

REAL TALK



FROM THE POLK COUNTY ASSESSOR

www.assess.co.polk.ia.us

WINTER 2018

KEY FACTORS THAT DETERMINE PROPERTY VALUES

Estimating property values may not be an exact science — but you can count on several factors that will play a role in determining your property's value.

For residential properties, several physical characteristics are taken into account, such as:

- Square footage of land and improvements
- If the improvements include a garage
- How many bedrooms and bathrooms are in the home
- The quantity and quality of amenities like swimming pools and fireplaces

On other types of properties, various nonphysical characteristics like easements can affect the value. Appraisers also analyze sales, income, and cost data to estimate a value.

And, as the old adage goes, “location, location, location.” Where your property is located and the value of comparable properties in the area will influence the value of your home or other property.

The Assessor uses a mass appraisal system for information about comparable sales whenever possible. However, in some cases, the properties can't be analyzed effectively through mass appraisal methods and require individual appraisals.

WHAT CAUSES PROPERTY VALUE TO CHANGE?

Property values can change for a variety of reasons — and physical characteristics definitely come into play. Any



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additions or improvements such as a new bedroom or garage, as well as added amenities, may increase your property value.

A decrease in value could be the result of property damage caused by flood, fire, or other disasters.

And if the use of a property changes, it could impact its value — for example, if an apartment building is converted to condominiums.

However, the most common cause for changes in property values is changes in the market. If a small town loses a large employer, for example, values could decline across the board. Or a shortage of houses in a desirable neighborhood could drive up values.

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KEY FACTORS THAT DETERMINE PROPERTY VALUES

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These are just a few examples of why property values may fluctuate. If you have questions about how the value of your property was determined, you can contact the appraiser for your property. Go to the [Polk County Assessor's website](#) and you'll find the name of your appraiser in the information about your property.

Q & A

Q: If assessed values rise or fall, do taxes have to rise or fall?

A: Not necessarily. The amount your local tax authorities need/request will determine whether your taxes rise or fall.

Q: What role do taxing authorities have when it comes to your property taxes?

A: Cities, school districts, and other governing bodies have authority to levy property taxes — and they determine whether overall property taxes will change.

The total budget in a given jurisdiction is divided by the total assessed value of all property in the jurisdiction to calculate

the mill rate. The mill rate is then multiplied by the assessed value of your property to calculate your tax bill.

Here's an example:

Your local taxing authorities decide to raise \$2 million in property taxes and the Assessor estimates the total assessed value of all taxable property in your community at \$100 million. The property tax rate would be calculated by dividing the amount of tax to be raised by the total assessed value:

$$\text{\$2 million} \div \text{\$100 million} = .02 \text{ or } 2\%$$

If the assessed value of your home is \$100,000, your property tax bill would be:

$$2\% \times \text{\$100,000} = \text{\$2,000}.$$

Information in this article is based on "Understanding Your Assessment," from the International Association of Assessing Officers.

Learn more about property values and taxes online at the International Association of Assessing Officers site:

www.iaao.org.

HOME PRICES CONTINUE TO RISE The median sales prices for single family homes in Polk County continues to rise — 2017 was the eighth straight year of increases. In 2009, the median sale price was \$145,000. In 2017, it had risen to more than \$170,000.



2017 ROLLBACKS

Each year, the Iowa Department of Revenue determines a rollback percentage on residential and agricultural properties that limits the growth in the taxable value of each class of properties statewide to three percent. The rollback on the other classes of property is by statute.

This means you only pay property taxes on a certain percentage of your property's assessment. Here are the percentages for 2017 assessments:

- Agricultural properties: 54.448 percent (excluding dwellings on ag property)
- Residential properties: 55.6209 percent
- Commercial, industrial, and railroad properties: 90 percent
- Multi-residential properties: 78.75 percent
- Utility properties: No adjustment

WHAT TO EXPECT ON YOUR TAX BILL

Tax bills based on your 2017 assessment will be mailed later this summer and will be due Sept. 30, 2018, and March 31, 2019.

While residential assessments in Polk County increased 8.2 percent on average in 2017, the effect on your specific taxes will vary based on several factors.

As noted in the previous Q&A, an increase in your assessment doesn't necessarily mean an increase in taxes — but the amount of money requested by the governing bodies in your jurisdiction will determine the impact on your property taxes. If you live in an area with a lot of new construction, it will help reduce your tax burden because the budget will be spread over more properties.

TAXABLE AND EXEMPT PROPERTY IN POLK COUNTY

How much is all the property worth in Polk County? As of July 1, 2017 — more than \$43.7 billion.

While most of this is taxable — over \$40 billion of it, exempt properties make up the remaining \$3.7 billion. (This number doesn't include government properties, which are also exempt.)

Here's a look at the value of taxable and exempt properties:

	TOWNSHIPS	CITIES
AGRICULTURAL LANDS	\$239,813,530	\$56,957,190
RESIDENTIAL (includes residences on ag property)	\$2,213,068,200	\$25,656,116,220
COMMERCIAL PROPERTIES	\$512,728,020	\$9,338,372,190
MULTI-RESIDENTIAL PROPERTIES	\$14,946,940	\$1,340,553,580
INDUSTRIAL PROPERTIES	\$110,370,000	\$570,799,840
TOTAL TAXABLE REAL ESTATE	\$3,090,926,690	\$36,962,799,020
GRAND TOTAL OF TAXABLE REAL ESTATE IN POLK COUNTY		\$40,053,725,710
TOTAL OF EXEMPT REAL ESTATE IN POLK COUNTY (excluding city, county, state, and federal properties)		\$3,665,450,820

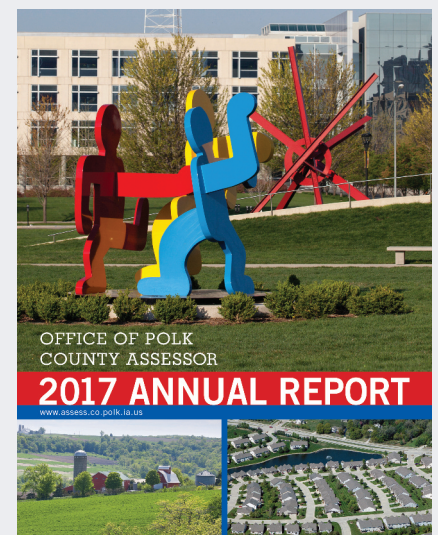
So which type of properties qualify for exempt status in Polk County? Here are the categories:

- Religious institutions
- Literary societies — e.g. Living History Farms, West Des Moines Historical Society
- Low-rent housing
- Veterans organizations
- Charitable and benevolent societies — e.g. hospitals, nursing homes, the YMCA/YWCA, etc.
- Educational institutions
- Pollution control — e.g. agricultural waste water disposal systems
- Urban revitalization
- Industrial exemptions (an exemption for certain industrial properties on which improvements have been made)
- Natural conservation
- Forest and fruit tree preservation
- Native prairie and wetlands
- Jobs and income (a community may exempt from taxation all or part of a property directly related to new jobs creation)
- Impoundments
- Manufactured home/storm shelters
- Geothermal systems

Urban revitalization tops the list in terms of value, coming in at \$837 million.

Property tax exemptions help encourage publicly desired objectives, but a key principle is that exemptions should be narrowly construed, and, as a rule of thumb, no exemption should be granted unless it will be beneficial to a substantial segment of the affected population.

For a complete list of exempt properties and their value, check out our [2017 Annual Report on the Polk County Assessor's website](#).



NEW RECOMMENDATIONS WOULD BOOST REQUIREMENTS FOR ASSESSORS

The Director of Revenue is responsible to prescribe the educational requirements for assessors and deputy assessors. In 2017, the legislature charged the Department of Revenue to study the current system of preliminary and continuing education for assessors and deputy assessors. An educational subcommittee was created by the Department to review these requirements and make recommendations for changes as needed.

The subcommittee submitted a report with its recommendations to the Iowa legislature in December 2017, as several of the recommendations would require a change in the Iowa Code.

Members of the education subcommittee included:

- Randy Ripperger, Polk County Assessor
- Dana Shipley, Mason City Assessor
- Ross Simmelink, Sioux County Assessor
- Beth Weeks, Cedar Rapids Assessor
- Lucas Beenken, Iowa State Association of Counties
- Julie Roisen, Administrator, Property Tax Division, Iowa Department of Revenue
- Carmen Putzier, Examiner 3, Property Tax Division, Iowa Department of Revenue
- Abigail Sills, Attorney, Iowa Department of Revenue

Currently, a person must have a high school diploma to take the assessor or deputy assessor examination. Once they pass, they're eligible to become an assessor or deputy assessor.

The subcommittee has recommended additional requirements to help improve the education and experience of people before they're employed as an assessor.

Key recommendations from the subcommittee include:

- A person must take a classroom course on Iowa Laws and Taxation with a passing score before taking the deputy assessor exam.
- A person must be on the deputy assessor register before they're eligible to take the assessor examination.
- Specific coursework requirements and two years of documented appraisal experience would be needed to be considered as a regular certification on the assessor register.
- Most significant is the recommendation that newly appointed assessors would be required to complete all requirements for a Department approved professional designation from a recognized appraisal organization within the first six years in office.

Finally, the subcommittee recommended that the timeframe for hiring an assessor be expanded to allow more time for conference boards and examining boards to make a decision in the hiring process.

REAL TALK

QUESTIONS?

We hope you've found this issue of *RealTalk* to be informative. We'd like to know what you think. For more information on any of these topics, please contact us. We want to be your resource for property assessment issues.

Previous issues of *RealTalk* are archived on the Polk County Assessor's website at www.assess.co.polk.ia.us.

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OUR MISSION

The mission of the Polk County Assessor is to estimate the fair market value of residential and commercial property. The Assessor doesn't determine tax rates or calculate or collect taxes. If you have questions or want more information about what we do, please let me know.



Randy Ripperger
Polk County Assessor