

## FREQUENTLY ASKED QUESTIONS

[What is a Homestead Credit?](#)

[What is a Military Exemption?](#)

[How do I apply or find out if I qualify for the Homestead Credit or Military Exemption?](#)

[I have applied for the Homestead Credit and/or Military Exemption, but I don't see them on my property tax bill?](#)

[What other Credits and Exemptions may I be eligible for?](#)

[How is the Assessor appointed?](#)

[What is the Conference Board?](#)

[How does the Assessor determine the value of my property?](#)

[What is classification?](#)

[How Does the Assessor Estimate Market Value?](#)

[How often is my property reassessed?](#)

[When are Assessment Notices mailed?](#)

[What do I do if I disagree with the Assessed Value of my property?](#)

[What is the Board of Review and who are the members?](#)

[What is the Property Assessment Appeal Board and who are the members?](#)

[What is an Equalization Order?](#)

[How is an Equalization Order Determined?](#)

[How will I know if my property receives an Equalization Order?](#)

[My assessment has not changed, why have my property taxes increased?](#)

[What is Taxable Value?](#)

[What is a Rollback?](#)

[What is a Levy Rate?](#)

[What does Property Tax pay for?](#)

## **What is a Homestead Credit?**

The homestead credit is a property tax credit for residents of the state of Iowa who own and occupy their homestead on July 1 and for at least six months of the calendar year. It is a tax credit funded by the State of Iowa for qualifying homeowners, and is based on the first \$4,850 of actual value of the homestead.

## **What is a Military Exemption?**

Veterans who served in active duty and who were honorably discharged are eligible to receive a military exemption on their property taxes. If you served in the military and were on active duty for 18 months you are eligible for a military exemption. Pursuant to Iowa law, the reduction in taxable value is determined by the dates and amount of time the veteran served in active duty. The reduction of taxable value for World War I veterans is \$2,778 and \$1,852 for all other periods of service. Former and current members of the Iowa National Guard and reserve forces need not have performed active duty if they served at least 20 years.

## **How do I apply or find out if I qualify for the Homestead Credit or Military Exemption?**

Your local assessor has forms that you need to complete, sign, and file for the homestead credit and/or military exemption. That office can also tell you the qualifications for each. Iowa law provides for a number of exemptions and credits, including homestead credit and military exemption. It is the property owner's responsibility to apply for these as provided by law at the Assessor's office in their jurisdiction. If the property you were occupying as a homestead is sold, or if you cease to use the property as a homestead you are required to report this to the assessor in whose jurisdiction the property is located.

## **I have applied for the Homestead Credit and/or Military Exemption, but I don't see them on my property tax bill?**

Depending on when the homestead credit application or military exemption application was signed by the property owner, it may more than 24 months for the credit or exemption to appear on the property tax statement. July 1 of the current assessment year is the deadline for filing for the homestead credit or military exemption for the current assessment year. If the July 1 deadline is missed, the exemption or credit will not be applicable until the next assessment year.

As an example, if a property owner applied for the homestead credit on July 2, 2009, they have missed the July 1 deadline for assessment year 2009. The property owner is now applying for the homestead credit for assessment year 2010. The property owner will not receive a property tax statement for levies against the 2010 taxable value until Aug or Sept 2011.

## **What other Credits and Exemptions may I be eligible for?**

There are several more exemptions that may be applied for at your local assessor's office. Each type of exemption has specific criteria and rules. Some are one time sign up and others must be applied for annually. Please check with your local assessor to see if you qualify for any of the following:

- Barn & One-Room Schoolhouse
- Data Center Business Property Exemption
- Disabled and Senior Citizens Property Tax Credit/Rent Reimbursement
- Disabled Veterans' Homestead
- Family Farm Credit
- Forest & Fruit Tree Reservations
- Impoundment Structures
- Industrial Property, Research Service Facilities, Warehouses, Distribution Center and Cattle Facilities
- Low Rent Housing
- Methane Gas Conversion Property
- Mobile Home Reduced Tax Rate
- Manufactured Home Community or Mobile Home Park Storm Shelter
- Native Prairie/Wetland
- Pollution Control and Recycling
- Religious, Literary, and Charitable Societies
- Special Assessment for Elderly and Disabled
- Speculative Shell
- Urban Revitalization
- Web Search Portal
- Wildlife Habitat
- Wind Energy Property

### **How is the Assessor appointed?**

The local assessor is appointed by a conference board to a six year term. All assessors must have successfully passed the assessor exam given by the Department of Revenue. Each assessor must successfully complete 150 hours of formal continuing education in order to be eligible for reappointment.

### **What is the Conference Board?**

The conference board for the county assessor is comprised of the county supervisors, the mayors of incorporated towns in the county, and a school board member from each school district in the county. The conference board for the city assessor is comprised of the county supervisors, city council members, and the school board members.

### **How does the Assessor determine the value of my property?**

Depending on the classification of the property, the assessment is to represent the market value of the property unless otherwise provided by Iowa Code. Residential, agricultural dwellings, commercial, and industrial classed properties are to be assessed at market value. Changes in market value as indicated by research, sales ratio studies and analysis of local conditions as well as economic

trends both in and outside the construction industry are used in determining your assessment. Agricultural land and buildings are valued on productivity and net earning capacity.

### **What is classification?**

Real estate parcels are annually assigned a property classification by the assessor. This classification is to be consistent with the primary use of the property. There are four classifications of property in Iowa. These classes are agricultural, residential, commercial, and industrial. Classification may not necessarily be the same as the zoning of the property.

### **What is Market Value?**

Market value of a property is an estimate of the price that it would sell for on the open market on January 1st of the year of assessment. This is sometimes referred to as the 'arms length transaction' or 'willing buyer/willing seller' concept.

### **How Does the Assessor Estimate Market Value?**

To estimate the market value of your property, the Assessor generally uses three approaches. The first approach is to find properties that are comparable to yours which have sold recently. Local conditions peculiar to your property are taken into consideration. The assessor also uses sales ratio studies to determine the general level of assessment in a community, in order to adjust for local conditions. This method is generally referred to as the MARKET APPROACH and usually considered the most important in determining the value of residential property. The second approach is the COST APPROACH and is an estimate of how many dollars at current labor and material prices it would take to replace your property with one similar to it. In the event improvement is not new, appropriate amounts for depreciation and obsolescence would be deducted from replacement value. Value of the land then would be added to arrive at the total estimate of value. The INCOME APPROACH is the third method used if your property produces income such as an apartment or office building. In that case, your property could be valued according to its ability to produce income under prudent management; in other words, what another investor would give for a property in order to gain its income. The income approach is the most complex of the three approaches because of the research, information and analysis necessary for an accurate estimate of value. This method requires thorough knowledge of local and national financial conditions, as well as any developmental trends in the area of the subject property being appraised since errors or inaccurate information can seriously affect the final estimate of value.

### **How often is my property reassessed?**

State law requires all properties to be reassessed every two years. Current law requires the reassessment to occur in odd numbered years. If necessary, assessors may reassess property every year.

### **When are Assessment Notices mailed?**

Assessment notices are mailed on or before April 15<sup>th</sup> whenever there is a change in assessment to a taxpayer's property.

### **What do I do if I disagree with the Assessed Value of my property?**

Property owners who would like to challenge their assessment may file a written appeal with the local board of review between April 16<sup>th</sup> and May 5<sup>th</sup>. In odd numbered years when an equalization order is issued by the Department of Revenue, property owners may file a written appeal between October 16<sup>th</sup> and October 25<sup>th</sup>. Petition forms to the board of review are available at the local assessor's office.

### **What is the Board of Review and who are the members?**

The local board of review is composed of either three or five members who are familiar with local market conditions and trends. According to Iowa law, one member must be a farmer, one a licensed real estate broker, and one a registered architect or contractor. The board of review reviews all petitions and has the power to confirm or to adjust upward or downward any assessment. The Board operates independently of the Assessor's office.

### **What is the Property Assessment Appeal Board and who are the members?**

The Property Assessment Appeal Board (PAAB) is a state agency created for the purpose of establishing a consistent, fair and equitable property assessment appeal process. Decisions of the local Board of Review may be appealed to PAAB. One member of the board shall be a certified real estate appraiser or hold a professional appraisal designation, one member shall be an attorney practicing in the area of state and local taxation or property tax appraisals, and one member shall be a professional with experience in the field of accounting or finance and with experience in state and local taxation matters.

### **What is an Equalization Order?**

The Iowa Department of Revenue imposes equalization orders in odd-numbered years for each property class, except industrial, in each of the 107 assessing jurisdictions. Equalization is accomplished by increasing or decreasing the aggregate valuations for certain classes of property within assessing jurisdictions by the percentage necessary to adjust the level of assessment to actual value.

### **How is an Equalization Order Determined?**

The Iowa Department of Revenue is responsible for "equalizing" assessments every two years. Following is a general explanation of the purpose of equalization. The Department compares the assessors' abstracts to a "sales assessment ratio study" it has completed independently of the assessors. If the assessment (by property class) is 5 percent or more above or below the sales ratio study, the Department increases or decreases the assessment. (There is no sales ratio study for agricultural and industrial property.) Equalization occurs on an entire class of property, not on individual property. Also, equalization occurs on an assessing jurisdiction basis, not on a statewide basis. Equalization

is important because it helps maintain equitable assessments among classes of property and among assessing jurisdictions. This contributes to a more fair distribution of state aid, such as aid to schools. It also helps to equally distribute the total tax burden within the area.

### **How will I know if my property receives an Equalization Order?**

A notice will be issued in each jurisdiction receiving an equalization order. The notice will be published in the newspaper which is the "official publication" for the jurisdiction. The press release will be issued on or around October 1<sup>st</sup> in odd numbered years.

### **My assessment has not changed, why have my property taxes increased?**

Each year, assessed values are subject to a rollback factor determined by the Director of Revenue creating a taxable value. Property tax is calculated by applying a levy rate to the taxable value. Levy rates and rollbacks change from year to year therefore adjusting the amount of property tax.

### **What is Taxable Value?**

Taxable value is the value determined by the county auditor after application of a rollback factor to the assessed value. Taxable value is calculated by multiplying the rollback rate for the correct property class by the equalized 100% actual value.

### **What is a Rollback?**

The rollback rate is a statewide rate set annually for each property class by the Iowa Department of Revenue. More than 20 years ago, residential property values were rising quickly. To help cushion the impact of high inflation, the Legislature passed an assessment limitation law called rollback. Increases in assessed values for residential and agricultural property are subject to this assessment limitation formula. If the statewide increase in values of homes and farms exceeds 4 percent due to revaluation, their values are "rolled back" so that the total increase statewide is 4 percent. Rollback is also available for industrial and commercial property when necessary. This does not mean that the assessment on your home will increase by only 4 percent. The rollback is applied on a class of property, not an individual property. This means that the statewide total taxable value can increase by only 4 percent due to revaluation.

### **What is a Levy Rate?**

There are a number of different taxing districts in a jurisdiction, each with a different levy rate. Each year the county auditor determines for that district a levy rate that will yield enough money to fund the different entities in that district. The entities include local schools, counties, cities, townships, community colleges, local assessors, and others. Since more than one taxing authority is calculating a tax rate for the property, all the rates are added together, resulting in a single tax levy called a consolidated levy. This consolidated levy is always the result of two or more tax rates established by different government entities.

## What does Property Tax pay for?

- K-12 Schools
- Counties
- Cities
- Hospitals
- Merged Area Schools
- Assessors
- Townships
- Agricultural Extension District
- Miscellaneous

## Who Receives Property Tax

