

1. Assessment Process

Real estate is assessed every other year. The local assessor assigns the actual/market value to each property. Farmland is assessed using a productivity formula. Accurately assessing property at its true market value is necessary for taxes to be levied fairly. This is NOT the final taxable value.

2. Equalization

The Dept. of Revenue compares assessments to actual sales in each jurisdiction. If properties have been assessed too high or too low, an equalization order is applied to bring it into compliance. This ensures properties are being assessed accurately.

3. Rollback

Rollback's purpose is to mitigate the growth of property tax bills due solely to assessment increases. Each property type has a rollback percentage applied annually to limit the growth of taxable value. The rollback percentage establishes the amount of a property's assessed value that is

Can the taxable valuation of a home rise by more than 3%?

YES!

Rollback is calculated statewide. Individual properties can still rise more than

[April 4, 2025](#)

Understanding Assessments and Property Taxes

Property assessments only determine how the tax burden is shared. The key to lowering your taxes? Engage in your city, county, and school district's budgeting process.

30-Second Summary:

1. Assessments don't raise your taxes—spending does.

Local budgets, not rising property values, drive property tax increases. Assessments only determine how the tax burden is divided among property owners.

2. Taxable value, not assessed value, is used in the calculation.

Statewide rollbacks and equalization orders play a major role in figuring your taxable value.

3. Want to lower your taxes? Show up.

The most effective way to reduce property taxes is by engaging in your city, county, and school board budget decisions—because that's where spending (and tax rates) are set.

Each year, property owners receive updated assessments of their real estate values, often leading to concerns that higher assessments directly cause an increase in

property taxes. While we don't want to immediately dismiss every concern about assessments and valuations, we have to remind everyone of the root cause of growing property tax bills: spending decisions made by local governments. Valuations are just one part of the overall property tax equation and do not, by themselves, determine tax increases.

The Relationship Between Assessments and Taxes

A property assessment determines an owner's share of the overall tax burden within a community. If every assessment in a given area were to double, but the community's spending levels remained the same, property tax bills would not increase. Rather than determining the amount of local government spending, assessments attempt to allocate taxes fairly among property owners based on the market value of their properties.

When city councils, county boards, and school districts approve their budgets, they establish the total amount of revenue needed from property taxes. The role of the assessment process is simply to determine how that total amount is distributed among individual property owners. If budgets increase, taxes may rise regardless of whether assessments go up or down.

Assessed Value vs. Taxable Value

Did you know that your assessed value isn't even part of the property tax equation? The factor local governments use to calculate your individual tax bill is actually the *taxable value*, not the *assessed value*. While there are several items that can reduce a property owner's taxable value, the largest one for most Iowans is the rollback. The Iowa Legislature enacted a statewide rollback in 1978, which reduces the amount of your home that is subject to taxation. From the [taxpayer's perspective](#), the rollback percentage is a form of assessment limitation that

Iowa Property Taxes:

A Complex System Requires a Straightforward Solution

It's the Taxable Value - Not the Assessment - That Matters

1. **Assessment Process** - The Assessor estimates how much each property is worth and assigns an assessed value.

2. **Equalization** - The Dept. of Revenue compares assessments to actual sales and makes sure assessments mirror those transactions.

3. **Rollback** - The Dept. of Revenue applies a formula to ensure the total taxable value of properties across the state doesn't grow more than 3%.

These three steps set the taxable value of a property. Local governments then decide how much they want to spend for the next year's budget and establish a tax rate.

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Can the taxable valuation of a home rise by more than 3%?

YES!
Rollback is calculated statewide. Individual properties can still rise more than 3% in taxable value.

Taxing Entity	Collected Statewide FY 2024-25
K-12 Schools	\$2.03 Billion
Cities	\$2.21 Billion
Counties	\$1.00 Billion
Community College	\$332 Million
County Hospitals	\$155 Million
Assessors	\$75 Million
Townships	\$47 Million
Ag Extension	\$26 Million
Miscellaneous	\$49 Million
TOTAL	\$7.02 Billion

Speaking of Rates...

Property is taxed by more than one authority. Schools, cities, and counties receive the most property tax. Others like hospitals, assessors, ag extension districts, community colleges, and townships receive smaller amounts. The TOTAL TAX RATE is called the consolidated rate and is the result of each taxing authority's spending decisions.

Local governments are allowed to use multiple tax levies. Many of these levies are uncapped and enacted without a vote of the taxpayer.

Source: State of Iowa Property Taxes by Type of Taxing Authority - Assessment Years 1978 to 2022 for Taxes Payable in FY2024 through FY2024-2025. Prepared by the Iowa Department of Management.

helps keep property taxes from being on autopilot. The growth in total taxable value for Iowa's residential property class is restricted to no more than 3% per year. ([Click on the image to download a printable PDF.](#))

And are you ready for one more complicating factor? Don't forget about equalization. Equalization is a process administered by the Iowa Department of Revenue that compares each county assessor's data to actual property sales in each jurisdiction. If the sum total of assessments (by property class) are 5% or more above or below the actual sales data, then the department decreases or increases assessments accordingly to ensure the aggregate value of assessments closely mirrors actual transactions.

What to Do If You Disagree with Your Property Assessment

If you believe that your property has been over-assessed, there are steps you can take to challenge it. In Iowa, for example, assessors complete property evaluations and notify taxpayers of their property's new values by April 1 of each assessment year. Property owners then have from April 2 to April 30 to protest their assessments.

The first step is to contact your local assessor for an informal review. This process can lead to an agreement to modify the assessment or a recommendation for a change that is submitted to the local Board of Review. If the informal review does not resolve your concerns, you can file a formal protest with the Board of Review, which meets annually in May to evaluate assessment appeals.

If you are unsatisfied with the Board of Review's decision, you can further appeal to the Property Assessment Appeal Board (PAAB) or take your case to district court. The PAAB reviews cases and issues decisions in writing, and taxpayers have the right to appeal those decisions in court.

The Bottom Line: Engage in the Budgeting Process

If you are concerned about rising property taxes, the most effective action is to participate in local government budgeting decisions. Attend local government meetings and stay informed about proposed budget increases. Since tax rates are driven by government spending, advocating for responsible fiscal policies is the best



way to influence your property tax burden. Assessments are not the cause of higher taxes; they only determine how the overall tax burden is divvied up. By understanding this distinction and knowing the steps to take if you feel your property is over-assessed, you can ensure that you are paying only your fair share.

 Sarah Curry, DBA

[< Growth should be part of the property tax debate](#)

[A MAHA Introduction >](#)



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