

SF 295 Overview

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Property Tax Reform – SF 295

- Business Property Tax Credit
 - Commercial/Industrial Rollback
 - Property Assessment Limitation
 - Multi-residential Property
 - Telecommunications Property
 - Property Assessment Appeals Board
 - Assessment and Protest Timeline
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Property Tax Reform – SF 295

- Business Property Tax Credit
 - \$125 million state appropriation per year when fully implemented
 - Available for commercial, industrial, and railway property
 - With the credit in place, the first \$145,000 (est.) of taxable value will pay the equivalent of the residential rate
 - Applies to property taxes due and payable in FY 2015 and after
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Property Tax Reform – SF 295

- Commercial/Industrial Rollback
 - Rollback of 95% for AY2013 and 90% for AY2014 for commercial, industrial, and railway property
 - Standing appropriation to backfill local governments for reduction in future revenue (commercial/industrial only)
 - Appropriation will fully fund the reduction in FY2015–FY2017, with future years capped at the FY2017 dollar amount
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Property Tax Reform – SF 295

- Property Assessment Limitation
 - Residential and Agricultural property remain coupled for purposes of property assessment limitation
 - Valuation growth for both classes limited to the lesser percentage growth of the two
 - Permissible allowable valuation growth percentage reduced from 4% to 3%
 - Retroactive to AY2013
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Property Tax Reform – SF 295

- Multi-residential Property
 - Creates new multi-residential classification that would include apartments, assisted living facilities, mobile home parks, etc.
 - 10 year phase-in with 3.75% reduction in taxable value per year until AY2022 when it becomes coupled with the rollback of residential property
 - No backfill to local governments for reduction in future revenue
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Property Tax Reform – SF 295

- Telecommunications Property
 - Property tax exemption based on value for telecommunications property
 - Full implementation by AY2014 with exemption equal to the sum of:
 - 40% of value between \$0 - \$20 million
 - 35% of value between \$20 - \$55 million
 - 25% of value between \$55 million - \$500 million
 - 20% of value over \$500 million
 - No backfill to local governments for reduction in future revenue
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Property Tax Reform – SF 295

- Assessment and Protest Timeline
 - Property assessments must be completed and assessment rolls mailed by April 1
 - Property owners may request an informal review of their assessment(s) by the assessor between April 1 and May 4
 - Filing period for protest to the board of review changed to April 7 through May 5
 - Protests may be filed electronically if allowed by the local board of review
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Property Tax Reform – SF 295

- Property Assessment Appeals Board
 - Extends repeal date to July 1, 2018
 - Requires that two PAAB members be certified property appraisers and one member be a tax or appraisal attorney
 - Filing deadline changed to the later of May 31 or 20 days after the adjournment of the board of review
 - Appeals may be considered by one or more members, rather than board as a whole
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Impacts to County Government

- Implementation and administration of Business Property Tax Credit
 - No reimbursement for railway rollback
 - Total appropriation for rollback replacement claims capped at FY2017 amount
 - First half BPTC warrants in November rather than September
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Impacts to County Government

- Decrease in assessment growth limitation can drive down taxable value
 - No backfill for multi-residential rollback
 - No backfill for telecommunications exemption
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SF 295 Implementation Next Steps

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Iowa State Association of Counties (ISAC)
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Today's Discussion

Accomplishments

What's Next

Warrants

Multi Residential



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Where Have We Been?

- 300 Working Days Since Senate File 295
- 173 Internal Formal Meetings
- 25 Formal Presentations (seems like more)
- 14 ISAC Working Group Meetings
- Unknown # Informal Internal & External Meetings
- 15 Videos (980 viewings)
- 178 Q & A on website



Where Have We Been?

Built Web Portal, Applications & Secure Log In:

- For Assessors to send Unit ID Generator Files
- For Auditors to send Data Elements Files
- For Reconciliation of these files
- For Processing the credit and posting the credit file
- For BPTC Warrant Processing
- For Replacement Claim Processing
- For Corrections



Where Have We Been?

2013 BPTC

- 93,075 Parcels
- 70,288 Units
- Initial or Maximum Value \$59,507.28
- Multiplier: $0.95 - 0.544002 = 0.405998$



Where Have We Been?

2013 BPTC

- Unit Values from: \$10 to \$157,553,630
- Biggest Credit = \$1,220.07
- Approximately 400 Parcels Had \$0 Credit



What's Next

Implementation of SF 295

Done

Next

After That

BPTC Part 1: Single Class
93,073 parcels processed

Replacement Claim for
Commercial & Industrial,
Rollback

Warrants for
Replacement Claim
&
BPTC

BPTC Part 2:
Dual Class & Multi-Res

BPTC 2014 A.Y.
98% of
\$100 Million Pool

Corrections
For BPTC 2013 A.Y.
=
2% of \$50 Million Pool

BPTC 2015 A. Y.
98% of
\$150 Million Pool

Corrections
For BPTC 2014 A. Y.
=
2% of
\$100 Million Pool



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What's Next

Implementation of SF 295...And Then Some

What Else

GIS

Replacement Claim
Proration

And Then Some

Agland
File Exchange

Family Farm
File Exchange

Other File Exchanges



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441.21 Property Assessment Limitations

Growth in Taxable Value for - Residential & Agricultural

- Reduced from 4% to 3%
- Continue to be tied together

Commercial, Industrial, Railroad Rollback or Assessment Limitation

- 95% 2013 Assessment
- 90% 2014 Assessment



Replacement Claims

Only For Commercial & Industrial Classes

- Payment from State for “replacing the lost tax revenues as a result of the C/I rollback
- 95% rollback or assessment limitation
- 90% rollback or assessment limitation

How much?

- Appropriation covers all claims for FY 2014/2015
- Appropriation covers all claims capped at total amount for FY 2016/2017
- Not subject to uniform reduction
- Prorated if claims exceed FY 2016/2017 appropriation



Warrants

BPTC:

- Reimbursement for BPTC credits
- Paid in November and March
- Paid at 100%

Replacement Claim:

- Rollback for Commercial & Industrial properties = Replacement Claim
- Auditor submits claim between July 1st and September 1st
- Payments in September and March of each year



Corrections Process

What to Do:



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Corrections Timing

For Replacement Claims:
within the Fiscal Year



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Corrections Timing

For BPTC – How Long?

Through October 31,
3 years after the application
due date



441.21 Subdivision 13

Multi-Residential Classification

Beginning 2015 Assessment New Class

- Includes:
 - mobile home parks
 - manufactured home communities
 - land-leased communities
 - assisted living facilities
 - property primarily used or intended for human habitation containing three or more separate dwelling units
- Portions of properties **intended for human habitation** (and a portion of the land) **regardless of the number of units**, if the use for **human habitation is not the primary use** and that is **not otherwise classed residential** (dual classed)



441.21 Subdivision 13

Multi-Residential Classification

Beginning 2015 Assessment New Class

- Excludes:
 - Section 42 housing – unless owner opts out of special valuation procedures
 - Hotels
 - Motels
 - Inns
 - Other buildings where rooms or dwelling units are typically rented for less than one month



441.21 Subdivision 13

Multi-Residential Classification

Multi-residential is to be *used or intended* to be used **for human habitation**

- Dwelling units:
 - Apartment
 - Group of rooms
 - Single room
 - Occupied as separate living quarters or
 - If vacant, is intended for occupancy as a separate living quarters where a tenant can live and sleep separately
- Vacant land used in conjunction with another improved parcel should be classed the same



441.21 Subdivision 13 Multi-Residential Classification

Rollbacks

* 2015 Assessment = 86.25% * 2019 Assessment = 71.25%

* 2016 Assessment = 82.5% * 2020 Assessment = 67.5%

* 2017 Assessment = 78.75% * 2021 Assessment = 63.75%

* 2018 Assessment = 75% * 2022 Assessment =
residential rollback



441.21 Subdivision 13 Multi-Residential Classification

- Draft Rules to stakeholders May 30th
- Comments through June and July
- Revised rule filed with code editor August 1st
- Filed with ARRC August 20th



Summary

- Completed BPTC
- Completed Replacement Claim
- Completed Warrant Process
- Process for Corrections
- Filed Rules for Multi-residential



Questions?

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