



Department of Management

Carrie Johnson
State and Local Budgets Division



Iowa HFMA Conference

April 17, 2024

FY25 Budget Reminders

Budget Timeline

- Publish notice of public hearing and proposed budget summary “not less than 10 nor more than 20 days” before the hearing
- Hold hearing; adopt budget
- Certify with County Auditor by April 30
- DOM compiles local government budgets and certifies final tax rates back to County Auditor by June 15 and also provides consolidated tax rates
- County Auditor prepares tax rates for County Treasurer by July 1
- County Treasurer prepares tax statements for property owners, due September 30 and March 30 of each year

Budget Deadline APRIL 30

APRIL 2024						
Su	Mo	Tu	We	Th	Fr	Sa
31	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

Budget Protests

- Protesting a local government budget is covered under *Code of Iowa* Section 24.27. Persons affected by the proposed budget, expenditure or tax levy, or by any item thereof, may appeal the budget by filing a petition and appeal with the county auditor of the county in which the local government is located. Deadline is May 10.
- County Auditor forwards protest document to State Appeal Board

Budget Amendments

A budget amendment is required for any increase in the totals for funds.

Budget Amendment

The amendment must be effective before any of the expenditure amounts are exceeded. Budget amendments require the same notice and hearing procedures as required for the adoption of the original budget.

Budget amendments are subject to protest. An amendment of a budget after May 31, which is properly protested but without adequate time for hearing and decision on the protest by June 30, is void.

Budget Amendment Online Form

- The amendment form is found by logging into this same online system you use to adopt your budget and selecting “Amend” on your current year budget.
- A webinar on the amendment process is viewable
- You can also access instructions within the online amendment form itself.

Property Tax Basics

Who Receives Property Tax?

Property tax supports many different “levy authorities” or local governments

- Cities
- Counties
- School districts
- Community colleges
- County agricultural extension districts
- Assessors
- County hospitals
- Various others

Levy authorities annually adopt a budget to request a certain amount of property tax dollars.

Property Tax Terminology

Consolidated Tax Rate-the tax rate for a taxing district that is arrived at by adding together the tax rates of all levy authorities for that taxing district (city, county, school, etc.).

100% Value-100% assessed valuation of property, prior to any rollback

Rollback-Assessment limitation set each year by the Department of Revenue for each class of property

Taxable Value-valuation of property determined by applying the rollback, resulting in the value to which the tax rate is applied

Property Valuations

- All property is assessed every other year [odd years]
- Most property assessed locally by Assessor
- Utilities and railroad property centrally assessed by the State
- Properties are divided into classes according to their primary use
Agricultural – Commercial – Industrial – Residential - Utilities

Classification enables groups of properties to be treated differently

Property Valuations Timeframe

- 18 month lag between property being valued and tax collection on that value
- Budgets certified spring 2024 are based on values from January 1, 2023
- Fiscal year 2024-2025 (FY2025) begins July 1, 2024
- Taxes will be collected in September 2024 and March 2025 (i.e. Assessed 1-1-2023 Taxes payable 7-1-2024 thru 6-30-2025)

Property Valuation-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 linked and subject to this assessment limitation formula. If the statewide increase in values of homes or farms exceeds 3% due to revaluation, their values are "rolled back" so that the total increase statewide is 3%. Additionally, neither class can be great than the other.

Rollback on commercial, industrial and railroad property is set the residential limitation for the first \$150,000 of value and at 90% for value over that amount

The rollback is applied on a class of property, not an individual property. This means that the statewide total taxable value can increase by only 3% due to revaluation.

Property Valuation-Rollback

The following classes of property are subject to taxation at less than 100% of value for 2023 values payable in FY2025:

Agricultural Property is to be taxed at a percentage of:
71.8370%

Commercial, Industrial and Railroad are to be taxed at a percentage of: 46.3428% for the first \$150,000 of value and 90% over \$150,000

Residential Property is to be taxed at a percentage of:
46.3428%

Property Valuation-Rollback

Tax rate is presented as dollars and cents per thousand dollars of taxable property valuation.

Taxable Valuation

$$1000 \quad \times \quad \text{Tax Rate} = \text{Property Tax Dollars (Levy)}$$

Example:

\$50,000,000

$$1000 \quad \times \quad \$3.50 = \$175,000$$

Tax Rates Set by Levy Authorities

All tax rates must be authorized by law.

Rates, limits and uses vary by levy authority

Some rates require an election

Make sure rates meet any other statutory parameters (for example, if a rate can only be used if another rate is at its maximum, be certain that requirement is being met)

Funding for EMS

Ambulance Tax Levy-County Hospitals

- Purchasing, leasing, equipping, maintaining and operating ambulance services.
- Only for when such services *are not otherwise available*.
- Rate limit = 0.27000

EMS- Chapter 422D

- County Board of Supervisors declare by resolution EMS is an essential service
- Local option surtax and/or property tax to voters
- Rate limit of .75/1000

EMS- Chapter 422D

Establish a county EMS advisory council

- research and assess county needs
- recommend funding need for ballot request
- annually assess EMS services and provide report to county board of supervisors

EMS- Chapter 422D

Income Surtax

- amount of up to 1% of individual's income tax
- ordinance must be adopted and describe the purpose and amount of tax
- begin the January 1 after successful election
- administered and paid to county by
Department of Revenue December 15

EMS- Chapter 422D

Property Tax

- amount needed determined and set forth in the ballot language
- rate not to exceed .75/1000
- imposed on all property within the county
- begins the fiscal year after approved at election

EMS- Chapter 422D

BOTH taxes

- 11 most populated counties-limit of 10 years
- all other counties-limit of 15 years
- citizens can petition to discontinue by election
- need to redo process to reimpose tax after time limit or discontinuance

EMS- Chapter 422D

EMS Fund

- county to establish special fund for receipt of revenue
- can be used for state and federal matching requirements for education and training

EMS- Chapter 422D

EMS Fund expenditures include (but not limited to)

- a. Defibrillators.
- b. Nondisposable essential ambulance equipment, as defined by rule by the department of health and human services.
- c. Communications pagers, radios, and base repeaters.
- d. Training in the use of emergency medical services equipment.
- e. Vehicles including, but not limited to, ambulances, fire apparatus, boats, rescue/first response vehicles, and snowmobiles.
- f. Automotive parts.
- g. Buildings.
- h. Land.

EMS- Chapter 422D

FY25 Proposed Budgets

- 12 Counties
- \$8,674,161
- Rates from .21 to .75

Contact:

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