



WHAT'S THE BACKFILL?

The commercial and industrial property tax replacement claims, or backfill, is part of the state's buy-in for the property tax reductions passed in 2013. It's a standing, limited appropriation to reimburse local governments for the loss of revenue due to the reduction in taxable value for commercial and industrial property. Counties know that they are reliant on the state to fulfill that promise. The Iowa State Association of Counties (ISAC), along with its members, is urging the Iowa Legislature to back the backfill.

WHAT'S THE LATEST?

There are currently two pieces of legislation before the Iowa Legislature that would phase-out or greatly reduce the appropriation for the backfill:

HSB 678 reduces the standing appropriation for commercial and industrial property tax replacement claims to:

- \$100 million in FY 2019;
- \$75 million in FY 2020;
- \$50 million in FY 2021; and
- \$25 million in FY 2022 and each subsequent year.

SF 2081 reduces the standing appropriation for commercial and industrial property tax replacement claims by:

- one-third in FY 2019;
- two-thirds in FY 2020; and
- eliminates the appropriation in FY 2021.

GET INVOLVED! Visit www.iowacounties.org to view our short video explaining the backfill and its importance and all additional advocacy materials - county specific data on backfill payments, press releases, social media posts, and more!

WHAT'S THE ISSUE?

Both bills are troubling for a number of reasons.

FIRST, the taxable value of commercial and industrial property hasn't even returned to the pre-SF 295 level, so if the backfill is significantly reduced or eliminated counties will be behind where they were five years ago.

SECOND, both plans call for reductions far too rapidly for most counties to absorb without significant property tax increases or reductions in services.

THIRD, the phase out begins in FY 2019, and counties have already set their budgets for FY 2019, so this would force budget amendments to raise property taxes or cut back on services the citizens of Iowa depend on.

If the state insists on phasing out the backfill, ISAC wants to work with them to do it in a responsible way. The phase out should:

begin one
fiscal year
out at a
minimum

be done
over a
longer
timeframe

include alternative
sources of
revenue for
counties

These three things will help ensure homeowners and farmers aren't penalized with property tax increases and everyday Iowans don't see a reduction in the county services they rely on.

