

How Is Your Property Tax Calculated?

(Reference a tax statement you received from your Treasurer)

The process of determining the amount of your tax bill requires the work of several local and state agencies to complete. Below is a summary of how property taxes are determined.

1. **The value of property is established:** The Assessor estimates the value of each property which is called the “assessed value”. The assessed value of residential & multi-residential (Res 3+), commercial, and industrial is to be at actual or market value. The assessed value of agricultural land is determined by the Iowa Agricultural Productivity Formula and based on a five-year rolling average that takes into account factors at a county level such as acres in production, number of bushels produced and average market value of the crop. The total county value as determined by the formula is divided by the total county CSR2 points, to determine the \$ value per CSR2. A price per CSR2 point is determined and applied to every agricultural parcel equally in the county. For further information, google “Iowa Agricultural Productivity Formula”.
2. **The assessments of all taxable properties are added together:** The Assessor totals the assessed value in each classification – residential & multi-residential (res 3+), agricultural, commercial & industrial and reports it to the Iowa Department of Revenue.
3. **The Iowa Department of Revenue examines total assessed values and equalizes them:** Each Assessor sends the reports, called “abstracts” to the Iowa Department Revenue. The abstract shows the total values of all real property in each jurisdiction by classification of property, not by individual property. A process called “equalization” is applied every two years to ensure that property values comply with Iowa Code.
4. **The “assessment limitation” is applied every year by the Auditor:** This process is commonly called the “rollback” and is used in response to inflation. The application of the rollback results in taxable value in most cases.

Current rollbacks determined by the Iowa Department of Revenue: These are applied to tax statements July 1, 2023 to June 30, 2024 which are then payable September 2024 and March 2025.

- a. 71.8370% to the value of agricultural realty outside and within incorporated cities and towns in the county, excluding dwellings located on agricultural realty.
- b. 46.3428% to the value of residential & residential 3+ realty outside and within incorporated cities and towns in the county, including dwellings located on agricultural realty.
- c. To the value of each property unit of commercial realty outside and within incorporated cities and towns in the county:
 - i. 46.3428% to the value of each property unit that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000).

- ii. 90.0000% to the value of each property unit that exceeds one hundred fifty thousand dollars (\$150,000).
 - d. To the value of each property unit of industrial realty outside and within incorporated cities and towns in the county:
 - i. 46.3428% to the value of each property unit that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000).
 - ii. 90.0000% to the value of each property unit that exceeds one hundred fifty thousand dollars (\$150,000).
 - e. To the value of each property unit of railroad realty outside and within incorporated cities and towns in the county:
 - i. 46.3428% to the value of each property unit that exceeds zero dollars (\$0), but does not exceed one hundred fifty thousand dollars (\$150,000).
 - ii. 90.0000% to the value of each property unit that exceeds one hundred fifty thousand dollars (\$150,000).
 - f. 100% to the value of utility property.
- 5. **Budgets are established:** Each taxing authority determines its own budget. Taxing authorities are listed on the tax statement near the bottom and vary by location in the county. The budget includes the cost of providing services, the amount of aid received from the federal and state governments, the amount of money remaining from previous years, and revenue from other charges for services. Each approved budget is submitted to the County Auditor who then certifies each budget.
- 6. **A tax rate is established:** The County Auditor divides the amount of the budget that is not funded by other sources by the taxable value of the property in the taxing district. The result is referred to as “dollars per thousand”. Each taxing authority would have their own “tax levy”, which is a number that expresses how many dollars they require in “dollars per thousand” to operate their respective taxing authority. All the tax levies of the taxing authorities, that apply to your property or location, added together would equal the total levy “dollars per thousand” you would pay. The taxing authorities that determine your combined levy rate and your total tax dollars are: local school, city, rural improvement zones, county services, township, community college, assessor, local hospital, ag extension service and debt service for the county jail. By adding up all of these levy rates from each respective taxing authorities’ budget, the total levy rate on a tax statement could vary from location to location in the county.
- 7. On the tax statement, there are two values, “**assessed value**” and “**taxable value**”. The different between the two is determined by taking the assessed value and multiplying it by the rollback (see step 3 for the current rollback). Example: If your residential property is assessed at \$100,000 and the rollback is 46.3428%, you would multiply \$100,000 x .463428 and your taxable value would be \$46,348 rounded off. Your tax dollars are figured per \$1,000 of your taxable value, at your current total levy rate.

8. **Credits & Exemptions are subtracted:** Credits such Homestead, ag land credit, family farm etc. are subtracted before the final tax bill is sent to the taxpayer. The 65+ Homestead Exemption & Military Exemption is a deduction off your taxable value before the levy rate is applied.
9. Your tax statement is then mailed out by the County Treasurer, who is just the collector of all the tax dollars for all the taxing authorities on your tax statement.

Examples:

2023 Assessed market valuation (Residential)	\$100,000.00
Rollback % figure from Iowa Department of Revenue	0.463483
Taxable Value after rollback	<u>\$46,348.28</u>
Taxable Value	\$46,348.28
65+ Homestead Exemption (\$3,250 if qualified)	\$0.00
Military Exemption (\$4,000 if qualified)	\$0.00
Net taxable value	<u>\$46,348.28</u>
Net taxable value	\$46,348.00
Tax Rate (Levy/Millage Rate/ \$ per 1,000)	.02387233
Gross Taxes	<u>\$1,106.43</u>
Gross Taxes before credits applied	\$1,106.43
Homestead Credit (\$4,850 x Levy rate)	<u>\$115.78</u>
Net Taxes	\$990.65
Net Taxes Rounded	\$991