

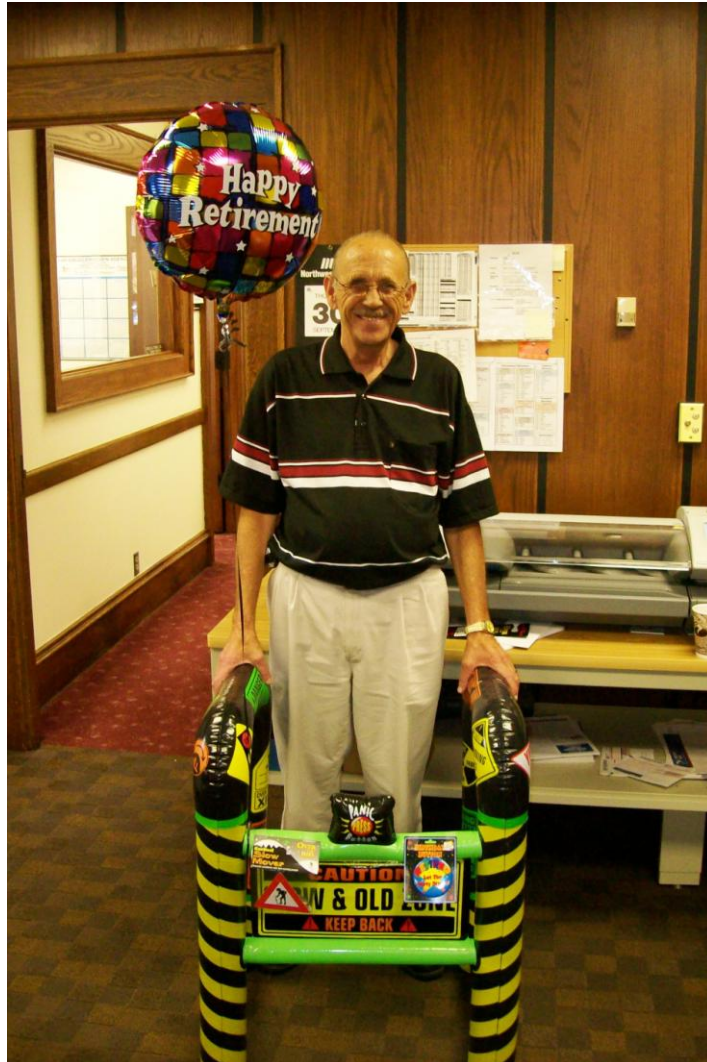
*NEWSLETTER OF THE  
SIOUX COUNTY  
ASSESSOR'S OFFICE*



SUMMER 2011

Another year has quickly slipped by and with summer here (sort of) it must be time to put together the newsletter for the assessor's office.

The biggest news for the office this past year was the retirement of long time deputy/appraiser, Jim Vos; the appointment of Brenda Uhl to deputy assessor, and hiring Nathan Nykamp as our appraiser. Jim is enjoying retirement, Brenda's experience has helped her transition smoothly to deputy, and Nathan is a fast learner who's caught on well to the various duties he's been assigned.

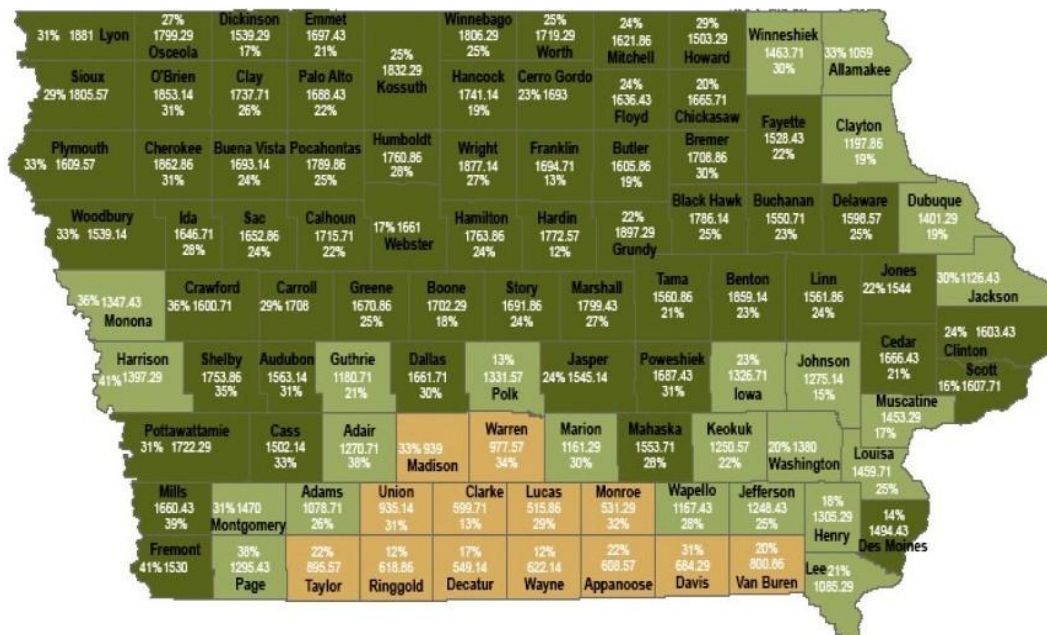


A little background to introduce you to Nathan, he grew up on a farm near Edgerton, MN, graduated from Dordt College (as a Northwestern alum I didn't hold that against him), then spent a couple years working for The Good Wood Shop. Nathan and his wife, Kirbee, live in Sioux Center and have a one-year old daughter, Ella. Besides interviewing very well, Nathan's farm background and construction/cabinetry experience really appealed to me which will serve him well in the main focus of his job, the agricultural and residential properties.

As far as the 2011 assessments go, our push this year was to get the agricultural land assessed by implementing the soil survey. It was done in conjunction with the Iowa Department of Revenue biennial calculation of the Agricultural Productivity Formula. I wanted it for certain this year since we were unable to complete it for 2010 as time didn't allow for adequate review to insure accuracy. Also, that prevented a third consecutive year with a significant change on many ag parcels and possibly added confusion with assessments.

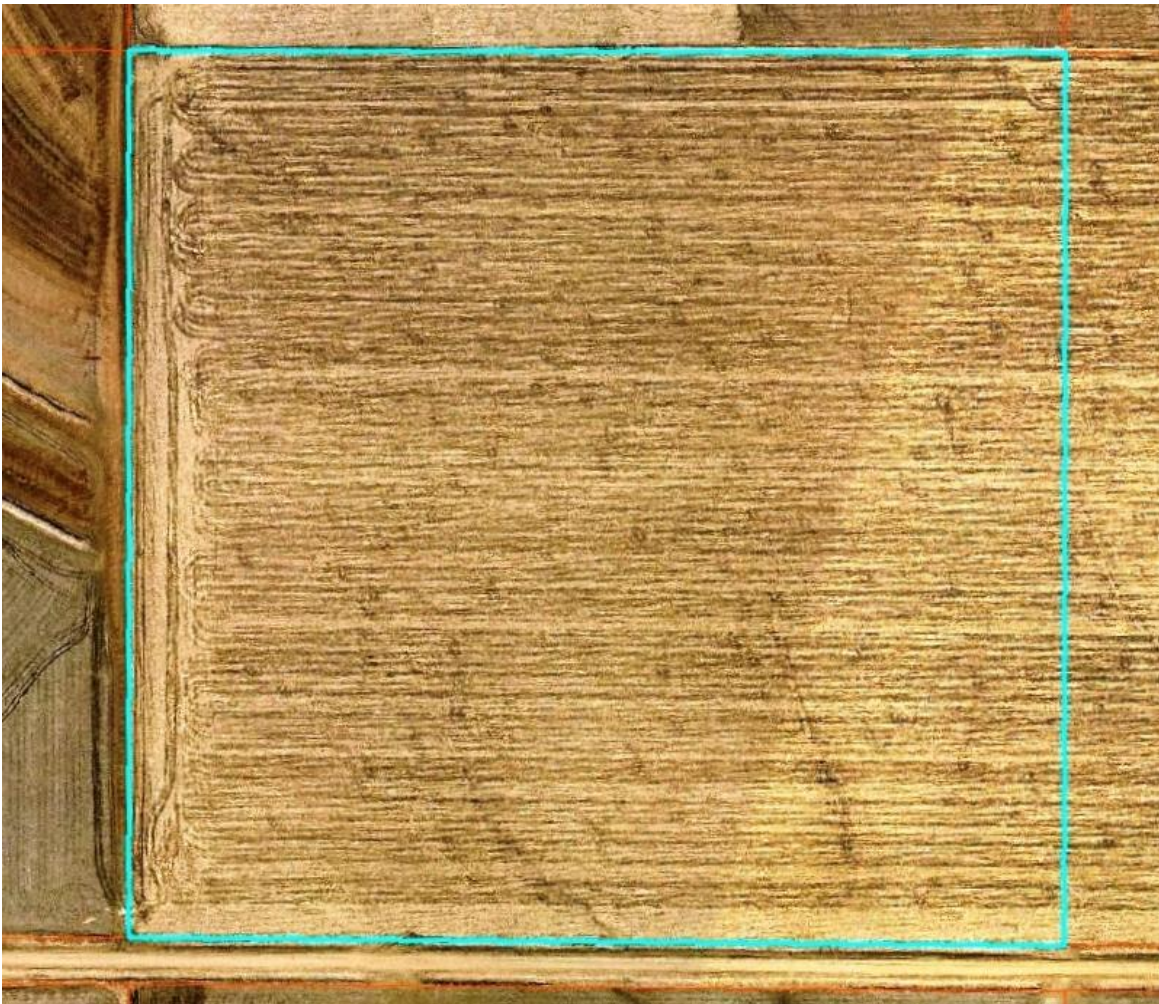


The result of the productivity formula for Sioux County was an increase in the total agricultural value of 29%. Statewide the range was from 12% - 41% with the average being 25% (map below). Buildings are handled differently and went up 10% as the "building factor" (ratio between market and productivity values) changed from 27% to 31%. To achieve the required total agricultural valuation the land then needed to increase by 32%. But, since we converted to the soil survey and use the Corn Suitability Rating (CSR) for allocating the value, changes were wide spread, anywhere from a 20% decrease to much more significant increases, in some cases more than three times.



While those who had a large increase may not be happy about it, the truth is their land has been undervalued for a long time, and to the detriment of others with similar land. I visited with one owner whose value went up 62%; reviewing the situation I compared his land to another parcel in the same section which had an identical CSR rating. In his case the previous assessment was 40% less than what was basically an identical piece of ground, so in turn he was paying 40% less property taxes for land that had similar productivity, which certainly was unfair. After I explained this the owner had more understanding and said he really couldn't argue since they were now being treated equally.

In theory two parcels having the same average CSR should have relatively similar productivity, and since Iowa Assessors are to value farm land on productivity they should have a comparable assessed value. But, that's not always the case, there are other factors taken into account. Below is an example of two parcels with the same average CSR.



As you can see the parcel above is completely row cropped, and assuming typical management practices probably produces to its maximum potential. Meanwhile the parcel below only has a small portion row cropped, it is bisected by the West Branch, has former railroad bed in the upper left and has indications of oxbow areas that are most likely wet and would be difficult to farm. (I have access to aerial photos going back to the 1930's so can review how rivers/creeks have meandered over the years.)



To me common sense dictates that even though these two parcels have the same average CSR they obviously are not capable of producing at the same capacity, so the lesser one would need some sort of value adjustment. The soil survey does make deductions for what are called "linear debasements", which in this case is no value assigned to a little more than four acres for the creek. But I believe other factors should be taken into account, also. Could the rest of this parcel be farmed, possibly, but probably not very efficiently. In this particular case I applied an additional 20% deduction for permanent pasture. Deductions are mainly considered for conditions that prevent the land from being fully productive, i.e. permanent pasture, waste, river/streams, frequent flooding and timber. (the deduction is determined as a percentage of the non-farmable to farmable.) Additionally, in the case of the above parcel, the land to the west is owned by someone else so access is a possible issue to consider, but not solely used to determine a deduction.

Making deductions beyond the linear debasements is not something done by all Iowa assessors who have implemented the soil survey; in fact Sioux County is probably in the minority. Those who don't make deductions will say the soil survey "is what it is" and that land use is a management decision. Others have said they aren't soil scientists and therefore are not able to determine what and how much of an adjustment should be made. And granted, those of us making adjustments aren't all doing it in the same manner, but lately it has become

more of an issue. The Iowa Property Assessment Appeal Board (PAAB) made a ruling in an ag land case last year, and citing the Iowa Department of Revenue Real Property Appraisal Manual, PAAB stated:

*"Even though valuing agricultural land requires use of the formula, assessors and boards of review are allowed to apply adjustments based upon other factors which may not have been appropriately considered with the CSR rating."*

This ruling, additional discussions, and the desire for statewide equity concerning adjustments in the implementation of soil survey projects have resulted in Iowa Department of Revenue Director, Courtney Kay-Decker, appointing a committee to address the issue. My understanding is the group would include state legislators, representatives from Farm Bureau and the Iowa Cattlemen's Association, staff from the Iowa Department of Natural Resources and Iowa Department of Revenue, along with some county auditors, IT directors and assessors.

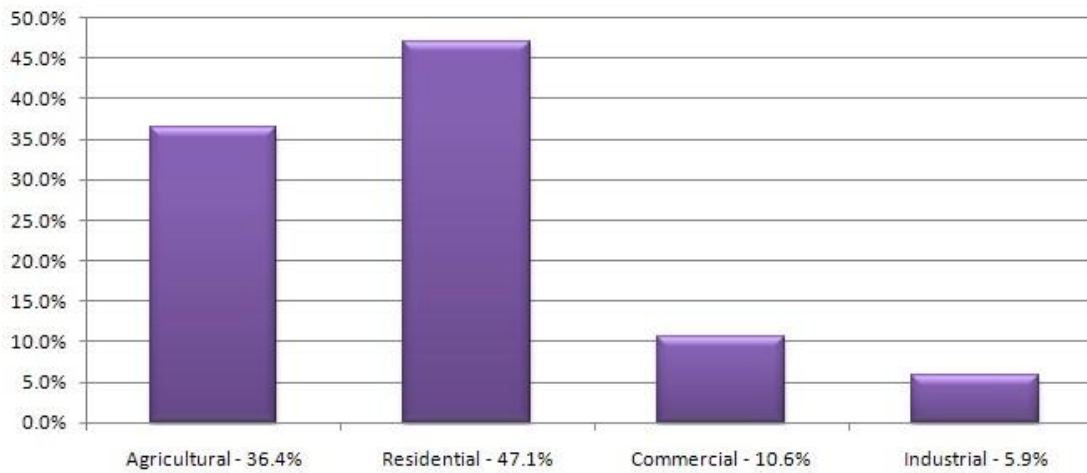


To put the agricultural land valuation changes in perspective, here is some recent history of ag assessments in Sioux County; in 2003 they were lowered by 21%, since that time they have increased by 111%. While the average assessment has more than doubled, the average property tax bill has only gone up by 20% over that same time period, and in most cases they are still lower than what was being paid in 2002. Of course the question is how this can be; the various budgets certainly haven't remained the same, let alone gone down. Basically the answer is there has been a shift in the tax burden. There's been considerable growth in the other three classes of property, residential, commercial and industrial. For 2011 those three classes make up 67% of the total county valuation which is up from 61% in 2002. While it's a relatively small five percentage point change, it needs to be noted that during the same time frame the total valuation for the county has gone from \$1.56 billion to \$2.48 billion, so those three classes now make up a larger percentage of a bigger pie. Also, commercial and industrial properties make up more of the total taxable valuation. The amount of assessed value on which taxes are actually paid (rollback) for ag properties has been declining, from 100% in 2006 to a projected 57% for 2011. Industrial properties haven't received a rollback in almost 30 years and commercial properties have remained virtually the same, not dropping below 97% since the early 1980's. The residential rollback remains the largest even though the taxable valuation for that class has gone up the past few years from 44% to 48%.

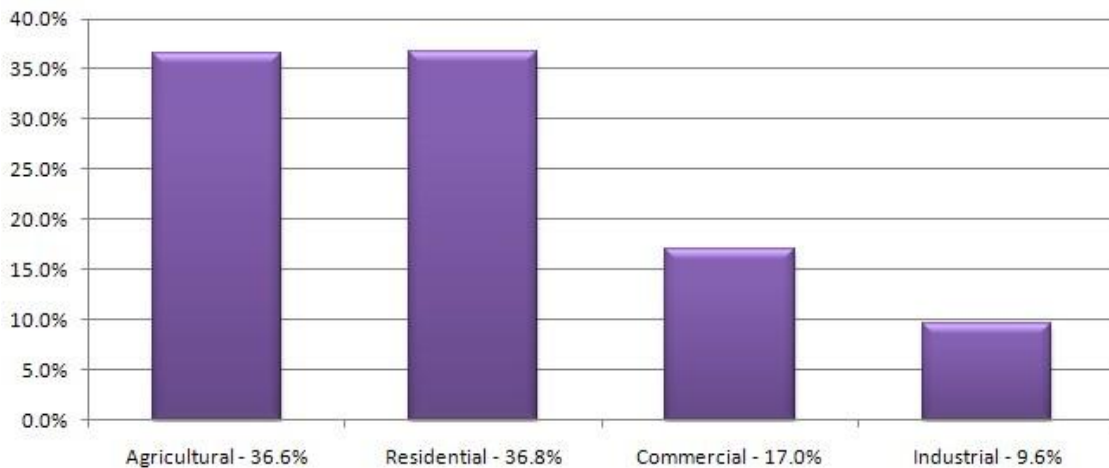


Below are two charts showing a breakdown of the total valuation of the four classes of property and their relationship to the countywide total for both the 100% assessed and the taxable valuations. (Does not include utilities)

## **2010 ASSESSED VALUATIONS % OF TOTAL**



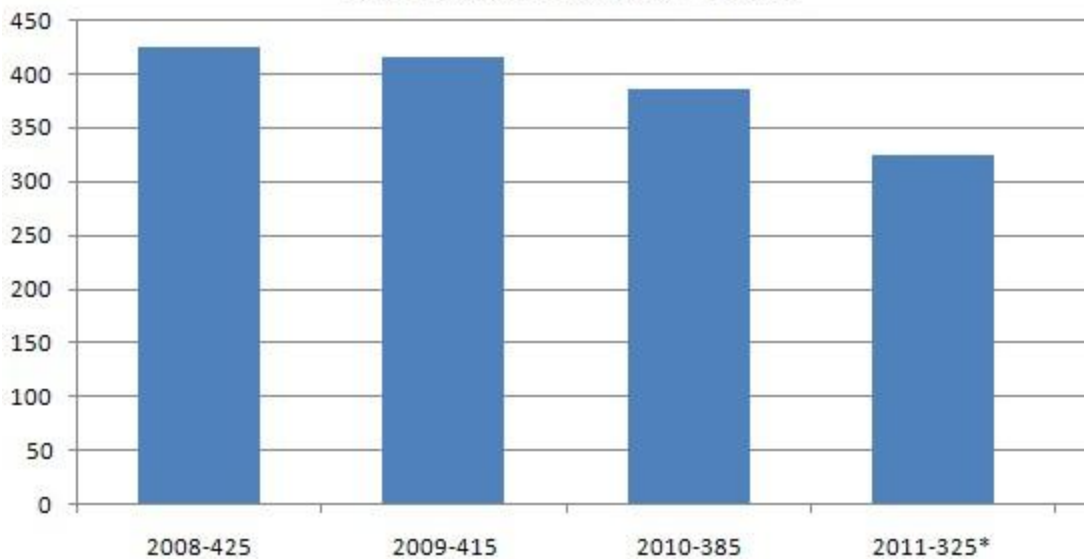
## **2010 TAXABLE VALUATIONS % OF TOTAL**



With the national economy continuing to be in the doldrums a question we get quite often is, "How is the housing market in Sioux County doing?" Well, quite frankly we haven't seen much of a slow down here, at least when you compare the selling prices to the assessments. The last time there were any across the board changes to residential properties was for 2009, which were increases in five towns ranging from 5%-8%. Since then our sales analysis shows the overall ratio has continued to hold steady and is actually toward the lower end of the parameters set by the state, meaning more sale prices are higher than the assessment than below. While sale prices have remained steady the number of sales has declined slightly each of the past few years, at least the sales we use for our analysis.

## 2008 - 2011 RESIDENTIAL SALES

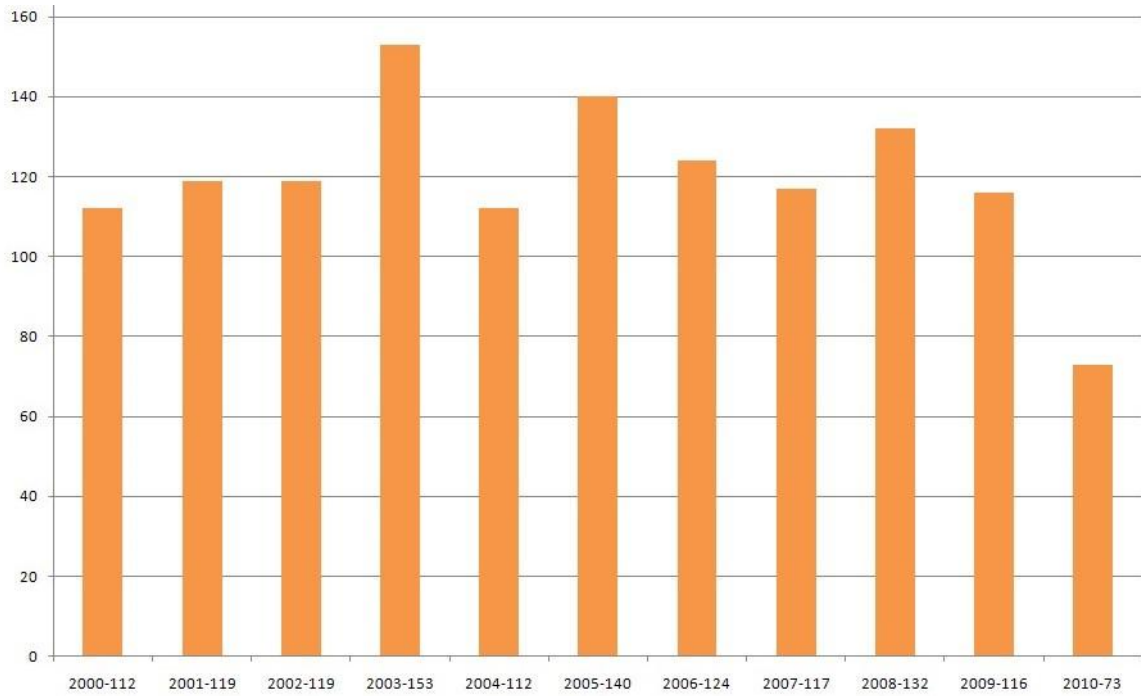
\*2011 - Projected using average YTD sales.



As expected we saw the number of foreclosures increase after the economic down turn in late 2008 and that number has remained steady since. While that's certainly not good, it's better than the national numbers which have increased quite a bit each year and are predicted to do the same in 2011.



This past year also saw a decline in the number of new residences being built, for the first time since 1998 there were fewer than 100 homes put up in Sioux County, and you have to go back to 1988 to find a year when there was less.



There also was a decline in the amount of ag buildings being put up. For the previous five years there was an average of \$9.6 million in new construction added for farm buildings, but for 2011 we only added \$2.3 million. While there were fewer of most types of farm buildings constructed (the exception being machine sheds) the biggest decline was in hog confinements. Over the previous ten years there was an average of forty-two units put up each year in Sioux County; in 2010 that number fell to six.



Machine Sheds - Similar to previous year's average.



Bins – 2005-09 averaged twenty-two built each year, in 2010 there were seven.



Something we are beginning to see in Sioux County are wind towers, not the large, multi-unit wind farms, but single turbines being used by private individuals primarily to power their farm operations. The county zoning office has gotten more inquiries about these. As far as assessment purposes, these are granted a five-year exemption and then are assessed at market value.

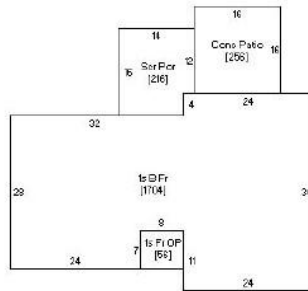


While we don't have any of the large turbines in Sioux County there is the possibility of some being built in the future. Iowa and other Midwestern states are desirable areas to build wind farms, but the biggest issue is inadequate infrastructure for the transmission of the electricity. There are plans to build several transmission lines from the Midwest to Chicago and points east. Once completed the belief is there will be a large increase in the number of wind farms in the upper Midwest. If all goes as planned it'd probably be 3-5 years before construction of the transmission lines begins with some projects not completed until 2025. The projection is for 5,000 construction jobs needed during the building of the lines and subsequent wind farms, and then 500 permanent jobs created once the wind farms are completed.





| Prior Year | Comment | Value Type | Land Value | Dwelling Value | Improvement Value | M & E Value | Total Value |
|------------|---------|------------|------------|----------------|-------------------|-------------|-------------|
| 2010       |         | Appraised  | \$12,220   | \$122,040      | \$0               | \$0         | \$134,260   |
| 2009       |         | Equalized  | \$12,220   | \$119,770      | \$0               | \$0         | \$131,990   |
| 2008       |         | Appraised  | \$12,220   | \$114,090      | \$0               | \$0         | \$126,310   |
| 2007       |         | Equalized  | \$13,530   | \$116,860      | \$0               | \$0         | \$130,390   |
| 2006       |         | Equalized  | \$12,538   | \$120,156      | \$0               | \$0         | \$132,694   |
| 2005       |         | Equalized  | \$12,538   | \$120,156      | \$0               | \$0         | \$132,694   |
| 2003       |         | Appraised  | \$11,809   | \$92,372       | \$0               | \$0         | \$103,981   |



### Old Format

New Search

**Deedholder**  
SIMMELINK, ROSS & JUDITH, JT  
**Contract to**

**Property Address**  
217 CONCORD NE Orange City IA 51041-0000  
**Mailing Address**  
217 CONCORD AVE NE ORANGE CITY IA 51041

**Parcel #** 17-33-153-006  
**Class** Urban/Residential  
**CID #** 00110000062400  
**Map Code** ORANGE CITY  
**Tax Dist** Orange City  
**Plat** 17-33a

**Legal Description**  
L3 S65' OF W50' & L4 S65' BLK 18 EAST ADD

**Values**  
Land 12220  
Dwl 122040  
Imp 0  
Total 134260

**Land Info**

| F   | R   | S1   | S2   | SF   | Acres  |
|-----|-----|------|------|------|--------|
| 65' | 65' | 125' | 125' | 8125 | 0.1865 |



### Dwelling Information

**Occ** Single-Family / Owner Occupied  
**Year** 1954  
**SF/TLA** 1704 / 1704  
**Style** Split Level Frame  
**Condition** Above Normal  
**Basement** 1/2  
**Heat** HW - Baseboard  
**A/C** Yes  
**Attic** None  
**Plumbing**  
Full Bath 1  
Shower Stall Bath 1  
Lavatory 1  
Fbgl's Service Sink 1

**Rms Above** 7  
**Rms Below** 2  
**Foundation** C Blk  
**Ext. Walls** Wd Lap  
**Int. Walls** Drwl / Panel  
**Roof** Asph / Hip  
**Flooring** Carp / Vinyl  
**Bsmt. Garage** 1  
**Appliances**  
Dishwasher 1

**Fireplace**  
1 Style Prefab

**Basement Finish**  
**Area** 542  
**Type** Table  
**Description** Standard Finish - Low

**Deck**  
Brick/Blk Patio-Low 256

### Sales Information

| Date     | Type | Amount   | Transaction Type               | Recording | Buyer                       | Seller                       |
|----------|------|----------|--------------------------------|-----------|-----------------------------|------------------------------|
| 6/4/2004 | Deed | \$122500 | Normal Arms-Length Transaction | 2004-3430 | SIMMELINK, ROSS & JUDITH JT | VISSER, WILLIAM D. & CHRISTY |

### Sketch



That pretty well covers our activities of the past year; the current project we are working on is a review of all the exempt properties. While there's no property taxes involved Iowa assessors are supposed to maintain records for them in the same manner as the taxpaying properties. Since it isn't high priority this project usually gets shuffled to the bottom of the pile and hasn't been done in many years, probably twenty or more. But now that we've finished our five-year project of reviewing all the taxable properties it is a good time to work on the exempts. It's also a good way for Nathan to get additional training on different properties and using our valuation software to assess more than just houses and farm buildings. In the end all the data will be available on our website and that will mean every parcel in the county can be accessed for information.



Reviewing the exempt properties should bring us through the end of summer then it'll be time to start sorting through building permits and begin getting the new construction for 2012. We're also waiting to see what, if anything, finally comes out of the legislature for commercial properties. In the past there's been a lot of rhetoric and no action about commercial property taxes, but this year the legislators must be serious about doing something, albeit not on the same page since they're still in session well after the original adjournment date.

As usual, if you have any questions throughout the year, stop in, call, or shoot me an email and I'll be happy to visit with you.

**Ross**