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
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
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
Property Tax Reform – SF 295

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

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

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Property Tax Division Administrator
Iowa Department of Revenue

Iowa State Association of Counties (ISAC)
September 4, 2014
Today’s Discussion

Accomplishments
What’s Next
Warrants
Multi Residential
2014 MSATA

Service Award

Iowa Department of Revenue

Minneapolis August 25, 2014
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

<table>
<thead>
<tr>
<th>Done</th>
<th>Next</th>
<th>After That</th>
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<tbody>
<tr>
<td><strong>BPTC Part 1: Single Class</strong>&lt;br&gt;93,073 parcels processed</td>
<td><strong>BPTC Part 2:</strong>&lt;br&gt;Dual Class &amp; Multi-Res</td>
<td><strong>BPTC 2015 A. Y.</strong>&lt;br&gt;98% of $150 Million Pool</td>
</tr>
<tr>
<td><strong>Replacement Claim for Commercial &amp; Industrial, Rollback</strong></td>
<td><strong>BPTC 2014 A.Y.</strong>&lt;br&gt;98% of $100 Million Pool</td>
<td><strong>Corrections For BPTC 2014 A. Y.</strong>&lt;br&gt;= 2% of $100 Million Pool</td>
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<tr>
<td><strong>Warrants for Replacement Claim &amp; BPTC</strong></td>
<td><strong>Corrections For BPTC 2013 A.Y.</strong>&lt;br&gt;= 2% of $50 Million Pool</td>
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Iowa Department of Revenue
### What’s Next

<table>
<thead>
<tr>
<th>What Else</th>
<th>And Then Some</th>
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<tr>
<td>GIS</td>
<td>Agland File Exchange</td>
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<td>Replacement Claim Proration</td>
<td>Family Farm File Exchange</td>
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<td>Other File Exchanges</td>
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</table>
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:

- Identify
- Make a List
- Search
- Change
- Keep Calm and Save
- See online
- Report
- Download
Corrections Timing

For Replacement Claims:
within the Fiscal Year
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)
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?

PropertyTax@iowa.gov