**Iowa State Association of Counties Urges Legislature to Reject Elimination of the Backfill**  
   
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**West Des Moines, IA (February 26, 2018) –** Local governments would be forced to raise property taxes or cut services if the Iowa Legislature adopts SF 2081 to defund the backfill (commercial and industrial property tax replacement claims). Currently, the state reimburses local governments for the loss of revenue resulting from the reduction of taxable value of commercial and industrial property approved by the legislature in 2013. SF 2081 would phase out those reimbursements over three years, leaving counties with a $29 million loss of revenue per year. Because fiscal year 2019 budgets are currently being finalized, counties may have to make drastic cuts to services if the state reimbursement is reduced.  
   
“It’s unfortunate the legislature is considering starting the phase-out of the backfill after most counties and cities have published their final budgets for FY 2019. County officials I’ve talked to don’t understand why the legislature would knowingly take an action that could put either the county budget or services in a precarious position. Our members would urge the legislature to follow the leadership of Governor Reynolds, fund the backfill for FY 2019, and then work with local officials to put a plan in place that meets both the state’s budgetary constraints in future years and local governments’ obligations to meet the service needs of their citizens” stated Bill Peterson, Executive Director of the Iowa State Association of Counties.  
   
Contrary to the argument that backfill dollars are padding local government budgets; the data shows the reimbursement is simply making these budgets whole. The taxable valuation of commercial and industrial property is down 5.2% from the value before the legislatively imposed rollback implemented in 2013. In fact, the current taxable valuations are near the assessment year 2009 levels. This is in addition to the loss of taxable value for multi-residential, telecommunications, and railroad property that also received tax relief but was not reimbursed to local governments. The backfill is essential to make sure that counties can provide the services citizens depend on without raising property taxes.            
   
“All counties, large and small, strive to provide services their taxpayers rely on while doing their best to keep property taxes reasonable,” said ISAC President and Johnson County Sheriff Lonny Pulkrabek, “but that would be very difficult if the state fails to reimburse counties for the lost revenue due to the property tax reduction for commercial and industrial property.”  
   
The Iowa State Association of Counties urges the Iowa Legislature to reject SF 2081, keep the promise to make county budgets whole, and ensure property taxpayers aren’t burdened with a larger bill or reduced services because of the elimination of the backfill.