FLOYD COUNTY ASSESSOR

2009

ANNUAL REPORT

2009 REPORT
OFFICE OF FLOYD COUNTY ASSESSOR

TABLE OF CONTENTS

FLOYD COUNTY CONFERENCE BOARD

FLOYD COUNTY BOARD OF SUPERVISORS

Mr. Leo Staudt, Chairperson
Mr. Arlin Enabnit,
Mr. Warren Dunkel

FLOYD COUNTY MAYORS

Mr. James Erb, Charles City
Mr. Allen Manning, Colwell
Mr. Trevis O'Connell, Floyd
Mr. Doug Merfeld, Marble Rock
Mr. John Phyfe, Nashua
Mr. George (Andy) Andersen, Nora Springs
Mr. Robert Tumilson, Rockford
Mr. Allan Young, Rudd

FLOYD COUNTY SCHOOL BOARDS

Mr. Randy Heitz, Charles City
Mr. Harm Eggena III, Rockford, Rudd and Marble Rock
No Resident, Greene
Mr. Brian Biershank, Nashua
Mr. Brad Shanks, Nora Springs
No Resident, Osage

STAFF OF FLOYD COUNTY ASSESSOR'S OFFICE
MEMBERS, BOARD OF REVIEW AND EXAMINING BOARD
FLOYD COUNTY
2009

ASSESSOR'S OFFICE

ADMINISTRATION

Bruce C. Hovden Floyd County Assessor	Gary VanderWerf Floyd County Deputy Assessor

OFFICE PERSONNEL

Linda Willemssen	Office Manager
Jewel Flood	GIS Technician

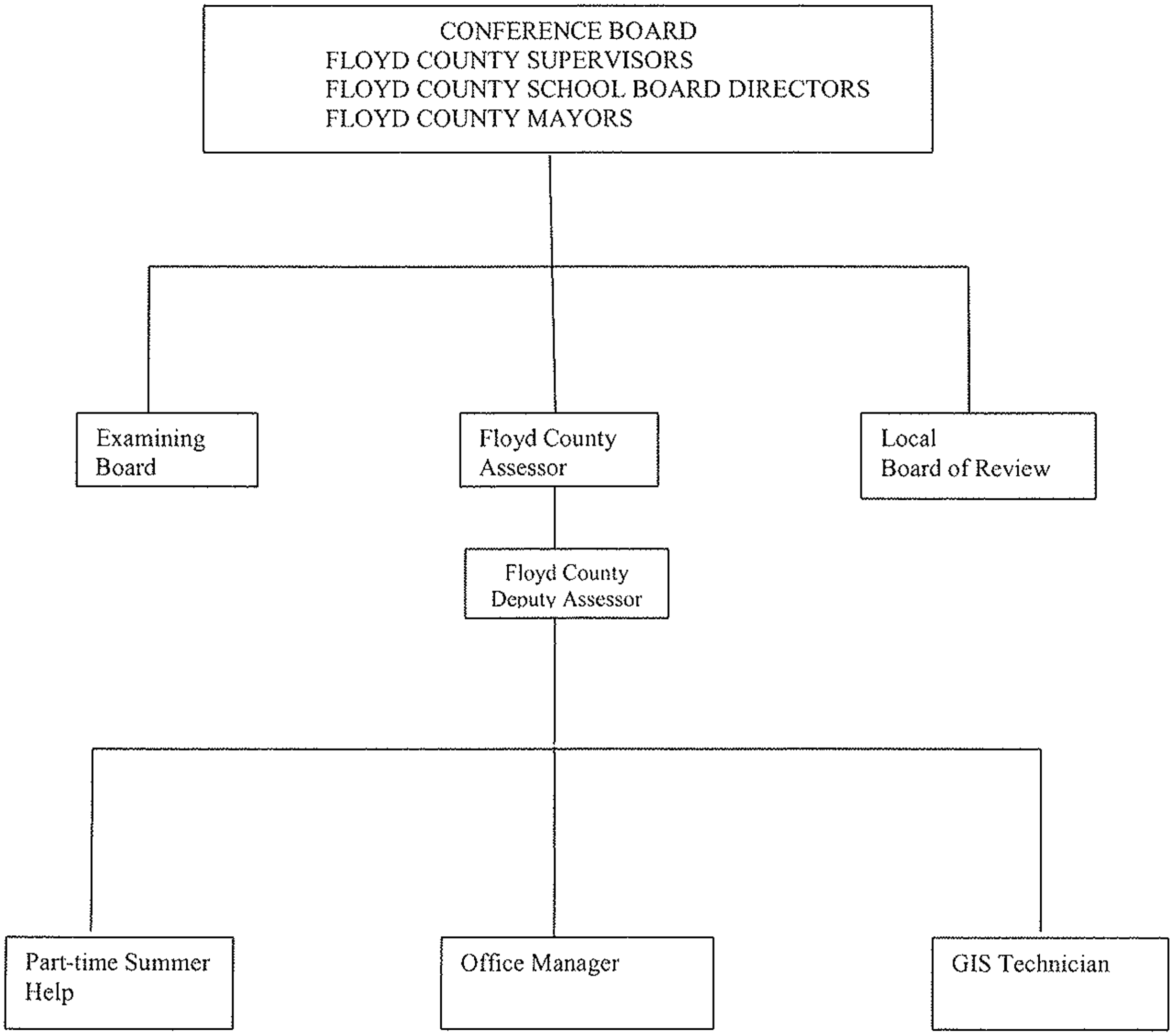
BOARD OF REVIEW

Charles Souder, Chairperson
Lester Trask, Clerk
Bernard Lucas
LeRoy Tietz
Rolland Heard

EXAMINING BOARD

Mark Huegel
Jerry Joerger
Leo Lidd

ORGANIZATIONAL CHART
FLOYD COUNTY ASSESSOR'S OFFICE
JULY 1, 2009



To: Members of the Floyd County Conference Board

From: Bruce C. Hovden, Floyd County Assessor

Subject: 2009 Annual Report

Submitted herewith is our annual report covering the activities of the County Assessor's Office for 2009.

On August 15, 2009, Floyd County received tentative equalization orders on all classes of property. Agricultural 0%; Commercial 0%, Residential +7%. The reason agricultural received no orders is that this office went ahead and put a +55% increase on agricultural land and 0% increase on agricultural buildings. The reason for the large increase was the increase in net income per acre capitalized at 7%. We use an average of 5 years of income & expenses to arrive at productivity and net earning capacity per acre for Floyd County. Assessment notices went out to each taxpayer notifying them of this increase. You can find a partial article under the exhibits called Grounds for Confusion. If you would like to read this article in its entirety you will find it on this website www.iowafiscal.org.

I protested the 7% increase on residential class to the Department of Revenue and Finance on August 19, 2009. (Letter of Protest shown in exhibits.) We received a letter dated September 11, 2009, rescinding that order. (Letter in Response to Protest shown in exhibits.) I believe the Assessors and Department of Revenue and Finance are striving for a good working relationship to keep our values as current and close to market value as statutes allow.

We will be having a complete review of our Commercial and Industrial class of property for the 2011 assessment year. We will be adjusting all classes of property to a new cost manual. This will be a challenging project as Mr. Hyman states in his letter, but something that needs to be done.

Many of our flood related properties have been cleaned up and are being lived in. The homes waiting for flood buy-outs are vacant and at this time waiting for the revenue to come through. Let's hope this was a one time major flood and we do not receive another one of this magnitude.

Floyd County is receiving requests for proposals from seven different companies for the Spring of 2010 aerial flights. These flights will cover all of Floyd County at low altitude with color photography. The cost of aerial photography has come down to make this upgrade possible. These new flights will have the complete Avenue of the Saints shown and will also show any changes since our major flood of 2008.

This report will be located on the internet site. Our Floyd County website is as follows: www.floydcoia.org. If you would like extra copies of this report you may print it off this site under the department of the Assessor.

If you have questions, concerning this annual report, or would like to stop in and visit our office, we would be happy to visit with and answer your questions.

My staff and I would like to thank the Conference Board members for their continued support.

ACTIONS OF THE 2009 BOARD OF REVIEW

There were 18 protests filed with the 2009 Board of Review. Of the protests filed all were on real estate assessments. The Board of Review conducted 9 oral hearings of the 18 protests. There were 11 protests denied a change of value and 7 protests were upheld. The board was in session for a total of 3 days.

The number of real estate protests by class of property was as follows:

AGRICULTURAL	1
RESIDENTIAL DWELLING ON AGRICULTURAL REALTY	2
RESIDENTIAL "OUTSIDE INCORPORATED CITIES"	4
RESIDENTIAL "WITHIN INCORPORATED CITIES"	7
COMMERCIAL	4
INDUSTRIAL	0
TOTAL	18

Total real estate protest reductions - $80,390.00

COURT CASES

On January 23, 2009, the Supreme Court found favorably for the Floyd County Board of Review on the McDonald's case. The appellant Court ruled in favor of McDonald's making the new valuation in the amount of $230,000.00. The Supreme Court overruled the Appellant Court and sided with the valuation of $352,990.00 as set by the Floyd County Board of Review and the District Court.

*****

We had one appeal to the Property Assessment Appeal Board (PAAB) on a 2009 valuation. It is on William and Nancy Witt's property located in Nora Springs on a single family dwelling. The valuation on the property is in the amount of $142,440.00 and it is their contention the valuation should be at $112,000.00. No oral hearing has been requested by the Witts to the PAAB Board.

On August 21, 2009, the Appeal Board ordered that the January 1, 2009, assessment for the Witts' property be modified to $140,000.00. The Floyd County Board of Review introduced an independent appraisal conducted by Curtis L. Joerger, Vanguard Appraisals, Inc., Cedar Rapids, Iowa. Mr. Joerger's value based on the market approach was in the amount of $140,000.00. The appeal Board felt the appraisal accurately reflects the fair market value of the property as of January 1, 2009.

2009 LEGISLATION

WEB SEARCH PORTAL PROPERTY AND SALES TAX EXEMPTIONS

HF 810	Small Wind Innovation Zone – Energy Tax Credits
SF 43	Religious/Charitable Organization Property Tax Abatement
SF 322-G	Utility Assessment Dates Changed to 10/31
SF 456-B	Wind Energy Production Tax Credit/Special Valuation
SF 457-A	Disaster Recovery Housing Project Property Tax Exemption
SF 478-A	Property Tax Credit and Rent Reimbursement Funding
SF 478-R	Data Center Property Tax Exemptions
SF 478-U	Methane Gas Conversion Property Tax Exemption

HF 810 - SMALL WIND INNOVATION ZONE ELIGIBILITY FOR RENEWABLE ENERGY TAX CREDITS

Prior Law

A renewable energy tax credit is available for individual income, corporation income, franchise, insurance premium tax, sales/use tax, and utility replacement tax. A renewable energy facility includes wind energy conversion facilities, and the facility must be approved by the Iowa Utilities Board (IUB) to be eligible for the tax credit. The tax credit for wind energy conversion facilities equals one and one-half cents per kilowatt-hour of electricity. Tax credit certificates are issued by the Department of Revenue for the renewable energy tax credit.

New Provisions

House File 810 provides that small wind energy systems operating in a small wind innovation zone will be eligible for the renewable energy tax credit of one and one-half cents per kilowatt-hour of electricity.

The small wind energy system must have a nameplate generating capacity of 100 kilowatts or less.

A political subdivision of the state of Iowa, including but not limited to a city, county, township, school district, community college, area education agency, institution under the control of the state board of regents, or any other local commission, association or tribal council, can seek approval from the IUB to set up a small wind innovation zone.

The Department of Revenue will continue to issue tax credit certificates for the renewable energy tax credits related to small wind energy systems operating in a small wind innovation zone.

Section Amended

Section 1 of House File 810 creates new section 476.48, Code 2009.

Effective Date

Retroactive to January 1, 2009, for tax years beginning or after that date.

SF 43 - PROPERTY TAX ABATEMENT OR REFUND FOR RELIGIOUS, LITERARY, AND CHARITABLE SOCIETIES

Prior Law

Religious, literary, and charitable societies were required to file a claim for property tax exemption by February 1, 2006, to receive the exemption against taxes payable in the fiscal year beginning July 1, 2007, and to file a claim for property tax exemption by February 1, 2007, to receive the exemption against taxes payable in the fiscal year beginning July 1, 2008.

New Provisions

Senate File 43 permits religious, literary, and charitable societies that acquired property by gift or purchase but failed to file a timely claim for property tax exemption by the February 1 deadline to file a claim for exemption with the county board of supervisors by August 1, 2009, to receive a refund or abatement of taxes payable in the fiscal years beginning July1, 2007, and July 1, 2008. The legislation applies only to a county with a population of more than 21,000 but not more than 21,300.

Sections Amended

Senate File 43 will not be codified.

Effective Date

April 15, 2009. The legislation applies retroactively to property taxes payable in the fiscal years beginning July 1, 2007, and July 1, 2008.

SF 322-G - VALUATION AND CERTIFICATION OF UTILITY PROPERTY

Prior Law

The Director of Revenue was required to complete the valuation of utility properties by the second Monday in July and certify the valuations to the county auditor by the third Monday in August.

New Provisions

The Director is now required to complete the valuation of utility properties and certify the valuations to county auditors by October 31 each year. This extension will not have an adverse impact on either the companies or local governments.

Sections Amended

Section 8 of Senate File 322 amends section 428.29; section 9 amends section 433.4; section 10 amends section 433.7; section 11 amends section 434.2, unnumbered paragraph 1; section 12 amends section 434.17; section 13 amends section 437.6; section 14 amends section 437A.19, subsection 2, paragraph f, unnumbered paragraph 3, and section 15 amends section 438.14. All amendments are to the 2009 Code.

Effective Date

July 1, 2009

SF 456-B - WIND ENERGY PRODUCTION TAX CREDIT / SPECIAL VALUATION PROPERTY

Prior Law

In order for a qualified facility to receive the wind energy production tax credit, the owner was required to obtain approval from the county board of supervisors prior to applying for the credit. Wind energy conversion property that had received the special property valuation pursuant to Iowa Code section 427B.26 was not eligible for the production tax credit.

New Provisions

An eligible facility may now receive both the special property valuation and the wind energy production tax credit without the approval of the city council or county board of supervisors if the city or county has enacted an ordinance under section 427B.26. If the city or county has not enacted an ordinance, the owner must receive approval of the applicable city council or county board of supervisors of the city or county in which the qualified facility is located to receive the production tax credit.

Sections Amended

Section 2 of Senate File 456 amends section 476B.4 and section 4 amends section 476B.6, subsection 1. Both amendments are to the 2009 Code.

Effective Date

April 23, 2009. The legislation applies retroactively to January 1, 2008, for tax years beginning on or after that date.

SF 457-A - DISASTER REVITALIZATION AREA PROPERTY TAX EXEMPTION

Prior Law

None.

New Provisions

Senate File 457 creates new chapter 404B which allows the governing bodies of a city or county to, by ordinance, designate an area of the city or county a "disaster revitalization area." To qualify for the designation the area must be within a county or a portion of a county for which the governor has proclaimed a disaster emergency or that the United States president has declared a major disaster.

All real property within a disaster revitalization area is eligible to receive a 100% exemption from taxation on the increase in assessed value of the property, as compared to the property's assessed value on January 1, 2007, if the increase in assessed value is attributable to revitalization of the property occurring between May 25, 2008, and December 31, 2013. The exemption shall not exceed five years, starting with an assessment year beginning on or after January 1, 2010. A city or county may adopt a tax exemption percentage less than the 100% but not greater than 100%. The owners of real property eligible for the exemption can take the disaster revitalization exemption or they may take another exemption for which they are eligible, but not both. Once they have decided upon an exemption and it has been granted, the property owners cannot decide to take a different exemption.

Property owners must file an application for each revitalization project resulting in increased assessed value for which an exemption is claimed. The application for exemption must be filed with the local assessor by February 1 of the first assessment year for which the exemption is requested. The local assessor shall perform a physical review of the property listed on each application to determine if the revitalization project has increased the assessed value of the property. The assessor shall notify the applicant of the determination, and the assessor's decision may be appealed to the local board of review at the times specified in section 441.37. After the tax exemption is granted, the local assessor shall continue to grant the tax exemption for succeeding years without the taxpayer having to file an application for the succeeding years, unless additional revitalization projects occur on the property. The ordinance shall expire or be repealed no later than December 31, 2016.

Sections Amended

Section 23 of Senate File 457 adds new section 404B.1; section 24 adds new section 404B.2; section 25 adds new section 404B.3; section 26 adds new section 404B.4; section 27 adds new section

404B.5; section 28 adds new section 404B.6; and section 29 adds new section 404B.7, all Code 2009.

Effective Date

May 12, 2009

SF 478-A - PROPERTY TAX CREDIT & RENT REIMBURSEMENT FUNDING

Prior Law

Section 425.1(1) provides an annual unlimited appropriation for reimbursements to counties for homestead tax credits allowed to qualified homeowners.

Section 426.1 provides a limited annual appropriation of $39,100,000 for reimbursements to counties for agricultural land tax credits allowed for eligible land. The first $10,000,000 is to be transferred to the family farm tax credit fund pursuant to section 425A.1 for reimbursements to counties for credits allowed to eligible family farmers.

Section 426A.1A provides an annual unlimited appropriation for reimbursements to counties for the State's portion of military service tax credits allowed to qualified military veterans.

Section 425.39 provides an annual unlimited appropriation for reimbursements to counties for tax credits allowed to elderly and disabled homeowners and for reimbursements by the Department to elderly and disabled renters.

New Provisions

The appropriations made to these funds for the 2009-2010 fiscal year are:

· Homestead credit $100,658,781
· Ag. land & family farm credit $34,610,183

· Military credit $2,400,000
· Elderly & disabled credit/reimbursement $22,200,000

If the appropriation for the homestead, military, or elderly/disabled credit is insufficient to fully fund the program, section 25B.7 requires the political subdivision to grant the taxpayer only the portion of the credit the Department estimates will be funded. The Department estimates that the homestead credit will be 73% funded, the military credit 100%, and the elderly/disabled tax credit 100%. The Department will pay rent reimbursements at the same percentage as the elderly/disabled property tax credit percentage.

Section Amended

Section 9 of Senate File 478 lists the amount appropriated for each program.

Effective Date

May 26, 2009.

SF 478-R - PROPERTY TAX EXEMPTION FOR DATA CENTER BUSINESSES

Prior Law

Although there was no prior law for the data center property tax exemption, laws were passed in 2007 (House File 912) and 2008 (House File 2233) providing almost identical exemptions for Web search portal businesses. These exemptions were codified in Iowa Code section 427.1, subsections 35 and 36.

New Provisions

This new provision in Senate File 478 sets forth an exemption from Iowa property tax for certain property that is utilized by a data center business. A "data center business" is defined as an entity whose business is to operate a "data center." A "data center" is defined as a building rehabilitated or constructed to house a group of networked server computers in one physical location in order to centralize the storage, management, and dissemination of data and information pertaining to a particular business, taxonomy, or body of knowledge. A data center business's facility typically includes the mechanical and electrical systems, redundant or backup power supplies, redundant data communications connections, environmental controls, and fire suppression systems. A data center business's facility also includes a restricted access area employing advanced physical security measures such as video surveillance systems and card-based security or biometric security access systems.

The exemption applies to property, other than land and buildings and other improvements, that is utilized by a data center business meeting certain requirements, including computers and equipment necessary for the maintenance and operation of a data center business and other property whether directly or indirectly connected to the computers, including but not limited to cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity, including but not limited to exterior dedicated business-owned substations, and power distribution systems which are not subject to assessment under chapter 437A; racking systems, cabling, and trays; and backup power generation systems, battery systems, and related infrastructure, all of which are necessary for the maintenance and operation of the data center business.

Sections Amended

Section 200 of Senate File 478 amends section 427.1, Code 2009, by adding a new subsection 37; and section 201 provides an implementation clause.

Effective Date

July 1, 2009. The exemption applies beginning with the assessment year the investment in or construction of the facility utilizing the materials, equipment, and systems are first assessed.

SF 478-U - METHANE GAS CONVERSION PROPERTY TAX EXEMPTION

Prior Law

A property tax exemption was allowed for: 1) Property used in an operation that collected methane gas or other gases as a by-product of waste decomposition and converted the gas to energy; or 2) Property used to collect the waste that would be decomposed and used to produce methane gas or other gases to be converted to energy. The property had to be connected with a publicly owned sanitary landfill to qualify for the exemption. Property used solely to decompose the waste and then convert the waste to gas was not eligible for the exemption.

New Provisions

Senate File 478 expands the tax exemption eligibility for methane gas conversion property by deleting the restriction that the methane gas conversion property be used in an operation in connection with a publicly owned sanitary landfill. Also, property used to decompose the waste and convert the waste to gas is now eligible for the exemption.

If the property is not used in connection with a publicly owned sanitary landfill, the exemption applies to property originally placed in service on or after January 1, 2008, and on or before December 31, 2012. The exemption is limited to 10 years.

Sections Amended

Section 223 of Senate File 478 amends section 427.1, subsection 29, paragraph a; section 224 amends section 427.1, subsection 29, by adding a new paragraph "d;" section 225 amends section 437A.6, subsection 1, paragraph "d;" section 226 provides an implementation clause and section 227 provides effective and applicability dates. All amendments are to the 2009 Code.

Effective Date

May 26, 2009. Applies retroactively to assessment years beginning on or after January 1, 2008. Exemption claims for the 2008 and 2009 assessment years must be filed with the appropriate county assessor by June 30, 2009.

2009 TAX INCREMENT FINANCING VALUATION

	YEAR	FROZEN BASE	2009 ASSESSED VALUATION
Charles City Riverside Tif	1989	$ 17,280,820	$ 31,064,140
Charles City Park Avenue Tif	2003	970	7,702,920
Charles City SW Bypass	1992	15,129,410	51,458,000
Charles City Farmlands SW Bypass	1992	72,040	96,500
Charles City S. Grand Urban Renewal	1994	3,571,980	19,413,490
Charles City Farmlands S. Grand Urban Renewal	1994	46,440	293,680
Charles City East Park Urban Renewal	1996	290,020	966,150
Charles City Farmlands East Park Urban Renewal	1996	38,510	71,900
St Charles Twp SW Bypass	1992	880,160	2,010,630
St Charles Twp SW Bypass Extension	2001	1,808,490	3,103,430
St Charles Twp S. Grand Urban Renewal	1994	1,040,630	753,270
Nora Springs Urban Renewal	1992	3,763,300	8,113,930
Nora Springs Farmlands Urban Renewal	1992	91,970	187,260
Floyd Southside Economic Development District	1999	4,730	804,530
Marble Rock Bradford St Economic Development District	1999	799,260	5,021,060
Rudd Rudd Economic Development District	2000	1,448,340	2,537,260
Rudd Farmlands Rudd Economic Development District	2000	64,580	78,740

FLOYD COUNTY ASSESSMENT AGREEMENTS

NAME	MINIMUM VALUE	DATE ENACTED	TERMINATION
1. AMERICAN PUBLISHING COMPANY	$375,000	08/15/92	08/15/2000
		TERMINATED 1/1/2001	
2. K&E STORAGE	$150,686	10/31/92	10/31/2002
		TERMINATED 1/1/2003	
3. JOHN F. NEWTON	$130,000	10/31/93	10/31/2003
		TERMINATED 1/1/2004	
4. AESCULAPIUS INC.	$545,730	11/15/93	11/15/2003
		TERMINATED 1/1/2004	
5. ALL STATES QUALITY FOODS	$1,682,940	04/01/94	04/01/2004
	TERMINAED – NEW ONE WRITTEN		
6. F & H ALUMINUM INC.	$250,000	09/15/94	09/15/2004
		TERMINATED 1/1/2005	
7. JOHN F. NEWTON	$62,840	12/31/94	12/31/2004
		TERMINATED 1/1/2005	
8. STEVEN G. POPELKA	$183,000	01/01/95	07/31/2005
		TERMINATED 1/1/2006	
9. SALSBURY CHEMICALS	$7,082,670	07/01/95	06/01/2003
		TERMINATED 1/1/2003	
10. CHARLES CITY CEDAR MALL	$2,450,280	01/01/97	12/31/2003
	TERMINATED FOR 2001…PAID IN FULL		
11. ELLYN L. DIX	$128,000	06/01/97	12/31/2006
		TERMINATED 1/1/2007	
12. JAMES D. MOLITOR	$250,000	06/30/97	12/31/2005
		TERMINATED 1/1/2006	
13. CHARLES LEMASTER & JOHN SIMON	$75,000/$300,000	01/01/99	12/31/2002
		TERMINATED 1/1/2003	
14. JEFFREY P. SISSON	$306,020	10/21/96	12/31/2008
		TERMINATED 1/1/2009	

15. SALSBURY CHEMICALS	$ 9,267,570	08/30/97	01/01/2003
		TERMINATED 1/1/2003	
16. MACHINE TOOL	$ 276,950	09/30/97	01/01/2004
	TERMINATED - NEW ONE WRITTEN		
17. GERALD HARGROVE	$ 317,590	12/31/98	12/31/2005
		TERMINATED 1/1/2006	
18. CHARLES CITY SENIOR HOUSING LIMITED	$ 525,696	06/15/98	12/31/2008+
		TERMINATED 1/1/2009	
19. ALL STATES QUALITY	$2,610,490	1/1/2000	12/31/2007
		TERMINATED 1/1/2008	
20. WINNEBAGO INDUSTRIES INC.	$1,100,000	1/1/1999	1/1/2010
21. SANVIG ENTERPRISES INC	$1,044,550	1/1/200	12/31/2006
		TERMINATED 1/1/2007	
22. TOUSIGNANT, PETER & JANET	$ 210,000	2/22/1999	12/31/2007
		TERMINATED 1/1/2008	
23. FARMERS FEED & GRAIN	$ 352,065	6/05/2000	12/31/2006
		TERMINATED 1/1/2007	
24. WINNEBAGO INDUSTRIES	$ 1,250,000	9/1/2000	01/01/2008
		TERMINATED 1/1/2008	
		ABATEMENT FOR 2008-2010	
25. CARTERSVILLE ELEVATOR	$ 919,050	9/20/2000	06/30/2009
26. MACHINE TOOL	$ 510,962	8/22/2000	01/01/2007
		TERMINATED 1/1/2007	
27. GROWTH PROPERTIES L.L.C .	$ 99,230	1/1/2003	12/31/2009
28. CASEY'S MARKETING CO .	$ 400,050	1/1/2003	12/31/2009
29. CRAWFORD, DANNY E	$ 332,180	1/1/2003	12/31/2009
30. CUSTOM WOOD PRODUCTS	$ 989,660	4/1/2003	12/31/2010
31. CHARLES CITY CEDAR MALL	$ 3,966,000	1/1/2004	
	$ 5,785,000	1/1/2005	12/31/2019
32. HCC LEASING CORP.	$ 1,440,820	2/29/2004	12/31/2012
33. CARTERSVILLE ELEVATOR INC.	$ 140,000	1/1/2005	06/30/2013

2009	MARBLE ROCK URBAN REVITALIZATION PROGRAM		
PARCEL NUMBER	**NAME**	**EXEMPTION AMOUNT**	**TERMINATION DATE**
470-14-08-476-01600	ROS-DAR INC.	$75,000.00	2010
470-14-16-131-00100	ENGELHARDT, JERRY	$70,700.00	2011
470-14-08-426-00200	KUYKENDALL, FREDERICK	$75,000,.00	2011
470-14-16-130-01700	MERFELD, DOUGLAS D.	$75,000.00	2011
470-14-17-227-00500	KING, STEVEN L.	$75,000.00	2012
470-14-16-107-00100	BRUNNER, PAUL J	$75,000.00	2013
470-14-16-112-00800	KINGERY, DANIEL & LYNN	$75,000.00	2013
470-14-17-201-00100	PARCHER, DANIEL P.	$75,000.00	2014
	TOTAL	**$595,700.00**	

2009

NORA SPRINGS URBAN REVITALIZATION PROGRAM

PARCEL NUMBER	NAME	EXEMPT AMOUNT	EXPIRATION DATE
490-05-08-363-011-00	BROCKNEY, JEROME A. & LANA I.	$195,740.00	2010
490-05-08-379-005-00	CRUM, JASON, JOEL & BLICKENDERFER	$22,440.00	2011
490-05-07-101-001-00	FETT, VIRGIL D. & VICKY S.	$61,300.00	2011
490-05-07-252-002-00	FIELDER, LAURA J. & JAMES WALTER	$45,440.00	2011
490-05-08-360-00900	HOHENFIELD, CYNTHIA K.	$128,530300	2011
490-05-07-257-00600	PEDERSON, BRAD	$83,010.00	2012
490-05-07-436-001-00	RAMON, TAMI JO SUE	$13,760.00	2012
	TOTAL	$550,280.00	

2009 CATTLE EXEMPTIONS			
TOWNSHIP	NAME	PARCEL NUMBER	EXEMPT AMOUNT
RIVERTON	BIERSCHENK, BRIAN R.	16-15-100-004-00	$16,080
RIVERTON	KRAMER, TIMOTHY S.	16-24-100-002-00	$3,650
NILES	MARTIN, JAMES Z. (ELAM)	8-27-100-003-00	$5,390
NILES	MARTIN, MICHAEL	8-06-200-007-00	$3,740
RUDD	NEWSWANGER, CARL	2-33-300-004-00	$19,130
ST CHARLES	WINTERINK, ROBERT	12-15-300-007-00	$6,250
ROCK GROVE	WOLTERS, MONTE CHARLES	5-24-300-010-00	$2,980
		TOTAL	$57,220

FLOYD COUNTY ENTERPRIZE ZONE TAX ABATEMENTS				
PARCEL NUMBER	NAME	AMOUNT	START DATE	TERMINATE
11-14-229-026-00	WINNEBAGO "C" BODY FACILITY	Terminated 1-1-09 No longer met qualifications	1/1/2003	1/1/2013
11-14-229-027-00	WINNEBAGO HARD WOODS ADDN	$ 949,850.00	1/1/2004	1/1/2014
14-35-426-006-00	FARMERS COOPERATIVE	$ 479,170.00	1/1/2007	1/1/2010
07-28-300-005-00	VERA SUN CHARLES CITY, LLC	$ 22,321,250.00	1/1/2007	1/1/2019
11-14-229-019-00	WINNEBAGO "Q" BODY FACILITY	$ 1,382,530.00	1/1/2008	1/1/2011
14-36-300-014-00	FARMERS COOPERATIVE	$ 99,180.00		
		$ 25,231,980.00		

2009 TAX EXEMPT PROPERTY SUMMARY REPORT

Assessing Jurisdiction-Floyd

TYPE OF EXEMPT PROPERTY

A. RELIGIOUS INSTITUTIONS

1. Churches	$ 16,458,610	
2. Recreational	$ 1,230,600	
3. Schools	$ 2,355,440	
4. Residential	$ 1,776,890	
5. Church Camps	$ 381,540	
6. Others	$ 410,940	
TOTAL ALL RELIGIOUR INSTITUTIONS		$ 22,614,020
B. TOTAL ALL LITERARY SOCIETIES		$ 810,860
C. TOTAL ALL LOW RENT HOUSING		$ 749,450
D. TOTAL ALL ASSOCIATIONS OF WAR VETERANS		$ 70,120

E. CHARITABLE AND BENEVOLENT SOCIETIES

1. Hospitals	$ 216,190	
2. Fraternal Organizations	$ 746,820	
3. Agricultural Societies	$ 134,170	
4. Retirement Homes	$ 0	
5. Nursing Homes	$ 420,760	
6. Others (Comp. Systems $ 3,536,910)	$ 5,989,800	
TOTAL ALL CHARITABLE & BENEVOLENT SOCIETIES		$ 7,507,740
F. TOTAL ALL EDUCATIONAL INSTITUTIONS		$

INDUSTRIAL PARTIAL EXEMPTION	$ 34,760
POLLUTION CONTROL	$ 4,094,850
NATURAL CONSERVATION (3,091.16 ACRES)	$ 2,684,990
FOREST & FRUIT TREE (4,041.36 ACRES)	$ 3,669,420
CATTLE FACILITIES	$ 57,220
URBAN REVITALIZATION	$ 27,447,220
TOTAL ALL EXEMPT PROPERTY	$ 69,740,650

COMPARISON OF AGRICULTURAL, RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL VALUES

YEAR	AG REALTY INCLUDES AG DWELLINGS	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	TOTAL	% AG	% R	% C	% I
1986	292,322,309	191,259,045	44,198,179	17,458,330	545,237,863	54	35	8	3
1987	258,413,848	157,779,390	38,423,396	17,117,021	471,733,655	55	33	8	4
1988	258,184,543	157,736,620	38,292,429	17,465,791	471,679,383	55	33	8	4
1989	258,074,300	157,032,780	40,442,580	17,185,610	472,735,270	55	33	8	4
1990	257,599,833	157,236,150	40,414,690	17,295,505	472,546,178	55	33	8	4
1991	240,496,293	158,917,760	44,037,390	17,058,610	460,510,053	52	35	9	4
1992	240,575,470	160,557,690	47,861,850	24,398,000	473,393,010	51	34	10	5
1993	242,749,950	178,112,480	47,526,480	28,011,900	496,400,810	49	36	10	5
1994	243,208,280	178,873,580	48,220,550	35,277,100	505,579,510	48	35	10	7
1995	245,422,330	214,161,410	50,939,110	42,043,720	552,566,570	44	39	9	8
1996	245,563,400	217,876,920	54,811,640	42,800,700	561,052,660	44	39	10	7
1997	276,714,000	246,005,760	54,938,290	42,885,980	620,544,030	44	40	9	7
1998	279,799,330	250,253,630	56,233,450	45,199,860	631,486,270	44	40	9	7
1999	308,308,890	284,242,410	57,552,570	44,686,980	694,790,850	44	41	8	7
2000	309,446,400	287,495,880	58,571,410	49,183,670	704,697,360	44	41	8	7
2001	334,619,950	321,853,130	69,412,290	50,581,680	776,467,050	43	41	9	7
2002	336,785,130	328,819,900	70,657,340	52,198,710	788,461,080	43	42	9	6
2003	285,427,030	341,876,500	70,162,090	58,568,080	756,033,700	38	45	9	8
2004	287,584,800	352,592,160	76,247,750	59,581,550	776,006,260	37	45	10	8
2005	291,984,700	381,173,340	79,895,430	59,517,450	812,570,920	36	47	10	7
2006	303,184,760	440,948,540	80,534,640	59,431,450	884,099,390	34	50	9	7
2007	338,589,950	449,717,660	83,695,810	83,220,530	955,223,950	35	47	9	9
2008	339,583,930	458,317,380	85,960,150	88,161,130	972,022,590	35	47	9	9
2009	465,955,570	461,796,580	86,385,190	88,811,730	1,103,030,070	42	42	8	8

COMPARISON OF NEW HOMES & MANUFACTURED HOMES BUILT IN FLOYD COUNTY & THEIR ASSESSED VALUES

	YEAR BULT	2006	2007	2008
Rural Residential		13	7	10
Farm Dwellings		10	6	8
Urban Residential		19	10	12
	TOTAL	42	23	30

	YEAR BUILT	2006	2007	2008
Charles City		14	4	10
Colwell		0	0	0
Floyd		0	2	0
Marble Rock		1	2	0
Nora Springs		1	0	1
Rockford		3	2	1
Rudd		0	0	0
	TOTAL	19	10	12

ASSESSED VALUES

		YEAR BUILT		
		2006	2007	2008
Rural Residential		2,195,660	1,258,370	1,331,750
Farm Dwellings		1,863,690	1,214,490	690,060
Urban Residential		1,916,620	1,076,320	1,922,480
	TOTAL	5,975,970	3,549,180	3,944,290

		YEAR BUILT		
		2006	2007	2008
Charles City		1,428,580	736,240	1,615,900
Colwell		00	00	00
Floyd		00	179,580	00
Marble Rock		86,130	56,660	00
Nora Springs		23,230	0	40,460
Rockford		378,680	103,810	266,120
Rudd		0	0	0
	TOTAL	1,916,620	1,076,290	1,922,480

MISCELLANEOUS INFORMATION AND STATISTICS

Accepted 190 new Homestead Tax Credits.
Cancelled 243 Homestead Tax Credits.
Accepted 34 new Military Exemptions.
Cancelled 68 Military Exemptions.
Made Approximately 59 divisions of existing property.

Average 100% Assessment of Urban Residential Property	$ 74,272.00
Average 100% Assessment of Rural Residential Property	$ 123,697.00
Average 100% Assessment of Charles City Dwelling	$ 75,612.00
Average 100% assessment of Agricultural Dwelling	$ 71,457.00
Average per Acre value of Agricultural Land & Structures	$ 1,313.20

Tax Rate per $1,000.00 Actual Value:

CHARLES CITY CORP.

1982	PAYABLE IN 1983-1984	$27.62464
1983	PAYABLE IN 1984-1985	$26.83930
1984	PAYABLE IN 1985-1986	$26.39742
1985	PAYABLE IN 1986-1987	$25.44662
1986	PAYABLE IN 1987-1988	$25.43359
1987	PAYABLE IN 1988-1989	$29.00180
1988	PAYABLE IN 1989-1990	$29.47898
1989	PAYABLE IN 1990-1991	$31.35989
1990	PAYABLE IN 1991-1992	$31.58680
1991	PAYABLE IN 1992-1993	$34.07411
1992	PAYABLE IN 1993-1994	$34.16807
1993	PAYABLE IN 1994-1995	$34.30661
1994	PAYABLE IN 1995-1996	$34.20088
1995	PAYABLE IN 1996-1997	$33.90073
1996	PAYABLE IN 1997-1998	$34.22820
1997	PAYABLE IN 1998-1999	$33.76330
1998	PAYABLE IN 1999-2000	$33.44469
1999	PAYABLE IN 2000-2001	$32.40047
2000	PAYABLE IN 2001-2002	$33.14193
2001	PAYABLE IN 2002-2003	$33.58425
2002	PAYABLE IN 2003-2004	$32.38763
2003	PAYABLE IN 2004-2005	$35.30756
2004	PAYABLE IN 2005-2006	$35.79696
2005	PAYABLE IN 2006-2007	$36.36234
2006	PAYABLE IN 2007-2008	$36.69549
2007	PAYABLE IN 2008-2009	$37.05782
2008	PAYABLE IN 2009-2010	$36.28404

HISTORY OF ROLLBACKS PERCENTAGE ON CLASSIFICATION OF PROPERTY

YEAR	AGRICULTURAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
1990	100	79.4636	100	100
1991	100	73.0608	100	100
1992	100	72.6985	100	100
1993	100	68.0404	100	100
1994	100	67.5074	100	100
1995	100	59.3180	97.2824	100
1996	100	58.8284	100	100
1997	96.4206	54.9090	97.3606	100
1998	100	56.4789	100	100
1999	96.3381	54.8525	98.7732	100
2000	100	56.2651	100	100
2001	100	51.6676	97.7701	100
2002	100	51.3874	100	100
2003	100	48.4558	99.2570	100
2004	100	47.9642	100	100
2005	100	45.9960	99.1509	100
2006	100	45.5596	100	100
2007	90.1023	44.0803	99.7312	100
2008	93.8568	45.5893	100	100

COMPARISON OF TAX RATE PER THOUSAND FOR TAXES PAYABLE FISCAL 2009-2010 AS COMPILED BY THE FLOYD COUNTY ASSESSOR'S OFFICE

JURISIDICTION	POPULATION CENSUS 1980	1990	2000	2008 FISCAL 2009-2010 TOTAL	2007 FISCAL 2008-2009 TOTAL
NEW HAMPTON	3,940	3,660	3,692	32.27	31.66
WAUKON	3,983	4,019	4,131	32.48	32.38
MASON CITY	30,144	29,040	29,172	33.60	34.36
WAVERLY	8,444	8,539	8,968	34.14	34.81
CEDAR FALL-CF SCHL	36,322	34,298	36,145	34.80	35.34
WEST UNION	2,783	2,490	2,549	35.14	34.97
OSAGE	3,718	3,439	3,451	35.79	34.94
CHARLES CITY	8,778	7,878	7,812	36.28	36.70
CEDAR FALLS-W'LOO	36,322	34,298	36,145	37.52	38.95
INDEPENDENCE	6,392	5,972	6,014	37.59	38.06
DECORAH	8,068	8,063	8,172	37.87	36.21
NASHUA	1,846	1,476	1,618	38.55	31.82
ALLISON	1,132	1,000	1,006	38.59	39.21
ELKADER	1,688	1,510	1,465	40.33	39.50
CRESCO	3,860	3,669	3,905	40.41	40.13
GRUNDY CENTER	2,880	2,491	2,596	40.50	38.62
OELWEIN	7,564	6,493	6,692	40.67	40.27
WATERLOO	75,985	66,468	68,747	42.81	44.11
	ALL LEVIES ARE ROUNDED TO THE NEAREST $0.01				

PROPERTY TAX TIMELINE

January 1
Assessment of Property (appraisal date)

Prior to April 15
Notification to taxpayer

April 16 – May 5
Written Appeals to Board of Review

Month of May
Board of Review in Session

July 1
Total Valuation by Class Reported to Department of Revenue

August 15
Department of Revenue issues equalization order in odd numbered years
(orders are issued to County Auditor to adjust values of an entire class of property to statutory level of assessment)

October 15 – November 15
Board of Review Reconvenes if jurisdiction receives as equalization order

Not later than November 1
Director of Revenue issues Rollback Factors

January 1 (following year)
County Auditor certifies taxable value to levying bodies
(this includes County, School, City, Assessor, and Area School)

March 15 (cities & counties); April 15th (schools)
Budgets are submitted to County Auditor

July 1
Auditor certifies tax list to County Treasurer
(Taxes are due in two payments; September 30 and March 31)

CREDITS AND EXEMPTIONS

Iowa law provides for a number of credits and exemptions. It is the property owner's responsibility to apply for these as provided by law. It is also the property owner's responsibility to report to the Assessor when they are no longer eligible for any credit or exemption they have applied for. Following is a list of several credits and exemptions available in Iowa.

Homestead Tax Credit

To qualify for the credit, the property owner must be a resident of Iowa and occupy the property on July 1 and for at least six months of every year. New Applications for homestead tax credit are to be filed with the Assessor on or before July 1 of the year the credit is first claimed. Once a person qualifies the credit continues until the property is sold or until the owner no longer qualifies. This credit reduces the value on which taxes are calculated by a maximum of $4850. (Refer to Code of Iowa, Chapter 425)

Military Tax Exemption

Iowa residents who meet one of the following service requirements are eligible for the exemption:

1. Honorably discharged veteran who served for a minimum aggregate of eighteen months.
2. Honorably discharged veteran who served fewer than eighteen months because of a service related injury.
3. Honorably discharged former member of Reserve Forces or Iowa National Guard who served at least 20 years.
4. Member of Reserve Forces or Iowa National Guard who have served at least 20 years and continue to serve.
5. Honorably discharged former member of the Armed Forces if any portion of their term of enlistment would have occurred within the Korean Conflict but who opted to serve 5 years in the reserve forces as allowed by Federal law.
6. Honorably discharged veteran who served in an eligible service period (Iowa Code Chapter 35)

Application must be made with the Assessor on or before July 1 of the year the exemption is first claimed. The military certificate of satisfactory service, order transferring to inactive status, reserve, retirement, order of separation from service or honorable discharge must be recorded in the office of the county recorder. Members of the Reserve Forces or Iowa National Guard who have served at least 20 years and continue to serve shall record the veteran's retirement points accounting statement issued by the armed forces of the United States, the state adjutant general, or the adjutant general of any other state. The exemption from taxation is $2,778 for WWI veterans and $1,852 for all other service periods. If the qualified veteran does not claim the exemption the spouse, unmarried widow(er), minor child or widowed parent may be eligible to claim the exemption. (Refer to Iowa Code Chapter 426A)

Family Farm Credit

This is a tax credit on agricultural tracts of land 10 acres or more farmed by the owner or immediate family member (this incased brothers/sisters, sons/daughter. Grandchildren, great-grandchildren, uncles/aunts, nephews/nieces.) Applications are taken in the Assessor's Office.

Family Farm One-Time Filing

If a claim for the family farm credit is filed by November 1, 2001, or thereafter, and approved, further filing is not required provided the claimant owns the property on July 1 of subsequent years and the designated person actively engaged in farming the property remains the same.

If the ownership changes, the new owner must re-file for the credit and if the "designated person" changes, the owner must re-file for the credit.

The owner must notify the Assessor in writing of a change in the "designated person". Failure to do so will result in a penalty.

Contact the Assessor's office for more information on the complexities of the law. (Refer to Code of Iowa Chapter 425A)

Other Credits and Exemptions

Following is a list of several other credits/exemptions administered by the Assessor's office. Filing is required on them as provided by Iowa law.

Exemption	Filed By	Filing Requirement	Code Section
Family Farm	January – November 1	One Time—Filed After November 1 is for following year	425A.4
Barn & One-Room School	February 1	One Time	427.1(31) 427.1(32)
Exempt Property-Religious, Literary, Charitable*	February 1	One Time	427.1(14)
Forest Reservation	February 1	One Time	427C.3
Fruit Tree	February 1	One Time	427C.3
Historic Property	February 1	One Time	427.16
Impoundment Structure	February 1	Annual	427.1(20)
Indian Housing Authority	February 1	One Time	427.1(33)
Industrial Property Tax	February 1	One Time	427B.4
Low Rent Housing	February 1	One Time	427.1(14)
Methane Gas Conversion Property	February 1	One Time	427.1(29)
Mobile Home Park Shelter	February 1	One Time	427.1(30)
Natural Conservation or Wildlife Areas	February 1	Annual	427.1(22)
Native Prairie	February 1	Annual	427.1(23)
Pollution Control	February 1	One Time	427.1(19)
Recycling	February 1	One Time	427.1(19)
Speculative Shell Building	February 1	One Time	427.1(27)
Urban Revitalization	February 1	One Time	404.4
Wetlands	February 1	Annual	427.1(23)
Wildlife Habitat	February 1	Annual	427.1(24)
Disabled Vet Homestead	July 1	Annual	425.2
Homestead	July 1	One Time	425.2
Military	July 1	One Time	426A.13

*Special Filing provisions enacted for 2002 only. Contact your local assessor for details.

2009 TOP 10 ASSESSED VALUED HOMES IN FLOYD COUNTY

	PARCEL NUMBER	ASSESSED VALUE
1.	11 01 377 001 00	$ 593,940
2.	11 02 461 038 00	534,650
3.	12 07 205 005 00	448,910
4.	14 34 200 012 00	447,060
5.	07 21 400 018 00	421,420
6.	12 17 252 001 00	411,680
7.	12 17 276 008 00	407,640
8.	08 10 201 002 00	404,090
9.	16 12 226 011 00	390,160
10.	11 02 127 006 00	389,250

LARGEST ASSESSED VALUES IN FLOYD COUNTY
2009ASSESSED VALUATION

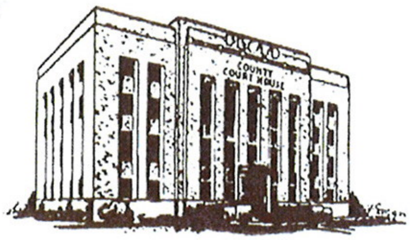
No.	NAME		REAL ESTATE VALUE
1	Solvay Animal Health Inc.	$	32,684,680
2	*Valero Charles City, LLC	$	28,550,600
3	*Salsbury Chemicals Inc.	$	10,656,940
4	*Winnebago Industries	$	10,486,160
5	*Charles City Cedar Mall, Inc.	$	5,785,000
6	Farmers Cooperative Exchange-Marble Rock	$	5,282,260
7	Sherman Nursery Co	$	4,047,340
8	Chautauqua Guest Home Inc	$	2,991,490
9	Troy CMBS Property LLC (K-Mart	$	2,902,000
10	Beek, Gary E. & Florence M.	$	2,519,090
11	Merfeld, Joseph J. & Judith A.	$	2,293,650
12	Trettin, H.E., Inc.	$	2,089,970
13	Charles City Hotel, LLC	$	2,036,200
14	Beverly Land Company	$	1,933,450
15	Knapp, Carl H. & Armella	$	1,890,480

2.* Valero Charles City, LLC includes $22,321,250 urban revitalization exemption

3. *Salsbury Chemical includes $1,363,610 pollution control and $1,069,260 urban revitalization exemptions

4. *Winnebago Industries includes $2,332,380 urban revitalization exemption

6. * Farmers Cooperative Exchange-Marble Rock includes $16,750 pollution control Exemption and $99,180 urban revitalization exemption



Floyd County Assessor
Bruce C. Hovden
101 S. Main STE 207
COURT HOUSE
Charles City, Iowa 50616
•
Phone 641-257-6152
Fax 641-257-6106
E-Mail: bhovden@floydcoia.org
Floyd County Website: www.floydcoia.org

August 19, 2009

COPY

Dale Hyman, Administrator
Iowa Department of Revenue
Property Tax Division
Hoover State Office Building
Des Moines, IA 50319

Dear Dale:

I submit my written protest on the 2009 equalization order on Floyd County residential realty, including residential dwellings on agricultural realty, outside and within incorporated cities.

If you look at only the statistical analysis for 2008 the equalization order is justified. I think some other factors need to be looked at. First quarter, second quarter and third quarter sales of 2008 were strong and make up most of the sales. Fourth quarter sales began coming in weaker. If we look at first quarter sales in 2009 the median ratio is 105.70 with 19 sales. (Exhibit I enclosed). We have 59 sales for 2009 showing a median of 99.24. (Exhibit II enclosed).

Floyd County, not unlike, the State of Iowa was a little slower to feel the recession. We are now right in the middle of that recession. We are experiencing many sheriffs' sales and foreclosures and reselling of foreclosed homes.

Floyd County has three rivers running through it, the Cedar, Shell Rock and Winnebago. Floyd County had several homes experience flooding in June of 2008.

In 2006 Floyd County contracted with Vanguard Appraisals Inc. to do a complete revaluation of all residential properties. We had an entry rate of over 70%. We will be changing all our classes of property over from the 1998 Department of Revenue & Finance cost manual to the 2008 cost manual. Residential class of property in Floyd County will get changes on their individual properties based on the market at that time for the assessment year 2011.

Winnebago Industries was a strong employer in Charles City. With the declining economy Winnebago closed one building and reduced employees in 2 other buildings. Winnebago has gone from employing 658 employees in Charles City to 93 employees.

MEMBER
International Association
of Assessing Officers

Exhibit "A"

Another concern of employment in Charles City is our largest employer Ft. Dodge Animal Health. This employer is looking at being sold to possibly Pfizer which is the world's largest research based pharmaceutical company in the world. An announcement on this should be coming in October of 2009. Of course the concern is whether they will continue in Charles City or move their employees to another location and close this location.

In conclusion, this order would not do any justice to the State, County and most importantly to the taxpayer of Floyd County. It would not make any sense to put this increase equalization order on in a declining market and economy.

Respectfully submitted,

Bruce C. Hovden

Bruce C. Hovden
Floyd County Assessor

Iowa Department of Revenue

Director: Mark R. Schuling
Hoover State Office Building
Des Moines, Iowa 50319
www.state.ia.us/tax

September 11, 2009

Bruce Hovden
Floyd County Assessor
101 South Main STE #207
Charles City, IA 50616

Dear Bruce:

In response to the written appeal of the tentative equalization order, the data does indicate a declining market in Floyd County. The 2009 sales were considered in estimating the January 1, 2009, ratio. The result was a ratio of 95.9%. Using this ratio brings residential values into compliance. There will not be a residential equalization order for Floyd County.

The rising unemployment is obviously a factor in property values. Updating to the 2008 Manual in 2011 could prove to be quite a challenge. It would be good to keep an eye on the equalization process. The automation of the declaration of value should enable us to provide more information more timely.

Floyd County has a good history of adjusting values to reflect current market conditions and avoiding equalization orders. This is commendable because it creates more equitable assessments and keeps the taxpayer better informed.

Sincerely,

Dale Hyman

Dale Hyman, Administrator
Property Tax Division

cc: Mark Schuling, Director
Cary Halfpop, Chief Appraiser

Exhibit "B"

Grounds for Confusion

Iowa's Distorted Assessment of Farm Property

Beth Pearson and Peter S. Fisher

July 2008

Iowa Fiscal Partnership
www.iowafiscal.org

The Iowa Policy Project
120 N. Dubuque St. #208
Iowa City, IA 52245
(319) 338-0773 • www.iowapolicyproject.org

CHILD & FAMILY POLICY CENTER
1021 Fleming Bldg • 218 Sixth Ave.
Des Moines, IA 50309
(515) 280-9027 • www.cfpciowa.org

Exhibit "C"

Acknowledgments

We gratefully acknowledge the assistance of the following individuals: Dale Hyman at the Iowa Department of Revenue, Jay Syverson with the Iowa State Association of Counties, Johnson County Assessor Bill Greazel, and Leigh Adcock at the Iowa Farmer's Union. The Iowa Fiscal Partnership organizations also are grateful for the support of the Center on Budget and Policy Priorities, the Stoneman Family Foundation and the Annie E. Casey Foundation.

Authors

Beth Pearson is a research associate at the Iowa Policy Project, where she analyzes economic and fiscal trends in the state of Iowa. She received her master's degree in Development Studies from the University of Oxford in 2007.

Peter Fisher is research director at the Iowa Policy Project. He is a Professor in the Graduate Program in Urban and Regional Planning at the University of Iowa. A national expert on public finance, his reports are regularly published in State Tax Notes and refereed journals.

Iowa Fiscal Partnership

The Iowa Fiscal Partnership is a joint initiative of the Iowa Policy Project and the Child & Family Policy Center, two nonprofit, nonpartisan Iowa-based organizations that cooperate in analysis of tax policy and budget issues facing Iowans. IFP reports are available on the web at http://www.iowafiscal.org.

The Iowa Fiscal Partnership is part of the State Fiscal Analysis Initiative, a network of state-level organizations and the Center on Budget and Policy Priorities to promote sound fiscal policy analysis. IFP work is supported by the Stoneman Family Foundation and the Annie E. Casey Foundation.

The Iowa Policy Project

Founded in 2001, the Iowa Policy Project produces fact-based analysis to inform and engage Iowans on policy alternatives on economic opportunity, budget issues, energy and the environment. IPP's principal office is in Iowa City, with reports at http://www.iowapolicyproject.org.

CHILD & FAMILY POLICY CENTER

The Child & Family Policy Center was established in 1989 to "better link research and policy on issues vital to children and families and to advocate for evidenced-based strategies to improve child outcomes." CFPC, based in Des Moines, is on the web at http://www.cfpciowa.org.

Iowa Fiscal Partnership

July 2008

Grounds for Confusion

Iowa's Distorted Assessment of Farm Property

By Beth Pearson and Peter Fisher

Introduction

Iowa's agricultural property assessment and tax system has not evolved in relation to major historical shifts in agricultural production. Over the past several decades, agricultural production in Iowa has become more specialized, consolidated and commercial. These processes have resulted in significant changes for patterns of agricultural land and building use but not for our tax structure. As a result, the current system contains numerous distortions that inhibit the fair and accurate assessment of the value of agricultural property such that both agricultural land and buildings are taxed far below their market value. While there is some justification for taxable value differing from market value if and when market conditions are not an accurate indication of the productive value of a piece of agricultural property, this is often not the case in Iowa. Rather, an outdated tie between land and buildings leads to the assessment and taxation of industrial agriculture buildings such as concentrated animal feeding operations (CAFOs) as if they were cropland. This tie combines with several features of the complicated formula used to evaluate farmland productivity to create an assessment system that is neither straightforward nor fair.

This report begins with a discussion of the property assessment process in Iowa, focusing on agricultural property and highlighting the important distinctions between the "market," "assessed" and "taxable" value of a piece of property. This section also explains how the value of agricultural property is determined through a productivity formula that treats agricultural buildings as if they are identical to agricultural land, lowering their taxable value while distorting the assessment of land within a county.

The report then moves to an analysis of Department of Revenue rules issued in 2005 and 2007 which were designed to address one particular problem of agricultural building assessment in Iowa, namely the inter-county disparity in agricultural building values caused by local assessor autonomy and systemic constraints on the accurate valuation of buildings. These rule changes mandated that assessors apply an "agricultural factor" to the replacement cost of agricultural buildings. The factor is a ratio that -- like the productivity formula -- is based on the value of agricultural land; its application means that agricultural buildings in Iowa are assessed at between 17 percent and 32 percent of their market value. For some counties, this rule change meant a significant shift in assessed value from buildings to land, while other counties saw their building assessments rise in relation to the assessed value of land.

Although the Department's rule changes addressed a troubling feature of the current agricultural assessment system, the fundamental problems contributing to inter-county disparity and the broader distortions of an outdated system can be corrected only through legislation. The closing section of this report offers policy recommendations that would enhance the fairness, stability, simplicity and accuracy of Iowa's agricultural property assessment process. We recommend that agricultural land and buildings be assessed and taxed as two, separate types of agricultural property. In addition, we argue that value of agricultural buildings should be assessed with reference to market value rather than through the productivity formula, which is not designed to evaluate livestock income. Finally, we also make recommendations for changes to the productivity formula that allow it to more accurately assess farmland and suggest that the assessment of agricultural land could be greatly improved and simplified if the productivity formula were replaced by the use of the cash rent survey to determine the value of land in farming uses. These changes would significantly increase the capacity of Iowa's agricultural property assessment system to accurately measure the value of agricultural land and buildings while ensuring that this system is also fair and simple.

Efforts to Address Disparity in Agricultural Building Assessments

The significant disparities across counties in the assessed values of similar agricultural buildings meant that agricultural building owners were paying sharply different levels of property taxes in different parts of the state. Assessment disparities among properties within the same class, particularly with regard to agricultural property have been a persistent concern in Iowa.[1] In 2007, the Department of Revenue acted to address this disparity by strengthening the existing agricultural factor rule and stating that all farm buildings should be treated uniformly with the application of the agricultural factor. The rule took effect for the first time for agricultural assessed values as of January 1, 2007. The Department of Revenue calculated the agricultural factor for each county and issued the result as a guide for each county's assessor. Agricultural factors vary from county to county, depending on the productivity of each county's land and on the market value of land. Factors ranged from a high of 32.4 percent (Chickasaw County) to a low of 17.1 percent (Warren County and Monroe County), with an average factor of 24.3 percent.[2]

Again because of the "closed system" nature of the assessment of agricultural property, in which the county's total assessed value is calculated and then apportioned among land and buildings, any shift in the assessed value of agricultural buildings will result in an equivalent and opposite shift in the assessed value of agricultural land. So, if the application of the agricultural factor to buildings in one county means that the aggregate assessed value of these buildings goes down relative to its historic assessed value, then the aggregate assessed value of agricultural land in that same county will have to go up in order to leave the total unchanged.

As illustrated by the Department of Revenue's survey of the assessed values of agricultural buildings across Iowa counties, some counties were previously assessing agricultural buildings at rates far higher than either the statewide average factor of 24.3 or the factor proposed to them by the Department of Revenue, while other counties were assessing agricultural buildings at rates even lower than the suggested factor. The biggest

---

[1] Murray, William Gordon (1954) Improving Property Assessments in the Midwest: A Preliminary Report, Ames, Iowa: Agricultural Annex.

[2] "2007 Agriculture Building Factor" map, Preliminary 2007 Agricultural Productivity Values, Iowa Department of Revenue, March 12, 2007.

impact of this rule change will therefore be felt in counties that had previously been assessing buildings at levels much different from the newly proposed factor, particularly if buildings had constituted a somewhat substantial share of the county's total assessed value.

An Outdated System for Agricultural Property Assessment

The Iowa Department of Revenue adopted the rule change requiring the application of the agricultural factor to the assessment of agricultural buildings largely because of obvious disparities in how buildings were being assessed across different Iowa counties. These disparities can largely be traced to underlying features of the agricultural property assessment system, which has not evolved in response to major structural shifts in Iowa's agricultural sector.

Historically, there was little need to separately assess agricultural buildings because buildings accounted for a small and consistent share of each agricultural property owner's overall property value. In fact, it made sense to simplify the assessment process by using the productivity formula as a way of determining the value of all agricultural property in the state. Over the past 20 to 30 years, however, agricultural production has become increasingly concentrated and specialized. These changes have had consequences for patterns of building ownership since concentrated livestock operations require large buildings but little land in comparison to property owners who have specialized in crop production. In other words, the past several decades in Iowa have seen a shift from a situation in which most agricultural property owners in Iowa had similar profiles in terms of the size and types of their production operations, to one in which agricultural property owners differ substantially in the size and type of their more specialized operations and hence their investment in land vs. buildings.

This shift means, among other things, that the productivity formula is no longer an accurate measure of property value for all types of agricultural production. Valuing agricultural land according to productivity potential rather than by a market standard is designed to protect farmers from rising property values or fluctuations in crop yields and prices that may substantially affect farm income. The justification for this system rests on the argument that market conditions cannot provide an accurate guide to the income capacity if a piece of farmland.

Using the productivity formula to achieve uniformity in county assessments of agricultural buildings therefore makes little sense when the market value of agricultural buildings has little to do with the variables that make up the calculated productivity value. The productivity formula is build on a set of inputs and prices that exclusively measure the profitability of producing crops on agricultural land and have, at best, an indirect and uncertain relationship to the value of livestock operations that now rely heavily on the use of buildings rather than land.

Higher demand for ethanol has helped to drive up the price of corn, which over time will drive up the productivity value of land. On the other hand, these higher corn prices represent higher costs of feed for owners of concentrated animal feeding operations (CAFOs), which at some point lowers the current profitability and hence possibly the market value of their facilities (if these higher prices are expected to persist). But the current formula could produce either a higher or lower taxable value for CAFOs as a result of these price changes. If productivity value rises more than market value of land, the agricultural factor will rise; if productivity value rises less than market value, the agricultural factor will fall. It is the agricultural factor, and hence the changing relationship between productivity and market value of land, that determines the taxable value of the CAFO (along with replacement cost). This is an entirely arbitrary way to adjust the value of a CAFO. Productivity values are driven by historical costs and prices, while market values are driven by expectations of future costs and prices. The ratio of the two (the agricultural factor) will rise in some periods, fall in others, for reasons that have nothing to do with the profitability or value of a livestock building.

In addition, the argument that market conditions do not provide an accurate guide to the income capacity of a piece of agricultural property simply does not apply to single-purpose agricultural buildings such as CAFOs. In the case of such production facilities, market value should be based entirely on the income-generating capacity of the facility, making it an appropriate basis for assessment and taxation.

Using the productivity formula to set each county's total assessed value of agricultural property, which is then apportioned between land and buildings, also creates an increasingly arbitrary system for determining the value of a given parcel of agricultural property. Not only is a county's total assessed value calculated through a formula that has no way of measuring the factors specific to the productivity of agricultural buildings, but the assessed value of all land in a county is in turn dependent on the portion of the county's overall value that is assigned to buildings. Instead of increasing the tax base, the construction of new high-valued agricultural buildings in a county merely lowers the taxable value of land. This can actually decrease the county's tax base, particularly when new buildings claim the pollution control exemption. Part of the county's total assessed value is assigned to buildings, but buildings can then reduce their value through the pollution control exemption, which means that this value is "lost" and never re-assigned to parcels of agricultural land. (This could be solved simply by requiring the pollution control exemption to be taken first, before the reduction in land value by building value.)

Farm buildings are of course not the only type of agricultural property that has a taxable value set far below its market value. As Figure 1 (page 5) shows, farmland is only taxed on about 16 percent of its market value. Setting a low taxable value for farmland can benefit small-scale farmers who have less financial flexibility to respond to fluctuations in market conditions and who would be driven out of the market if the cost of acquiring and maintaining farmland were not tied to the productivity of and ability to profit from that land. Again, this is a feature of a property tax system that was designed for a much different kind of agricultural production than now prevails in Iowa.

Some rationale still exists to protect against speculative pressures on land value in determining how agricultural land should be taxed. Even farmer-to-farmer sales of land, which are used in estimating the market value of farmland, can be affected by speculation since a farmer may purchase a parcel of land for crop production while knowing that he or she can eventually sell it to a developer. In this case, the value of the piece of land would be much higher than its productivity value, but the revenue generated from the land in the near future will still depend on its use as farmland rather than its potential as undeveloped real estate. This is why, for instance, the agricultural tax assessment system uses the undeveloped real estate. This is why, for instance, the agricultural tax assessment system uses the backward-looking tool of the productivity formula to arrive at the value of a piece of land, rather than the forward-looking tool of market conditions.

Conclusion

Changes by the department of Revenue to the way that agricultural buildings are assessed in Iowa were necessary responses to an out-of-balance system. But more fundamental changes are needed to fairly and accurately assess agricultural property in Iowa. Agricultural production and the use of agricultural property in Iowa have changed substantially over the past few decades, but our property tax system has not evolved in tandem with these changes. As a result, building assessments have been artificially depressed at the same time that they have distorted land assessments. The factors that determine the value of cropland have little to do with the value of livestock buildings, and building valuations will rise and fall arbitrarily, depending on whether the productivity value of land has been increasing faster or slower in recent years than market value of land. Several features of the productivity formula have also kept land assessments artificially low by reducing calculated farm income and applying a fixed capitalization rate that cannot respond to market conditions.

Inter-county disparity in the assessment of agricultural property will continue, despite the Department's rule changes, as long as the current tie between the assessment of agricultural buildings and land is allowed to persist. In some cases the Department of Revenue's recent rule change has brought about more uniformity, as was its intent, but in the process exacerbated the problem of building underassessment by directing many counties to lower their building assessments, often dramatically. The assessment of buildings should be separated from the assessment of land, and the actual value of buildings should be evaluated according to market conditions rather than through the use of the productivity formula.

Reform of Iowa's system of assessing agricultural property should clearly focus on improving fairness by assessing similar properties similarly, regardless of county. Owners of high-value agricultural buildings, which are largely used in commercial livestock operations, have benefited from a system that taxes buildings according to measures of value unrelated to their productivity. Using the productivity formula to assess all agricultural property has the effect of substantially underestimating the income capacity of agricultural buildings. While there may be justification for removing the speculative component in the market value of farmland, since the speculation may have nothing to do with use of the land in farming, there is no justification for applying the same logic to specialized agricultural buildings, which have no alternative uses.

Farmland can have high market value because it was bought with an eye to commercial development, but a CAFO cannot be turned into condos.

At the same time, current assessment practices also distort the assessment of agricultural land. Land assessments are dependent on the construction or demolition of agricultural buildings; as the Department's rule change demonstrates, landowners can see their assessments change significantly as a result of how buildings are assessed. The productivity formula includes arbitrary provisions that artificially deflate farm income and fail to reflect the value that farmers themselves accord to parcels of land, undermining the notion that it better measures the actual value of agricultural land.

Agricultural property taxes are an important source of revenue for county governments, which depend on them to fund essential items and services. Ultimately, simplifying the agricultural property system by separating the assessment of buildings and land and using measures of productivity value appropriate for each type of property are crucial to ensuring fairness and stability in Iowa's agricultural property assessments.

Appendix I: Rollback explanation

The rollback calculation is best explained through an example. Suppose the statewide total actual value of residential property in 2004 was $100 billion, and the rollback that year was 50 percent. Then the statewide total taxable value would be $50 billion. Suppose by 2005 that residential market value had risen 6 percent to $106 billion. Taxable value, however, cannot by law increase more than 4 percent statewide, which means that taxable value for 2005 must instead be $52 billion. The rollback percentage is therefore the ratio of taxable to actual value that will produce this 4 percent growth in taxable value. In other words, the rollback for 2005 must be 52/106, or .4906.

This means that all assessors must apply the ratio .4906 to the actual value of each residential parcel, regardless of how rapidly or slowly home prices increased in their jurisdiction. A home worth $100,000 is 2004 is a declining area might still be worth just $100,000 on the market in 2005, but its taxable value will decline about 2 percent, from $50,000 to $49,060, because the rollback declined from .50 to .4906. On the other hand, a $100,000 home in a growing area might have increased in value to $112,000, in which case its taxable value will increase from $50,000 to $54,947 (almost a 5 percent increase). Thus the rollback disadvantages slow growing areas relative to rapidly growing areas; the slow-growing areas may see an actual decline in taxable value over time ev3en while the costs of government increase simply due to inflation. Rapidly growing areas can see an increase in the tax base, though a smaller one than would result in the absence of a rollback.