

Schedule 1

History – 10 FY's (General Basic & Rural Basic)

Total Tax Asking
Total Tax Rates
Total Budgets
Total Cash Reserves

S.F. 356

- A. County General Basic current rate is at \$3.98 per thousand. Over a period of a few fiscal years, that rate will have to be reduced to \$3.50. This is a revenue loss of \$2,007,573.
- B. Amending Iowa Code Section 331.426 reasons to exceed the \$3.50 General Basic Fund cap as follows:

Current 331.426

- An unusual increase in population.
- A natural disaster or other emergency.
- Unusual problems related to major new functions required by State law.
- Unusual staffing problems.
- Unusual financing required to permit the continuance of a program that provides substantial benefit to county residents.
- Unusual need for a new program that provides substantial benefit to county residents.
- A reduced or unusually low growth rate in the county property tax base.

Amended 331.426

The only reason allowed to exceed the \$3.50 cap would be a natural disaster. All other reasons would be eliminated.

- C. The current threshold for Woodbury County for essential purpose expenditures or projects is, \$1,200,000 without voter approval. The amendment would reduce the threshold by 30% to \$840,000. The threshold has not been changed for at least 10 years. If anything, the threshold should be raised by at least 30% or more due to inflation over the last 10 years.
- D. Someone should explain in detail how tax rates are affected by assessment increases that will affect the General Basic and Rural Basic tax rates and tax asking.

SF 550

Division VII

Rollbacks dealing with commercial, industrial and railroads

Currently these 3 classes of property that receive a residential rollback on the 1st \$150,000 and then a rollback to 90% of taxable value with backfill being phased involving the loss of revenue, due to the current rollback.

The following shows the effect of changing the rollback to 80% of the assessed value of the previously mentioned class of valuations:

<u>Commercial, Industrial & Railroads Rollback</u>		<u>Pipeline Property</u>	
FY23-24	90%	FY23-24	100%
FY24-25	90%	FY24-25	100%
FY25-26	90%	FY25-26	100%
FY26-27	90%	FY26-27	95%
FY27-28	90%	FY27-28	90%
		FY28-29	90%

Currently the rollbacks on commercial, industrial and railroads are backfilled by the state. The backfill will be phased out over the next several fiscal years. After the backfill is phased out, there will no additional backfills put in place. This will result in a huge loss of revenue.

Currently our assessed value for FY23-24 involving commercial, industrial & railroads is \$2,118,523,452. Starting with FY27-28, there will be a **taxable value loss of \$423,704,690**. There is no backfill to fill the revenue loss due to this reduction of taxable value.

The same scenario will happen with pipeline valuations. Currently for FY23-24, our assessed valuation is \$23,733,031. The new rollback will be 90% of assessed valuation. By FY27-29, there will be a loss of \$2,373,303 taxable valuation. Again, no backup, results in lost revenues.

SF 550

Homestead Tax Credit

Currently the Homestead Credit is a tax credit equal to \$4,850 taxable value multiplied by the tax rate in that taxing district. The result of this calculation is deducted from the consolidated taxes.

The amendment changes the current Homestead Credit to a taxable value deduction of \$10,000 and \$16,500 for over age 65 and will gradually eliminate the Homestead Tax Credit.

The following is how it would work:

<u>Property Taxable Reduction</u>			<u>Homestead Tax Credit</u>
<u>Under the age of 65</u>	<u>Over the age of 65</u>	<u>County Revenue Loss</u>	<u>Phase-out</u>
FY24-25	\$0	\$0	\$4,850
FY25-26	\$2,500	\$4,125	\$3,640
FY26-27	\$5,000	\$8,250	\$2,430
FY27-28	\$7,500	\$12,375	\$1,220
FY28-29	\$10,000	\$16,500	\$0

There will be no backfill for the Property Taxable Reduction, but the Homestead Tax Credit will be funded until it is phased out.

There is no way to estimate the loss of revenue as there is no way to estimate who is under 65 years of age or 65 and older without every homestead applicant refileing to state their age. Currently there is 18,918 homestead applications for FY23-24.

Division VI

This division details concerns with military exemptions. The exemption will gradually be increased as follows:

Taxable Value Exempt

FY24-25	\$1,850
FY25-26	\$2,055
FY26-27	\$4,000

The increase is fine, as veterans do deserve this credit for service to our country. The problem is that the amendment increasing the taxable value exemption is that the state will not replace loss of revenue by 100% or a **portion of the tax**. There is a potential for loss of revenue.

Schedule 1

Ten FY's History of Tax Asking, Tax Rates, Total Budgets, Total Cash Reserves and Cash Reserves

FY	Total Tax Asking			Total Tax Rates			Total Budgets			Total Cash Reserves				
	General Basic	% Increase	Rural Basic	General Basic	% Increase	Rural Basic	General Basic	% Increase	Rural Basic	General Fund	% Cash Reserve	Rural Basic	% Cash Reserve	
2015	12,536,380	3,651,079	1.62%	3,500,000	0.00%	3,652,18	0.00%	22,775,239	1,280,280	2015	5,839,452	25.64%	402,653	31.45%
2016	12,739,617	3,279,123	32.00%	3,500,000	0.00%	3,122,77	-14.50%	24,983,382	3,349,332	2016	5,325,621	21.32%	279,275	8.34%
2017	14,360,740	3,268,953	-0.31%	3,658,32	4.52%	3,043,68	-2.53%	25,014,662	3,490,801	2017	5,218,082	20.86%	379,178	10.87%
2018	15,002,513	3,182,052	-2.66%	3,702,69	1.12%	2,962,24	-2.68%	25,253,326	3,949,209	2018	5,825,772	23.03%	392,088	9.93%
2019	16,140,407	2,767,165	-13.04%	3,695,91	-0.18%	2,243,45	-24.27%	27,368,178	2,861,690	2019	5,899,037	21.55%	359,111	12.54%
2020	17,137,793	3,192,337	15.36%	3,827,12	3.55%	2,499,71	11.42%	28,614,254	3,273,773	2020	6,779,399	23.69%	545,725	16.67%
2021	17,547,866	3,255,961	1.99%	3,659,46	-4.38%	2,473,40	-1.05%	29,406,103	3,444,079	2021	8,453,702	28.75%	730,313	21.20%
2022	17,881,111	3,320,368	1.98%	3,659,46	0.00%	2,466,08	-0.30%	29,060,252	3,669,829	2022	10,592,144	36.44%	666,898	18.17%
2023	19,429,100	3,434,653	3.44%	3,781,90	3.35%	2,461,17	0.00%	30,283,322	3,780,720	2023	11,707,858	38.66%	639,061	16.90%
2024	20,569,910	3,652,680	6.35%	3,893,54	2.95%	2,461,17	0.00%	36,358,877	3,724,512	2024	8,238,368	22.65%	565,049	15.17%
Ten FY Average			5.71%		1.09%		-3.39%					2.78		