

Iowa Property Tax Overview

The property tax cycle in Iowa takes a total of eighteen months from start to finish. It begins with the assessor determining the assessed values and classification for individual parcels of property January 1st of the assessment year. The first half payment for property taxes related to this assessment is due in the fall of the next year and the second half payment is due in the spring of the year following the first half payment. As an example, the assessment for January 2023 would have the associated taxes due in the fall of 2024 and the spring of 2025.

In Iowa, the local assessor establishes the valuation and classification of the property, the county auditor determines levy rates based on budgets provided from local levying authorities and the tax base applicable to each authority. The county auditor then bills the taxes and they are collected by the county treasurer. The county treasurer then allocates the collected tax dollars to each authority. There are over 2,000 levying authorities in the state.

• What is taxable for property tax purposes in Iowa?

The Iowa property tax is primarily a tax on real property, land, buildings, structures, and other improvements that are constructed on or in the land, attached to the land, or placed upon a foundation. Additionally, the Department of Revenue assesses some property.

Classes of real property include:

- Residential
- Agricultural
- Commercial
- Industrial
- Utilities/railroad (*state assessed*)

Primary recipients of property taxes levied include:

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

Current details on property taxes paid and levied are available from the [Iowa Department of Management](#).

- **How often is property assessed?**

All real property is assessed every odd-numbered year. Centrally assessed properties, including railroads and public utilities, are assessed every year. Residential, commercial, industrial and state assessed properties are to be valued at actual value or market value. Agricultural property is assessed based on a statewide productivity value, which is a use value. A few additional exceptions to the market value requirement for real property assessment include Section 42 housing and newly platted property.

- **How are property taxes determined?**

1. **The value of property is established.**

The assessor (or the Iowa Department of Revenue for centrally assessed property) determines the assessed value of each property. The assessed value is to be at actual or market value for most property.

2. **Assessed values for each property classification are reported to the county auditor.**

3. **The Department examines total assessed values.**

Each year assessors are required to report aggregate assessed values by classification, by city by township to the Department. Each odd year, the Department reviews the aggregated valuations in conjunction with a review of all arm's length transactions to determine the 100% aggregate value by classification. If aggregated values by classification as reported by assessors are not compliant with the established 100% valuation criteria established by law, the Department can and does order aggregated changes by class to be implemented by local auditors. This process is known as equalization.

Additionally, the county auditor applies an "assessment limitation" to the assessed value of residential, agricultural, commercial, industrial, railroad, and utility properties to find the taxable value of those classes of property. Commercial, industrial and railroad property have statutory assessment limitations equal to the residential limitation for the first \$150,000[RJ[2]] of assessed value for a property unit and 90% limitation for value greater than \$150,000 for a property unit. Residential and agricultural assessment limitations are calculated each year to restrict the growth in aggregate taxable value across the state to 3%. The 3% limitation in growth is for the total taxable value within the state for that class of property. It is not a limitation to an individual growth in assessed value.

4. **Budgets and tax rates are established.**

Iowa statutes determine which local authorities have the power to levy tax dollars. These authorities determine their own budgetary needs. The budgets are used to provide the required and desired services received by local taxpayers. Approved budgets are submitted to the county auditor, who then determines levy rates associated to each authority based on the aggregate taxable value for each authority. The sum of the levy rates for each authority is considered the consolidated levy rate for each tax district, which is the unique combination of authorities. The

consolidated levy rates are expressed as mills or dollars per thousand.

5. **Credits are subtracted**

Credits are subtracted from the final tax bill. An example of a credit that reduces the final tax bill is the Homestead Tax Credit.

• **Iowa Property Tax Assessment Cycle**

1. **January 1** - Assessment date
2. **April 1** - Assessors complete assessments and notify taxpayers
3. **April 2 - 25** - Taxpayers may request informal review of assessment by assessor
4. **On or before April 25** - Following informal review, Assessor may enter into a signed written agreement with the property owner or aggrieved taxpayer authorizing the assessor to correct or modify the assessment according to the agreement of the parties
5. **April 2 - 30** - Taxpayers may protest assessments to local boards of review.
6. **May 1 - May 31** - Local boards of review consider protests. This time may be extended to July 15 by the Iowa Department of Revenue Director.
7. **June 15** - Local boards of review submit reports to the Director.
8. **July 1** - Assessors submit abstracts of the assessments to the Director.
9. **August 15** - The Department issues tentative equalization notices to assessors.
10. **September** - The Department holds equalization hearings, which are held for public input.
11. **October 1** - The Department issues final equalization orders to county auditors.
12. **October 2 - 12** - Assessing jurisdictions may apply for alternative methods of implementing equalization orders.
13. **By October 8** - The county auditor must publish notice of the final equalization order by this date, and must provide notice by mail to the taxpayers if the equalization order results in an increase in valuation.
14. **October 9 - 31** - Taxpayers may protest the final equalization order to local boards of review.
15. **October 10 - November 15** - Local boards of review meet to hear equalization protests.
16. **November 1** - The Director certifies assessment limitation percentages to county auditors.
17. **November 15** - Local boards of review submit a report about the equalization protests to the Department.
18. **Dec. 1 - Feb. 28** - The taxing authorities adopt the budgets based on the valuations.
19. **March 1** - The county board of supervisors levies the taxes.
20. **July 1** - The county treasurer receives authorization to collect taxes.
21. **September 30** - First half of taxes are due.
22. **March 31** - Second half of taxes are due.

• **What causes property taxes to change?**

These variables must interact to decrease or increase your property taxes:

- The budgets of the various taxing authorities
- The total taxable value of all the property with the geographic boundary of the taxing authority, which impacts the levy rates
- The taxable value of your individual property

- Taxable values of other properties with the city, county, school district in which your property is located

Why might you pay higher taxes than your neighbor?

The first component to consider when comparing tax burdens on different properties is the classification. There are different assessment limitations on the different classes of property which impacts the taxable value. Assessed value times the assessment limitation for the applicable class of property is what determines the beginning point in a property's taxable value. The second component that impacts an individual taxpayer's property tax bill is what levying authorities are a part of the taxing district that the property is geographically located in. Each city, county, school district and other levying authorities set their budgets annually and determine the amount of property tax they intend to levy within their geographic boundary. As an example, city budgets tend to be greater than township budgets, so a property located within a city generally pays more in property tax for the city component of the overall tax bill than if a property was located within a township. This is because cities provide significantly more services to their constituents than townships provide such as curb, gutter, water, sewer and other amenities. A third component of an individual's property tax bill is the influence of the total taxable value within the levying authority's boundary that they are subject to. As other classes of property and the taxable valuations of other properties within the boundaries of the levying authority increase or decrease there is an impact to the properties located within the levying authority's boundary causing a shift of the tax burden from one property to another property.

There are also credits and exemptions such as Homestead, Ag Land, Military or other things that potentially impact a final tax bill for an individual property.

• I disagree with my assessed value

If a property owner feels their assessed value is not a reflection of actual or market value, they have the right to appeal their assessed value to the local board of review. Taxpayers may contact their local assessor to obtain forms to appeal their assessment. Additionally, forms are available on the Iowa Department of Revenue website. Property owners or aggrieved taxpayers may also contact their assessor and request an informal review of the assessment. Following this review the assessor may recommend the property owner file a protest with the local board of review, or may enter into a signed written agreement with the property owner authorizing the assessor to correct or modify the assessment according to the agreement of the parties.

If a property owner is dissatisfied with the decision of the local board of review they may appeal to the Property Assessment Appeal Board, or district court. If dissatisfied with a property assessment appeal board decision, the decision may be appealed to district court. In the alternative, property owners or aggrieved taxpayers may still file appeals directly with the district court and forego filing with the property assessment appeal board. Contact your assessor's office for more information.

• About Assessors

Local assessors are employees of either the city or county in which they serve. They are hired by a conference board, which is comprised of the mayors of all incorporated cities in the county, one representative from the board of directors of each high school district of the county, and members of the board of supervisors. In cities having an assessor, the conference board consists of the members of the city council, the school board, and the county board of supervisors. Assessors are appointed by the conference board, and confirmed by the Department of Revenue to a six-year term. Each county in Iowa has a county assessor and several of the larger cities have a city assessor including Ames, Sioux City, Mason City, Davenport, Dubuque City, Iowa City, and Cedar Rapids. However, any city having a population of ten thousand or more according to the latest federal census may create, by ordinance, the office of city assessor.

Assessors determine classification and valuation of property as well as make recommendations for approval or denial for exemptions and some credits. The recommendations of the assessor are forwarded to the county board of supervisors for final approval for some credits.

Assessors do not determine overall budgets for the levying authorities outside of their own budget. They do not calculate taxable values or determine tax rates and they do not bill or collect taxes. The assessed value and classification of a property is a component of the overall tax burden specific to an individual property but assessors do not do any actual billing or collection of taxes.

The classification of property determined by the assessor is based upon the rules found within Iowa Administrative Code chapter 701--102. Administrative Rules can be found at the Iowa Legislature website at www.legis.iowa.gov.

Since Iowa law requires that property be assessed at a market value standard, assessors generally use arm's length sales transactions to establish assessed values that are to be a reflection of actual or market value, excluding agriculturally classed property[BN[1]. Agricultural property is based on a use value, i.e. productivity. For properties with limited sales activity other factors may be applied such as a cost approach or an income approach to value. The productivity value is a five year average landlord crop share income model using production, yields, prices, government programs less expenses and capitalized at 7% to yield a county productivity value per acre. This productivity value per acre is applied to agricultural land within the county and city.

Assessors in Iowa are required to have a high school diploma or equivalent, preliminary education, such as Basic Principles and Procedures of Appraisal, or a course on Iowa Laws or Iowa Assessment and Taxation. Additionally, assessors must have two years of appraisal related experience and must pass an examination to be employed as an assessor. Individuals that do not have two years of appraisal experience may be provisionally appointed as an assessor until they complete provisional training through the Department. Continuing education is required during the six year term to continue to be employed as an assessor.

• **What is the role of the Iowa Department of Revenue?**

The role of the Department is to have and exercise general supervision of the administration of the assessment and tax laws of the state, over boards of supervisors and all other officers or boards in performance of their official duties in matters relating to assessments and taxation. The Director of Revenue determines the uniformity of

aggregate valuation as between the various assessing jurisdictions through the equalization process.

The equalization process occurs every odd year. The Department examines declaration of valuation documents from sales transactions and uses this information to determine the level assessment in an assessing jurisdiction. This level of assessment for the prior year is used to establish the 100% aggregate valuation for the current year. The abstract of assessment submitted by the assessor for the current odd year must be within 5% above or below the established 100% aggregate valuation. In the case where the aggregate valuation for the current year is not within 5%, the Department orders the county auditor to increase or decrease the aggregate valuation to be equivalent to the 100% valuation determined by the Department.

The Department also calculates assessment limitations annually. Assessment limitations are designed to restrict the growth in taxable valuation for residential and agricultural property values in the aggregate statewide. Assessed valuations times the assessment limitation is the starting point for taxable values which are used in the tax calculation process for individual properties. The aggregate taxable value is also used in the determination of levy rates for the levying authorities. Assessment limitations for commercial, industrial and railroad properties are calculated by a statutory limitation that is not different each year, except the first \$150,000 of value for those properties, which receives the same assessment limitation as the residential property classification.

Additional Department responsibilities include technical support for local officials, including assessors, auditors, treasurers and recorders. Educational programs for assessors and boards of review are provided in collaboration with Iowa State University Extension and others. The Department also produces forms for taxpayers for credits and exemptions to be filed with local officials and administers examinations for individuals to be eligible to become an assessor or deputy assessor. The Department also distributes approximately two and a half billion dollars of state funding for various programs. Finally, the Department assesses utility and railroad properties in the state and assists with the administration of the Utility Replacement Tax and statewide property tax.

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