

IOWA TRANSPARENCY NEWSLETTER



A Little Sunshine for Property Taxes

by Jennifer L. Crull

Transparency at all levels of government. This is the goal of the Iowa Transparency Project. So while we are very excited about the prospects of House File 94, there is another area of government that needs the spotlight on it in hopes of creating sunshine in this area. This would be the county and local governments and school districts with the collection of our property taxes. In fiscal year 2010, \$4.2 billion was collected at the county and local level for property taxes, which House File 94 doesn't cover.¹

This amount is made even more overwhelming to the taxpayers when you compare this amount to the amount collected by the state for personal income taxes, which for fiscal year 2010 was \$2.7 billion.² Wow, much more collected at the property tax level, and yet there is not much protection for the taxpayer at this level of government. Granted, the Branstad Administration is trying to institute some protection to the taxpayers by fully funding the state's obligations to

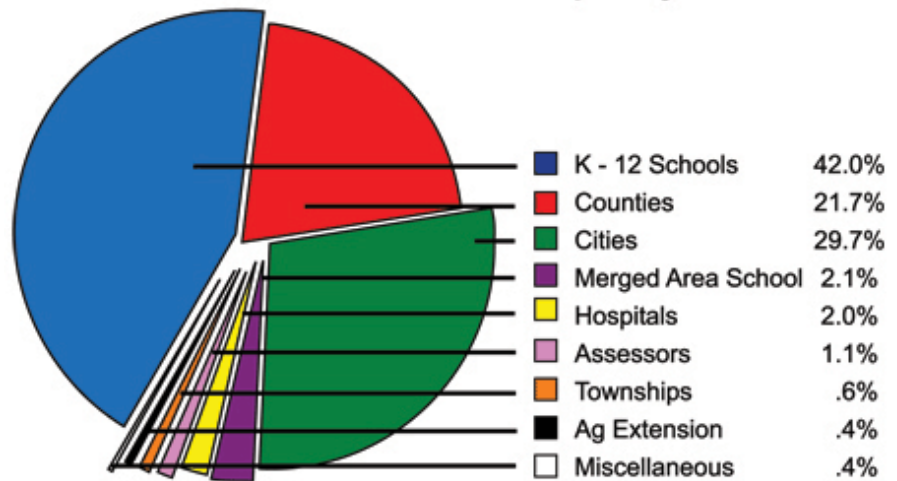
K-12 education, but that doesn't minimize the amount of money taxpayers are paying through property taxes.

The chart shows the entities that received property tax money. By looking at the chart, you can see the largest percentage of our property tax goes to the local school districts, followed by the cities, and then the counties.³ With local schools receiving the largest portion of the property taxes, it is important for the state government to fully fund their

obligation to the school districts; otherwise, this gap is passed along to the taxpayer by increasing property taxes at dramatic rates.

Property taxes are collected on five classes of real estate: residential, agricultural, commercial, industrial, and utilities/railroads. Most of us think that only if I own a home do I care about property taxes, but that is not true. If you rent an apartment or a home you are paying for the property taxes in your rent;

Who Receives Property Tax



Source: "An Introduction to Iowa Property Tax," Iowa Department of Revenue, <<http://www.iowa.gov/tax/educate/78573.html>>

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if you purchase anything at a business you are paying for their property taxes in the price that you pay. This is why we need to lower property taxes in order to see lower prices in our everyday lives.

Without any transparency at this level of government, tax collections are unchecked. How many of us take the time to attend the public hearings on the proposed budgets for schools, counties, and local government? I am going to guess not many of us. This is why we need to work to bring transparency to these levels of government.

On the Iowa Transparency Website, we have a link to the Iowa Association of Counties. This link at least provides information on the overall general budgets for all the 99 counties in Iowa, but it doesn't provide you the details of how all the money is being spent. Providing this information in an easy-to-use Website would be very easy for counties, cities, and school districts to do.

One school district already makes all of their expenditures available online. Cedar Rapids Community School District currently puts all the bills they pay

each week online in the form of a PDF file.⁴ While you can't easily search for an expense, the school district is taking the time to make all their expenses accessible to the public, which is what more school districts need to do.

When we take a look at property taxes over the last 20 years, we see that property tax collections in 1990 were \$1,866.3 million and in 2010 they were \$4,235.8 million.⁵ This is an increase of 127 percent over the last twenty years. Yet, the change in the Iowa General Fund Receipts over the same period of time is from \$3,019.3 million for 1990 to \$5,633.8 million in 2010.⁶ This is an increase of 87 percent. There is a big difference from 87 percent to 127 percent. Do you feel that your services for county and city government have become dramatically better? Is your local school district one of the best in the nation? Not at all. In fact, we have seen our schools decline over this period of time; we have seen services cut at the county and local level. So what does this mean for us the taxpayers?

School districts receive the largest portion of the property tax revenue collected, at 42 percent. If we look at the change in tax collections from the local

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Table One - Iowa Property Tax Collections 1990 - 2010

Fiscal Year	Total Taxes Levied	Percent Change
1990	\$1,866,349,000	--
1991	\$1,967,274,000	5.41%
1992	\$2,080,663,000	5.76%
1993	\$2,203,843,000	5.92%
1994	\$2,280,355,000	3.47%
1995	\$2,366,710,000	3.79%
1996	\$2,408,709,000	1.77%
1997	\$2,389,470,000	-0.80%
1998	\$2,469,318,000	3.34%
1999	\$2,607,116,000	5.58%
2000	\$2,655,740,000	1.87%
2001	\$2,707,276,000	1.94%
2002	\$2,869,364,000	5.99%
2003	\$3,066,873,000	6.88%
2004	\$3,182,706,000	3.78%
2005	\$3,305,596,000	3.86%
2006	\$3,429,496,000	3.75%
2007	\$3,649,888,000	6.43%
2008	\$3,793,147,000	3.93%
2009	\$4,032,683,000	6.31%
2010	\$4,235,833,000	5.04%

Source: *Iowa Fact Book*, Department of Management, Iowa Legislature Website, <<http://www.legis.iowa.gov/LSAReports/factbook.aspx>>.

schools, we see a change of 109 percent, with collections in 1990 being \$853.6 million to \$1,780.2 million in 2010.⁷ We know that schools have seen an increase in state funding and yet they have also increased our property taxes much more than the state has.

The second largest recipients of property tax revenue are local governments. Local governments collected \$465.4 million in 1990 and in 2010 it was \$1,251.0 million. This is an increase of a staggering 169 percent. WOW! The counties were collecting \$445.2 million in 1990 and \$921.2 million for 2010. The increase there is only

107 percent, while not as scary as local governments; it is easy to see why you are feeling a little over-taxed.

This means more checks and balances are needed at the county, local, and school district levels. The only way this will happen with the small sizes of county boards of supervisors, city councils, and school boards, is if we as taxpayers are able to see the expenditures and ask questions. This is the only way that we can keep the growth of our property taxes in check. We have heard a lot about the growth in income taxes and other fees at the state level; now you have to think

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about the growth in property taxes.

If you look at the average pay in Iowa in 1990 it was \$18,859 a year. While the 2010 figures are not available, we can look at the figure for 2009 which is \$36,528.⁸ The percent change from 1990 to 2009 is 94 percent increase. With the current recession going on and the fact that we know many workers have not received a raise for the last year, I am certain that the average wage in Iowa will not jump that much when the 2010 numbers are released. Therefore you can see that property taxes have far exceeded the increase in your wages.

So it is time that we as taxpay-

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ers ask for more Sunshine at the county, local, and school district levels. I would urge you to attend school board meetings, city council meetings, and board of supervisor meetings and ask about transparency. It is time to get these increases in check at all levels.

Endnotes

¹ "The Watchdog," Iowans for Tax Relief, February 11, 2011, <http://www.taxrelief.org/reports/0000/0125/2011_February_11_Watchdog.pdf> accessed on February 15, 2011.

² Ibid.

³ "An Introduction to Iowa Property Tax," Iowa Department of Revenue, <<http://www.iowa.gov/tax/educate/78573.html>> accessed on February 15, 2011.

⁴ "List of Paid Bills," Cedar Rapids

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Community School District, <<http://www.cr.k12.ia.us/aboutUs/BoardOfEd/paidBills.html>> accessed on February 18, 2011.

⁵ *Iowa Fact Book*, Department of Management, Iowa Legislature Website, <<http://www.legis.iowa.gov/LSAReports/factbook.aspx>> accessed on February 15, 2011.

⁶ Ibid.

⁷ Ibid.

⁸ "Average Wage per Job: Table CA34," *Regional Economic Accounts*, Bureau of Economic Analysis, <<http://www.bea.gov/regional/reis/default.cfm?seTable=CA34§ion=2>> accessed on February 15, 2011.

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