

**DUTIES  
AND  
RESPONSIBILITIES  
OF  
IOWA ASSESSORS**



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2008**

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## **Introduction**

This manual presents a description of the major responsibilities of Iowa's city and county assessors. The intent of this publication is to provide an overview of the duties performed by Iowa assessors.

## **Assessor Examination**

To be eligible for appointment as assessor a person must pass, with a score of at least 70%, an examination administered by the Department of Revenue. To take the examination, a person must possess a high school diploma or its equivalent. The equivalent shall consist of a high school equivalent certificate issued by the department of public instruction or a similar document issued by the U.S. armed forces or another state. In addition, an application must be completed and received by the Department of Revenue at least three days prior to the date of the examination. Persons do not have to be residents of Iowa to take the assessor examination.

The examination is designed to measure an applicant's knowledge of appraisal theory and practice, and Iowa's assessment laws. Appraisal topics covered by the examination include the theory of the sales, cost, and income approaches to market value, and the practical application of each approach. Questions on assessment laws cover valuation standards, statutory assessment procedures, and tax credits and exemptions for which assessors are responsible.

The Department of Revenue is required to hold at least two examinations each year in Des Moines. Additional examinations may be held if necessary. Under certain circumstances, a conference board may request the Department hold a special examination outside Des Moines (see page 4).

Persons who pass the examination are granted either regular or temporary certification by the Department of Revenue. Persons who have at least two years appraisal-related experience are granted regular certification. Those who lack the experience receive temporary certification. Appraisal-related experience is considered full-time employment consisting of the actual appraisal and valuation of property. Experience shall include the physical inspection of property and setting of values for parcels of property. A person who receives temporary certification and subsequently acquires the required experience may obtain regular certification by again passing the examination.

Following the examination, the Department shall update the register with the names, in alphabetical order, of all individuals who are eligible for appointment as assessor. The test scores of individuals on the register shall be given to a city or county conference board upon request. Individuals shall remain on the register for a period of two years following the date of certification granted by the Director of Revenue.

Assessors who serve six consecutive years shall be placed on the register of individuals eligible for appointment as assessor. In order to be appointed to the position of assessor, the assessor shall comply with the continuing education requirements. The number of credits required for certification as eligible for appointment as assessor in a jurisdiction other than where the assessor is currently serving shall be prorated according to the percentage of the assessor's term which is covered by the continuing education requirements. The credit necessary for certification for appointment is the product of 150 multiplied by the quotient of the number of months served of an assessor's term covered by the continuing education requirements divided by 72. If the

number of credits necessary for certification for appointment as determined under this paragraph results in a partial credit hour, the credit hour shall be rounded to the nearest whole number.

Within 60 days of an examination, persons may review their examination in the Department of Revenue office in Des Moines. The review is limited to their answer sheet which indicates those questions answered incorrectly and the examination questions. Correct answers to the questions are not released, and no notes are permitted to be taken. Persons may review their examinations only once and must wait at least 30 days before taking the assessor or deputy assessor examination again.

### **Assessor Appointment Procedures**

When an assessor position becomes vacant, the local examining board shall request a register of eligible candidates from the Department of Revenue. After receiving the register, the examining board may contact all or some of the eligible candidates and may, at its discretion, conduct interviews. The examining board may also conduct a further examination of the candidates.

After reviewing the applicants and holding any interviews, the examining board must submit a written report to the conference board. The report should describe the examining board's activities in sufficient detail to assist the conference board in making an appointment. The report may also contain recommendations of the examining board for assessor appointment. Within seven days of receiving the examining board's report, the conference board must hold a meeting to appoint an assessor. If an assessor is selected at this meeting, the conference board must, within ten days, notify the Department of Revenue of the appointment and its effective date.

If the conference board does not appoint an assessor, a request for a special examination to be given in the jurisdiction in which the vacancy exists shall be made to the Department of Revenue. The request must state why the conference board is asking for the special examination and demonstrate that a good faith effort was made to make an appointment from the original register. Only one special examination may be held in a jurisdiction, and the conference board must reimburse the Department of Revenue for all expenses incurred in administering the examination. When a special examination is given, it is conducted in the same manner as the statewide examinations held in Des Moines. The special examination shall be open to all interested applicants, not just those from the jurisdiction where the special examination is being given. Following the special examination, the statewide register of eligible candidates is updated to reflect the names of any persons who passed the examination.

The examining board of the jurisdiction in which the special examination is held receives a copy of the updated register. Both the examining board and conference board then proceed to fill the vacancy as previously described, except that a second special examination cannot be requested.

The conference board may appoint as assessor any person whose name is on the register of eligible candidates. If the candidate is currently an Iowa assessor or deputy assessor, he/she must be current on continuing education requirements. Appointments made prior to the expiration of the previous assessor's six-year term are only for the unexpired balance of that term.

If the person appointed as assessor holds regular certification, no further action is necessary. If the person holds temporary certification, he/she is required to, within eighteen months, complete

a course of study conducted by the Department of Revenue. The course of study includes required attendance at certain schools, as well as on-the-job training by Department of Revenue personnel. The conference board must reimburse the Department for all expenses incurred in providing this training.

Assessors who are appointed under temporary certification and successfully complete the course of study are granted regular certification at the end of eighteen months. Assessors who do not successfully complete the course of study lose their temporary certification and are not eligible to remain in office as assessor. At that point, the position becomes vacant and the selection procedure must be repeated.

### **Assessor Continuing Education**

The continuing education program is administered by the Director of Revenue. The Director approves courses for inclusion in the continuing education program, and certifies to conference boards those assessors who have completed the program and are eligible for reappointment.

Once appointed, an assessor is required to complete 150 hours of continuing education to be eligible for reappointment to that position. Of the required 150 hours, 90 hours must be earned from courses for which a score of at least 70% is received on an examination given at the end of the course. Tested credit of no more than 30 hours may be received for the submission of a narrative appraisal approved by a professional appraisal society designated by the Director of Revenue. An assessor may receive non-tested credit for a course if he/she fails the examination for that course by making application for non-tested credit.

A course may be taken for credit only once during an assessor's six-year term and the assessor is required to attend all sessions of each course to receive credit. Assessors may also receive non-tested credit for courses for which they serve as instructors, but only once for each course taught.

For a person appointed to fill an unexpired six-year term, the number of continuing education credits required is prorated to correspond with the portion of the term remaining. Deputy assessors who are appointed assessors may carry forward any credits earned during the current six-year period in which the appointment was made and have those credits apply toward satisfying their requirements as assessors.

At least 90 days before the expiration of the assessor's six-year term, the conference board is required to hold a meeting to consider the assessor's reappointment. An incumbent assessor may be reappointed only if the Director certifies that the continuing education requirements have been satisfied. If the incumbent assessor is not reappointed, then not less than 60 days before the expiration of the incumbent's term, the conference board must appoint a new assessor. The conference board may remove an assessor from office for misconduct, nonfeasance, misfeasance, or malfeasance in office. Upon the written request of the assessor, the conference board must substantiate the charges at a public hearing.

### **Deputy Assessor Examination and Appointment**

The position of deputy assessor is optional and may be established at the discretion of the conference board. At any time, the conference board may authorize the assessor to appoint one or more persons as deputy assessors.

A deputy assessor may be appointed from the register of persons who have received a score of at least 70% on the deputy assessor examination. These examinations are held twice a year in Des Moines, and are less comprehensive than the assessor examinations. They are conducted in the same manner as assessor examinations, however, no special deputy assessor examination can be held.

Following the examination, the Department shall update the register containing the names, in alphabetical order, of all individuals who are eligible for appointment as deputy assessor. The test scores of individuals on the register shall be given to a city or county conference board upon request. All eligible individuals shall remain on the register for a period of two years following the date of certification granted by the Director. Deputy assessors who serve six consecutive years shall be placed on the register of individuals eligible for appointment as deputy assessor.

Deputy assessors shall also comply with continuing education requirements. The number of credits required for certification as eligible for appointment as a deputy assessor in a jurisdiction other than where the deputy assessor is currently serving shall be prorated according to the percentage of the deputy assessor's term which is covered by the continuing education requirements. The credit necessary for certification for appointment is the product of 90 multiplied by the quotient of the number of months served of a deputy assessor's term covered by the continuing education requirements divided by 72. If the number of credits necessary for certification for appointment as determined under this paragraph results in a partial credit hour, the credit hour shall be rounded to the nearest whole number.

Persons who have passed the assessor examination may be appointed deputy assessors even though they have not taken the separate deputy assessor examination. These persons are appointed from the assessor register since their names would not be included on the deputy assessor register.

Although the position of deputy assessor is authorized by the conference board, the actual selection and appointment is made by the assessor. Deputy assessors do not serve for a fixed six-year term as do assessors, but rather serve at the pleasure of the assessor. The appointment of a deputy assessor is dependent upon the assessor who made the appointment. The assessor may appoint more than one deputy. One person must be designated as the chief deputy. When an assessor vacates office, the appointments of all deputies except the chief deputy expire. The appointment of the chief deputy assessor continues until the appointment of a new assessor.

When a new assessor assumes office, new appointments of deputy assessors must be made. The appointments would have to be made from either the assessor or deputy assessor register.

### **Deputy Assessor Continuing Education**

Deputy assessors must also complete a continuing education program to retain their positions. To continue serving as a deputy assessor, a person is required to complete 90 hours of continuing education within the six-year period following his or her appointment and during each succeeding six-year period.

Of the required 90 hours, 60 hours must be earned from courses for which a score of at least 70% is received on an examination given at the end of the course. Tested credit of no more than 30 hours may also be received for the submission of a narrative appraisal approved by a

professional appraisal society designated by the Director of Revenue. Since deputy assessors do not serve fixed terms of office, their continuing education periods do not necessarily correspond with those for assessors.

A deputy assessor may be suspended or discharged by the assessor for insubordination, misconduct, neglect of duty, or not properly performing assigned responsibilities. The assessor is required to give the deputy written notice as to the specific disciplinary action being taken and the reason for the action. The deputy assessor may protest the action by filing a written appeal with the jurisdiction's examining board within five days of receiving notice of the action from the assessor. If requested by the deputy, a hearing on the disciplinary action must be held within 15 days. The examining board may uphold, modify, or reverse the assessor's action, and the decision of the board is final.

### **Budget Process**

The assessor is responsible for developing an itemized preliminary budget estimate for the operation of the assessor's office. The budget estimate is to cover all estimated expenses for the next fiscal year beginning July 1 and ending June 30. The budget estimate is to include all estimated expenses for the assessor's office, conference board, examining board, and the board of review. Included with the board of review's budget would be the cost of court appeals.

Limitations of the assessor's budget are based upon the amount of assessed valuation within the jurisdiction. A maximum tax rate of 40.5 cents per thousand dollars of value is permitted if the total valuation does not exceed \$92,600,000. A maximum of 33.75 cents per thousand dollars of value is permitted if the valuation is more than \$92,600,000, and not greater than \$111,120,000 taxable valuation. A maximum of 27.0 cents per thousand dollars of valuation is permitted in jurisdictions whose valuation exceeds \$111,120,000 in taxable value.

A special appraiser's fund may be established within the budget for the reappraisal of property within the jurisdiction. All reappraisal functions, whether performed by the assessor's office or by a professional company may be paid from this fund. Funds accumulated in the special appraisal fund may, by action of the conference board, be transferred to the assessment expense fund.

Limitations for the special appraiser's fund are also based upon the assessed valuation of the jurisdiction. A maximum tax rate of 40.5 cents per thousand dollars of assessed valuation is allowed for this special appraiser's fund.

The conference board may levy an emergency fund at a rate not to exceed 27.0 cents per thousand dollars of assessed value of taxable property within the jurisdiction. The conference board must first receive approval of the State Appeal Board to make such an emergency levy. A transfer of money may be made from the emergency fund to the assessment expense fund with the written approval of the State Appeal Board in response to a request by a two-thirds vote of the conference board.

### **Classification of Property**

Property subject to taxation in Iowa is classified either as real estate or personal property. The correct classification of property is essential to determine correct tax liabilities. Land, buildings, and structures are assessed as real estate. Improvements to buildings and structures, which are

the type of property not ordinarily removed when the owner moves to a new location, are assessed as real estate.

Unless specifically enumerated by law, all other property is classified as personal property. Examples of personal property include inventories, farm machinery, office furnishings and supplies, boats, and improvements to structures or buildings that are ordinarily removed when the owner moves to a new location.

Certain types of properties are not assessable. For example, registration fees for snowmobiles and motor vehicles are paid in lieu of property taxes. Similarly, a tax is paid on mobile and manufactured homes located within a manufactured home community or mobile home park in lieu of the property tax.

Property determined to be real estate must be further classified as agricultural, residential, commercial, or industrial property. Classification is significant in determining the appropriate assessment method and ultimate tax liability.

In determining the classification of realty, the controlling factor is the primary use or intended primary use of the property. If a single primary use of a property can be identified, that use determines the property's classification even though another incidental use may be made of a portion of the property. For example, a dwelling would be classified as residential realty even though a portion (such as a room) is used as an office for a commercial venture. In such a situation, the commercial use of the property would be only incidental to its primary use as residential realty.

Zoning laws may affect the classification of property, but are not necessarily the controlling factor. For example, a house located in an area zoned for industrial use would be classified as residential property if it is used as a residence. However, if the house were removed, the vacant lot would be classified as industrial realty since the zoning laws would permit no other use of the property.

Each property must be classified in accordance with the specific and primary use made of that property. Two buildings could be identical in all respects but classified differently if used for different purposes. For example, a dwelling used solely as a retail establishment would be assessed as commercial realty even though it might be identical to another dwelling used as a single-family residence and assessed as residential real estate.

### **Assessment Procedures: Real Property**

All real estate is assessed as of January 1 of each year. Property shall be assessed each year, however each odd numbered year is considered a reassessment year. In each even numbered year, the assessor is responsible for reassessing any property for which a change in value has taken place since the last assessment or for which errors have been detected. The assessment shall be the value of the real estate as of January 1 of the year of the assessment. Changes made after January 1, such as valuation changes resulting from new construction or the removal of buildings, are to be listed and assessed to the owner the following year.

Property is to be assessed to the owner of record as of January 1. Changes in ownership taking place after January 1 would not be reflected until the following year's assessment. Buildings or

improvements on land owned by another person are to be listed and assessed as real estate to the owner of the building or improvements.

Except for agricultural realty and Section 42 housing, all real estate subject to taxation is assessed at its fair and reasonable market value. Market value may be defined as the price which a property would bring on the open market in an arm's-length transaction between willing buyers and sellers.

In determining market value the sale price of abnormal transactions which may not reflect true market value are to be disregarded or adjusted to eliminate any abnormal characteristics. Considered to be abnormal are sales between family members, foreclosure or forced sales, contract sales, and the purchase of adjoining property. A more detailed identification of transactions commonly considered abnormal can be found on the declaration of value form.

In the event fair market value cannot be determined by use of sales data, and particularly sales of comparable properties, the assessor may use other uniform and recognized appraisal methods to determine the value of property. Consideration could be given to the property's productive or earning capacity, its replacement or reproduction cost minus physical, functional, and economic depreciation, and any other factors that would assist in determining the actual or fair and reasonable market value. The replacement cost method of arriving at fair market value is described in the "Iowa Real Property Appraisal Manual."

Special value or use value of the property to the present owner, and the goodwill or value of a business which uses the property as distinguished from the value of the property as property, may not be considered in determining market value.

Agricultural property (except dwellings and non-agricultural structures and improvements) is to be valued and assessed on the basis of its productivity and net earning capacity. Dwellings located on agricultural property, and any non-agricultural structures and improvements are to be assessed at fair and reasonable market value. Non-agricultural structures and improvements include, but are not limited to garages, tennis courts, swimming pools, guest cottages, and storage sheds used for household goods.

In counties in which a modern soil survey has been completed, the assessor is to place emphasis on the results of the survey.

### **Assessment Limitations**

Iowa law contains specific provisions to limit real property annual valuation increases on a statewide basis. All classes of realty are limited to an annual statewide growth due to revaluation (including equalization) of four percent except utilities and railroads which are assessed by the Department of Revenue. Utilities are restricted to an eight percent annual allowable growth, and the percentage for railroads must equal the lowest of the percentages for commercial, industrial, and utility properties.

Assessment limitation in no way affects the assessor's determination of actual value. The Department of Revenue, using the assessors' annual abstracts of assessment and following specific statutory computations, determines annually the percentages necessary to comply with this law. The percentages are certified to each county auditor who is responsible for reducing

each individual assessment by the prescribed percentage.

### **Assessor Records**

Real property information is to be recorded in the assessor's office upon property record cards. The cards prescribed by the Department of Revenue are designed for use with the "Iowa Real Property Appraisal Manual."

It is the Department of Revenue's position that the assessor's property record cards and all data gathered to assist the assessor in completing the assessment, with the exception of the supplemental return, are considered to be public records and are to be available and open for public inspection. It is imperative that all data contained on the assessment records be legible, current, and correct. It is the document itself, and not merely the information entered on the document, that is available for public inspection. Persons also have the right to obtain photocopies of public records. The assessor may impose reasonable charges and regulations for the providing of public information.

### **Personal Property**

All personal property is exempt from property tax. For assessment years beginning on or after January 1, 1986, personal property shall not be listed or assessed. Taxes on personal property were repealed effective July 1, 1987.

### **Taxpayer Notification Procedures**

The assessor is required to notify each taxpayer whenever there is a change in the assessment of the taxpayer's property. The notice is to be in the form of an assessment roll prescribed by the Director of Revenue, and should indicate the assessed value, the classification of the property, and a statement explaining how the assessment may be appealed.

In reassessment years, assessment rolls must be prepared in duplicate, with the original being retained by the assessor and the duplicate being sent to the taxpayer if the assessment has been changed. If there has been no change in the assessment, the assessment roll does not have to be mailed unless requested by the taxpayer.

In the case of an equalization order which affects all properties within a class by the same percentage, the notification can be performed by the publication in official newspapers of general circulation. If the use of an alternative method of applying an equalization order is authorized, newspaper publication may not be acceptable taxpayer notification if the publication cannot clearly and sufficiently advise taxpayers as to how such method affects their valuations.

An error in an assessment discovered after the assessment rolls have been delivered may be corrected by delivering a corrected assessment roll prior to April 15. No change can be made to an assessment after April 15, except by order of the board of review, the property assessment appeal board, or by a court action.

### **Assessment Appeal Process**

A property owner who is dissatisfied with the assessment of property may appeal the assessment to the local board of review from April 16 to May 5. The assessor is required to provide and receive forms for filing the appeal.

Protests must be limited to one or more of six grounds: the assessment is not equitable with similar properties; the property is assessed at more than its actual value; the property is exempt from taxation; there is an error in the assessment; the assessment is fraudulent; and there has been a change in the property's value since the last assessment. In addition to the six grounds above, a property owner or aggrieved taxpayer who finds that a clerical or mathematical error has been made in the assessment may file a protest against that assessment in the same manner as other grounds except that the protest may be filed for previous years. The Board may correct clerical or mathematical errors for any assessment year in which the taxes have not been fully paid or otherwise legally discharged.

In order for a protest to be valid, it is required to be submitted in writing, be signed by the individual making the protest or an authorized agent, and be timely submitted. A property owner may request an oral hearing before the board of review by making a written request at the time of filing the protest.

It should be kept in mind that every effort should be made to protect a taxpayer's right of appeal. While taxpayers must assume certain responsibilities in filing and presenting their appeals, the assessor must remember that both the taxpayer and the assessor are entitled to a fair hearing before the board of review. The taxpayer and the assessor can protest the board of review decision to the property assessment appeal board or district court.

### **Omitted Assessment Procedure**

If it is discovered that for any reason a parcel of property was not assessed by the assessor or board of review, an omitted assessment may be made. An omitted assessment can be made only if land or buildings were not listed and assessed by the assessor. The failure to list and assess an entire building is an omission for which an omitted assessment can be made even if the land upon which the building is located has been listed and assessed. The failure to consider the value added as a result of an improvement made does not constitute an omission for which an omitted assessment can be made if the building or land to which the improvement was made has been listed and assessed.

A local board of review may make an omitted assessment of property during its regular session only if the property was not listed and assessed as of January 1 of the current assessment year. For example, during its regular session, which began May 1, 2008, the local board of review could have made an omitted assessment only on property that was not assessed by the assessor as of January 1, 2008. During that session, the board of review could not make an omitted assessment for an assessment year prior to 2008.

The county auditor and local assessor may make an omitted assessment. No omitted assessment can be made by the county auditor or local assessor if taxes based on the assessment year in question have been paid or otherwise legally discharged. For example, if a tract of land was listed and assessed and taxes levied against that assessment have been paid or legally discharged, no omitted assessment can be made of a building located upon that tract of land even though the building was not listed and assessed at the time the land was listed and assessed.

The county treasurer may make an omitted assessment within two years from the date the tax list which should have contained the assessment should have been delivered to the county treasurer. For example, for the 2008 assessment year, the tax list is to be delivered to the county treasurer

on or before June 30, 2009. Thus, the county treasurer may make an omitted assessment for the 2008 assessment year at any time on or before June 30, 2011. The county treasurer may make an omitted assessment of a building even if taxes levied against the land upon which the building is located have been paid or legally discharged. The county treasurer may not make an omitted assessment if the omitted property is no longer owned by the person who owned the property on January 1 of the year the original assessment should have been made.

When an omitted assessment is made by the assessor or county auditor, the official making the assessment must notify the owner of the property by regular mail. The owner has ten days from the date of the notice to protest the assessment to the appropriate official. Further appeal of the assessor or auditor's decision may be made to the district court.

If the omitted assessment is made by the county treasurer, a demand for payment of the outstanding tax liability is made at the time the assessment is made. Appeal from the county treasurer's action may be taken to the district court.

### **Abstract of Assessment**

Assessors are required by law to submit an abstract of assessment to the Department of Revenue by July 1 each year. A copy is to be provided to the county auditor. In the case of an extension of the local board of review's annual session, the abstract is due 15 days after the local board adjourns its extended session.

The abstract of assessment is a summary report of real property values for property classified as agricultural, residential, commercial, and industrial. Actual 100% values as established by the assessor and approved by the local board of review are to be reported. In most instances, the abstract is not to include adjustments to these values resulting from statutory credits, exemptions, and assessment limitations.

An important part of the abstract is the reconciliation report. This portion of the annual report specifically identifies the reasons for and amounts of value changes from the prior assessment year, and is designed similar to a financial balance sheet. Specifically requested on this report is an itemization of valuation increases and decreases resulting from revaluation, new construction, annexation, and transfers of value from other classes of property as a result of reclassification action. This reconciliation data is required to be reported separately for agricultural land and structures, residential dwellings on agricultural realty, residential, commercial, and industrial realty.

The abstract and reconciliation report also require reporting of the actual number of agricultural acres as well as the number of units and buildings for the other classes of realty. It is important that the values reported on the reconciliation report are accurate and complete, as this information is the exclusive source data for equalization and assessment limitation computations. The Department provides assessors with the abstract of assessment reporting forms each year.

### **Exempt Property Report**

Assessors are required to submit an annual report to the Department of Revenue of the value of properties subject to statutory exemptions. This report requires only a summary of aggregate values subject to exemption, itemized by exemption type. This summary report requires the following breakdown of such exempt values: \*

- Religious institutions, literary societies, charitable and benevolent societies, and educational institutions (427.1(8))
- Low rent housing (427.1(21))
- Associations of war veterans (427.1(5))
- Libraries and art galleries (427.1(7))
- Dwelling unit property (427.1(21A))
- Homes for soldiers (427.1(10))
- Race tracks (427.1(2))

The Department of Revenue provides assessors with the annual exempt property reporting forms. A copy of the completed exempt property report is to be submitted annually to the local board of review.

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\*Values for certain exemptions are reported on page 10 of the assessor's annual abstract of assessment, and thus, are not included in this report.

### **Credits & Exemptions: Application Required**

The assessor is to accept homestead tax credit applications through July 1, of each year and make a recommendation for allowance or disallowance to the county board of supervisors. The assessor is responsible for verifying the recordation of appropriate evidence of ownership. Once filed, no further filing is required providing the claimant or the claimant's spouse owns and occupies the homestead on July 1 and for at least six months of the calendar year in which the tax year begins, of subsequent years, and the owner declares residency in Iowa, for purposes of income taxation.

Military service tax exemption applications are to be received by the assessor through July 1 of each year and a recommendation for allowance or disallowance made to the county board of supervisors. The assessor is responsible for verifying the recordation of appropriate military service documentation. Once filed, no further filing is required providing the claimant or the claimant's spouse continues to own the property on July 1, of subsequent years.

Applications for the pollution control and recycling property tax exemption are to be filed with the assessor by February 1 of the first year the exemption is requested. It is the assessor's responsibility to verify the appropriate certification by the Department of Natural Resources accompanies the applications. Once filed, it is not necessary for the owner to file an application for exemption in subsequent years as the exemption is permanent for qualified pollution control or recycling property.

Applications for low-rent housing exemption are to be filed by February 1 with the assessor. Upon the filing and allowance of the claim, the claim shall be allowed on the property for successive years without further filing, as long as the property is used for the purposes specified in the original claim. The assessor is responsible for monitoring the length of time the exemption is allowable, verifying the appropriate ownership, operation, and occupancy, and determining the validity of a low-rent fee.

Applications for an impoundment structure property tax exemption are accepted by the county assessor through February 1, of each year. It is the assessor's responsibility to secure the facts pertaining to the size, location, and use of the structure, and to obtain from a first year applicant a copy of the water storage permit approved by the Director of the Department of Natural

Resources or the Director's designee and a copy of the construction plan. The assessor is to submit applications for the exemption, with the recommendation of the soil conservation district commissioners, to the county board of supervisors for approval or denial. Applications for exemption are to be filed annually.

The assessor is to accept applications for property tax exemption from war veteran's organizations and religious, charitable, and literary societies through February 1, of each year. It is the assessor's responsibility to verify that the property is being used for the appropriate purposes of the filing organization, and to assess for taxation any portion of the property not so used or otherwise used in a profit-making manner. The content of the application for exemption and criteria pertaining to the pro-ration of taxes are covered in chapter 78 of the Iowa Administrative Code. Once filed, applications for exemption are not required in subsequent years providing the use of the property remains unchanged.

The assessor is to accept applications through February 1 for libraries and art galleries owned by private individuals, associations, or corporations, for public use and not for profit. Once filed a claim for exemption is not required in subsequent years as long as the property continues to be used for public use and not for profit.

Applications for the property tax exemption on forest reservations and fruit-tree reservations are accepted by the assessor through February 1 of each year. It is the responsibility of the assessor or County Conservation Board to verify that the reservations meet the criteria set forth in chapter 427C of the Iowa Code, and also, in the case of fruit-tree reservations, to monitor the length of time the exemption is allowable (8 years).

The assessor is to accept applications for the partial property tax exemption on industrial real estate through February 1, of each year. It is the responsibility of the assessor to monitor the amount of exemption granted each year and the length of time the exemption is allowable. For each project which adds value, an application for exemption must be filed by February 1 of each year in which value added is first assessed for taxation unless prior approval has been granted in which case the application is to be filed in the year following completion of the project.

Applications for the urban revitalization property tax exemption are to be filed with the governing body of the city or county by February 1 of the assessment year for which the exemption is first claimed. The governing body of the city or county is to forward the approved application to the assessor by March 1. It is the responsibility of the assessor to verify the appropriate percentage increase in the valuation of the property and to monitor the amount of exemption granted each year and the length of time the exemption is allowable. If prior approval has not been granted, the claimant has the option of filing a claim for exemption by February 1 of each year in which value added is first assessed for taxation or waiting until the project is complete. If prior approval has been granted, the application for exemption can be filed in the year following completion of the project. The exemption is allowed for the total number of years in the exemption schedule if a claim is filed within two years of the original February 1 filing deadline. The city council or county board of supervisors may, by resolution, provide that an application may be filed by February 1 of any other assessment year. The exemption is allowed for the same number of years remaining in the exemption schedule, as would have been allowed had the claim for exemption been timely filed.

The assessor accepts applications for the native prairie and wetlands property tax exemption through February 1 of each year. It is the assessor's responsibility to verify appropriate certification by the Department of Natural Resources.

Applications for the family farm tax credit are to be accepted by the assessor by November 1. A claim filed after November 1 is considered as a claim filed for the following year. Once signed, no annual signing is required unless ownership or designated person changes. The assessor is to return the applications with a recommendation for allowance or disallowance by November 15 to the County Board of Supervisors.

The assessor shall assess any property that the assessor believes has been erroneously exempted from taxation. Revocation of a property tax exemption shall commence with the assessment for the current assessment year and shall not be applied to prior assessment years.

The only statutory responsibility the assessor has in the administration of the property tax credit and rent reimbursement program for the elderly and disabled is to have available the necessary claim forms and instructions.

#### **Exemptions: No Application Required**

Providing all other eligibility criteria have been complied with, no application is required to be filed to obtain a tax exemption on cemeteries, homes for soldiers, wildlife habitats, or growing of agricultural and horticultural crops. Also, no application is required to be filed to obtain a tax exemption on property owned by the federal government, the State of Iowa, or any of its political subdivisions (city, county, etc.).

Property owned by the federal government or the State of Iowa is exempt from taxation regardless of the manner in which it is used. The property does not have to be used for non-profit purposes. It is the ownership of the property rather than its use that deems it tax exempt.

Political subdivisions of the State of Iowa must own the property, use it for public purposes and not for profit-making purposes in order for the property to be exempt from taxation. Property used by a political subdivision, but not owned by the political subdivision, would be subject to taxation.

In most instances, the status of the property on July 1, of the assessment year determines its eligibility for tax exemption. If the property is owned by the federal government, State of Iowa, or owned and used by a political subdivision of the State of Iowa on that date, no taxes are to be levied against the property during that fiscal year. All delinquent and current taxes are to be cancelled when the federal government acquires property regardless of the date of acquisition.\*

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\*Exceptions to these taxable status rules are covered in Iowa Administrative Code chapter 78.

#### **Assessment/Sales Ratio Studies**

The compilation and analysis of assessment/sales ratio data is a major means of determining relative levels of assessment and assessment uniformity. Nearly all states use sales analysis as a tool for assessment equalization.

An assessment/sales ratio study is basically a form of applied statistics in which assessment

conclusions can be drawn concerning all properties from a sample ("sales") of such properties. In its most fundamental analysis, an assessment/sales ratio is the comparison of the assessed value of an individual property to its sale price. The statistical analysis of all such valid assessment/sales ratios provides the assessor with a wealth of information concerning assessment levels and uniformity, as well as a valuable management tool for establishing and maintaining accurate and equitable assessments.

Sales information for assessment/sales ratio study development is provided to assessors and the Department of Revenue on the declaration of value form. A declaration of value form is completed by the buyer, seller, or an agent for either, at the time the conveyance instrument is recorded with the county recorder (Iowa Code section 428A).

Completed declaration of value forms are forwarded to the assessor from the county recorder. The assessor is required to enter current classification and assessment data on each declaration of value, and forward a copy of each declaration to the Department of Revenue.

A primary concern of the assessor should be the screening of sales to determine if there exist any conditions surrounding each sale which would indicate factors that would distort market value. Some examples of sales conditions that are commonly considered to distort market value are sales between family members, sales of a portion of a property, forced or distress sales such as tax sales, and purchases of adjoining land. Assessors are to report such sales conditions on the declaration of value.

Declarations of value must be forwarded to the Department of Revenue no later than 60 days from the end of the calendar quarter in which they were received. However, assessors are urged to submit the declarations at least monthly to facilitate processing and analysis.

The Department of Revenue semi-annually provides each assessor with a list of sales reviewed by the Department and initially deemed valid for assessment/sales ratio study purposes. This list provides the assessor with an additional opportunity to analyze the sales, and provide further information concerning such sales. Assessors are required to provide this additional information within 45 days of receipt of the sales list from the Department.

Upon careful review and screening of all sales data, several statistics can be compiled which provide meaningful conclusions concerning assessment levels and uniformity. These conclusions drawn from factual statistical analysis can indicate:

- The most common or frequent level of assessment.
- The "spread" of assessments around the most common level.
- The relationship between the level of assessment and the prescribed statutory assessment level.
- The need for general reassessment or reassessment of selected property groups, neighborhoods, classes or subclasses of realty.
- Identification of appraisal procedures problems.
- Appraisal trending possibilities between actual reappraisals.
- Effectiveness of recent reappraisal actions.
- Appraisal staff performance evaluation.

This brief discussion of the basics of assessment/sales ratio studies is intended to point out the

importance these studies play in the field of assessment administration, and the need for assessors to compile and analyze assessment/sales ratio data as an ongoing major assessment function.

## **Equalization of Assessments**

### **The Purpose of Equalization**

The purpose of equalization is to ensure that each class of property in each assessing jurisdiction is assessed at actual value as required by law. Equalization is accomplished by increasing or decreasing the aggregate valuations for certain classes of property within assessing jurisdictions by the percentage necessary to adjust the level of assessment to actual value.

Equalization is necessary to ensure an equitable assessment base for several reasons. First, Iowa's more than 2,000 taxing districts do not correspond with the 107 assessing districts. Consequently, the property in one taxing district (such as a school district) may be valued by two or more local assessors. Second, state aid to local schools is based in part upon the property tax (assessment) base of each school district. Inequities in levels of assessment among school districts can have an adverse effect upon the equitable distribution of state aid. And third, equalization is necessary to ensure that each class of property is assessed at the statutory level of actual value. Equalization helps maintain an equitable assessment base among classes of property and among assessing jurisdictions.

### **How Equalization Works**

The Department of Revenue is required by law to determine the level of assessment for each class of property within each assessing district in the state. This determination is based upon an assessment/sales ratio study, appraisals and investigations made by the Property Tax Division appraisal staff, and for agricultural realty, a study of productivity and net earning capacity.

The aggregate actual valuations determined for each class of property are compared with those reported to the Department by city and county assessors on the abstract of assessment. If the reported valuations are five percent or more above or below those determined by the Department, the Department is required by law to order a percentage adjustment in the valuations for that class of property.

Equalization orders may vary considerably among classes of property or assessing jurisdictions. One reason for this variation is the amount of adjustment to assessments made by assessors. Also, property values do not follow the same trend in different classes of property or in different areas of the state.

The Department issues tentative equalization orders to county auditors with a copy to assessors on or about August 15, in odd numbered years. An assessing jurisdiction has ten days from the date of the tentative order to request a hearing before the Director of Revenue to protest such order. The hearing before the Director is restricted to a discussion and presentation of factual data which may show errors in the Director's data or methodology utilized in determining tentative equalization orders.

Final equalization orders are issued to county auditors with a copy to assessors on or before October 1, in equalization years. An assessing jurisdiction has ten days from the date of the final order to appeal the final order to the State Board of Tax Review.

Assessors may elect to implement final equalization orders in accordance with their own alternative method. For example, an equalization order, which requires an aggregate increase in agricultural values of 10%, could be implemented by the assessor for internal equalization purposes by applying a greater percentage increase on agricultural structures and a lesser percentage on agricultural land. It should be stressed that alternative methods must result in equivalent aggregate values required by the final equalization order. In this example, the alternative method used to increase agricultural values at various rates must result in a 10% aggregate class increase to comply with the equalization order. An assessor must request permission to use an alternative method from the Department of Revenue within ten days of the date of the final equalization order, and must be aware that an alternative method may require taxpayer notice other than by publication.

### **Mobile, Modular, and Manufactured Homes**

Homes located outside of mobile home parks or manufactured home communities are subject to assessment and taxation as real estate. Homes located within mobile home parks or manufactured home communities are subject to a square footage tax.

Modular homes placed in mobile home parks or manufactured home communities that were not in existence on or before January 1, 1998 shall be subject to assessment and taxation as real estate.