county where the property which is the subject of the
10 appeal is located within twenty days after the letter of
11 disposition of the appeal by the property assessment appeal
12 board is postmarked to the appellant. No new grounds in
13 addition to those set out in the protest to the local board of
14 review as provided in section 441.37, or in addition to those
15 set out in the appeal to the property assessment appeal board,
16 if applicable, can be pleaded, but additional evidence to
17 sustain those grounds may be introduced. The assessor shall
18 have the same right to appeal and in the same manner as an
19 individual taxpayer, public body or other public officer as
20 provided in section 441.42. Appeals shall be taken by filing
21 a written notice of appeal with the clerk of district court.
22 Filing of the written notice of appeal shall preserve all
23 rights of appeal of the appellant.

24 2. Notice of appeal shall be served as an original notice
25 on the chairperson, presiding officer, or clerk of the board
26 of review, and on the executive secretary of the property
27 assessment appeal board, if applicable, after the filing of
28 notice under subsection 1 with the clerk of district court.

29 Sec. 14. Section 441.39, Code 2005, is amended to read as
30 follows:

31 441.39 TRIAL ON APPEAL.

32 The If the appeal is from a decision of the local board of
33 review, the court shall hear the appeal in equity and
34 determine anew all questions arising before the board which
35 relate to the liability of the property to assessment or the

1 amount thereof. The court shall consider all of the evidence
2 and there shall be no presumption as to the correctness of the
3 valuation of assessment appealed from. If the appeal is from
4 a decision of the property assessment appeal board, the
5 court's review shall be limited to the correction of errors at
6 law. Its decision shall be certified by the clerk of the
7 court to the county auditor, and the assessor, who shall
8 correct the assessment books accordingly.

9 Sec. 15. Section 441.43, Code 2005, is amended to read as
10 follows:

11 441.43 POWER OF COURT.

12 Upon trial of any appeal from the action of the board of
13 review or of the property assessment appeal board fixing the
14 amount of assessment upon any property concerning which
15 complaint is made, the court may increase, decrease, or affirm
16 the amount of the assessment appealed from.

17 Sec. 16. Section 441.49, unnumbered paragraph 5, Code
18 2005, is amended to read as follows:

19 The local board of review shall reconvene in special
20 session from October 15 to November 15 for the purpose of
21 hearing the protests of affected property owners or taxpayers
22 within the jurisdiction of the board whose valuation of
23 property if adjusted pursuant to the equalization order issued
24 by the director of revenue will result in a greater value than
25 permitted under section 441.21. The board of review shall
26 accept protests only during the first ten days following the
27 date the local board of review reconvenes. The board of
28 review shall limit its review to only the timely filed
29 protests. The board of review may adjust all or a part of the
30 percentage increase ordered by the director of revenue by
31 adjusting the actual value of the property under protest to
32 one hundred percent of actual value. Any adjustment so
33 determined by the board of review shall not exceed the
34 percentage increase provided for in the director's
35 equalization order. The determination of the board of review

1 on filed protests is final, subject to appeal to the property
2 assessment appeal board. A final decision by the local board
3 of review, or the property assessment appeal board, if the
4 local board's decision is appealed, is subject to review by
5 the director of revenue for the purpose of determining whether
6 the board's actions substantially altered the equalization
7 order. In making the review, the director has all the powers
8 provided in chapter 421, and in exercising the powers the
9 director is not subject to chapter 17A. Not later than
10 fifteen days following the adjournment of the board, the board
11 of review shall submit to the director of revenue, on forms
12 prescribed by the director, a report of all actions taken by
13 the board of review during this session.

14 Sec. 17. Section 445.60, Code 2005, is amended to read as
15 follows:

16 445.60 REFUNDING ERRONEOUS TAX.

17 The board of supervisors shall direct the county treasurer
18 to refund to the taxpayer any tax or portion of a tax found to
19 have been erroneously or illegally paid, with all interest,
20 fees, and costs actually paid. A refund shall not be ordered
21 or made unless a claim for refund is presented to the board
22 within two years of the date the tax was due, or if appealed
23 to the board of review, the property assessment appeal board,
24 the state board of tax review, or district court, within two
25 years of the final decision.

26 Sec. 18. RETROACTIVE APPLICABILITY. The sections of this
27 Act amending section 441.21, subsections 4 and 5, and enacting
28 section 441.21, subsection 5A, apply retroactively to January
29 1, 2005, for assessment years beginning on or after that date.

30 EXPLANATION

31 This bill makes changes relating to property taxation by
32 enacting and amending provisions relating to funding of city
33 and county budgets and relating to assessment of property.

34 The bill requires a county or city whose property tax
35 capacity or other revenue capacity is reduced to first reduce

1 funding for services that are not essential services. If
2 funding for essential services is also reduced, the county or
3 city shall include on the published proposed budget summary
4 the listing of essential services for which funding has been
5 reduced and a statement informing persons that state law
6 requires that when revenue capacity is reduced funding for
7 nonessential services is to be reduced before funding for
8 essential services is reduced. The bill defines "essential
9 services".

10 The bill creates a statewide property assessment appeal
11 board to hear appeals from action taken by local boards of
12 review effective for the assessment year beginning January 1,
13 2007. However, an aggrieved taxpayer or property owner or
14 other appellant may bypass the statewide property assessment
15 appeal board and appeal a decision of the local board of
16 review directly to district court. The bill provides that the
17 property assessment appeal board is created within the
18 department of revenue. A decision of the property assessment
19 appeal board may be appealed to district court.

20 The bill requires local assessors, when assessing property,
21 to use the forms and apply the guidelines contained in the
22 real property appraisal manual prepared by the department of
23 revenue. If the department determines that an assessor, when
24 assessing property, is willfully disregarding rules, forms,
25 and guidelines of the department, the department shall take
26 steps to withhold the county's or city's homestead property
27 tax credit reimbursement by the state until the assessor
28 complies with the rules, forms, and guidelines.

29 The bill provides that notice of an assessment increase
30 mailed to a taxpayer shall be postmarked no later than April
31 15. Current law requires that such notice be mailed prior to
32 the meeting of the local board of review.

33 The bill ties together the assessment limitations of
34 residential, agricultural, commercial, and industrial property
35 by limiting the percentage increase in all of those classes of

1 property to the percentage increase of that class of property
2 that is the lowest percentage increase under the allowable (4
3 percent) limit. This portion of the bill applies
4 retroactively to January 1, 2005, for assessment years
5 beginning on or after that date.

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HOUSE FILE 847

H-1354

- 1 Amend House File 847 as follows:
 - 2 1. Page 1, line 30, by inserting after the word
 - 3 "removal," the following: "public libraries,".
 - 4 2. Page 2, line 28, by inserting after the word
 - 5 "removal," the following: "public libraries,".
- By WESSEL-KROESCHELL of Story
HEDDENS of Story

H-1354 FILED APRIL 12, 2005

HOUSE FILE 847

H-1355

- 1 Amend House File 847 as follows:
 - 2 1. Page 2, line 28, by inserting after the word
 - 3 "removal," the following: "soil and water
 - 4 conservation programs,".
- By WESSEL-KROESCHELL of Story
HEDDENS of Story

H-1355 FILED APRIL 12, 2005

HOUSE FILE 847

H-1386

- 1 Amend House File 847 as follows:
- 2 1. Page 1, line 30, by inserting after the word
- 3 "removal," the following: "public hospitals
- 4 established under chapters 37, 347, and 347A,".
- 5 2. Page 2, line 28, by inserting after the word
- 6 "removal," the following: "public hospitals
- 7 established by a city,".

By HOGG of Linn

H-1386 FILED APRIL 14, 2005

HOUSE FILE 847

H-1387

- 1 Amend House File 847 as follows:
- 2 1. Page 1, line 30, by inserting after the word
- 3 "removal," the following: "jails,".
- 4 2. Page 2, line 28, by inserting after the word
- 5 "removal," the following: "jails,".

By HOGG of Linn

H-1387 FILED APRIL 14, 2005

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 847 - Property Tax Reform II (LSB 3402 HV)

Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version - New

Description

House File 847 makes several changes relating to property taxes, assessments, and local budgeting requirements.

- The Bill requires cities and counties whose property tax capacity or other revenue capacity is reduced to first reduce non-essential services before reducing essential services, such as, police, fire protection, sewage, streets, and other essential services.
- The Bill creates a Statewide Property Assessment Appeal Board to hear appeals of local boards of review for the assessment year beginning January 1, 2007. The appellant still may appeal directly to District Court, rather than going to the Statewide Board. An appellant who first appeals to the Statewide Board, may then appeal the Statewide Board's decision to District Court.
- The Bill requires local assessors to use the forms and apply the guidelines contained in the Real Property Appraisal Manual prepared by the Department of Revenue. Willful disregard of the assessment rules, forms, and guidelines may result in the Department withholding the county's or city's homestead property tax credit reimbursements.
- The Bill ties together the taxable value growth limitations for residential, agricultural, commercial, and industrial property by limiting the increase to the lowest percentage for all of those classes or 4.0%, which ever is lower. This is retroactive to January 1, 2005, assessment year.

Assumptions

1. Setting priorities for budget reductions by local governments is only in reaction to changes in revenues and does not affect the amount of funding available to local governments.
2. The Statewide Property Assessment Appeal Board estimate was based on the following assumptions:
 - a. The Board will have six employees beginning January 2007: three board members, an Executive Secretary, General Counsel, and a secretary.
 - b. The three board members' salaries will be comparable to a District Court Judge (\$112,000, plus 17.5% for benefits).
 - c. The Executive Secretary's salary will be similar to that of an executive secretary or executive director of a small agency (\$73,000, plus 26.0% for benefits).
 - d. The General Counsel's salary will be comparable to a mid-range Deputy Attorney General II salary (\$63,000, plus 26.0% for benefits).
 - e. The secretary's salary will be comparable to a mid-range Secretary 2 salary (\$33,000, plus 30.0% for benefits).
 - f. An Administrative Law Judge 2 is estimated to cost \$75,000 plus 26.0% for benefits. It is assumed the Board will not hire Administrative Law Judges until the second year of operation, and then according to demand.
 - g. Additional costs for office space, office equipment, and offices supplies will be incurred. To the extent that the Department of Revenue has space, equipment, and supplies available, these costs will be reduced. These costs are not included in the estimate.
 - h. The Board will likely incur travel and lodging expenses which are not estimated here.
 - i. The Board may request that the Department of Inspections and Appeals have an Administrative Law Judge hold assessment appeal hearings. The estimated cost of a

- hearing is \$362. There is no estimate of how many hearings will be handled in this manner.
- j. It is assumed the Department of Revenue will request funding from the General Fund to operate the Board.
 - k. In 2003, 456 local Board of Review assessment rulings were appealed to District Court. This type of case falls in the category of law and equity cases in a time-usage study conducted by the Judicial Branch. The average cost for cases of this type (including all outcomes – dismissals, settlements, and trial) was \$203 per case. The maximum savings if all cases are diverted would be approximately \$93,000. For those appeals of the Statewide Board's rulings, the Courts would experience some savings as the cases would be limited to corrections of errors instead of a de novo review.
3. The estimate for tying together of the taxable valuation growth for residential, agricultural, commercial, and industrial classes of property was based on the following assumptions:
- a. For this example, the growth in property value and new construction would follow the same pattern in assessment years 2005 through 2014 as occurred between 1995 and 2004.
 - b. The agricultural class had the smallest growth rate for each assessment year 1995 through 2004 and would likewise have the smallest growth and provide the limit on growth for assessment years 2005 through 2014.
 - c. The pattern of rollbacks projected by the Department of Revenue for commercial and industrial valuations when tied to agricultural valuation growth would be repeated proportionately in assessment years 2005 through 2014, since all other growth patterns were being repeated for this projection.
 - d. The consolidated tax rate is \$35 per \$1,000 taxable valuation. The Uniform Levy remains at \$5.40 per \$1,000 of taxable valuation.
 - e. State Foundation Aid, paid from the General Fund, will increase to offset reductions in Uniform Levy revenues. The Additional Levy rate will increase to accommodate a decrease in taxable valuations.

Fiscal Impact

Setting priorities for funding essential local services over non-essential services when cities and counties are making budget reductions does not have a significant fiscal impact.

The Property Assessment Appeal Board will cost an estimated \$305,000 in salaries and benefits for the last six months of FY 2007, and an estimated \$611,000 for the whole year in FY 2008. There will be additional costs for office space, equipment, supplies, and for travel. If the Board hires administrative law judges, each one will increase salary and benefits costs by approximately \$94,000 annually. Each appeal referred to the Department of Inspections and Appeals to be heard by an administrative law judge will cost approximately \$362.

The Courts will likely experience some cost savings from reduced appeals of local Board of Review assessment appeal rulings, but these savings are not likely to be significant.

Creating rollbacks based on tying together residential, agricultural, commercial, and industrial classes taxable value growth will reduce the taxable valuations. If property tax rates are not increased, there will be a resulting decrease in revenues from property taxes. For example, if the pattern of the last ten years is repeated in the next ten years, the following reductions would occur if levy rates are not increased.

<u>Fiscal Year</u>	<u>Assessment Year</u>	<u>Proposed Law Taxable Value Change</u>	<u>\$35.00 Consolidated Levy</u>	<u>\$5.40 Uniform Levy</u>
2007	2005	\$ -1,479,715,312	\$ -51,790,036	\$ -7,990,463
2008	2006	-2,286,120,491	-80,014,217	-12,345,051
2009	2007	-2,665,145,744	-93,280,101	-14,391,787
2010	2008	-2,384,811,937	-83,468,418	-12,877,984
2011	2009	-2,682,261,070	-93,879,137	-14,484,210
2012	2010	-2,284,443,842	-79,955,534	-12,335,997
2013	2011	-3,828,746,098	-134,006,113	-20,675,229
2014	2012	-4,854,202,455	-169,897,086	-26,212,693
2015	2013	-7,250,859,440	-253,780,080	-39,154,641
2016	2014	-7,641,400,795	-267,449,028	-41,263,564

This example repeats the growth pattern of the last ten years and shows that revenues for taxing authorities would decrease by approximately \$51.8 million in the first year. The reduction would continue, reaching a \$267.4 million reduction after ten years. To the extent that taxing authorities can raise levy rates within established limits, they would not experience revenue reductions. The Uniform Levy decrease would be offset by increased State Foundation Aid for school districts, at a cost to the General Fund of \$8.0 million in the first year increasing annually to \$41.2 million after ten years.

Over the ten-year example, the proportion of property taxes paid by residential taxpayers would increase by 2.5%, agricultural taxpayers' proportion of taxes would increase by 0.7%, and commercial and industrial taxpayers' combined proportion would decrease by 3.3%.

These property tax estimates should be treated as an example since projected amounts will vary to the extent that the next ten years' growth differs from the preceding ten years.

Sources

Department of Management
 Department of Revenue
 Department of Inspections and Appeals
 Office of the Attorney General
 Judicial Branch
 State Employees Salary Book
 Iowa State Association of Counties

/s/ Holly M. Lyons

April 13, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE FILE 847

H-1406

- 1 Amend House File 847 as follows:
2 1. Page 1, line 30, by inserting after the word
3 "removal," the following: "election services,".
By GASKILL of Wapello

H-1406 FILED APRIL 19, 2005

HOUSE FILE 847

H-1407

- 1 Amend House File 847 as follows:
2 1. Page 1, line 30, by inserting after the word
3 "removal," the following: "childhood lead poisoning
4 programs,".
5 2. Page 2, line 28, by inserting after the word
6 "removal," the following: "childhood lead poisoning
7 programs,".

By FORD of Polk

H-1407 FILED APRIL 19, 2005

HOUSE FILE 847

H-1408

- 1 Amend House File 847 as follows:
2 1. Page 1, line 30, by inserting after the word
3 "removal," the following: "veterans services,".
4 2. Page 2, line 28, by inserting after the word
5 "removal," the following: "veterans services,".

By SMITH of Marshall

H-1408 FILED APRIL 19, 2005

HOUSE FILE 847

H-1405

- 1 Amend House File 847 as follows:
2 1. Page 1, line 30, by inserting after the word
3 "removal," the following: "job creation and economic
4 development,".
5 2. Page 2, line 28, by inserting after the word
6 "removal," the following: "job creation and economic
7 development,".

By KUHN of Floyd

H-1405 FILED APRIL 19, 2005

HOUSE FILE 847

H-1415

1 Amend House File 847 as follows:

2 1. Page 1, line 7, by inserting after the word
3 "county" the following: ", and identified as
4 essential services by resolution of the board of
5 supervisors,".

6 2. Page 1, line 9, by striking the words "are
7 not" and inserting the following: "have not been
8 identified as".

9 3. Page 1, by inserting after line 9, the
10 following:

11 "2. On or before January 1, 2006, the board of
12 supervisors shall conduct a public hearing on creation
13 of a list of essential services provided by the
14 county. Notice of the public hearing shall be
15 published as provided in section 331.305. No later
16 than thirty days after the public hearing, the board
17 of supervisors shall adopt by resolution a list of
18 essential services provided by the county. Such list
19 shall be in effect for the following fiscal year and
20 for all subsequent fiscal years. The list shall be
21 published annually with the budget summary required to
22 be published by the county pursuant to section
23 331.434.

24 The list of essential services may be modified from
25 time to time by resolution of the board. However, the
26 list shall not be modified more than once in a
27 calendar year. If the board wishes to modify the
28 list, the board shall conduct another public hearing
29 as provided in this subsection before adoption of the
30 resolution modifying the list."

31 4. Page 1, line 10, by striking the figure "2."
32 and inserting the following: "3."

33 5. Page 1, by striking lines 24 through 33.

34 6. Page 2, line 4, by inserting after the word
35 "city" the following: ", and identified as essential
36 services by resolution of the city council,".

37 7. Page 2, line 6, by striking the words "are
38 not" and inserting the following: "have not been
39 identified as".

40 8. Page 2, by inserting after line 7, the
41 following:

42 "2. On or before January 1, 2006, the city council
43 shall conduct a public hearing on creation of a list
44 of essential services provided by the city. Notice of
45 the public hearing shall be published as provided in
46 section 362.3. No later than thirty days after the
47 public hearing, the city council shall adopt by
48 resolution a list of essential services provided by
49 the city. Such list shall be in effect for the
50 following fiscal year and for all subsequent fiscal

H-1415

1 years. The list shall be published annually with the
2 budget summary required to be published by the city
3 pursuant to section 384.16.

4 The list of essential services may be modified from
5 time to time by resolution of the city council.

6 However, the list shall not be modified more than once
7 in a calendar year. If the city council wishes to

8 modify the list, the city council shall conduct

9 another public hearing as provided in this subsection

10 before adoption of the resolution modifying the list."

11 9. Page 2, line 8, by striking the figure "2."

12 and inserting the following: "3."

13 10. Page 2, by striking lines 22 through 30.

14 11. By renumbering, redesignating, and correcting
15 internal references as necessary.

By GASKILL of Wapello

HOUSE FILE 847

H-1458

- 1 Amend House File 847 as follows:
- 2 1. Page 1, line 30, by inserting after the word
- 3 "removal," the following: "domestic abuse
- 4 prevention,".
- 5 2. Page 2, line 28, by inserting after the word
- 6 "removal," the following: "domestic abuse
- 7 prevention,".

By WESSEL-KROESCHELL of Story

H-1458 FILED APRIL 21, 2005
OUT OF ORDER

HOUSE FILE 847

H-1459

- 1 Amend House File 847 as follows:
- 2 1. Page 6, line 21, by striking the word
- 3 "paragraph" and inserting the following: "paragraphs".
- 4 2. Page 7, line 2, by inserting after the word
- 5 "compliance." the following: "A county or city for
- 6 which such funds have been withheld may appeal the
- 7 action of the department to the state board of tax
- 8 review."
- 9 3. Page 7, by inserting before line 4, the
- 10 following:
- 11 "NEW PARAGRAPH. i. If the assessor wishes to use
- 12 any manuals, guidelines, or forms other than those
- 13 prescribed by the department of revenue, the assessor
- 14 shall first receive permission from the director of
- 15 revenue."
- 16 4. By renumbering and correcting internal
- 17 references as necessary.

By PAULSEN of Linn

H-1459 FILED APRIL 21, 2005
ADOPTED

HOUSE FILE 847

H-1460

1 Amend House File 847 as follows:

2 1. Page 1, by inserting before line 1, the
3 following:

4 "DIVISION I
5 LOCAL FUNDING OF ESSENTIAL SERVICES".

6 2. Page 2, by inserting before line 31, the
7 following:

8 "DIVISION II
9 PROPERTY ASSESSMENT".

10

11 3. Page 20, line 26, by inserting after the word
12 "this" the following: "division of this".

13 4. Page 20, by inserting before line 30, the
14 following:

15 "DIVISION III
16 MAXIMUM PROPERTY TAX DOLLARS

17 Sec. _____. Section 24.48, unnumbered paragraphs 4,
18 5, and 7, Code 2005, are amended by striking the
19 unnumbered paragraphs.

20 Sec. _____. Section 24.48, unnumbered paragraph 6,
21 Code 2005, is amended to read as follows:

22 For purposes of this section only, "political
23 subdivision" means a ~~city~~, school district, or any
24 other special purpose district which certifies its
25 budget to the county auditor and derives funds from a
26 property tax levied against taxable property situated
27 within the political subdivision.

28 Sec. _____. Section 331.263, subsection 2, Code
29 2005, is amended to read as follows:

30 2. The governing body of the community
31 commonwealth shall have the authority to levy county
32 taxes and shall have the authority to levy city taxes
33 to the extent the city tax levy authority is
34 transferred by the charter to the community
35 commonwealth. A city participating in the community
36 commonwealth shall transfer a portion of the city's
37 tax levy authorized under section 384.1 or 384.12,
38 whichever is applicable, to the governing body of the
39 community commonwealth. The maximum ~~rates~~ amount of
40 taxes authorized to be levied under ~~sections~~ section
41 384.1 and the maximum rates of taxes authorized to be
42 levied under section 384.12 by a city participating in
43 the community commonwealth shall be reduced by an
44 amount equal to the rates of the same or similar taxes
45 levied in the city by the governing body of the
46 community commonwealth.

47 Sec. _____. Section 331.325, Code 2005, is amended
48 to read as follows:

49 331.325 CONTROL AND MAINTENANCE OF PIONEER
50 CEMETERIES -- CEMETERY COMMISSION.

H-1460

1 1. As used in this section, "pioneer cemetery"
2 means a cemetery where there have been six or fewer
3 burials in the preceding fifty years.

4 2. Each county board of supervisors may adopt an
5 ordinance assuming jurisdiction and control of pioneer
6 cemeteries in the county. The board shall exercise
7 the powers and duties of township trustees relating to
8 the maintenance and repair of cemeteries in the county
9 as provided in sections 359.28 through 359.41 except
10 that the board shall not certify a tax levy pursuant
11 to section 359.30 or 359.33 and except that the
12 maintenance and repair of all cemeteries under the
13 jurisdiction of the county including pioneer
14 cemeteries shall be paid from the ~~county general~~
15 cemetery fund. The maintenance and improvement
16 program for a pioneer cemetery may include restoration
17 and management of native prairie grasses and
18 wildflowers.

19 3. In lieu of management of the cemeteries, the
20 board of supervisors may create, by ordinance, a
21 cemetery commission to assume jurisdiction and
22 management of the pioneer cemeteries in the county.
23 The ordinance shall delineate the number of
24 commissioners, the appointing authority, the term of
25 office, officers, employees, organizational matters,
26 rules of procedure, compensation and expenses, and
27 other matters deemed pertinent by the board. The
28 board may delegate any power and duties relating to
29 cemeteries which may otherwise be exercised by
30 township trustees pursuant to sections 359.28 through
31 359.41 to the cemetery commission except the
32 commission shall not certify a tax levy pursuant to
33 section 359.30 or 359.33 and except that the expenses
34 of the cemetery commission shall be paid from the
35 ~~county general cemetery~~ fund.

36 4. Notwithstanding sections 359.30 and 359.33, the
37 costs of management, repair, and maintenance of
38 pioneer cemeteries shall be paid from the ~~county~~
39 general cemetery fund.

40 Sec. _____. Section 331.423, Code 2005, is amended
41 by striking the section and inserting in lieu thereof
42 the following:

43 331.423 PROPERTY TAX DOLLARS -- MAXIMUMS.

44 1. Annually, the board shall determine separate
45 property tax levy limits to pay for general county
46 services and rural county services in accordance with
47 this section. The property tax levies separately
48 certified for general county services and rural county
49 services in accordance with section 331.434 shall not
50 exceed the amount determined under this section.

1 2. For purposes of this section and section
2 331.423A:
3 a. "Annual price index" means the sum of one plus
4 the change, computed to four decimal places, between
5 the preliminary price index for the third quarter of
6 the calendar year preceding the calendar year in which
7 the budget year begins and the revised price index for
8 the third quarter of the previous calendar year. The
9 price index used shall be the state and local
10 government chain-type price index used in the quantity
11 and price indexes for gross domestic product as
12 published by the United States department of commerce.
13 b. "Boundary adjustment" means annexation,
14 severance, incorporation, or discontinuance as those
15 terms are defined in section 368.1.
16 c. "Budget year" is the fiscal year beginning
17 during the calendar year in which a budget is
18 certified.
19 d. "Current fiscal year" is the fiscal year ending
20 during the calendar year in which a budget is
21 certified.
22 e. "Net new valuation taxes" means the amount of
23 property tax dollars equal to the certified general
24 rate for the current fiscal year for purposes of the
25 general fund, or the certified rural rate for the
26 current fiscal year for purposes of the rural services
27 fund, times the increase from the current fiscal year
28 to the budget year in taxable valuation due to the
29 following:
30 (1) New construction.
31 (2) Additions or improvements to existing
32 structures.
33 (3) Remodeling of existing structures for which a
34 building permit is required.
35 (4) Net boundary adjustment.
36 (5) A municipality no longer dividing tax revenues
37 in an urban renewal area as provided in section
38 403.19, to the extent that the incremental valuation
39 released is due to new construction or revaluation on
40 property newly constructed, additions or improvements
41 to existing property, net boundary adjustment, or
42 expiration of tax abatements, all occurring after the
43 division of revenue begins.
44 (6) That portion of taxable property located in an
45 urban revitalization area on which an exemption was
46 allowed and such exemption has expired.
47 3. a. For the fiscal year beginning July 1, 2008,
48 and subsequent fiscal years, the maximum amount of
49 property tax dollars which may be certified for levy
50 by a county for general county services and rural

1 county services shall be the maximum property tax
2 dollars calculated under paragraphs "b" and "c",
3 respectively.

4 b. The maximum property tax dollars that may be
5 levied for general county services is an amount equal
6 to the sum of the following:

7 (1) The annual price index times the current
8 fiscal year's maximum property tax dollars for general
9 county services.

10 (2) The amount of net new valuation taxes in the
11 county.

12 c. The maximum property tax dollars that may be
13 levied for rural county services is an amount equal to
14 the sum of the following:

15 (1) The annual price index times the current
16 fiscal year's maximum property tax dollars for rural
17 county services.

18 (2) The amount of net new valuation taxes in the
19 unincorporated area of the county.

20 4. a. For purposes of calculating maximum
21 property tax dollars for general county services for
22 the fiscal year beginning July 1, 2008, only, the term
23 "current fiscal year's maximum property tax dollars"
24 shall mean the greater of the following:

25 (1) The actual taxes certified for the general
26 basic fund for either the fiscal year beginning July
27 1, 2006, or the fiscal year beginning July 1, 2007, as
28 selected by the county.

29 (2) The taxes that could have been certified for
30 the general basic fund for either the fiscal year
31 beginning July 1, 2006, or the fiscal year beginning
32 July 1, 2007, if the county had levied a rate of three
33 dollars and fifty cents per one thousand dollars of
34 valuation, as selected by the county.

35 b. For purposes of calculating maximum property
36 tax dollars for rural county services for the fiscal
37 year beginning July 1, 2008, only, the term "current
38 fiscal year's maximum property tax dollars" shall mean
39 the greater of the following:

40 (1) The actual taxes certified for the rural basic
41 fund for either the fiscal year beginning July 1,
42 2006, or the fiscal year beginning July 1, 2007, as
43 selected by the county.

44 (2) The taxes that could have been certified for
45 the rural basic fund for either the fiscal year
46 beginning July 1, 2006, or the fiscal year beginning
47 July 1, 2007, if the county had levied a rate of three
48 dollars and ninety-five cents per one thousand dollars
49 of valuation, as selected by the county.

50 c. Each county shall notify the department of

1 management by August 1, 2007, whether it will use the
2 fiscal year beginning July 1, 2006, or the fiscal year
3 beginning July 1, 2007, for the calculation under this
4 subsection. If a county does not notify the
5 department by August 1, 2007, the fiscal year used for
6 the calculation under this subsection shall be the
7 fiscal year beginning July 1, 2007.

8 5. Property taxes certified for deposit in the
9 county general and rural supplemental funds in section
10 331.424, the mental health, mental retardation, and
11 developmental disabilities services fund in section
12 331.424A, the cemetery fund in section 331.424B, the
13 emergency services fund in section 331.424C, the debt
14 service fund in section 331.430, any capital projects
15 fund established by the county for deposit of bond,
16 loan, or note proceeds, and any increase approved
17 pursuant to sections 331.425 and 331.426, are not
18 included in the maximum amount of property tax dollars
19 that may be certified for a budget year under
20 subsection 3.

21 6. The department of management, in consultation
22 with the county finance committee, shall adopt rules
23 to administer this section. The department shall
24 prescribe forms to be used by counties when making
25 calculations required by this section.

26 Sec. ____ . NEW SECTION. 331.423A ENDING FUND
27 BALANCE LIMITATION.

28 The county board of supervisors shall adopt a
29 resolution on or before January 1, 2008, establishing
30 a fund balance limitation in both the general basic
31 and rural basic funds. The fund balance limitation
32 shall be in the form of the unreserved, undesignated
33 fund balance in each fund, expressed as a percentage
34 of budgeted expenditures in the appropriate fund. The
35 board of supervisors may change the fund balance
36 limitation at any time after January 1, 2008, by
37 adopting a resolution stating the new fund balance
38 limitation.

39 Sec. ____ . Section 331.424B, Code 2005, is amended
40 to read as follows:

41 331.424B CEMETERY LEVY.

42 The board may levy annually a tax on all taxable
43 property in the county not to exceed six and three-
44 fourths cents per thousand dollars of the assessed
45 value of all taxable property in the county to repair
46 and maintain all cemeteries under the jurisdiction of
47 the board including pioneer cemeteries and to pay
48 other expenses of the board or the cemetery commission
49 as provided in section 331.325. The proceeds of the
50 tax levy shall be credited to the ~~county general~~

1 cemetery fund.

2 Sec. _____. Section 331.425, unnumbered paragraph 1,
3 Code 2005, is amended to read as follows:

4 The board may certify ~~an~~ for levy property tax
5 dollars in addition to a levy in excess of the amounts
6 otherwise permitted under sections 331.423, 331.424,
7 and 331.426 the maximum amount of property tax dollars
8 that may be levied, as computed under section 331.423,
9 for the general basic fund and the rural basic fund if
10 the proposition to certify an addition to a levy
11 additional property tax dollars has been submitted at
12 a special levy election and received a favorable
13 majority of the votes cast on the proposition. A
14 special levy election is subject to the following:

15 Sec. _____. Section 331.425, subsection 3, Code
16 2005, is amended by striking the subsection and
17 inserting in lieu thereof the following:

18 3. The proposition to exceed the maximum dollar
19 amount shall be substantially in the following form:

20 "Vote "yes" or "no" on the following question:

21 Shall the county of _____ levy for an
22 additional \$ _____ each year for _____ years beginning
23 July 1, _____, in excess of the statutory limits
24 otherwise applicable for the (general county services
25 or rural services) fund for the purposes of _____?"

26 Sec. _____. Section 331.426, Code 2005, is amended
27 to read as follows:

28 331.426 ~~ADDITIONS TO BASIC LEVIES~~ AUTHORITY TO
29 LEVY BEYOND MAXIMUM PROPERTY TAX DOLLARS -- UNUSUAL
30 CIRCUMSTANCES.

31 If a county has unusual circumstances, creating a
32 need for additional property ~~taxes~~ tax dollars for
33 general county services or rural county services in
34 excess of the maximum amount ~~that can be raised by the~~
35 ~~levies otherwise permitted under sections 331.423~~
36 ~~through 331.425~~ of property tax dollars computed under
37 section 331.423, the board may certify additions to
38 each of the basic levies as follows:

39 1. The basis for justifying ~~an~~ additional property
40 tax dollars under this section must be one or more of
41 the following:

- 42 a. An unusual increase in population as determined
- 43 by the preceding certified federal census.
- 44 b. A natural disaster or other emergency.
- 45 c. Unusual problems relating to major new
- 46 functions required by state law.
- 47 d. Unusual staffing problems.
- 48 e. Unusual need for additional moneys to permit
- 49 continuance of a program which provides substantial
- 50 benefit to county residents.

1 f. Unusual need for a new program which will
2 provide substantial benefit to county residents, if
3 the county establishes the need and the amount of
4 necessary increased cost.

5 g. A reduced or unusually low growth rate in the
6 property tax base of the county.

7 2. The public notice of a hearing on the county
8 budget required by section 331.434, subsection 3,
9 shall include the following additional information for
10 the applicable class of services:

11 a. A statement that the accompanying budget
12 summary requires a proposed basic property tax rate
13 exceeding the maximum rate ~~established by the general~~
14 ~~assembly based on maximum property tax dollars~~
15 computed under section 331.423.

16 b. A comparison of the proposed basic tax rate
17 with the maximum basic tax rate, and the dollar amount
18 of the difference between the proposed rate and the
19 maximum rate.

20 c. A statement of the major reasons for the
21 difference between the proposed basic tax rate and the
22 maximum basic tax rate.

23 The information required by this subsection shall
24 be published in a conspicuous form as prescribed by
25 the committee.

26 Sec. _____. Section 331.435, unnumbered paragraph 1,
27 Code 2005, is amended to read as follows:

28 The board may amend the adopted county budget,
29 subject to sections 331.423 through 331.426 and other
30 applicable state law, to permit increases in any class
31 of proposed expenditures contained in the certified
32 ~~budget summary published under section 331.434,~~
33 ~~subsection 3.~~

34 Sec. _____. Section 357B.8, subsection 2, paragraph
35 c, Code 2005, is amended to read as follows:

36 c. The benefited fire district shall certify the
37 tax levy as provided in this subsection only after
38 agreement granted by resolution of the city council.
39 The amount of the tax rate levied under this
40 subsection shall reduce by an equal amount the maximum
41 ~~tax levy amount of taxes authorized for the general~~
42 ~~fund of that city~~ levy under section 384.1. If the
43 district levies directly against property within a
44 city to provide fire protection for that city, the
45 city shall not be responsible for providing fire
46 protection as provided in section 364.16, and shall
47 have no liability for the method, manner, or means in
48 which the district provides the fire protection.

49 Sec. _____. Section 373.10, Code 2005, is amended to
50 read as follows:

1 373.10 TAXING AUTHORITY.

2 The metropolitan council shall have the authority
3 to levy city taxes to the extent the city tax levy
4 authority is transferred by the charter to the
5 metropolitan council. A member city shall transfer a
6 portion of the city's tax levy authorized under
7 section 384.1 or 384.12, whichever is applicable, to
8 the metropolitan council. The maximum ~~rates~~ amount of
9 taxes authorized to be levied under ~~sections~~ section
10 384.1 and the maximum rates of taxes authorized to be
11 levied under section 384.12 by a member city shall be
12 reduced by an amount equal to the rates of the same or
13 similar taxes levied in the city by the metropolitan
14 council.

15 Sec. ____ . Section 384.1, Code 2005, is amended by
16 striking the section and inserting in lieu thereof the
17 following:

18 384.1 PROPERTY TAX DOLLARS -- MAXIMUMS.

19 1. A city shall certify taxes to be levied by the
20 county on all taxable property within the city limits,
21 for all city government purposes. Annually, the city
22 council may certify basic levies for deposit in the
23 general fund, subject to the limitation on property
24 tax dollars provided in this section.

25 2. For purposes of this section and section
26 384.1A:

27 a. "Annual price index" means the sum of one plus
28 the change, computed to four decimal places, between
29 the preliminary price index for the third quarter of
30 the calendar year preceding the calendar year in which
31 the budget year begins and the revised price index for
32 the third quarter of the previous calendar year. The
33 price index used shall be the state and local
34 government chain-type price index used in the quantity
35 and price indexes for gross domestic product as
36 published by the United States department of commerce.

37 b. "Boundary adjustment" means annexation,
38 severance, incorporation, or discontinuance as those
39 terms are defined in section 368.1.

40 c. "Budget year" is the fiscal year beginning
41 during the calendar year in which a budget is
42 certified.

43 d. "Current fiscal year" is the fiscal year ending
44 during the calendar year in which a budget is
45 certified.

46 e. "Net new valuation taxes" means the amount of
47 property tax dollars equal to the certified general
48 rate for the current fiscal year for purposes of the
49 city general fund times the increase from the current
50 fiscal year to the budget year in taxable valuation

1 due to the following:
2 (1) New construction.
3 (2) Additions or improvements to existing
4 structures.
5 (3) Remodeling of existing structures for which a
6 building permit is required.
7 (4) Net boundary adjustment.
8 (5) A municipality no longer dividing tax revenues
9 in an urban renewal area as provided in section
10 403.19, to the extent that the incremental valuation
11 released is due to new construction or revaluation on
12 property newly constructed, additions or improvements
13 to existing property, net boundary adjustment, or
14 expiration of tax abatements, all occurring after the
15 division of revenue begins.
16 (6) That portion of taxable property located in an
17 urban revitalization area on which an exemption was
18 allowed and such exemption has expired.
19 3. a. For the fiscal year beginning July 1, 2008,
20 and subsequent fiscal years, the maximum amount of
21 property tax dollars which may be certified by a city
22 for the general fund shall be the maximum property tax
23 dollars calculated under paragraph "b".
24 b. The maximum property tax dollars that may be
25 levied for deposit in the general fund is an amount
26 equal to the sum of the following:
27 (1) The annual price index times the current
28 fiscal year's maximum property tax dollars for the
29 general fund.
30 (2) The amount of net new valuation taxes.
31 4. a. For purposes of calculating maximum
32 property tax dollars for the city general fund for the
33 fiscal year beginning July 1, 2008, only, the term
34 "current fiscal year's maximum property tax dollars"
35 shall mean the greater of the following:
36 (1) The actual taxes certified for the general
37 fund for either the fiscal year beginning July 1,
38 2006, or the fiscal year beginning July 1, 2007, as
39 selected by the city.
40 (2) The taxes that could have been certified for
41 the general fund for either the fiscal year beginning
42 July 1, 2006, or the fiscal year beginning July 1,
43 2007, if the city had levied a rate of eight dollars
44 and ten cents per one thousand dollars of valuation,
45 as selected by the city.
46 b. Each city shall notify the department of
47 management by August 1, 2007, whether it will use the
48 fiscal year beginning July 1, 2006, or the fiscal year
49 beginning July 1, 2007, for the calculation under this
50 subsection. If a city does not notify the department

1 by August 1, 2007, the fiscal year used for the
2 calculation under this subsection shall be the fiscal
3 year beginning July 1, 2007.

4 5. Property taxes certified for deposit in the
5 general fund do not include property taxes certified
6 for the debt service fund in section 384.4, trust and
7 agency funds in section 384.6, the capital
8 improvements reserve fund in section 384.7, any
9 capital projects fund established by the city for
10 deposit of bond, loan, or note proceeds, property
11 taxes collected from a voted levy in section 384.12,
12 and property taxes levied under section 384.12,
13 subsection 18, and any increase approved pursuant to
14 section 384.12A. Such taxes certified for these funds
15 and for these purposes shall not be included in the
16 maximum amount of property tax dollars that may be
17 certified for a budget year under subsection 3.

18 6. Notwithstanding the maximum amount of taxes a
19 city may certify for levy, the tax certified for levy
20 by a city on tracts of land and improvements on the
21 tracts of land used and assessed for agricultural or
22 horticultural purposes shall not exceed three dollars
23 and three-eighths cents per thousand dollars of
24 assessed value in any year. Improvements located on
25 such tracts of land and not used for agricultural or
26 horticultural purposes and all residential dwellings
27 are subject to the same rate of tax certified for levy
28 by the city on all other taxable property within the
29 city.

30 7. The department of management, in consultation
31 with the city finance committee, shall adopt rules to
32 administer this section. The department shall
33 prescribe forms to be used by cities when making
34 calculations required by this section.

35 Sec. ____ . NEW SECTION. 384.1A ENDING FUND
36 BALANCE LIMITATION.

37 The city council shall adopt a resolution on or
38 before January 1, 2008, establishing a fund balance
39 limitation for the city general fund. The fund
40 balance limitation shall be in the form of the
41 unreserved, undesignated fund balance in the fund,
42 expressed as a percentage of budgeted expenditures in
43 the fund. The city council may change the fund
44 balance limitation at any time after January 1, 2008,
45 by adopting a resolution stating the new fund balance
46 limitation.

47 Sec. ____ . Section 384.3, Code 2005, is amended to
48 read as follows:

49 384.3 GENERAL FUND.

50 All moneys received for city government purposes

1 from taxes and other sources must be credited to the
2 general fund of the city, except that moneys received
3 for the purposes of the debt service fund, the trust
4 and agency funds, the capital improvements reserve
5 fund, ~~the emergency fund~~ and other funds established
6 by state law must be deposited as otherwise required
7 or authorized by state law. All moneys received by a
8 city from the federal government must be reported to
9 the department of management who shall transmit a copy
10 to the legislative services agency.

11 Sec. ____ . Section 384.12, subsection 20,
12 unnumbered paragraph 1, Code 2005, is amended by
13 striking the unnumbered paragraph and inserting in
14 lieu thereof the following:

15 The city council may certify for levy property tax
16 dollars in addition to the maximum amount of property
17 tax dollars computed under section 384.1 provided the
18 question has been submitted at a special levy election
19 and received a simple majority of the votes cast on
20 the proposition.

21 Sec. ____ . Section 384.12, subsection 20, paragraph
22 c, Code 2005, is amended by striking the paragraph and
23 inserting in lieu thereof the following:

24 c. The proposition to exceed the maximum dollar
25 amount shall be substantially in the following form:

26 "Vote "yes" or "no" on the following question:
27 Shall the city of _____ levy for an additional
28 \$ _____ each year for _____ years beginning July 1,
29 _____, in excess of the statutory limits otherwise
30 applicable for the city general fund for the purposes
31 of _____?"

32 Sec. ____ . NEW SECTION. 384.12A AUTHORITY TO LEVY
33 BEYOND MAXIMUM PROPERTY TAX DOLLARS -- UNUSUAL
34 CIRCUMSTANCES.

35 If a city has unusual circumstances, creating a
36 need for additional property tax dollars in excess of
37 the maximum amount of property tax dollars computed
38 under section 384.1, the city council may certify
39 additional property tax dollars for deposit in the
40 general fund as follows:

- 41 1. The basis for justifying additional property
42 tax dollars under this section must be one or more of
43 the following:
 - 44 a. An unusual increase in population as determined
45 by the preceding certified federal census.
 - 46 b. A natural disaster or other emergency.
 - 47 c. Unusual problems relating to major new
48 functions required by state law.
 - 49 d. Unusual staffing problems.
 - 50 e. Unusual need for additional moneys to permit

1 continuance of a program which provides substantial
2 benefit to city residents.

3 f. Unusual need for a new program which will
4 provide substantial benefit to city residents, if the
5 city establishes the need and the amount of necessary
6 increased cost.

7 g. A reduced or unusually low growth rate in the
8 property tax base of the city.

9 2. The public notice of a hearing on the city
10 budget required by section 384.16 shall include the
11 following additional information for the applicable
12 class of services:

13 a. A statement that the accompanying budget
14 summary requires a proposed property tax rate
15 exceeding the maximum rate based on maximum property
16 tax dollars computed under section 384.1.

17 b. A comparison of the proposed basic tax rate
18 with the maximum basic tax rate, and the dollar amount
19 of the difference between the proposed rate and the
20 maximum rate.

21 c. A statement of the major reasons for the
22 difference between the proposed basic tax rate and the
23 maximum basic tax rate.

24 The information required by this subsection shall
25 be published in a conspicuous form as prescribed by
26 the city finance committee.

27 Sec. _____. Section 384.18, subsection 3, Code 2005,
28 is amended to read as follows:

29 3. To permit transfers from the debt service fund,
30 the capital improvements reserve fund, ~~the emergency~~
31 ~~fund~~, or other funds established by state law, to any
32 other city fund, unless specifically prohibited by
33 state law.

34 Sec. _____. Section 386.8, Code 2005, is amended to
35 read as follows:

36 386.8 OPERATION TAX.

37 A city may establish a self-supported improvement
38 district operation fund, and may certify taxes not to
39 exceed the rate limitation as established in the
40 ordinance creating the district, or any amendment
41 thereto, each year to be levied for the fund against
42 all of the property in the district, for the purpose
43 of paying the administrative expenses of the district,
44 which may include but are not limited to
45 administrative personnel salaries, a separate
46 administrative office, planning costs including
47 consultation fees, engineering fees, architectural
48 fees, and legal fees and all other expenses reasonably
49 associated with the administration of the district and
50 the fulfilling of the purposes of the district. The

1 taxes levied for this fund may also be used for the
2 purpose of paying maintenance expenses of improvements
3 or self-liquidating improvements for a specified
4 length of time with one or more options to renew if
5 such is clearly stated in the petition which requests
6 the council to authorize construction of the
7 improvement or self-liquidating improvement, whether
8 or not such petition is combined with the petition
9 requesting creation of a district. Parcels of
10 property which are assessed as residential property
11 for property tax purposes are exempt from the tax
12 levied under this section except residential
13 properties within a duly designated historic district.
14 A tax levied under this section is not subject to the
15 maximum dollars levy limitation in section 384.1.

16 Sec. _____. Section 386.9, Code 2005, is amended to
17 read as follows:

18 386.9 CAPITAL IMPROVEMENT TAX.

19 A city may establish a capital improvement fund for
20 a district and may certify taxes, not to exceed the
21 rate established by the ordinance creating the
22 district, or any subsequent amendment thereto, each
23 year to be levied for the fund against all of the
24 property in the district, for the purpose of
25 accumulating moneys for the financing or payment of a
26 part or all of the costs of any improvement or self-
27 liquidating improvement. However, parcels of property
28 which are assessed as residential property for
29 property tax purposes are exempt from the tax levied
30 under this section except residential properties
31 within a duly designated historic district. A tax
32 levied under this section is not subject to the
33 maximum dollars levy limitations limitation in section
34 384.1 or the levy rate limitation in section 384.7.

35 Sec. _____. Section 384.8, Code 2005, is repealed.

36 Sec. _____. APPLICABILITY DATE. This division of
37 this Act takes effect July 1, 2007, and applies to the
38 fiscal year beginning July 1, 2008, and all subsequent
39 fiscal years."

40 5. Title page, line 3, by inserting after the
41 word "requirements," the following: "imposing a
42 maximum dollars limitation on cities and counties and
43 including an applicability provision,".

44 6. By renumbering as necessary.

By SHOULTZ of Black Hawk

HOUSE FILE 847

H-1463

1 Amend House File 847 as follows:

2 1. Page 1, by striking lines 9 through 13, and
3 inserting the following: "are not essential services
4 unless notice is provided in the budget summary
5 required to be published by the county pursuant to
6 section 331.434. The notice shall include a listing
7 of the essential services, by".

8 2. Page 1, line 22, by striking the word
9 "services." and inserting the following: "services
10 unless notice of the reduced funding for essential
11 services is provided in this budget summary."

12 3. Page 1, line 24, by striking the figure "3."
13 and inserting the following: "2."

14 4. Page 2, by striking lines 7 through 11, and
15 inserting the following: "essential services unless
16 notice is provided in the budget summary required to
17 be published by the city pursuant to section 384.16.
18 The notice shall include a listing of the essential
19 services, by".

20 5. Page 2, line 20, by striking the word
21 "services." and inserting the following: "services
22 unless notice of the reduced funding for essential
23 services is provided in this budget summary."

24 6. Page 2, line 22, by striking the figure "3."
25 and inserting the following: "2."

26 7. Title page, line 2, by striking the word
27 "counties," and inserting the following: "counties
28 under certain circumstances,".

By HOGG of Linn

H-1463 FILED APRIL 21, 2005

OUT OF ORDER

HOUSE FILE 847

H-1466

1 Amend House File 847 as follows:

2 1. By striking page 1, line 1, through page 2,
3 line 30.

4 2. Title page, by striking lines 1 and 2, and
5 inserting the following: "An Act relating to property
6 taxation by modifying property".

By PAULSEN of Linn

SHOMSHOR of Pottawattamie

H-1466 FILED APRIL 21, 2005

ADOPTED

HOUSE FILE 847

H-1467

1 Amend House File 847 as follows:

2 1. Page 5, by inserting after line 15, the
3 following:

4 "Sec. ____ . NEW SECTION. 426C.1 COMMERCIAL AND
5 INDUSTRIAL PROPERTY TAX CREDIT -- FUND --
6 APPORTIONMENT -- PAYMENT.

7 1. A commercial and industrial property tax credit
8 fund is created. There is appropriated from the
9 general fund of the state to the department of revenue
10 to be credited to the commercial and industrial
11 property tax credit fund for the fiscal year beginning
12 July 1, 2006, and for each subsequent fiscal year, an
13 amount sufficient to pay the warrants required under
14 this chapter.

15 The director of the department of administrative
16 services shall issue warrants on the commercial and
17 industrial property tax credit fund payable to the
18 county treasurers of the several counties of the state
19 under this chapter.

20 2. The commercial and industrial property tax
21 credit fund shall be apportioned each year so as to
22 give a credit against the tax on eligible commercial
23 and industrial property in the state in an amount
24 equal to ten percent of the actual levy on the actual
25 value of such property.

26 3. The amount due each county shall be paid in two
27 payments on November 15 and March 15 of each fiscal
28 year, drawn upon warrants payable to the respective
29 county treasurers. The two payments shall be as
30 nearly equal as possible.

31 4. The amount of credits shall be apportioned by
32 each county treasurer to the several taxing districts
33 as provided by law, in the same manner as though the
34 amount of the credit had been paid by the owners.
35 However, the several taxing districts shall not draw
36 the funds so credited until after the semiannual
37 allocations have been received by the county
38 treasurer, as provided in this chapter.

39 Sec. ____ . NEW SECTION. 426C.2 COMPUTATION BY
40 AUDITOR.

41 On or before May 15, the county auditor shall
42 compute the amount of property taxes to be levied on
43 or estimated to be levied on all property eligible for
44 the commercial and industrial property tax credit
45 which are due and payable in the ensuing fiscal year
46 and on or before May 15 shall certify the total amount
47 to the department of revenue.

48 Sec. ____ . NEW SECTION. 426C.3 WARRANTS
49 AUTHORIZED BY DIRECTOR.

50 After receiving from the county auditors the

H-1467

1 certifications provided for in section 426C.2, and
2 during the following fiscal year, the director of
3 revenue shall authorize the department of
4 administrative services to draw warrants on the
5 commercial and industrial property tax credit fund
6 payable to the county treasurers as provided in
7 section 426C.1.

8 Sec. _____. NEW SECTION. 426C.4 APPORTIONMENT BY
9 AUDITOR.

10 The county auditor shall determine the amount to be
11 credited to each parcel of commercial or industrial
12 property, and shall enter upon tax lists as a credit
13 against the tax levied on each parcel of commercial or
14 industrial property on which there has been made an
15 allowance of credit before delivering said tax lists
16 to the county treasurer. Upon receipt of the warrant
17 by the county auditor, the auditor shall deliver the
18 warrant to the county treasurer for apportionment.
19 The county treasurer shall show on each tax receipt
20 the amount of tax credit for each parcel of business
21 property. In case of change of ownership the credit
22 shall follow the title.

23 Sec. _____. NEW SECTION. 426C.5 RULES.

24 The director of revenue shall prescribe forms and
25 rules, not inconsistent with this chapter, necessary
26 to carry out its purposes."

27 2. By striking page 8, line 16, through page 13,
28 line 23.

29 3. Page 20, by striking lines 26 through 29, and
30 inserting the following:

31 "Sec. _____. APPLICABILITY DATE. The sections of
32 this Act enacting chapter 426C apply to property taxes
33 due and payable in fiscal years beginning on or after
34 July 1, 2006."

35 4. Page 20, by inserting before line 30, the
36 following:

37 "Sec. _____. IMPLEMENTATION. The provisions of
38 section 25B.7 do not apply to the commercial and
39 industrial property tax credits established in this
40 Act."

41 5. Title page, by striking lines 5 through 7, and
42 inserting the following: "actions of local boards of
43 review, providing for a property tax credit for
44 property taxes due on commercial and industrial
45 property, making an appropriation, and providing an
46 applicability date."

47 6. By renumbering as necessary.

By HOGG of Linn

HOUSE FILE 847

H-1468

1 Amend the amendment, H-1467, to House File 847 as
2 follows:

3 1. Page 2, by striking lines 27 through 31, and
4 inserting the following:

5 " _____. Page 20, by striking line 26 and inserting
6 the following:

7 "Sec. _____. APPLICABILITY DATES.""

8 2. Page 2, line 32, by inserting before the word
9 "this" the following:

10 "1. The sections of".

11 3. Page 2, by inserting after line 34, the
12 following:

13 "2. The sections of this Act amending section
14 441.21, subsections 4 and 5, and enacting section
15 441.21, subsection 5A, apply retroactively to January
16 1, 2005, for assessment years beginning on or after
17 that date.""

18 4. Page 2, by striking lines 41 through 46, and
19 inserting the following:

20 " _____. Title page, by striking line 7, and
21 inserting the following: "providing for a property
22 tax credit for property taxes due on commercial and
23 industrial property, making an appropriation, and
24 providing a retroactive applicability and other
25 applicability dates.""

26 5. By renumbering as necessary.

By PAULSEN of Linn

H-1468 FILED APRIL 21, 2005

ADOPTED

H-1470

1 Amend House File 847 as follows:

2 1. Page 1, by inserting before line 1, the
3 following:

4 "DIVISION I

5 LOCAL BUDGETS -- ESSENTIAL SERVICES"

6 2. Page 2, by inserting before line 31 the
7 following:

8 "DIVISION II

9 COMMERCIAL AND INDUSTRIAL PROPERTY TAX CREDITS

10 Sec. ____ . NEW SECTION. 426C.1 COMMERCIAL AND
11 INDUSTRIAL PROPERTY TAX CREDIT -- FUND --
12 APPORTIONMENT -- PAYMENT.

13 1. A commercial and industrial property tax credit
14 fund is created. There is appropriated from the
15 general fund of the state to the department of revenue
16 to be credited to the commercial and industrial
17 property tax credit fund for the fiscal year beginning
18 July 1, 2006, and for each subsequent fiscal year, an
19 amount sufficient to pay the warrants required under
20 this chapter.

21 The director of the department of administrative
22 services shall issue warrants on the commercial and
23 industrial property tax credit fund payable to the
24 county treasurers of the several counties of the state
25 under this chapter.

26 2. The commercial and industrial property tax
27 credit fund shall be apportioned each year so as to
28 give a credit against the tax on eligible commercial
29 and industrial property in the state in an amount
30 equal to ten percent of the actual levy on the actual
31 value of such property.

32 3. The amount due each county shall be paid in two
33 payments on November 15 and March 15 of each fiscal
34 year, drawn upon warrants payable to the respective
35 county treasurers. The two payments shall be as
36 nearly equal as possible.

37 4. The amount of credits shall be apportioned by
38 each county treasurer to the several taxing districts
39 as provided by law, in the same manner as though the
40 amount of the credit had been paid by the owners.
41 However, the several taxing districts shall not draw
42 the funds so credited until after the semiannual
43 allocations have been received by the county
44 treasurer, as provided in this chapter.

45 Sec. ____ . NEW SECTION. 426C.2 COMPUTATION BY
46 AUDITOR.

47 On or before May 15, the county auditor shall
48 compute the amount of property taxes to be levied on
49 or estimated to be levied on all property eligible for
50 the commercial and industrial property tax credit

H-1470

1 which are due and payable in the ensuing fiscal year
2 and on or before May 15 shall certify the total amount
3 to the department of revenue.

4 Sec. ____ . NEW SECTION. 426C.3 WARRANTS
5 AUTHORIZED BY DIRECTOR.

6 After receiving from the county auditors the
7 certifications provided for in section 426C.2, and
8 during the following fiscal year, the director of
9 revenue shall authorize the department of
10 administrative services to draw warrants on the
11 commercial and industrial property tax credit fund
12 payable to the county treasurers as provided in
13 section 426C.1.

14 Sec. ____ . NEW SECTION. 426C.4 APPORTIONMENT BY
15 AUDITOR.

16 The county auditor shall determine the amount to be
17 credited to each parcel of commercial or industrial
18 property, and shall enter upon tax lists as a credit
19 against the tax levied on each parcel of commercial or
20 industrial property on which there has been made an
21 allowance of credit before delivering said tax lists
22 to the county treasurer. Upon receipt of the warrant
23 by the county auditor, the auditor shall deliver the
24 warrant to the county treasurer for apportionment.
25 The county treasurer shall show on each tax receipt
26 the amount of tax credit for each parcel of business
27 property. In case of change of ownership the credit
28 shall follow the title.

29 Sec. ____ . NEW SECTION. 426C.5 RULES.

30 The director of revenue shall prescribe forms and
31 rules, not inconsistent with this chapter, necessary
32 to carry out its purposes.

33 Sec. ____ . APPLICABILITY DATE. The sections of
34 this division of this Act apply to property taxes due
35 and payable in fiscal years beginning on or after July
36 1, 2006.

37 Sec. ____ . IMPLEMENTATION. The provisions of
38 section 25B.7 do not apply to the commercial and
39 industrial property tax credits established in this
40 division of this Act.

41 DIVISION III

42 PROPERTY ASSESSMENT"

43 3. Page 20, line 27, by inserting before the word
44 "Act" the following: "division of this".

45 4. Title page, line 2, by inserting after the
46 word "counties," the following: "providing for a
47 property tax credit for property taxes due on
48 commercial and industrial property,".

49 5. Title page, by striking lines 6 and 7, and
50 inserting the following: "assessment limitations of

H-1470

Page 3

1 certain classes of property, making an appropriation,
2 and providing retroactive and other applicability
3 dates."

By WISE of Lee

H-1470 FILED APRIL 21, 2005

WITHDRAWN

HOUSE FILE 847
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO HSB 289)

(As Amended and Passed by the House April 21, 2005)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by modifying property
2 assessment guidelines and notification requirements, creating
3 a property assessment appeal board to hear appeals of the
4 actions of local boards of review, tying together the
5 assessment limitations of certain classes of property, and
6 including a retroactive applicability date provision.

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

8

9

House Amendments _____

10

Deleted Language *

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HF 847

sc/es/25

*

1 Section 1. NEW SECTION. 421.1A PROPERTY ASSESSMENT
2 APPEAL BOARD.

3 1. A statewide property assessment appeal board is created
4 for the purpose of establishing a consistent, fair, and
5 equitable property assessment appeal process. The statewide
6 property assessment appeal board is established within the
7 department of revenue for administrative and budgetary
8 purposes. The board's principal office shall be in the office
9 of the department of revenue in the capital of the state.

10 2. a. The property assessment appeal board shall consist
11 of three members appointed to staggered six-year terms,
12 beginning and ending as provided in section 69.19, by the
13 governor and subject to confirmation by the senate. Subject
14 to confirmation by the senate, the governor shall appoint from
15 the members a chairperson of the board to a two-year term.
16 Vacancies on the board shall be filled for the unexpired
17 portion of the term in the same manner as regular appointments
18 are made. The term of office for the initial board shall
19 begin January 1, 2007.

20 b. Each member of the property assessment appeal board
21 shall be qualified by virtue of at least two years' experience
22 in the area of government, corporate, or private practice
23 relating to property appraisal and property tax
24 administration. One member of the board shall be a certified
25 real estate appraiser or hold a professional appraisal
26 designation, one member shall be an attorney practicing in the
27 area of state and local taxation or property tax appraisals,
28 and one member shall be a professional with experience in the
29 field of accounting or finance and with experience in state
30 and local taxation matters. No more than two members of the
31 board may be from the same political party as that term is
32 defined in section 43.2.

33 c. The property assessment appeal board shall organize by
34 appointing an executive secretary who shall take the same oath
35 of office as the members of the board. The board shall set

1 the salary of the executive secretary within the limits of the
2 pay plan for exempt positions provided for in section 8A.413,
3 subsection 2. The board may employ additional personnel as it
4 finds necessary.

5 3. At the election of a property owner or aggrieved
6 taxpayer or an appellant described in section 441.42, the
7 property assessment appeal board shall review any final
8 decision, finding, ruling, determination, or order of a local
9 board of review relating to protests of an assessment,
10 valuation, or application of an equalization order.

11 4. The property assessment appeal board may do all of the
12 following:

13 a. Affirm, reverse, or modify a final decision, finding,
14 ruling, determination, or order of a local board of review.

15 b. Order the payment or refund of property taxes in a
16 matter over which the board has jurisdiction.

17 c. Grant other relief or issue writs, orders, or
18 directives that the board deems necessary or appropriate in
19 the process of disposing of a matter over which the board has
20 jurisdiction.

21 d. Subpoena documents and witnesses and administer oaths.

22 e. Adopt administrative rules pursuant to chapter 17A for
23 the administration and implementation of its powers, including
24 rules for practice and procedure for protests filed with the
25 board, the manner in which hearings on appeals of assessments
26 shall be conducted, filing fees to be imposed by the board,
27 and for the determination of the correct assessment of
28 property which is the subject of an appeal.

29 f. Adopt administrative rules pursuant to chapter 17A
30 necessary for the preservation of order and the regulation of
31 proceedings before the board, including forms or notice and
32 the service thereof, which rules shall conform as nearly as
33 possible to those in use in the courts of this state.

34 5. The property assessment appeal board shall employ a
35 competent attorney to serve as its general counsel, and

1 assistants to the general counsel as it finds necessary for
2 the full and efficient discharge of its duties,
3 notwithstanding section 13.7. The general counsel is the
4 attorney for, and legal advisor of, the board. The general
5 counsel or an assistant to the general counsel shall provide
6 the necessary legal advice to the board in all matters and
7 shall represent the board in all actions instituted in a court
8 challenging the validity of a rule or order of the board. The
9 general counsel shall devote full time to the duties of the
10 office. During employment as general counsel to the board,
11 the counsel shall not be a member of a political committee,
12 contribute to a political campaign, participate in a political
13 campaign, or be a candidate for partisan political office.

14 6. The members of the property assessment appeal board
15 shall receive a salary commensurate with the salary of a
16 district judge. The members of the board, any administrative
17 law judges, and any employees of the board, when required to
18 travel in the discharge of official duties, shall be paid
19 their actual and necessary expenses incurred in the
20 performance of duties.

21 Sec. 2. Section 428.4, unnumbered paragraph 1, Code 2005,
22 is amended to read as follows:

23 Property shall be assessed for taxation each year. Real
24 estate shall be listed and assessed in 1981 and every two
25 years thereafter. The assessment of real estate shall be the
26 value of the real estate as of January 1 of the year of the
27 assessment. The year 1981 and each odd-numbered year
28 thereafter shall be a reassessment year. In any year, after
29 the year in which an assessment has been made of all the real
30 estate in an assessing jurisdiction, the assessor shall value
31 and assess or revalue and reassess, as the case may require,
32 any real estate that the assessor finds was incorrectly valued
33 or assessed, or was not listed, valued, and assessed, in the
34 assessment year immediately preceding, also any real estate
35 the assessor finds has changed in value subsequent to January

1 1 of the preceding real estate assessment year. However, a
2 percentage increase on a class of property shall not be made
3 in a year not subject to an equalization order unless ordered
4 by the department of revenue. The assessor shall determine
5 the actual value and compute the taxable value thereof as of
6 January 1 of the year of the revaluation and reassessment.
7 The assessment shall be completed as specified in section
8 441.28, but no reduction or increase in actual value shall be
9 made for prior years. If an assessor makes a change in the
10 valuation of the real estate as provided for, sections 441.23,
11 441.37, 441.37A, 441.38 and 441.39 apply.

12 Sec. 3. Section 441.19, subsection 4, Code 2005, is
13 amended to read as follows:

14 4. The supplemental returns ~~herein~~ provided for in this
15 section shall be preserved in the same manner as assessment
16 rolls, but shall be confidential to the assessor, board of
17 review, property assessment appeal board, or director of
18 revenue, and shall not be open to public inspection, but any
19 final assessment roll as made out by the assessor shall be a
20 public record, provided that such supplemental return shall be
21 available to counsel of either the person making the return or
22 of the public, in case any appeal is taken to the board of
23 review, to the property assessment appeal board, or to the
24 court.

25 Sec. 4. Section 441.21, subsection 1, Code 2005, is
26 amended by adding the following new paragraphs:

27 NEW PARAGRAPH. h. The assessor shall determine the value
28 of real property in accordance with rules adopted by the
29 department of revenue and in accordance with forms and
30 guidelines contained in the real property appraisal manual
31 prepared by the department as updated from time to time. Such
32 rules, forms, and guidelines shall not be inconsistent with or
33 change the means, as provided in this section, of determining
34 the actual, market, taxable, and assessed values. If the
35 director of revenue determines that an assessor has willfully

1 disregarded the rules of the department relating to valuation
2 of property or has willfully disregarded the forms and
3 guidelines contained in the real property appraisal manual,
4 the department shall take steps to withhold the reimbursement
5 payment authorized in section 425.1 to the county or city, as
6 applicable, until the director of revenue determines that the
7 assessor is in compliance. A county or city for which such
8 funds have been withheld may appeal the action of the
9 department to the state board of tax review. The department
10 shall adopt rules relating to application of this paragraph.

11 NEW PARAGRAPH. i. If the assessor wishes to use any
12 manuals, guidelines, or forms other than those prescribed by
13 the department of revenue, the assessor shall first receive
14 permission from the director of revenue.

15 Sec. 5. Section 441.21, subsection 2, Code 2005, is
16 amended to read as follows:

17 2. In the event market value of the property being
18 assessed cannot be readily established in the foregoing
19 manner, then the assessor may determine the value of the
20 property using the other uniform and recognized appraisal
21 methods including its productive and earning capacity, if any,
22 industrial conditions, its cost, physical and functional
23 depreciation and obsolescence and replacement cost, and all
24 other factors which would assist in determining the fair and
25 reasonable market value of the property but the actual value
26 shall not be determined by use of only one such factor. The
27 following shall not be taken into consideration: Special
28 value or use value of the property to its present owner, and
29 the good will or value of a business which uses the property
30 as distinguished from the value of the property as property.
31 However, in assessing property that is rented or leased to
32 low-income individuals and families as authorized by section
33 42 of the Internal Revenue Code, as amended, and which section
34 limits the amount that the individual or family pays for the
35 rental or lease of units in the property, the assessor shall

1 use the productive and earning capacity from the actual rents
2 received as a method of appraisal and shall take into account
3 the extent to which that use and limitation reduces the market
4 value of the property. The assessor shall not consider any
5 tax credit equity or other subsidized financing as income
6 provided to the property in determining the assessed value.
7 The property owner shall notify the assessor when property is
8 withdrawn from section 42 eligibility under the Internal
9 Revenue Code. The property shall not be subject to section 42
10 assessment procedures for the assessment year for which
11 section 42 eligibility is withdrawn. This notification must
12 be provided to the assessor no later than March 1 of the
13 assessment year or the owner will be subject to a penalty of
14 five hundred dollars for that assessment year. The penalty
15 shall be collected at the same time and in the same manner as
16 regular property taxes. Upon adoption of uniform rules by the
17 revenue department of revenue or succeeding authority covering
18 assessments and valuations of such properties, ~~said~~ the
19 valuation on such properties shall be determined in accordance
20 therewith with such rules and in accordance with forms and
21 guidelines contained in the real property appraisal manual
22 prepared by the department as updated from time to time for
23 assessment purposes to assure uniformity, but such rules,
24 forms, and guidelines shall not be inconsistent with or change
25 the foregoing means of determining the actual, market, taxable
26 and assessed values.

27 Sec. 6. Section 441.21, subsections 4 and 5, Code 2005,
28 are amended to read as follows:

29 4. For valuations established as of January 1, 1979, the
30 percentage of actual value at which agricultural and
31 residential property shall be assessed shall be the quotient
32 of the dividend and divisor as defined in this section. The
33 dividend for each class of property shall be the dividend as
34 determined for each class of property for valuations
35 established as of January 1, 1978, adjusted by the product

1 obtained by multiplying the percentage determined for that
2 year by the amount of any additions or deletions to actual
3 value, excluding those resulting from the revaluation of
4 existing properties, as reported by the assessors on the
5 abstracts of assessment for 1978, plus six percent of the
6 amount so determined. However, ~~if the difference between the~~
7 ~~dividend so determined for either class of property and the~~
8 ~~dividend for that class of property for valuations established~~
9 ~~as of January 1, 1978, adjusted by the product obtained by~~
10 ~~multiplying the percentage determined for that year by the~~
11 ~~amount of any additions or deletions to actual value,~~
12 ~~excluding those resulting from the revaluation of existing~~
13 ~~properties, as reported by the assessors on the abstracts of~~
14 ~~assessment for 1978, is less than six percent, the 1979~~
15 ~~dividend for the other class of property shall be the dividend~~
16 ~~as determined for that class of property for valuations~~
17 ~~established as of January 1, 1978, adjusted by the product~~
18 ~~obtained by multiplying the percentage determined for that~~
19 ~~year by the amount of any additions or deletions to actual~~
20 ~~value, excluding those resulting from the revaluation of~~
21 ~~existing properties, as reported by the assessors on the~~
22 ~~abstracts of assessment for 1978, plus a percentage of the~~
23 ~~amount so determined which is equal to the percentage by which~~
24 ~~the dividend as determined for the other class of property for~~
25 ~~valuations established as of January 1, 1978, adjusted by the~~
26 ~~product obtained by multiplying the percentage determined for~~
27 ~~that year by the amount of any additions or deletions to~~
28 ~~actual value, excluding those resulting from the revaluation~~
29 ~~of existing properties, as reported by the assessors on the~~
30 ~~abstracts of assessment for 1978, is increased in arriving at~~
31 ~~the 1979 dividend for the other class of property.~~ The
32 divisor for each class of property shall be the total actual
33 value of all such property in the state in the preceding year,
34 as reported by the assessors on the abstracts of assessment
35 submitted for 1978, plus the amount of value added to said

1 total actual value by the revaluation of existing properties
2 in 1979 as equalized by the director of revenue pursuant to
3 section 441.49. The director shall utilize information
4 reported on abstracts of assessment submitted pursuant to
5 section 441.45 in determining such percentage. For valuations
6 established as of January 1, 1980, and each year thereafter,
7 the percentage of actual value as equalized by the director of
8 revenue as provided in section 441.49 at which agricultural
9 and residential property shall be assessed shall be calculated
10 in accordance with the methods provided ~~herein-including-the~~
11 ~~limitation-of-increases-in-agricultural-and-residential~~
12 ~~assessed-values-to-the-percentage-increase-of-the-other-class~~
13 ~~of-property-if-the-other-class-increases-less-than-the~~
14 ~~allowable-limit-adjusted-to-include-the-applicable-and-current~~
15 ~~values-as-equalized-by-the-director-of-revenue~~ in this
16 subsection, except that any references to six percent in this
17 subsection shall be four percent. For valuations established
18 as of January 1, 2005, and each year thereafter, the
19 percentage of actual value as equalized by the director of
20 revenue as provided in section 441.49 at which agricultural
21 and residential property shall be assessed shall be calculated
22 in accordance with the methods provided in this subsection and
23 subsection 5A, except that any references to six percent in
24 this subsection shall be four percent.

25 5. For valuations established as of January 1, 1979,
26 commercial property and industrial property, excluding
27 properties referred to in section 427A.1, subsection 7, shall
28 be assessed as a percentage of the actual value of each class
29 of property. The percentage shall be determined for each
30 class of property by the director of revenue for the state in
31 accordance with the provisions of this section. For
32 valuations established as of January 1, 1979, the percentage
33 shall be the quotient of the dividend and divisor as defined
34 in this section. The dividend for each class of property
35 shall be the total actual valuation for each class of property

1 established for 1978, plus six percent of the amount so
2 determined. The divisor for each class of property shall be
3 the valuation for each class of property established for 1978,
4 as reported by the assessors on the abstracts of assessment
5 for 1978, plus the amount of value added to the total actual
6 value by the revaluation of existing properties in 1979 as
7 equalized by the director of revenue pursuant to section
8 441.49. For valuations established as of January 1, 1979,
9 property valued by the department of revenue pursuant to
10 chapters 428, 433, 437, and 438 shall be considered as one
11 class of property and shall be assessed as a percentage of its
12 actual value. The percentage shall be determined by the
13 director of revenue in accordance with the provisions of this
14 section. For valuations established as of January 1, 1979,
15 the percentage shall be the quotient of the dividend and
16 divisor as defined in this section. The dividend shall be the
17 total actual valuation established for 1978 by the department
18 of revenue, plus ten percent of the amount so determined. The
19 divisor for property valued by the department of revenue
20 pursuant to chapters 428, 433, 437, and 438 shall be the
21 valuation established for 1978, plus the amount of value added
22 to the total actual value by the revaluation of the property
23 by the department of revenue as of January 1, 1979. For
24 valuations established as of January 1, 1980, commercial
25 property and industrial property, excluding properties
26 referred to in section 427A.1, subsection 7, shall be assessed
27 at a percentage of the actual value of each class of property.
28 The percentage shall be determined for each class of property
29 by the director of revenue for the state in accordance with
30 the provisions of this section. For valuations established as
31 of January 1, 1980, the percentage shall be the quotient of
32 the dividend and divisor as defined in this section. The
33 dividend for each class of property shall be the dividend as
34 determined for each class of property for valuations
35 established as of January 1, 1979, adjusted by the product

1 obtained by multiplying the percentage determined for that
2 year by the amount of any additions or deletions to actual
3 value, excluding those resulting from the revaluation of
4 existing properties, as reported by the assessors on the
5 abstracts of assessment for 1979, plus four percent of the
6 amount so determined. The divisor for each class of property
7 shall be the total actual value of all such property in 1979,
8 as equalized by the director of revenue pursuant to section
9 441.49, plus the amount of value added to the total actual
10 value by the revaluation of existing properties in 1980. The
11 director shall utilize information reported on the abstracts
12 of assessment submitted pursuant to section 441.45 in
13 determining such percentage. For valuations established as of
14 January 1, 1980, property valued by the department of revenue
15 pursuant to chapters 428, 433, 437, and 438 shall be assessed
16 at a percentage of its actual value. The percentage shall be
17 determined by the director of revenue in accordance with the
18 provisions of this section. For valuations established as of
19 January 1, 1980, the percentage shall be the quotient of the
20 dividend and divisor as defined in this section. The dividend
21 shall be the total actual valuation established for 1979 by
22 the department of revenue, plus eight percent of the amount so
23 determined. The divisor for property valued by the department
24 of revenue pursuant to chapters 428, 433, 437, and 438 shall
25 be the valuation established for 1979, plus the amount of
26 value added to the total actual value by the revaluation of
27 the property by the department of revenue as of January 1,
28 1980. For valuations established as of January 1, 1981, and
29 each year thereafter, the percentage of actual value as
30 equalized by the director of revenue as provided in section
31 441.49 at which commercial property and industrial property,
32 excluding properties referred to in section 427A.1, subsection
33 7, shall be assessed shall be calculated in accordance with
34 the methods provided herein in this subsection, except that
35 any references to six percent in this subsection shall be four

1 percent. For valuations established as of January 1, 1981,
2 and each year thereafter, the percentage of actual value at
3 which property valued by the department of revenue pursuant to
4 chapters 428, 433, 437, and 438 shall be assessed shall be
5 calculated in accordance with the methods provided herein,
6 except that any references to ten percent in this subsection
7 shall be eight percent. Beginning with valuations established
8 as of January 1, 1979, and each year thereafter, property
9 valued by the department of revenue pursuant to chapter 434
10 shall also be assessed at a percentage of its actual value
11 which percentage shall be equal to the percentage determined
12 by the director of revenue for commercial property, industrial
13 property, or property valued by the department of revenue
14 pursuant to chapters 428, 433, 437, and 438, whichever is
15 lowest. For valuations established as of January 1, 2005, and
16 each year thereafter, the percentage of actual value as
17 equalized by the director of revenue as provided in section
18 441.49 at which commercial and industrial property shall be
19 assessed shall be calculated in accordance with the methods
20 provided in this subsection and subsection 5A, except that any
21 references to six percent in this subsection shall be four
22 percent.

23 Sec. 7. Section 441.21, Code 2005, is amended by adding
24 the following new subsection:

25 NEW SUBSECTION. 5A. Notwithstanding the limitation of
26 increases in subsection 4 and the limitation of increases for
27 commercial and industrial property in subsection 5, for
28 valuations established as of January 1, 2005, and each year
29 thereafter, for residential, agricultural, commercial, and
30 industrial property, the assessed values of these four classes
31 of property shall be limited to the percentage increase of
32 that class of property that is the lowest percentage increase
33 under the allowable limit adjusted to include the applicable
34 and current values as equalized by the director of revenue.

35 Sec. 8. Section 441.28, Code 2005, is amended to read as

1 follows:

2 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO TAXPAYER.

3 The assessment shall be completed not later than April 15
4 each year. If the assessor makes any change in an assessment
5 after it has been entered on the assessor's rolls, the
6 assessor shall note on ~~said~~ the roll, together with the
7 original assessment, the new assessment and the reason for the
8 change, together with the assessor's signature and the date of
9 the change. Provided, however, in the event the assessor
10 increases any assessment the assessor shall give notice of the
11 increase in writing ~~thereof~~ to the taxpayer by mail ~~prior to~~
12 ~~the meeting of the board of review~~ postmarked no later than
13 April 15. No changes shall be made on the assessment rolls
14 after April 15 except by order of the board of review or of
15 the property assessment appeal board, or by decree of court.

16 Sec. 9. Section 441.35, unnumbered paragraph 2, Code 2005,
17 is amended to read as follows:

18 In any year after the year in which an assessment has been
19 made of all of the real estate in any taxing district, ~~it~~
20 ~~shall be the duty of~~ the board of review ~~to~~ shall meet as
21 provided in section 441.33, and where ~~it~~ the board finds the
22 same has changed in value, ~~to~~ the board shall revalue and
23 reassess any part or all of the real estate contained in such
24 taxing district, and in such case, ~~it~~ the board shall
25 determine the actual value as of January 1 of the year of the
26 revaluation and reassessment and compute the taxable value
27 ~~thereof, and any.~~ Any aggrieved taxpayer may petition for a
28 revaluation of the taxpayer's property, but no reduction or
29 increase shall be made for prior years. If the assessment of
30 any such property is raised, or any property is added to the
31 tax list by the board, the clerk shall give notice in the
32 manner provided in section 441.36 ~~provided, however, that.~~
33 However, if the assessment of all property in any taxing
34 district is raised, the board may instruct the clerk to give
35 immediate notice by one publication in one of the official

1 newspapers located in the taxing district, and such published
2 notice shall take the place of the mailed notice provided for
3 in section 441.36, but all other provisions of said that
4 section shall apply. The decision of the board as to the
5 foregoing matters shall be subject to appeal to the property
6 assessment appeal board within the same time and in the same
7 manner as provided in section 441.37A and to the district
8 court within the same time and in the same manner as provided
9 in section 441.38.

10 Sec. 10. NEW SECTION. 441.37A APPEAL OF PROTEST TO
11 PROPERTY ASSESSMENT APPEAL BOARD.

12 1. For the assessment year beginning January 1, 2007, and
13 all subsequent assessment years, appeals may be taken from the
14 action of the board of review with reference to protests of
15 assessment, valuation, or application of an equalization order
16 to the property assessment appeal board created in section
17 421.1A. However, a property owner or aggrieved taxpayer or an
18 appellant described in section 441.42 may bypass the property
19 assessment appeal board and appeal the decision of the local
20 board of review to the district court pursuant to section
21 441.38. For an appeal to the property assessment appeal board
22 to be valid, written notice must be filed by the party
23 appealing the decision with the executive secretary of the
24 property assessment appeal board within twenty days after the
25 date the board of review's letter of disposition of the appeal
26 is postmarked to the party making the protest. The written
27 notice of appeal shall include a petition setting forth the
28 basis of the appeal and the relief sought. No new grounds in
29 addition to those set out in the protest to the local board of
30 review as provided in section 441.37 can be pleaded, but
31 additional evidence to sustain those grounds may be
32 introduced. The assessor shall have the same right to appeal
33 to the assessment appeal board as an individual taxpayer,
34 public body, or other public officer as provided in section
35 441.42.

1 Filing of the written notice of appeal and petition with
2 the executive secretary of the property assessment appeal
3 board shall preserve all rights of appeal of the appellant,
4 except as otherwise provided in subsection 2. A copy of the
5 appellant's written notice of appeal and petition shall be
6 mailed by the executive secretary of the property assessment
7 appeal board to the local board of review whose decision is
8 being appealed. In all cases where a change in assessed
9 valuation of one hundred thousand dollars or more is
10 petitioned for, the local board of review shall mail a copy of
11 the written notice of appeal and petition to all affected
12 taxing districts as shown on the last available tax list.

13 2. A party to the appeal may request a hearing or the
14 appeal may proceed without a hearing. If a hearing is
15 requested, the appellant and the local board of review from
16 which the appeal is taken shall be given at least thirty days'
17 written notice by the property assessment appeal board of the
18 date the appeal shall be heard and the local board of review
19 may be present and participate at such hearing. Notice to all
20 affected taxing districts shall be deemed to have been given
21 when written notice is provided to the local board of review.
22 Failure by the appellant to appear at the property assessment
23 appeal board hearing shall be grounds for dismissal of the
24 appeal unless a continuance is granted to the appellant. If
25 an appeal is dismissed for failure to appear, the property
26 assessment appeal board shall have no jurisdiction to consider
27 any subsequent appeal on the appellant's protest.

28 An appeal may be considered by less than a majority of the
29 members of the board, and the chairperson of the board may
30 assign members to consider appeals. Appeals to the property
31 assessment appeal board may also be considered by an
32 administrative law judge assigned by the division of
33 administrative hearings of the department of inspections and
34 appeals in accordance with section 10A.801. If a hearing is
35 requested, it shall be open to the public and shall be

1 conducted in accordance with the rules of practice and
2 procedure adopted by the board. However, any deliberation of
3 the officer considering the appeal in reaching a decision on
4 any appeal shall be confidential. The property assessment
5 appeal board, or any member of the board, or an administrative
6 law judge may require the production of any books, records,
7 papers, or documents as evidence in any matter pending before
8 the board that may be material, relevant, or necessary for the
9 making of a just decision. Any books, records, papers, or
10 documents produced as evidence shall become part of the record
11 of the appeal. Any testimony given relating to the appeal
12 shall be transcribed and made a part of the record of the
13 appeal.

14 3. a. The officer considering the appeal shall determine
15 anew all questions arising before the local board of review
16 which relate to the liability of the property to assessment or
17 the amount thereof. All of the evidence shall be considered
18 and there shall be no presumption as to the correctness of the
19 valuation of assessment appealed from. The property
20 assessment appeal board shall make a decision in each appeal
21 filed with the board. If the appeal is considered by less
22 than a majority of the board or by an administrative law
23 judge, the determination made by that person shall be
24 forwarded to the full board for approval, rejection, or
25 modification. If the initial determination is rejected by the
26 board, it shall be returned for reconsideration to the board
27 member or administrative law judge making the initial
28 determination. Any deliberation of the board regarding an
29 initial determination shall be confidential.

30 b. The decision of the board shall be considered the final
31 agency action for purposes of further appeal, except as
32 otherwise provided in section 441.49. The decision shall be
33 final unless appealed to district court as provided in section
34 441.38. The levy of taxes on any assessment appealed to the
35 board shall not be delayed by any proceeding before the board,

1 and if the assessment appealed from is reduced by the decision
2 of the board, any taxes levied upon that portion of the
3 assessment reduced shall be abated or, if already paid, shall
4 be refunded. If the subject of an appeal is the application
5 of an equalization order, the property assessment appeal board
6 shall not order a reduction in assessment greater than the
7 amount that the assessment was increased due to application of
8 the equalization order. Each party to the appeal shall be
9 responsible for the costs of the appeal incurred by that
10 party.

11 Sec. 11. Section 441.38, Code 2005, is amended to read as
12 follows:

13 441.38 APPEAL TO DISTRICT COURT.

14 1. Appeals may be taken from the action of the local board
15 of review with reference to protests of assessment, to the
16 district court of the county in which the board holds its
17 sessions within twenty days after its adjournment or May 31,
18 whichever date is later. Appeals may be taken from the action
19 of the property assessment appeal board to the district court
20 of the county where the property which is the subject of the
21 appeal is located within twenty days after the letter of
22 disposition of the appeal by the property assessment appeal
23 board is postmarked to the appellant. No new grounds in
24 addition to those set out in the protest to the local board of
25 review as provided in section 441.37, or in addition to those
26 set out in the appeal to the property assessment appeal board,
27 if applicable, can be pleaded, but additional evidence to
28 sustain those grounds may be introduced. The assessor shall
29 have the same right to appeal and in the same manner as an
30 individual taxpayer, public body or other public officer as
31 provided in section 441.42. Appeals shall be taken by filing
32 a written notice of appeal with the clerk of district court.
33 Filing of the written notice of appeal shall preserve all
34 rights of appeal of the appellant.

35 2. Notice of appeal shall be served as an original notice

1 on the chairperson, presiding officer, or clerk of the board
2 of review, and on the executive secretary of the property
3 assessment appeal board, if applicable, after the filing of
4 notice under subsection 1 with the clerk of district court.

5 Sec. 12. Section 441.39, Code 2005, is amended to read as
6 follows:

7 441.39 TRIAL ON APPEAL.

8 The If the appeal is from a decision of the local board of
9 review, the court shall hear the appeal in equity and
10 determine anew all questions arising before the board which
11 relate to the liability of the property to assessment or the
12 amount thereof. The court shall consider all of the evidence
13 and there shall be no presumption as to the correctness of the
14 valuation of assessment appealed from. If the appeal is from
15 a decision of the property assessment appeal board, the
16 court's review shall be limited to the correction of errors at
17 law. Its decision shall be certified by the clerk of the
18 court to the county auditor, and the assessor, who shall
19 correct the assessment books accordingly.

20 Sec. 13. Section 441.43, Code 2005, is amended to read as
21 follows:

22 441.43 POWER OF COURT.

23 Upon trial of any appeal from the action of the board of
24 review or of the property assessment appeal board fixing the
25 amount of assessment upon any property concerning which
26 complaint is made, the court may increase, decrease, or affirm
27 the amount of the assessment appealed from.

28 Sec. 14. Section 441.49, unnumbered paragraph 5, Code
29 2005, is amended to read as follows:

30 The local board of review shall reconvene in special
31 session from October 15 to November 15 for the purpose of
32 hearing the protests of affected property owners or taxpayers
33 within the jurisdiction of the board whose valuation of
34 property if adjusted pursuant to the equalization order issued
35 by the director of revenue will result in a greater value than

1 permitted under section 441.21. The board of review shall
2 accept protests only during the first ten days following the
3 date the local board of review reconvenes. The board of
4 review shall limit its review to only the timely filed
5 protests. The board of review may adjust all or a part of the
6 percentage increase ordered by the director of revenue by
7 adjusting the actual value of the property under protest to
8 one hundred percent of actual value. Any adjustment so
9 determined by the board of review shall not exceed the
10 percentage increase provided for in the director's
11 equalization order. The determination of the board of review
12 on filed protests is final, subject to appeal to the property
13 assessment appeal board. A final decision by the local board
14 of review, or the property assessment appeal board, if the
15 local board's decision is appealed, is subject to review by
16 the director of revenue for the purpose of determining whether
17 the board's actions substantially altered the equalization
18 order. In making the review, the director has all the powers
19 provided in chapter 421, and in exercising the powers the
20 director is not subject to chapter 17A. Not later than
21 fifteen days following the adjournment of the board, the board
22 of review shall submit to the director of revenue, on forms
23 prescribed by the director, a report of all actions taken by
24 the board of review during this session.

25 Sec. 15. Section 445.60, Code 2005, is amended to read as
26 follows:

27 445.60 REFUNDING ERRONEOUS TAX.

28 The board of supervisors shall direct the county treasurer
29 to refund to the taxpayer any tax or portion of a tax found to
30 have been erroneously or illegally paid, with all interest,
31 fees, and costs actually paid. A refund shall not be ordered
32 or made unless a claim for refund is presented to the board
33 within two years of the date the tax was due, or if appealed
34 to the board of review, the property assessment appeal board,
35 the state board of tax review, or district court, within two

1 years of the final decision.

2 Sec. 16. RETROACTIVE APPLICABILITY. The sections of this
3 Act amending section 441.21, subsections 4 and 5, and enacting
4 section 441.21, subsection 5A, apply retroactively to January
5 1, 2005, for assessment years beginning on or after that date.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 847 - Property Tax Reform II (LSB 3402 HV.1)

Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (dwayne.ferguson@legis.state.ia.us)

Fiscal Note Version – As Amended and Passed by the House

Description

House File 847 creates a Statewide Property Assessment Appeal Board to hear appeals of local boards of review for the assessment year beginning January 1, 2007. The appellant still may appeal directly to District Court, rather than going to the Statewide Board. An appellant who first appeals to the Statewide Board, may then appeal the Statewide Board's decision to District Court.

The Bill requires local assessors to use the forms and apply the guidelines contained in the Real Property Appraisal Manual prepared by the Department of Revenue. Willful disregard of the assessment rules, forms, and guidelines may result in the Department withholding the county's or city's homestead property tax credit reimbursements. The Bill provides for requesting permission from the Department of Revenue to use alternative guidelines and manuals and for appeal of the withheld funds.

The Bill ties together the taxable value growth limitations for residential, agricultural, commercial, and industrial property by limiting the increase to the lowest percentage for all of those classes or 4.0%, which ever is lower. This is retroactive to January 1, 2005, assessment year.

Assumptions

1. The Statewide Property Assessment Appeal Board estimate was based on the following assumptions:
 - a. The Board will have six employees beginning January 2007: three board members, an Executive Secretary, General Counsel, and a secretary.
 - b. The three board members' salaries will be comparable to a District Court Judge (\$112,000, plus 17.5% for benefits).
 - c. The Executive Secretary's salary will be similar to that of an executive secretary or executive director of a small agency (\$73,000, plus 26.0% for benefits).
 - d. The General Counsel's salary will be comparable to a mid-range Deputy Attorney General II salary (\$63,000, plus 26.0% for benefits).
 - e. The secretary's salary will be comparable to a mid-range Secretary 2 salary (\$33,000, plus 30.0% for benefits).
 - f. An Administrative Law Judge 2 is estimated to cost \$75,000 plus 26.0% for benefits. It is assumed the Board will not hire Administrative Law Judges until the second year of operation, and then according to demand.
 - g. Additional costs for office space, office equipment, and offices supplies will be incurred. To the extent that the Department of Revenue has space, equipment, and supplies available, these costs will be reduced. These costs are not included in the estimate.
 - h. The Board will likely incur travel and lodging expenses which are not estimated here.
 - i. The Board may request that the Department of Inspections and Appeals have an Administrative Law Judge hold assessment appeal hearings. The estimated cost of a hearing is \$362. There is no estimate of how many hearings will be handled in this manner.
 - j. It is assumed the Department of Revenue will request funding from the General Fund to operate the Board.

- k. In 2003, 456 local Board of Review assessment rulings were appealed to District Court. This type of case falls in the category of law and equity cases in a time-usage study conducted by the Judicial Branch. The average cost for cases of this type (including all outcomes – dismissals, settlements, and trial) was \$203 per case. The maximum savings if all cases are diverted would be approximately \$93,000. For those appeals of the Statewide Board's rulings, the Courts would experience some savings as the cases would be limited to corrections of errors instead of a de novo review.
2. The estimate for tying together of the taxable valuation growth for residential, agricultural, commercial, and industrial classes of property was based on the following assumptions:
 - a. For this example, the growth in property value and new construction would follow the same pattern in assessment years 2005 through 2014 as occurred between 1995 and 2004.
 - b. The agricultural class had the smallest growth rate for each assessment year 1995 through 2004 and would likewise have the smallest growth and provide the limit on growth for assessment years 2005 through 2014.
 - c. The pattern of rollbacks projected by the Department of Revenue for commercial and industrial valuations when tied to agricultural valuation growth would be repeated proportionately in assessment years 2005 through 2014, since all other growth patterns were being repeated for this projection.
 - d. The consolidated tax rate is \$35 per \$1,000 taxable valuation. The Uniform Levy remains at \$5.40 per \$1,000 of taxable valuation.
 - e. In regard to the School Foundation Formula, State Foundation Aid, paid from the General Fund, will increase to offset reductions in Uniform Levy revenues. The Additional Levy rate will increase to accommodate a decrease in taxable valuations.

Fiscal Impact

The Property Assessment Appeal Board will cost an estimated \$305,000 in salaries and benefits for the last six months of FY 2007, and an estimated \$611,000 for the whole year in FY 2008. There will be additional costs for office space, equipment, supplies, and for travel. If the Board hires administrative law judges, each one will increase salary and benefits costs by approximately \$94,000 annually. Each appeal referred to the Department of Inspections and Appeals to be heard by an administrative law judge will cost approximately \$362.

The Courts will likely experience some cost savings from reduced appeals of local Board of Review assessment appeal rulings, but these savings are not likely to be significant.

Creating rollbacks based on tying together residential, agricultural, commercial, and industrial classes taxable value growth will reduce the taxable valuations. If property tax rates are not increased, there will be a resulting decrease in revenues from property taxes. For example, if the pattern of the last ten years is repeated in the next ten years, the following reductions would occur if levy rates are not increased.

<u>Fiscal Year</u>	<u>Assessment Year</u>	<u>Proposed Law Taxable Value Change</u>	<u>\$35.00 Consolidated Levy</u>	<u>\$5.40 Uniform Levy</u>
2007	2005	\$ -1,479,715,312	\$ -51,790,036	\$ -7,990,463
2008	2006	-2,286,120,491	-80,014,217	-12,345,051
2009	2007	-2,665,145,744	-93,280,101	-14,391,787
2010	2008	-2,384,811,937	-83,468,418	-12,877,984
2011	2009	-2,682,261,070	-93,879,137	-14,484,210
2012	2010	-2,284,443,842	-79,955,534	-12,335,997
2013	2011	-3,828,746,098	-134,006,113	-20,675,229
2014	2012	-4,854,202,455	-169,897,086	-26,212,693
2015	2013	-7,250,859,440	-253,780,080	-39,154,641
2016	2014	-7,641,400,795	-267,449,028	-41,263,564

This example repeats the growth pattern of the last ten years and shows that revenues for taxing authorities would decrease by approximately \$51.8 million in the first year. The reduction would continue, reaching a \$267.4 million reduction after ten years. To the extent that taxing authorities can raise levy rates within established limits, they would not experience revenue reductions. The Uniform Levy decrease would be offset by increased State Foundation Aid for school districts, at a cost to the General Fund of \$8.0 million in the first year increasing annually to \$41.2 million after ten years. The \$5.40 Uniform Levy is included in the \$35.00 consolidated levy, and is identified separately to show the effect on the State General Fund.

Over the ten-year example, the proportion of property taxes paid by residential taxpayers would increase by 2.5%, agricultural taxpayers' proportion of taxes would increase by 0.7%, and commercial and industrial taxpayers' combined proportion would decrease by 3.3%.

These property tax estimates should be treated as an example since projected amounts will vary to the extent that the next ten years' growth differs from the preceding ten years.

Sources

Department of Management
Department of Revenue
Department of Inspections and Appeals
Office of the Attorney General
Judicial Branch
State Employees Salary Book
Iowa State Association of Counties

/s/ Holly M. Lyons

April 25, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Paulsen - ch.
Carroll
Kaufmann
Shultz
Shomshor

Succ^{ed} By
SF **0847**

HSB 289
WAYS AND MEANS

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation by requiring funding of
2 essential services by cities and counties, modifying property
3 assessment guidelines, creating a property assessment appeal
4 board to hear appeals of the actions of local boards of
5 review, tying together the assessment limitations of certain
6 classes of property, and including a retroactive applicability
7 date provision.

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

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1 Section 1. NEW SECTION. 25B.8 ESSENTIAL SERVICES FUNDING

2 -- ALTERNATIVES.

3 1. Counties and cities shall first include funding for
4 essential services in their budgets before budgeting for
5 services that are not essential services. A county or city is
6 prohibited from reducing funding for essential services
7 provided by the county or city from the level such services
8 were funded in the previous year.

9 2. For purposes of this section, "essential services"
10 means law enforcement, fire protection service, street lights,
11 water, sewage and sewage disposal, garbage pickup and garbage
12 disposal, landfills, roads and road maintenance, streets and
13 street maintenance, bridges and bridge maintenance, sidewalks
14 and sidewalk maintenance, snow removal, and local emergency
15 management, to the extent such essential services are mandated
16 by statute or have been provided in the discretion of the
17 county board of supervisors or city council.

18 Sec. 2. NEW SECTION. 421.1A PROPERTY ASSESSMENT APPEAL
19 BOARD.

20 1. A statewide property assessment appeal board is created
21 for the purpose of establishing a consistent, fair, and
22 equitable property assessment appeal process. The statewide
23 property assessment appeal board is established within the
24 department of revenue for administrative and budgetary
25 purposes. The board's principal office shall be in the office
26 of the department of revenue in the capital of the state.

27 2. a. The property assessment appeal board shall consist
28 of three members appointed to staggered six-year terms,
29 beginning and ending as provided in section 69.19, by the
30 governor and subject to confirmation by the senate. Subject
31 to confirmation by the senate, the governor shall appoint from
32 the members a chairperson of the board to a two-year term.
33 Vacancies on the board shall be filled for the unexpired
34 portion of the term in the same manner as regular appointments
35 are made. The term of office for the initial board shall

1 begin January 1, 2007.

2 b. Each member of the property assessment appeal board
3 shall be qualified by virtue of at least two years' experience
4 in the area of government, corporate, or private practice
5 relating to property appraisal and property tax
6 administration. One member of the board shall be a certified
7 real estate appraiser or hold a professional appraisal
8 designation, one member shall be an attorney practicing in the
9 area of state and local taxation or property tax appraisals,
10 and one member shall be a professional with experience in the
11 field of accounting or finance and with experience in state
12 and local taxation matters. No more than two members of the
13 board may be from the same political party as that term is
14 defined in section 43.2.

15 c. The property assessment appeal board shall organize by
16 appointing an executive secretary who shall take the same oath
17 of office as the members of the board. The board shall set
18 the salary of the executive secretary within the limits of the
19 pay plan for exempt positions provided for in section 8A.413,
20 subsection 2. The board may employ additional personnel as it
21 finds necessary.

22 3. At the election of a property owner or aggrieved
23 taxpayer or an appellant described in section 441.42, the
24 property assessment appeal board shall review any final
25 decision, finding, ruling, determination, or order of a local
26 board of review relating to protests of an assessment,
27 valuation, or application of an equalization order.

28 4. The property assessment appeal board may do all of the
29 following:

30 a. Affirm, reverse, or modify a final decision, finding,
31 ruling, determination, or order of a local board of review.

32 b. Order the payment or refund of property taxes in a
33 matter over which the board has jurisdiction.

34 c. Grant other relief or issue writs, orders, or
35 directives that the board deems necessary or appropriate in

1 the process of disposing of a matter over which the board has
2 jurisdiction.

3 d. Subpoena documents and witnesses and administer oaths.

4 e. Adopt administrative rules pursuant to chapter 17A for
5 the administration and implementation of its powers, including
6 rules for practice and procedure for protests filed with the
7 board, the manner in which hearings on appeals of assessments
8 shall be conducted, filing fees to be imposed by the board,
9 and for the determination of the correct assessment of
10 property which is the subject of an appeal.

11 f. Adopt administrative rules pursuant to chapter 17A
12 necessary for the preservation of order and the regulation of
13 proceedings before the board, including forms or notice and
14 the service thereof, which rules shall conform as nearly as
15 possible to those in use in the courts of this state.

16 5. The property assessment appeal board shall employ a
17 competent attorney to serve as its general counsel, and
18 assistants to the general counsel as it finds necessary for
19 the full and efficient discharge of its duties,
20 notwithstanding section 13.7. The general counsel is the
21 attorney for, and legal advisor of, the board. The general
22 counsel or an assistant to the general counsel shall provide
23 the necessary legal advice to the board in all matters and
24 shall represent the board in all actions instituted in a court
25 challenging the validity of a rule or order of the board. The
26 general counsel shall devote full time to the duties of the
27 office. During employment as general counsel to the board,
28 the counsel shall not be a member of a political committee,
29 contribute to a political campaign, participate in a political
30 campaign, or be a candidate for partisan political office.

31 6. The members of the property assessment appeal board
32 shall receive a salary commensurate with the salary of a
33 district judge. The members of the board, any administrative
34 law judges, and any employees of the board, when required to
35 travel in the discharge of official duties, shall be paid

1 their actual and necessary expenses incurred in the
2 performance of duties.

3 Sec. 3. Section 428.4, unnumbered paragraph 1, Code 2005,
4 is amended to read as follows:

5 Property shall be assessed for taxation each year. Real
6 estate shall be listed and assessed in 1981 and every two
7 years thereafter. The assessment of real estate shall be the
8 value of the real estate as of January 1 of the year of the
9 assessment. The year 1981 and each odd-numbered year
10 thereafter shall be a reassessment year. In any year, after
11 the year in which an assessment has been made of all the real
12 estate in an assessing jurisdiction, the assessor shall value
13 and assess or revalue and reassess, as the case may require,
14 any real estate that the assessor finds was incorrectly valued
15 or assessed, or was not listed, valued, and assessed, in the
16 assessment year immediately preceding, also any real estate
17 the assessor finds has changed in value subsequent to January
18 1 of the preceding real estate assessment year. However, a
19 percentage increase on a class of property shall not be made
20 in a year not subject to an equalization order unless ordered
21 by the department of revenue. The assessor shall determine
22 the actual value and compute the taxable value thereof as of
23 January 1 of the year of the revaluation and reassessment.
24 The assessment shall be completed as specified in section
25 441.28, but no reduction or increase in actual value shall be
26 made for prior years. If an assessor makes a change in the
27 valuation of the real estate as provided for, sections 441.23,
28 441.37, 441.37A, 441.38 and 441.39 apply.

29 Sec. 4. Section 441.19, subsection 4, Code 2005, is
30 amended to read as follows:

31 4. The supplemental returns herein provided for in this
32 section shall be preserved in the same manner as assessment
33 rolls, but shall be confidential to the assessor, board of
34 review, property assessment appeal board, or director of
35 revenue, and shall not be open to public inspection, but any

1 final assessment roll as made out by the assessor shall be a
2 public record, provided that such supplemental return shall be
3 available to counsel of either the person making the return or
4 of the public, in case any appeal is taken to the board of
5 review, to the property assessment appeal board, or to the
6 court.

7 Sec. 5. Section 441.21, subsection 1, Code 2005, is
8 amended by adding the following new paragraph:

9 NEW PARAGRAPH. h. The assessor shall determine the value
10 of real property in accordance with rules adopted by the
11 department of revenue and in accordance with forms and
12 guidelines contained in the real property appraisal manual
13 prepared by the department as updated from time to time. Such
14 rules, forms, and guidelines shall not be inconsistent with or
15 change the means, as provided in this section, of determining
16 the actual, market, taxable, and assessed values. If the
17 director of revenue determines that an assessor has willfully
18 disregarded the rules of the department relating to valuation
19 of property or has willfully disregarded the forms and
20 guidelines contained in the real property appraisal manual,
21 the department shall take steps to withhold the reimbursement
22 payment authorized in section 425.1 to the county or city, as
23 applicable, until the director of revenue determines that the
24 assessor is in compliance. The department shall adopt rules
25 relating to application of this paragraph.

26 Sec. 6. Section 441.21, subsection 2, Code 2005, is
27 amended to read as follows:

28 2. In the event market value of the property being
29 assessed cannot be readily established in the foregoing
30 manner, then the assessor may determine the value of the
31 property using the other uniform and recognized appraisal
32 methods including its productive and earning capacity, if any,
33 industrial conditions, its cost, physical and functional
34 depreciation and obsolescence and replacement cost, and all
35 other factors which would assist in determining the fair and

1 reasonable market value of the property but the actual value
2 shall not be determined by use of only one such factor. The
3 following shall not be taken into consideration: Special
4 value or use value of the property to its present owner, and
5 the good will or value of a business which uses the property
6 as distinguished from the value of the property as property.
7 However, in assessing property that is rented or leased to
8 low-income individuals and families as authorized by section
9 42 of the Internal Revenue Code, as amended, and which section
10 limits the amount that the individual or family pays for the
11 rental or lease of units in the property, the assessor shall
12 use the productive and earning capacity from the actual rents
13 received as a method of appraisal and shall take into account
14 the extent to which that use and limitation reduces the market
15 value of the property. The assessor shall not consider any
16 tax credit equity or other subsidized financing as income
17 provided to the property in determining the assessed value.
18 The property owner shall notify the assessor when property is
19 withdrawn from section 42 eligibility under the Internal
20 Revenue Code. The property shall not be subject to section 42
21 assessment procedures for the assessment year for which
22 section 42 eligibility is withdrawn. This notification must
23 be provided to the assessor no later than March 1 of the
24 assessment year or the owner will be subject to a penalty of
25 five hundred dollars for that assessment year. The penalty
26 shall be collected at the same time and in the same manner as
27 regular property taxes. Upon adoption of uniform rules by the
28 revenue department of revenue or succeeding authority covering
29 assessments and valuations of such properties, ~~said~~ the
30 valuation on such properties shall be determined in accordance
31 therewith with such rules and in accordance with forms and
32 guidelines contained in the real property appraisal manual
33 prepared by the department as updated from time to time for
34 assessment purposes to assure uniformity, but such rules,
35 forms, and guidelines shall not be inconsistent with or change

1 the foregoing means of determining the actual, market, taxable
2 and assessed values.

3 Sec. 7. Section 441.21, subsections 4 and 5, Code 2005,
4 are amended to read as follows:

5 4. For valuations established as of January 1, 1979, the
6 percentage of actual value at which agricultural and
7 residential property shall be assessed shall be the quotient
8 of the dividend and divisor as defined in this section. The
9 dividend for each class of property shall be the dividend as
10 determined for each class of property for valuations
11 established as of January 1, 1978, adjusted by the product
12 obtained by multiplying the percentage determined for that
13 year by the amount of any additions or deletions to actual
14 value, excluding those resulting from the revaluation of
15 existing properties, as reported by the assessors on the
16 abstracts of assessment for 1978, plus six percent of the
17 amount so determined. ~~However, if the difference between the~~
18 ~~dividend so determined for either class of property and the~~
19 ~~dividend for that class of property for valuations established~~
20 ~~as of January 1, 1978, adjusted by the product obtained by~~
21 ~~multiplying the percentage determined for that year by the~~
22 ~~amount of any additions or deletions to actual value,~~
23 ~~excluding those resulting from the revaluation of existing~~
24 ~~properties, as reported by the assessors on the abstracts of~~
25 ~~assessment for 1978, is less than six percent, the 1979~~
26 ~~dividend for the other class of property shall be the dividend~~
27 ~~as determined for that class of property for valuations~~
28 ~~established as of January 1, 1978, adjusted by the product~~
29 ~~obtained by multiplying the percentage determined for that~~
30 ~~year by the amount of any additions or deletions to actual~~
31 ~~value, excluding those resulting from the revaluation of~~
32 ~~existing properties, as reported by the assessors on the~~
33 ~~abstracts of assessment for 1978, plus a percentage of the~~
34 ~~amount so determined which is equal to the percentage by which~~
35 ~~the dividend as determined for the other class of property for~~

1 valuations-established-as-of-January-17-19787-adjusted-by-the
2 product-obtained-by-multiplying-the-percentage-determined-for
3 that-year-by-the-amount-of-any-additions-or-deletions-to
4 actual-value7-excluding-those-resulting-from-the-revaluation
5 of-existing-properties7-as-reported-by-the-assessors-on-the
6 abstracts-of-assessment-for-19787-is-increased-in-arriving-at
7 the-1979-dividend-for-the-other-class-of-property. The
8 divisor for each class of property shall be the total actual
9 value of all such property in the state in the preceding year,
10 as reported by the assessors on the abstracts of assessment
11 submitted for 1978, plus the amount of value added to said
12 total actual value by the revaluation of existing properties
13 in 1979 as equalized by the director of revenue pursuant to
14 section 441.49. The director shall utilize information
15 reported on abstracts of assessment submitted pursuant to
16 section 441.45 in determining such percentage. For valuations
17 established as of January 1, 1980, and each year thereafter,
18 the percentage of actual value as equalized by the director of
19 revenue as provided in section 441.49 at which agricultural
20 and residential property shall be assessed shall be calculated
21 in accordance with the methods provided herein-including-the
22 limitation-of-increases-in-agricultural-and-residential
23 assessed-values-to-the-percentage-increase-of-the-other-class
24 of-property-if-the-other-class-increases-less-than-the
25 allowable-limit-adjusted-to-include-the-applicable-and-current
26 values-as-equalized-by-the-director-of-revenue in this
27 subsection, except that any references to six percent in this
28 subsection shall be four percent. For valuations established
29 as of January 1, 2005, and each year thereafter, the
30 percentage of actual value as equalized by the director of
31 revenue as provided in section 441.49 at which agricultural
32 and residential property shall be assessed shall be calculated
33 in accordance with the methods provided in this subsection and
34 subsection 5A, except that any references to six percent in
35 this subsection shall be four percent.

1 5. For valuations established as of January 1, 1979,
2 commercial property and industrial property, excluding
3 properties referred to in section 427A.1, subsection 7, shall
4 be assessed as a percentage of the actual value of each class
5 of property. The percentage shall be determined for each
6 class of property by the director of revenue for the state in
7 accordance with the provisions of this section. For
8 valuations established as of January 1, 1979, the percentage
9 shall be the quotient of the dividend and divisor as defined
10 in this section. The dividend for each class of property
11 shall be the total actual valuation for each class of property
12 established for 1978, plus six percent of the amount so
13 determined. The divisor for each class of property shall be
14 the valuation for each class of property established for 1978,
15 as reported by the assessors on the abstracts of assessment
16 for 1978, plus the amount of value added to the total actual
17 value by the revaluation of existing properties in 1979 as
18 equalized by the director of revenue pursuant to section
19 441.49. For valuations established as of January 1, 1979,
20 property valued by the department of revenue pursuant to
21 chapters 428, 433, 437, and 438 shall be considered as one
22 class of property and shall be assessed as a percentage of its
23 actual value. The percentage shall be determined by the
24 director of revenue in accordance with the provisions of this
25 section. For valuations established as of January 1, 1979,
26 the percentage shall be the quotient of the dividend and
27 divisor as defined in this section. The dividend shall be the
28 total actual valuation established for 1978 by the department
29 of revenue, plus ten percent of the amount so determined. The
30 divisor for property valued by the department of revenue
31 pursuant to chapters 428, 433, 437, and 438 shall be the
32 valuation established for 1978, plus the amount of value added
33 to the total actual value by the revaluation of the property
34 by the department of revenue as of January 1, 1979. For
35 valuations established as of January 1, 1980, commercial

1 property and industrial property, excluding properties
2 referred to in section 427A.1, subsection 7, shall be assessed
3 at a percentage of the actual value of each class of property.
4 The percentage shall be determined for each class of property
5 by the director of revenue for the state in accordance with
6 the provisions of this section. For valuations established as
7 of January 1, 1980, the percentage shall be the quotient of
8 the dividend and divisor as defined in this section. The
9 dividend for each class of property shall be the dividend as
10 determined for each class of property for valuations
11 established as of January 1, 1979, adjusted by the product
12 obtained by multiplying the percentage determined for that
13 year by the amount of any additions or deletions to actual
14 value, excluding those resulting from the revaluation of
15 existing properties, as reported by the assessors on the
16 abstracts of assessment for 1979, plus four percent of the
17 amount so determined. The divisor for each class of property
18 shall be the total actual value of all such property in 1979,
19 as equalized by the director of revenue pursuant to section
20 441.49, plus the amount of value added to the total actual
21 value by the revaluation of existing properties in 1980. The
22 director shall utilize information reported on the abstracts
23 of assessment submitted pursuant to section 441.45 in
24 determining such percentage. For valuations established as of
25 January 1, 1980, property valued by the department of revenue
26 pursuant to chapters 428, 433, 437, and 438 shall be assessed
27 at a percentage of its actual value. The percentage shall be
28 determined by the director of revenue in accordance with the
29 provisions of this section. For valuations established as of
30 January 1, 1980, the percentage shall be the quotient of the
31 dividend and divisor as defined in this section. The dividend
32 shall be the total actual valuation established for 1979 by
33 the department of revenue, plus eight percent of the amount so
34 determined. The divisor for property valued by the department
35 of revenue pursuant to chapters 428, 433, 437, and 438 shall

1 be the valuation established for 1979, plus the amount of
2 value added to the total actual value by the revaluation of
3 the property by the department of revenue as of January 1,
4 1980. For valuations established as of January 1, 1981, and
5 each year thereafter, the percentage of actual value as
6 equalized by the director of revenue as provided in section
7 441.49 at which commercial property and industrial property,
8 excluding properties referred to in section 427A.1, subsection
9 7, shall be assessed shall be calculated in accordance with
10 the methods provided herein in this subsection, except that
11 any references to six percent in this subsection shall be four
12 percent. For valuations established as of January 1, 1981,
13 and each year thereafter, the percentage of actual value at
14 which property valued by the department of revenue pursuant to
15 chapters 428, 433, 437, and 438 shall be assessed shall be
16 calculated in accordance with the methods provided herein,
17 except that any references to ten percent in this subsection
18 shall be eight percent. Beginning with valuations established
19 as of January 1, 1979, and each year thereafter, property
20 valued by the department of revenue pursuant to chapter 434
21 shall also be assessed at a percentage of its actual value
22 which percentage shall be equal to the percentage determined
23 by the director of revenue for commercial property, industrial
24 property, or property valued by the department of revenue
25 pursuant to chapters 428, 433, 437, and 438, whichever is
26 lowest. For valuations established as of January 1, 2005, and
27 each year thereafter, the percentage of actual value as
28 equalized by the director of revenue as provided in section
29 441.49 at which commercial and industrial property shall be
30 assessed shall be calculated in accordance with the methods
31 provided in this subsection and subsection 5A, except that any
32 references to six percent in this subsection shall be four
33 percent.

34 Sec. 8. Section 441.21, Code 2005, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 5A. Notwithstanding the limitation of
2 increases in subsection 4 and the limitation of increases for
3 commercial and industrial property in subsection 5, for
4 valuations established as of January 1, 2005, and each year
5 thereafter, for residential, agricultural, commercial, and
6 industrial property, the assessed values of these four classes
7 of property shall be limited to the percentage increase of
8 that class of property that is the lowest percentage increase
9 under the allowable limit adjusted to include the applicable
10 and current values as equalized by the director of revenue.

11 Sec. 9. Section 441.28, Code 2005, is amended to read as
12 follows:

13 441.28 ASSESSMENT ROLLS -- CHANGE -- NOTICE TO TAXPAYER.

14 The assessment shall be completed not later than April 15
15 each year. If the assessor makes any change in an assessment
16 after it has been entered on the assessor's rolls, the
17 assessor shall note on said the roll, together with the
18 original assessment, the new assessment and the reason for the
19 change, together with the assessor's signature and the date of
20 the change. Provided, however, in the event the assessor
21 increases any assessment the assessor shall give notice in
22 writing thereof to the taxpayer by mail prior to the meeting
23 of the board of review. No changes shall be made on the
24 assessment rolls after April 15 except by order of the board
25 of review or of the property assessment appeal board, or by
26 decree of court.

27 Sec. 10. Section 441.35, unnumbered paragraph 2, Code
28 2005, is amended to read as follows:

29 In any year after the year in which an assessment has been
30 made of all of the real estate in any taxing district, ~~it~~
31 ~~shall be the duty of~~ the board of review to shall meet as
32 provided in section 441.33, and where ~~it~~ the board finds the
33 same has changed in value, ~~to~~ the board shall revalue and
34 reassess any part or all of the real estate contained in such
35 taxing district, and in such case, ~~it~~ the board shall

1 determine the actual value as of January 1 of the year of the
2 revaluation and reassessment and compute the taxable value
3 thereof, ~~and any.~~ Any aggrieved taxpayer may petition for a
4 revaluation of the taxpayer's property, but no reduction or
5 increase shall be made for prior years. If the assessment of
6 any such property is raised, or any property is added to the
7 tax list by the board, the clerk shall give notice in the
8 manner provided in section 441.36, ~~provided, however, that,~~
9 However, if the assessment of all property in any taxing
10 district is raised, the board may instruct the clerk to give
11 immediate notice by one publication in one of the official
12 newspapers located in the taxing district, and such published
13 notice shall take the place of the mailed notice provided for
14 in section 441.36, but all other provisions of ~~said~~ that
15 section shall apply. The decision of the board as to the
16 foregoing matters shall be subject to appeal to the property
17 assessment appeal board within the same time and in the same
18 manner as provided in section 441.37A and to the district
19 court within the same time and in the same manner as provided
20 in section 441.38.

21 Sec. 11. NEW SECTION. 441.37A APPEAL OF PROTEST TO
22 PROPERTY ASSESSMENT APPEAL BOARD.

23 1. For the assessment year beginning January 1, 2007, and
24 all subsequent assessment years, appeals may be taken from the
25 action of the board of review with reference to protests of
26 assessment, valuation, or application of an equalization order
27 to the property assessment appeal board created in section
28 421.1A. However, a property owner or aggrieved taxpayer or an
29 appellant described in section 441.42 may bypass the property
30 assessment appeal board and appeal the decision of the local
31 board of review to the district court pursuant to section
32 441.38. For an appeal to the property assessment appeal board
33 to be valid, written notice must be filed by the party
34 appealing the decision with the executive secretary of the
35 property assessment appeal board within twenty days after the

1 date the board of review's letter of disposition of the appeal
2 is postmarked to the party making the protest. The written
3 notice of appeal shall include a petition setting forth the
4 basis of the appeal and the relief sought. No new grounds in
5 addition to those set out in the protest to the local board of
6 review as provided in section 441.37 can be pleaded, but
7 additional evidence to sustain those grounds may be
8 introduced. The assessor shall not have the same right to
9 appeal to the assessment appeal board as an individual
10 taxpayer, public body, or other public officer as provided in
11 section 441.42.

12 Filing of the written notice of appeal and petition with
13 the executive secretary of the property assessment appeal
14 board shall preserve all rights of appeal of the appellant,
15 except as otherwise provided in subsection 2. A copy of the
16 appellant's written notice of appeal and petition shall be
17 mailed by the executive secretary of the property assessment
18 appeal board to the local board of review whose decision is
19 being appealed. In all cases where a change in assessed
20 valuation of one hundred thousand dollars or more is
21 petitioned for, the local board of review shall mail a copy of
22 the written notice of appeal and petition to all affected
23 taxing districts as shown on the last available tax list.

24 2. A party to the appeal may request a hearing or the
25 appeal may proceed without a hearing. If a hearing is
26 requested, the appellant and the local board of review from
27 which the appeal is taken shall be given at least thirty days'
28 written notice by the property assessment appeal board of the
29 date the appeal shall be heard and the local board of review
30 may be present and participate at such hearing. Notice to all
31 affected taxing districts shall be deemed to have been given
32 when written notice is provided to the local board of review.
33 Failure by the appellant to appear at the property assessment
34 appeal board hearing shall be grounds for dismissal of the
35 appeal unless a continuance is granted to the appellant. If

1 an appeal is dismissed for failure to appear, the property
2 assessment appeal board shall have no jurisdiction to consider
3 any subsequent appeal on the appellant's protest.

4 An appeal may be considered by less than a majority of the
5 members of the board, and the chairperson of the board may
6 assign members to consider appeals. Appeals to the property
7 assessment appeal board may also be considered by an
8 administrative law judge assigned by the division of
9 administrative hearings of the department of inspections and
10 appeals in accordance with section 10A.801. If a hearing is
11 requested, it shall be open to the public and shall be
12 conducted in accordance with the rules of practice and
13 procedure adopted by the board. However, any deliberation of
14 the officer considering the appeal in reaching a decision on
15 any appeal shall be confidential. The property assessment
16 appeal board, or any member of the board, or an administrative
17 law judge may require the production of any books, records,
18 papers, or documents as evidence in any matter pending before
19 the board that may be material, relevant, or necessary for the
20 making of a just decision. Any books, records, papers, or
21 documents produced as evidence shall become part of the record
22 of the appeal. Any testimony given relating to the appeal
23 shall be transcribed and made a part of the record of the
24 appeal.

25 3. a. The officer considering the appeal shall determine
26 anew all questions arising before the local board of review
27 which relate to the liability of the property to assessment or
28 the amount thereof. All of the evidence shall be considered
29 and there shall be no presumption as to the correctness of the
30 valuation of assessment appealed from. The property
31 assessment appeal board shall make a decision in each appeal
32 filed with the board. If the appeal is considered by less
33 than a majority of the board or by an administrative law
34 judge, the determination made by that person shall be
35 forwarded to the full board for approval, rejection, or

1 modification. If the initial determination is rejected by the
2 board, it shall be returned for reconsideration to the board
3 member or administrative law judge making the initial
4 determination. Any deliberation of the board regarding an
5 initial determination shall be confidential.

6 b. The decision of the board shall be considered the final
7 agency action for purposes of further appeal, except as
8 otherwise provided in section 441.49. The decision shall be
9 final unless appealed to district court as provided in section
10 441.38. The levy of taxes on any assessment appealed to the
11 board shall not be delayed by any proceeding before the board,
12 and if the assessment appealed from is reduced by the decision
13 of the board, any taxes levied upon that portion of the
14 assessment reduced shall be abated or, if already paid, shall
15 be refunded. If the subject of an appeal is the application
16 of an equalization order, the property assessment appeal board
17 shall not order a reduction in assessment greater than the
18 amount that the assessment was increased due to application of
19 the equalization order. Each party to the appeal shall be
20 responsible for the costs of the appeal incurred by that
21 party.

22 Sec. 12. Section 441.38, Code 2005, is amended to read as
23 follows:

24 441.38 APPEAL TO DISTRICT COURT.

25 1. Appeals may be taken from the action of the local board
26 of review with reference to protests of assessment, to the
27 district court of the county in which the board holds its
28 sessions within twenty days after its adjournment or May 31,
29 whichever date is later. Appeals may be taken from the action
30 of the property assessment appeal board to the district court
31 of the county where the property which is the subject of the
32 appeal is located within twenty days after the letter of
33 disposition of the appeal by the property assessment appeal
34 board is postmarked to the appellant. No new grounds in
35 addition to those set out in the protest to the local board of

1 review as provided in section 441.37, or in addition to those
2 set out in the appeal to the property assessment appeal board,
3 if applicable, can be pleaded, but additional evidence to
4 sustain those grounds may be introduced. The assessor shall
5 have the same right to appeal and in the same manner as an
6 individual taxpayer, public body or other public officer as
7 provided in section 441.42. Appeals shall be taken by filing
8 a written notice of appeal with the clerk of district court.
9 Filing of the written notice of appeal shall preserve all
10 rights of appeal of the appellant.

11 2. Notice of appeal shall be served as an original notice
12 on the chairperson, presiding officer, or clerk of the board
13 of review, and on the executive secretary of the property
14 assessment appeal board, if applicable, after the filing of
15 notice under subsection 1 with the clerk of district court.

16 Sec. 13. Section 441.39, Code 2005, is amended to read as
17 follows:

18 441.39 TRIAL ON APPEAL.

19 The If the appeal is from a decision of the local board of
20 review, the court shall hear the appeal in equity and
21 determine anew all questions arising before the board which
22 relate to the liability of the property to assessment or the
23 amount thereof. The court shall consider all of the evidence
24 and there shall be no presumption as to the correctness of the
25 valuation of assessment appealed from. If the appeal is from
26 a decision of the property assessment appeal board, the
27 court's review shall be limited to the correction of errors at
28 law. Its decision shall be certified by the clerk of the
29 court to the county auditor, and the assessor, who shall
30 correct the assessment books accordingly.

31 Sec. 14. Section 441.43, Code 2005, is amended to read as
32 follows:

33 441.43 POWER OF COURT.

34 Upon trial of any appeal from the action of the board of
35 review or of the property assessment appeal board fixing the

1 amount of assessment upon any property concerning which
2 complaint is made, the court may increase, decrease, or affirm
3 the amount of the assessment appealed from.

4 Sec. 15. Section 441.49, unnumbered paragraph 5, Code
5 2005, is amended to read as follows:

6 The local board of review shall reconvene in special
7 session from October 15 to November 15 for the purpose of
8 hearing the protests of affected property owners or taxpayers
9 within the jurisdiction of the board whose valuation of
10 property if adjusted pursuant to the equalization order issued
11 by the director of revenue will result in a greater value than
12 permitted under section 441.21. The board of review shall
13 accept protests only during the first ten days following the
14 date the local board of review reconvenes. The board of
15 review shall limit its review to only the timely filed
16 protests. The board of review may adjust all or a part of the
17 percentage increase ordered by the director of revenue by
18 adjusting the actual value of the property under protest to
19 one hundred percent of actual value. Any adjustment so
20 determined by the board of review shall not exceed the
21 percentage increase provided for in the director's
22 equalization order. The determination of the board of review
23 on filed protests is final, subject to appeal to the property
24 assessment appeal board. A final decision by the local board
25 of review, or the property assessment appeal board, if the
26 local board's decision is appealed, is subject to review by
27 the director of revenue for the purpose of determining whether
28 the board's actions substantially altered the equalization
29 order. In making the review, the director has all the powers
30 provided in chapter 421, and in exercising the powers the
31 director is not subject to chapter 17A. Not later than
32 fifteen days following the adjournment of the board, the board
33 of review shall submit to the director of revenue, on forms
34 prescribed by the director, a report of all actions taken by
35 the board of review during this session.

1 Sec. 16. Section 445.60, Code 2005, is amended to read as
2 follows:

3 445.60 REFUNDING ERRONEOUS TAX.

4 The board of supervisors shall direct the county treasurer
5 to refund to the taxpayer any tax or portion of a tax found to
6 have been erroneously or illegally paid, with all interest,
7 fees, and costs actually paid. A refund shall not be ordered
8 or made unless a claim for refund is presented to the board
9 within two years of the date the tax was due, or if appealed
10 to the board of review, the property assessment appeal board,
11 the state board of tax review, or district court, within two
12 years of the final decision.

13 Sec. 17. RETROACTIVE APPLICABILITY. The sections of this
14 Act amending section 441.21, subsections 4 and 5, and enacting
15 section 441.21, subsection 5A, apply retroactively to January
16 1, 2005, for assessment years beginning on or after that date.

17 EXPLANATION

18 This bill makes changes relating to property taxation by
19 enacting and amending provisions relating to funding of city
20 and county budgets and relating to assessment of property.

21 The bill requires that counties and cities shall first fund
22 essential services before budgeting for services that are not
23 essential services. The bill defines "essential services".

24 The bill creates a statewide property assessment appeal
25 board to hear appeals from action taken by local boards of
26 review effective for the assessment year beginning January 1,
27 2007. However, an aggrieved taxpayer or property owner may
28 bypass the statewide property assessment appeal board and
29 appeal a decision of the local board of review directly to
30 district court. The bill provides that the property
31 assessment appeal board is created within the department of
32 revenue. A decision of the property assessment appeal board
33 may be appealed to district court.

34 The bill requires local assessors, when assessing property,
35 to use the forms and apply the guidelines contained in the

1 real property appraisal manual prepared by the department of
2 revenue. If the department determines that an assessor, when
3 assessing property, is willfully disregarding rules, forms,
4 and guidelines of the department, the department shall take
5 steps to withhold the county's or city's homestead property
6 tax credit reimbursement by the state until the assessor
7 complies with the rules, forms, and guidelines.

8 The bill ties together the assessment limitations of
9 residential, agricultural, commercial, and industrial property
10 by limiting the percentage increase in all of those classes of
11 property to the percentage increase of that class of property
12 that is the lowest percentage increase under the allowable (4
13 percent) limit. This portion of the bill applies
14 retroactively to January 1, 2005, for assessment years
15 beginning on or after that date.

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