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PROPERTY TAX CALCULATION PROCESS

Assessed Value:

In January 2019, the County Assessor "Assessed" the value of your real property (land, buildings & dwellings).

Rollback:

More than 20 years ago, residential property values were rising quickly. To help cushion the impact of high inflation, the Legislature passed an assessment limitation law called rollback.

Increases in assessed values for residential and agricultural property are subject to this assessment limitation formula. If the statewide increase in values of homes and farms exceeds 3% due to revaluation, their values are "rolled back" so that the total increase in aggregate value statewide is 3%.

Rollback for agricultural and residential property is allowed to fluctuate within the 3% limitation. This does not mean that the assessment on your home will increase by only 3%. The rollback is applied on a class of property, not an individual property. It means that the statewide total taxable value can increase by only 3% due to revaluation.

Taxable Value:

The Assessed Value multiplied by the Rollback percentage equals your Taxable Value.

Tax Rate:

This is the combination of the tax rates of all taxing authorities within your taxing district (school, city, county, college, state, etc...)

Gross Taxes:

The Taxable Value multiplied by your total Tax Rate equals your Gross Tax Amount.

Net Taxes:

Any credits (Homestead, Military, Ag, Family Farm) are subtracted from your Gross Taxes to arrive at your Net Taxes. This figure is then rounded to the nearest even dollar and will be due in two installments (in this case Sept. 2020 & March 2021).

Three variables must interact to decrease or increase your property taxes:

- The combined budgets of the taxing authorities
- The total value of all the property in the taxing unit
- The taxable value of your property

Your taxes increase if...

- The budgets increase and the taxable value of all properties remain the same.
- The budgets and taxable value of property in the entire government unit remain the same but the taxable value of the individual's property increases.
- The budgets and taxable value of the individual's property remain the same but the value of the property in the entire government unit decreases.

Your taxes decrease if...

- The budgets decrease and the taxable values of all properties remain the same.
- The budgets and taxable value of property in the entire government unit remain the same but the taxable value of the individual's property decreases.
- The budgets and taxable value of the individual's property remain the same but the taxable value of the property in the entire government unit increases.

Now, we'll use 4 Agricultural parcels from 2019 as an example to illustrate the property tax changes between 2018 and 2019:

- 1) The tax rate for this taxing district (Marietta Township/West Marshall schools), increased \$0.74 in 2019. The college increased their levy rate by \$0.70, with slight changes in rates for the County, School, State, Ag Extension & Assessor
- 2) These 4 parcels had a net decrease in Assessed Value of 56,040 which is approximately - 14%.
- 3) The Taxable Value had a net increase of 33,307.
 - a. The Rollback figure from the Iowa Dept. of Revenue for Agriculture was 56.1324% in 2018 and increased to 81.4832% in 2019.
 - i. Now what that actually means is that if you had a property with an Assessed Value of 100,000, the Taxable Value for 2018 would be 56,132.40

That same 100,000 property in 2019 would have a Taxable Value of 81,483.20. As you can see you are paying taxes on a higher percentage of your property in 2019 because of the state mandated Rollback.

Let's calculate these taxes for both years using the net figures of all 4 Agriculture parcels (I am only using the AG parcels here because Ag & Residential have different rollback figures).

You will see that even though the assessed value decreased substantially on the AG property, the Taxes increased because of the Rollback & the Total Tax Rate increases:

1) 2018 Assessed Value:	325,880
2) Multiply by Rollback:	<u>*.561324</u>
3) Taxable Value:	182,924
4) Multiply by Total Tax Rate:	*.02334420
5) Gross Taxes :	\$4,270
6) Less Credits:	<u>-106.89</u>
7) Annual Net Taxes:	\$4,162

1) 2019 Assessed Value:	262,140
2) Multiply by Rollback:	<u>.814832</u>
3) Taxable Value:	213,600
4) Multiply by Total Tax Rate:	*.02408471
5) Gross Taxes :	\$5,144
6) Less Credits:	<u>-130.28</u>
7) Annual Net Taxes:	\$5,014

I hope this answers your questions. If you would like me to show you how your property taxes were calculated, or have further questions - please feel free to contact me directly either by phone @ 641-844-2715, or via email @ whunt@marshallcountytia.gov

Best regards,



Whitney Gethmann Hunt
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