



Roadmap to **IOWA PROPERTY TAXES**

General Assessment Overview

Iowa has an assessment date of January 1 of each year and reflects the growth in value during fiscal year from July 1 through June 30. Only real property is subject to property taxation. Personal property and property used for charitable and/or governmental purposes are exempt.

Operating on a two-year assessment cycle, the state schedules reappraisals during odd-numbered years. All commercial and industrial properties are assessed at 100% of fair market value. Some county-wide reassessments are performed by mass appraisal firms.

Iowa classifies property into four primary asset categories:

- 1) Residential Real Estate
- 2) Multiresidential Real Property
- 3) Commercial Real Property
- 4) Industrial Real Property

Residential and multiresidential properties are assessed at 100% of their actual value. Commercial and industrial properties are assessed at actual value but are taxed at 90%.

Value notices are usually sent to taxpayers in April.

Equalization

To ensure equitable valuations are achieved using recent market transactions, the Iowa Department of Revenue (DOR) “equalizes” assessments every two years by comparing the assessors’ records to a “sales assessment ratio study.” If the assessment class is 5% outside the median ratio of the study, the DOR adjusts the assessment to reach 100% of actual value.

Equalization occurs on an entire property class within a jurisdiction, not on an individual property or statewide basis. This helps maintain equitable assessments across all property classes within various taxing jurisdictions, resulting in an equally distributed aggregate tax burden.

Real estate transactions, specifically purchase amounts, are closely monitored by the DOR through the program. As such, when a property transfers, an investor should consider underwriting at 90-95% of the purchase price for tax purposes.

Rollback

To help property owners navigate the impact of high inflation, the State Legislature passed an assessment limitation law called "Rollback" where the DOR calculates assessment limitation percentages, or "rollback factor." Local county auditors will then calculate a property's taxable value by multiplying the assessed valuation by the rollback factor assigned for a specific property class.

The rollback factor is calculated for a property class by taking the prior year's taxable value and adding the allowed percent of growth, then dividing that sum by the total of the prior year's assessed value plus the current year's change from revaluation.

The commercial and industrial class rollback factor is 90%. Multifamily is adjusted yearly to decline gradually over an eight-year period until it matches the residential class, which is typically 50-55%.

Property Tax Appeals

Taxpayers may contact the local county assessor to informally discuss their valuation from April 2 to April 25. In some counties, the mass appraisal firm that conducted the reassessment may hold informal hearings that must be completed prior to April 15.

One can also formally appeal to the local Board of Review (BOR) by April 30. If April 30 falls on a weekend, protests may be filed the following Monday. Appeals may be filed electronically.

If a property owner is not satisfied with the final decision of the County Board of Review, they may appeal to the Iowa Property Assessment Appeal Board (PAAB) within 20 days of the local BOR's decision. Alternatively, petitioners may opt to appeal directly to the District Court.

In a reassessment year, the valuation may be contested based on the property owner's opinion of fair market value. Other grounds for appeal include: the assessment is not equal to similar properties in the same jurisdiction; the property is exempt; or there is an error, either clerical or mathematical, in the assessment.

In a non-reassessment year, the property owner must prove that a downward change in value has taken place since the reassessment. Typically, causes for reduction include tenant loss or a casualty event to the property.

Tax Bills

Tax bills are issued August 15. Taxes are due in arrears in two equal installments. The first installment must be paid by September 30 and the second installment is due March 31.

Iowa Tax Calendar

Real Estate

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| Assessment Date | Jan 1 |
| Value Notices Issued | Apr 1-15 |
| Appeal Deadline | Apr 30 |
| Tax Bills Issued | Aug 15 |
| Tax Bills Due | Sep 30 (1st Installment) Mar 31 (2nd Installment) |

Personal Property

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| Exempt |
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