

Joint Property Tax Reform Proposal for the 2006 Legislative Session



This proposal is streamlined from the original Joint Property Tax Reform Proposal developed by the League and the Iowa State Association of Counties for the 2005 Legislative Session. The original proposal contains additional background information.

Section One - Rollback and Property Tax Limitation

- The rollback (4% assessment limitation) is eliminated for all property classes
 - Fixed assessment ratios
 - ♦ Residential - Phase-in to 50% of market (minimum exemption of \$10,000)
 - ♦ Commercial - Phase-in to 100% of market
 - ♦ Industrial - 100% of market
 - ♦ Agricultural - 100% of productivity
 - * Ag dwellings + first acre of land are residential
 - * Productivity formula expanded to 10 years going forward
- Property tax revenue limitation
 - Applies separately to general basic and rural basic funds for counties, and general fund for cities.
 - Base year of FY 2008
 - ♦ Base revenue amount is actual taxes plus unused levy capacity.
 - Revenue limitation increases by:
 - ♦ GPI inflation factor;
 - ♦ New construction valuation:
 - * Equal to current year levy rate X new taxable valuation.
 - Unlimited carryover levy capacity
 - ♦ Limit always based on prior year maximum, not prior year actual.
 - Ability to exceed limit with public notice.
 - ♦ Subject to reverse referendum upon petition of 10% of those voting in last general election.

Section Two - Property Tax Credits

- Homestead credit is eliminated.
 - State shall increase school funding to offset.
- Military credit/exemption transferred to refundable income tax credit.
- Ag land and family farm credits combined, using criteria for family farm credit.
- No changes to low-income elderly and disabled credit.

Section Three - Assessment, Budgeting and Implementation

- Informal assessment reviews allowed with assessor prior to appeal to board of review.
- Multi-jurisdiction assessors allowed.
- Equalization orders will be applied prior to assessment rolls being mailed out.
- Onsite assessment inspections required decennially.
- Assessors' special appraisal fund combined with assessment expense fund.
- Assessors will be able to keep confidential income/expense information.
- New budget publication form will highlight effect of budget on sample taxpayers.
- An implementation committee with adequate funding will monitor the implementation of this act and recommend any necessary changes to the property tax system.