

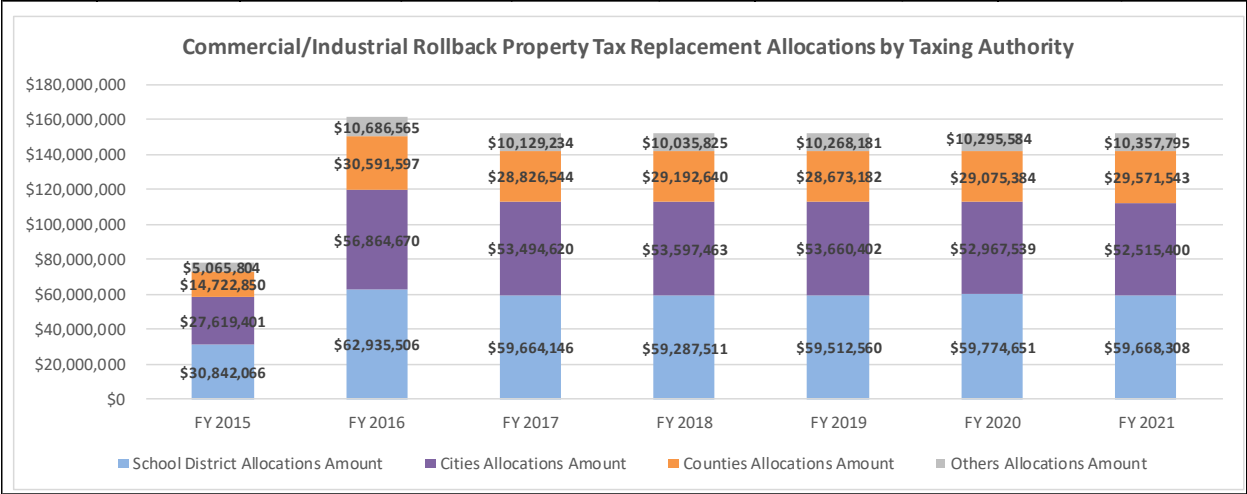


Commercial and Industrial Rollback Property Tax Replacement Funding and Elimination of the Provision

During the 2013 legislative session, SF 295 (Property Tax Changes Act) made significant changes to Iowa's property tax system. Included in these changes was a change in the rollback percentage for properties classified as commercial and industrial. Rather than being taxed at their full assessed value, the rollback provided that commercial and industrial properties would be taxed at 95.0% of their value in assessment year 2013 (impacting FY 2015) and then 90.0% in assessment year 2014 and beyond (impacting FY 2016 and future fiscal years). Additionally, to reimburse local governments, the Act provided for an annual standing appropriation from FY 2015 through FY 2017 to help cover the loss of property tax revenue due to the impact of the rollback. Although the appropriation was extended beyond FY 2017, it was capped at the FY 2017 level for 2018 and future fiscal years. **Note that beginning in FY 2023, the school district portion of the allocation will be eliminated, and the other taxing authorities' portion will be phased out over a period of years (as enacted by SF 619 in the 2021 legislative session).**

The following table and chart provide information on the total amount of funding that was allocated for the property tax replacement by taxing authority from FY 2015 through FY 2022. In general, school districts accounted for about 39% of the total allocation, cities about 35%, counties about 19%, and all other taxing authorities combining for just under 7.0%. IASB has detailed information pertaining to allocation amounts for each school district – [click here to view that information](#).

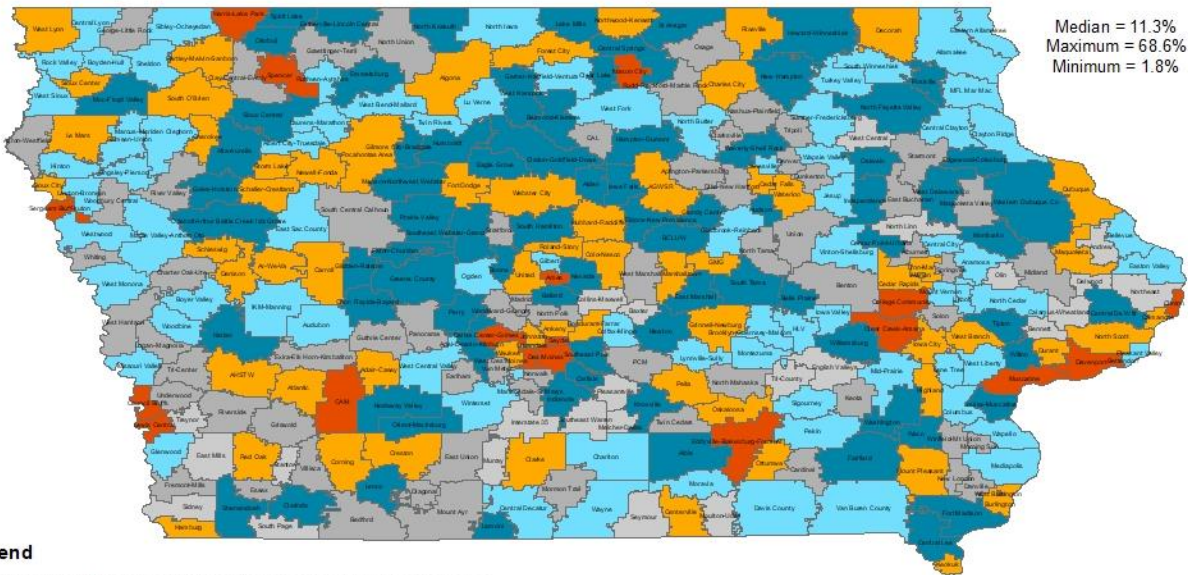
Commercial/Industrial Rollback Property Tax Replacement Allocations by Fiscal Year and Taxing Authority									
Fiscal Year	Total Amount Allocated	School District Allocations		Cities Allocations		Counties Allocations		Others Allocations	
		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
FY 2015	\$78,250,122	\$30,842,066	39.4%	\$27,619,401	35.3%	\$14,722,850	18.8%	\$5,065,804	6.5%
FY 2016	\$161,078,338	\$62,935,506	39.1%	\$56,864,670	35.3%	\$30,591,597	19.0%	\$10,686,565	6.6%
FY 2017	\$152,114,544	\$59,664,146	39.2%	\$53,494,620	35.2%	\$28,826,544	19.0%	\$10,129,234	6.7%
FY 2018	\$152,113,439	\$59,287,511	39.0%	\$53,597,463	35.2%	\$29,192,640	19.2%	\$10,035,825	6.6%
FY 2019	\$152,114,325	\$59,512,560	39.1%	\$53,660,402	35.3%	\$28,673,182	18.8%	\$10,268,181	6.8%
FY 2020	\$152,113,158	\$59,774,651	39.3%	\$52,967,539	34.8%	\$29,075,384	19.1%	\$10,295,584	6.8%
FY 2021	\$152,113,046	\$59,668,308	39.2%	\$52,515,400	34.5%	\$29,571,543	19.4%	\$10,357,795	6.8%
FY 2022	\$152,113,593	\$58,983,151	38.8%	\$53,336,872	35.1%	\$29,409,955	19.3%	\$10,383,615	6.8%



Although based on a variety of factors, in general, the percentage of commercial and industrial property a school district has within its boundary will have an impact on the amount of commercial and industrial backfill replacement payment a district receives. The following map provides information for FY 2022 on the percentage of commercial and industrial taxable valuation to the total net taxable valuation within the district. [Click here for a larger map](#) and [click here for district specific data](#).



Iowa Association of School Boards
 Percentage of Commercial and Industrial Taxable Valuation to the Total Net Valuation*
 by School District (FY 2022)



Median = 11.3%
 Maximum = 68.6%
 Minimum = 1.8%

Legend

% of Commercial and Industrial Valuation to Total Net Valuation

- 1.8% to 3.9% (24 Districts)
- 4.0% to 6.9% (65 Districts)
- 7.0% to 11.2% (76 Districts)
- 11.3% to 17.9% (78 Districts)
- 18.0% to 29.9% (64 Districts)
- 30.0% to 68.6% (20 Districts)

Notes:

*The valuation amounts do not include any incremental valuations from Tax Increment Finance (TIF) projects. The percentage of commercial and industrial taxable valuations to total net taxable valuations is correlated to the amount of commercial and industrial rollback property tax backfill a school district will receive.

Sources:
 Iowa Department of Management, School Aid file
 IASB analysis and calculations

Elimination of the Commercial and Industrial Rollback Property Tax Replacement Funding

During the past legislative session, the General Assembly enacted SF 619 which included an elimination of the school district commercial and Industrial roll back property tax replacement funding and a foundation level increase from 87.5% to 88.4%, both starting in FY 2023. While this legislation was revenue neutral at the state level (generally no impact on the state’s General Fund appropriation amount), it will reduce revenues school district receive for school district non-general fund levies. **Additionally, the increase in the foundation level (from 87.5% to 88.4%) DOES NOT increase revenues to school districts – this change will provide more state aid dollars with an equal reduction in each school district’s additional levy.**