

# How Is Your Property Tax Calculated

(Reference a Tax Statement You Received From Your Treasurer)

The process of determining the amount of your tax bill requires the work of several local and state agencies to complete. Below is a summary of how property taxes are determined.

1. **The value of property is established:** The assessor estimates the value of each property which is called the “assessed value”. The value of residential property is to be at actual or market value for most property taxes.  
The assessed value of Agricultural Land is determined by the Iowa Agricultural Productivity Formula and based on a five-year rolling average (currently 2013-2017) that takes into account factors at a County level such as acres in production, number of bushels produced and average market value of the crop. The total County value as determined by the formula is divided by the total County CSR2 points, to determine the \$ value per CSR2. A price per CSR2 point is determined and applied to every agricultural parcel equally in the county. For further information Google “Iowa Agricultural Productivity Formula”.
2. **The assessments of all taxable properties are added together:** The assessor totals the assessed value in each classification and reports it to the Department of Revenue.
3. **The Iowa Department of Revenue examines total assessed values and equalizes them:** Each assessor sends the reports, called “abstracts,” to the Iowa Dept. of Revenue. The abstract shows the total values of all real property in each jurisdiction by classification of property, not by individual property. A process called “equalization” is applied every two years to ensure that property values complies with Iowa code.  
In addition the “assessment limitation” is applied every year by the auditor. This process is commonly called “rollback” and is used in response to inflation. The application of the rollback results in taxable value in most cases.

**Current Rollbacks Determined by the Department of Revenue: Applied to property in fiscal year July 1, 2018 to June 30, 2019, payable fiscal year July 1, 2020 to June 30, 2021.**

- a. 81.4832% to the value of agricultural realty outside and within incorporated cities and towns in the county, excluding dwellings located on agricultural realty.
- b. 55.0743% to the value of residential realty outside and within incorporated cities and towns in the county, including dwellings located on agricultural realty.
- c. 90.0000% to the value of commercial realty outside and within incorporated cities and towns in the county.
- d. 90.0000% to the value of industrial realty outside and within incorporated cities and towns in the county.
- e. 75.2500% to the value of multi-residential property outside and within incorporated cities and towns in the county.

- f. 90.0000% to the value of railroad property outside and within incorporated cities and towns in the county.
- g. No adjustment to the value of utility property.

4. **Budgets are established:** Each taxing authority (taxing authorities are listed on your tax statement near the bottom) determines its own budget. The budget includes the cost of providing services, the amount of aid received from the federal and state governments, the amount of money remaining from previous years, and revenue from other charges for services.  
Each approved budget is submitted to the county auditor to be certified.

5. **A tax rate is established:** The county auditor divides the amount of the budget that is not funded by other sources by the taxable value of the property in the taxing district.  
The result is referred to as “dollars per thousand.” Each taxing authority would have a “tax levy” which is a number that expresses how many dollars they require in “dollars per thousand” to operate. All the tax levies of the taxing authorities, that applies to your property, added together would equal the total levy “dollars per thousand” you would pay.

Some of the Taxing Authorities of Wayne County are: County City, Townships, Schools, Hospitals, Community Colleges, Assessor, Agricultural Extension Service, and County Rural.

Example: If you live in a certain town, you might have taxing authorities such as County City, School, City, Hospital, Ottumwa Area School, Assessor, and Agricultural Ext. Service. By adding all their levies, it came to 43.7682800. That means for every \$1,000 of taxable value for your property, you will pay approx. \$43.77.

6. On your tax statement are two values called “assessed value” and “taxable value”. The difference between the two is determined by taking the “assessed value” and multiplying by the “rollback” (see step 3 above for the current rollbacks). Example: If your residential property is assessed at \$50,000, and the rollback is 55.0743% then by multiplying \$50,000 by 55.0743%, your taxable value would be \$27,537 rounded off. Your tax dollars are figured per \$1,000 of your taxable value, in this case 27.537.

7. **Credits are subtracted:** Credits such as the Homestead Credit, Military Credit, Ag Land Credit, etc. are subtracted before the final tax bill is sent to the taxpayer. All credits are reflected on your tax statement.

8. **Example:** (using the figures in the steps above)

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|---|--------------------|
| a. Enter the assessed value:  | \$50,000           |
| (if you qualify for military credit it is deducted at this point)   |                    |
| b. Enter the rollback   | x .550743          |
| c. Taxable value:   | \$27,537           |
| d. Divide by 1,000 to get \$ per 1,000                              | 27.537             |
| e. Multiply by tax levy for your tax district                       | 43.76838           |
| f. Property tax you owe before credits                              | \$1205.00 per year |
| g. Subtract any credits at this point to get the “NET ANNUAL TAXES” |                    |