

PRESS RELEASE

2019 Assessment Rolls and Valuation Changes

Property owners will be receiving their 2019 assessment rolls in the mail soon. If there has been a change in the assessed value, an assessment notice must be mailed on or before April 1st. The following is an explanation why these changes were made.

Iowa law requires all property to be revalued every two years in the odd numbered years. If the revaluation work is not done by the County Assessor's office, the State will issue equalization orders in October of the odd numbered year that will adjust each class of property up or down by a flat percentage.

Agricultural assessments in Iowa are determined by using a productivity and net earning capacity formula with the net income capitalized at 7% (agricultural dwellings are separate from the formula). The ag formula is calculated on a county-by-county basis using a five-year rolling average of expenses and income as determined by the USDA (currently 2013-2017). Once the per acre value is determined, it is multiplied by the total number of taxable ag acres in the county, which results in the countywide total value for all agricultural land and buildings. Based on this formula, Fayette County will see a reduction of almost 30% in the agricultural land and building value. The overall State average is a reduction of about 28%.

The changes in assessed values to agricultural dwellings, residential & commercial classes of property are market driven. Prior year (2018) sales are analyzed to set future values (2019). Iowa law requires assessed values to be at 100% of market value. Each time a property sells, a sales ratio is determined by dividing the assessed value by the selling price. "Good sales" – a sale between a willing buyer and a willing seller that are not under any duress to buy or sell are analyzed. These sales are also verified by the Department of Revenue to determine whether or not they are "good sales". When these sales are analyzed, the middle ratio, or median, must be between 95% and 105% of the total sales. If it is, no change is required. If it is below 95%, values need to be adjusted upward. If it is above 105%, values need to be adjusted downward.

In 2018, there were 246 good residential sales. That's an 11% increase in sales from just 5 years ago. When those previously mentioned sales ratios from the 246 sales are arrayed from lowest to highest, the median ratio, or the average of the two middle ratios, is 88.70 so assessed values will need to be adjusted upward. This means that if a typical home sold for \$100,000 the Assessor's office would have it assessed at \$88,700. The exact percentage of change will vary on individual properties based on property characteristics.

For commercial properties the sample is much smaller. There were 5 sales and 12 Department of Revenue appraisals to analyze. These Department of Revenue appraisals are randomly selected commercial properties located within Fayette County that are appraised and then treated like "sales". Reviewing those 5 sales, the median ratio was 75. When the 12 "sales" from the Department of Revenue are added, the median ratio is 84.70%. Again, the exact percentage of change will vary from property to property.

No changes to the class of multi-residential were made. The appraisals from the Department of Revenue will not be received until sometime in April after assessment notices need to be mailed. Therefore, an equalization order may be received for this class of property.

You may also visit our County web-site at www.fayettecountyiowa.org and under 'Quick Links' click on "GIS/Beacon Website" on the right-hand side of the page. When the Beacon page appears, you can see the various ways you can search for a property. You can look at your parcel and verify that the Assessor's information shown is correct. It is the basis for your assessment. If it is not correct, please contact the Assessor's office regarding the changes to be made. On the top of the page is 'Sales Search' where you can find sales of each class of property. Residential, commercial & multi-residential assessments are to be at 100% of market value.

If you are not satisfied with your assessment, there is information at the bottom of the assessment notice about what to do. You can contact the Assessor's office at the phone number listed on the assessment notice prior to date(s) mentioned.

It is not known how property taxes will be impacted by these valuation changes. The 2019 valuations will be used to compute the property taxes payable in the Fall of 2020 and the Spring of 2021. State designated rollbacks will not be determined until the Fall of 2019 and budget levies will not be determined until early 2020.

If you are interested in any of the information used in the analysis, feel free to contact the Assessor's office.