

**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

January 23, 2024

**Contact: Rob Sand
515/281-5834**

Auditor of State Rob Sand today released a report on property tax levies that indicates individuals and entities in wealthier areas carry a lower property tax burden than those in less economically well-off places in Iowa. By calculating overall levies for every tax district, the Auditor's Office in this first of its kind report, shows a notable disparity in property tax rates across the state. The highest overall property tax levy in Iowa is more than three times larger than the lowest levy.

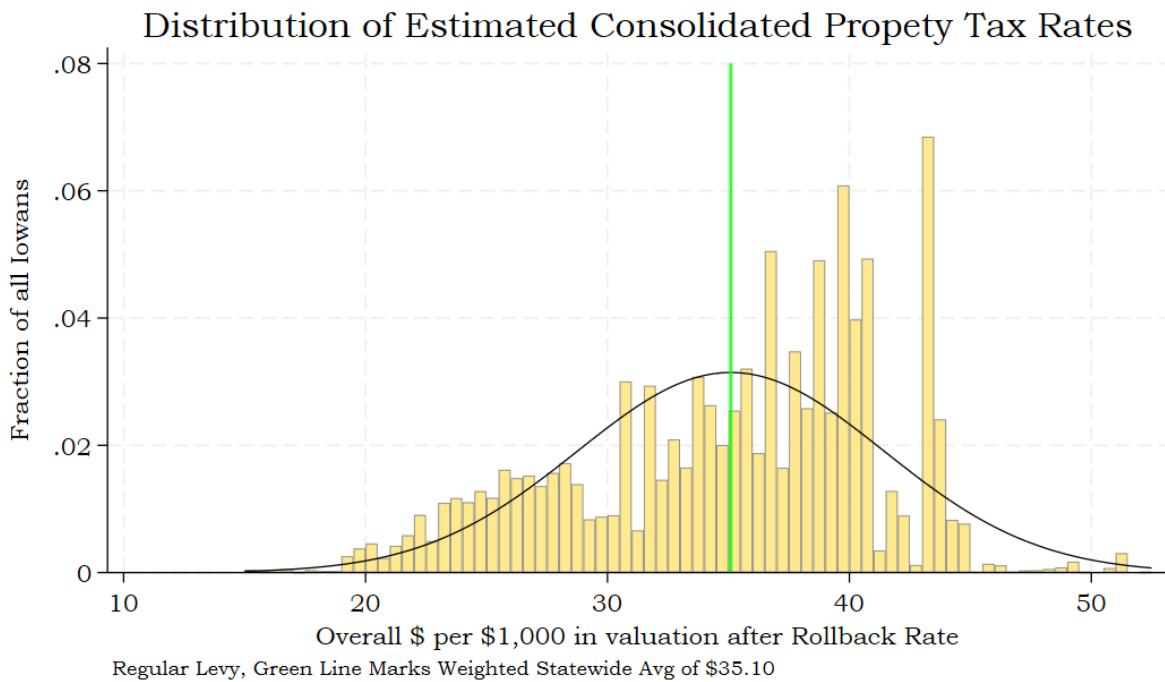
This report calculates the regular overall property tax levy for every Iowan based on their unique tax district for 2024. It finds that the average Iowan will be assessed a regular levy of \$35.10 per \$1,000 in taxable land value in 2024. This amounts to a 3.5% annual tax on property value after any rollback rates or other tax credits are applied. School district levies account for the largest share of overall property tax rates followed by localities and counties, respectively.

This is another in a series of reports to better inform the public and local governments about the use of tax dollars to fund public services in Iowa as part of the Auditor Office's Public Innovation and Efficiencies (PIE) program.

A copy of this report is available for review on the Auditor of State's website at [PIE Reports – Auditor of State](#).

Iowa Consolidated Property Tax Levy Rates

- In 2024 the average Iowan will pay a regular total property tax levy of \$35.10 per \$1,000 in post-rollback rate valuation. The median rate is \$36.47, meaning half of Iowans live in tax districts with a consolidated levy below that rate, and half live in districts above.
- There are more than 4,100 distinct tax districts in Iowa. These are different combinations of county, city, township, school district, and community college levy authorities.
- On average, 40.4% of the consolidated property tax levy comes from the respective school district of a tax district (\$14.19 per \$1k). The next largest levy is from the local authority (city/township), which comprises a third of the average consolidated levy (\$11.65). County-level property tax levies make up an average of 22.8% of all levies (\$7.99)
- Consolidated property tax levy rates for 2024 vary from a low of \$15.36 per \$1,000 in post-rollback valuation to a high of \$52.03. This means that some Iowans pay a rate that is 339% higher than other Iowans.
- Iowans living in incorporated cities have a regular consolidated levy average of \$37.47 per \$1k compared to \$25.90 among Iowans living in unincorporated townships. While unincorporated properties face a higher county levy, township levies are just 4.3% of average municipal levies (\$0.62 compared to \$14.50).
- Geographically, some of the lowest overall levies are across NW and West-Central Iowa. Rates are comparatively higher in Central and Southern Iowa and most large and mid-sized cities.
- Wealthier areas of Iowa are likely to have a lower consolidated property tax levy compared to lower income areas. There is a statistically significant negative relationship between total property tax levies and the median household income of a city or township. There is also a significant negative relationship between levies and per capita taxable land value of a taxing authority. This indicates that property taxes are a regressive form of taxation in Iowa.
- In 2024, every \$1,000 increase in an area's median household income is associated with a 10.6 cent decline in overall property tax levy. The expected consolidated levy of a city or township with a median household income of \$50,000 is \$10.60 higher than the expected levy for a place with a \$150,000 median household income. This association increases to an expected 16.3 cent decline when controlling for county.
- Within city and townships, a \$1,000 increase in the per capita taxable land valuation is associated with a 6.5 cent decline in the average consolidated property tax levy within the locality. Looking at the relationship between school districts, this association increases to an expected 11 cent decline for every \$1,000 increase in taxable land value per resident.



In the State of Iowa property taxes are an important source of revenue for local governments and public education. Statewide, in fiscal year 2022, they made up 43.4% of new revenue for county governments, 27.1% of revenue for school districts, and 18.6% of city government revenue.

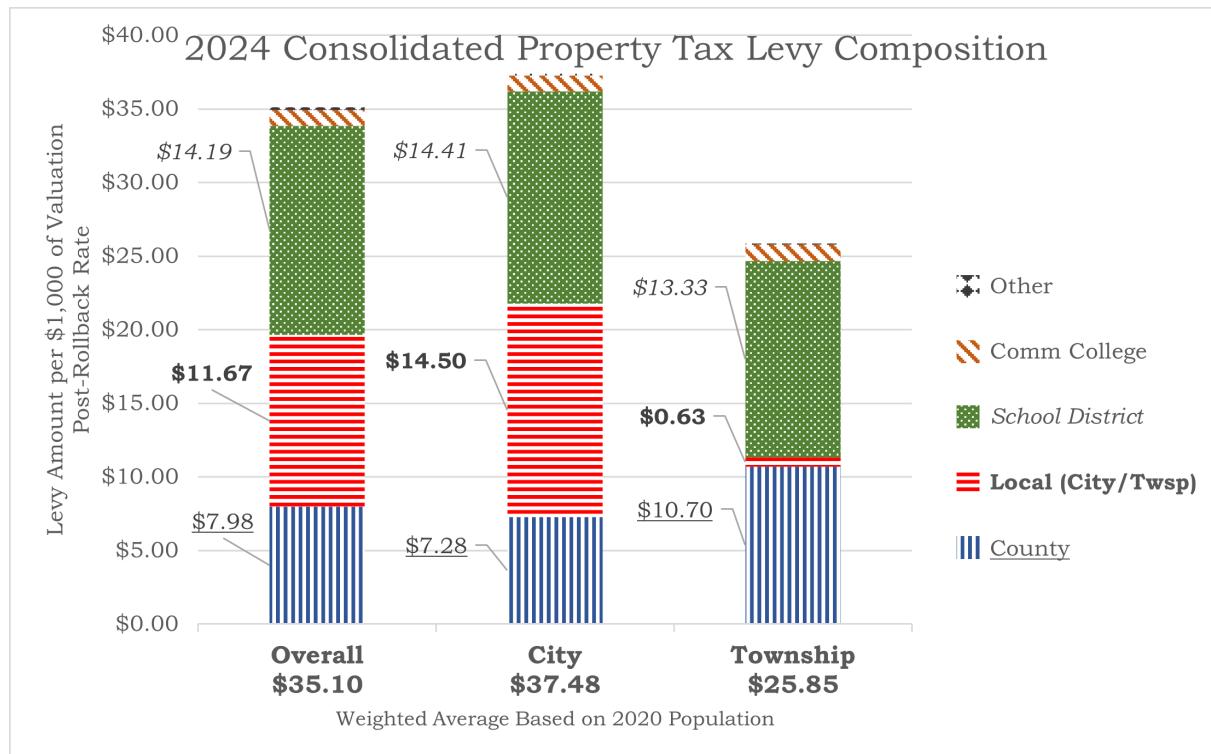
The annual amount due in property taxes is dependent on the valuation of a property, applicable tax credits, the zoning of a property, the rollback rate based on that zoning, and the levy amount of each taxing authority that covers the property. Any property in Iowa will have at least 4 different taxing authorities impacting their respective levy amount; a school district, a county, a city or township, and a community college district. There are also a number of other taxing districts designated for a specific use which can exist. These include sanitary sewer districts, rural improvement zones, and benefitting fire districts.

In order to better inform Iowans on how their government works, the Auditor of State's Office has calculated an estimated overall consolidated property tax rate for the entire state. In total, there are approximately 4,100 distinct tax district combinations in Iowa with at least one resident. The average tax district has 786 residents as of the 2020 census, although half of Iowans live in a tax district with more than 9,500 people. These calculations do not separate out any tax-increment financing (TIF) districts from the regular levy tax district they're within. It also does not include any Self-Supported Municipal Improvement Districts (SSMIDs).¹

¹ More information on TIF districts can be found in the most recent [Annual Urban Renewal Report](#). More information on SSMIDs can be found in this University of Iowa report. Neither of these taxing entities are explored in this brief due to a lack of statewide mapping. For that reason, rates are referred to as *regular* property tax levies and may not be the real levy a property owner is paying if they fall under either type of district.

In 2024 the average Iowan will pay a regular consolidated levy of \$35.10 per \$1,000 in valuation after any rollback rate inclusion.² This figure is calculated from the mean of each tax district weighted by their population from the 2020 Census. Half of Iowans live in tax districts with a consolidated levy below \$36.47, while half live in tax districts above that rate.

School District levies make up a plurality of the consolidated property tax rate, at a weighted average of \$14.19 statewide (40.4% of the total levy). The local government taxing authority was the next largest segment of property taxes, with local levies averaging \$11.67 (33.2%).



The consolidated regular tax levy is on average higher for residents of municipalities (\$37.48) compared to Iowans living in unincorporated townships (\$25.85). Counties often charge a higher rate to rural residents to account for a greater provision of government services outside of cities, and this is true when comparing levies. On average, Iowans living in a city pay a total rate of \$7.28 to county-level authorities compared to \$10.70 for those outside municipal boundaries. However, that difference is much smaller than the gap in local authority levies; urban residents pay an average levy of \$14.50 to municipalities compared to the \$0.62 that rural residents pay to township-level taxing authorities.³

Map 1 at the end of this brief displaying estimated consolidated property tax levies for each tax district combination shows that there is variation both between and within regions. The lowest overall levies are across Northwest and West-Central Iowa, while rates are higher in Central and South-Central Iowa. Many County Seats also have relatively high consolidated levies. The minimum consolidated levy in the state is \$15.36, and the highest consolidated levy is \$52.03.

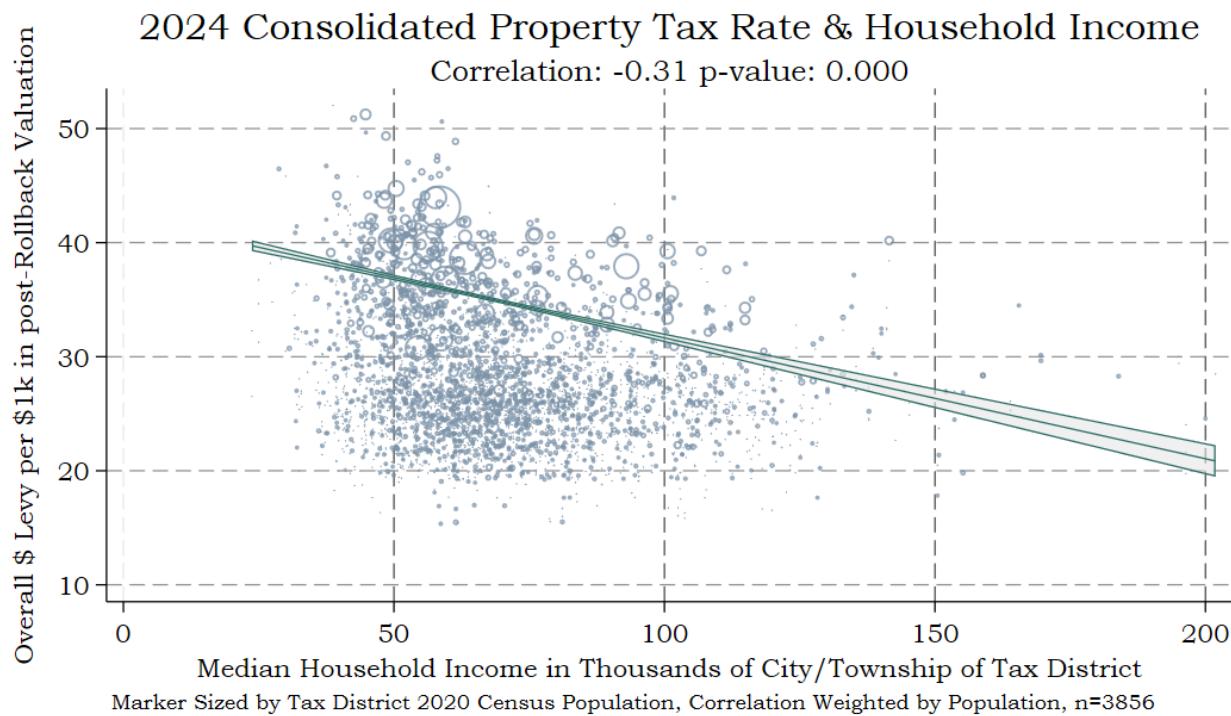
² Tax Levy amounts taken from [2024 data](#) published by the Iowa Department of Management.

Special district levies are assigned to tax districts based on localities in which they cover the majority of the population. These levy assignments are not necessarily accurate, some properties may be charged a slightly different regular levy than presented.

³ County-level authorities include levies from the county government, county hospital, county auditor, and agriculture extension. Local-level authorities include levies from any city government, township government, relevant city auditors, and township cemeteries.

How do consolidated property tax levy rates relate to the economic conditions across Iowa? To help answer this, each tax district is assigned a median household income based on US Census Bureau estimates at the city and township level.⁴ Those median household income estimates are then compared to consolidated levy rates.

There is a statistically significant negative relationship between consolidated property tax rates and median household income. This means that areas of the state with higher income levels are more likely to pay a lower property tax rate. As shown in the graph below, the weighted correlation coefficient between these two figures is -0.31.



A weighted regression of median household income on consolidated levies is used to estimate the effect of different levels of income on expected rates. It finds that every \$1,000 increase in an area's median household income was associated with a 10.6 cent decline in overall property tax rate.⁵ This means that a city or township with a median household income of \$150,000 is expected to have a consolidated property tax rate \$10.60 lower than a place with a \$50,000 median household income. This figure increases to an associated 16.3 cent decline when controlling for the county of a tax district.⁶

Another way to gauge the economic status of an area is by its average property value compared to the number of residents living there. Across Iowa, the average taxable property value in 2022 was \$65,620 per person across all property classes.⁷ Per capita taxable land valuation across tax districts is displayed in Map 3 below.

⁴ [Township data, City data](#)

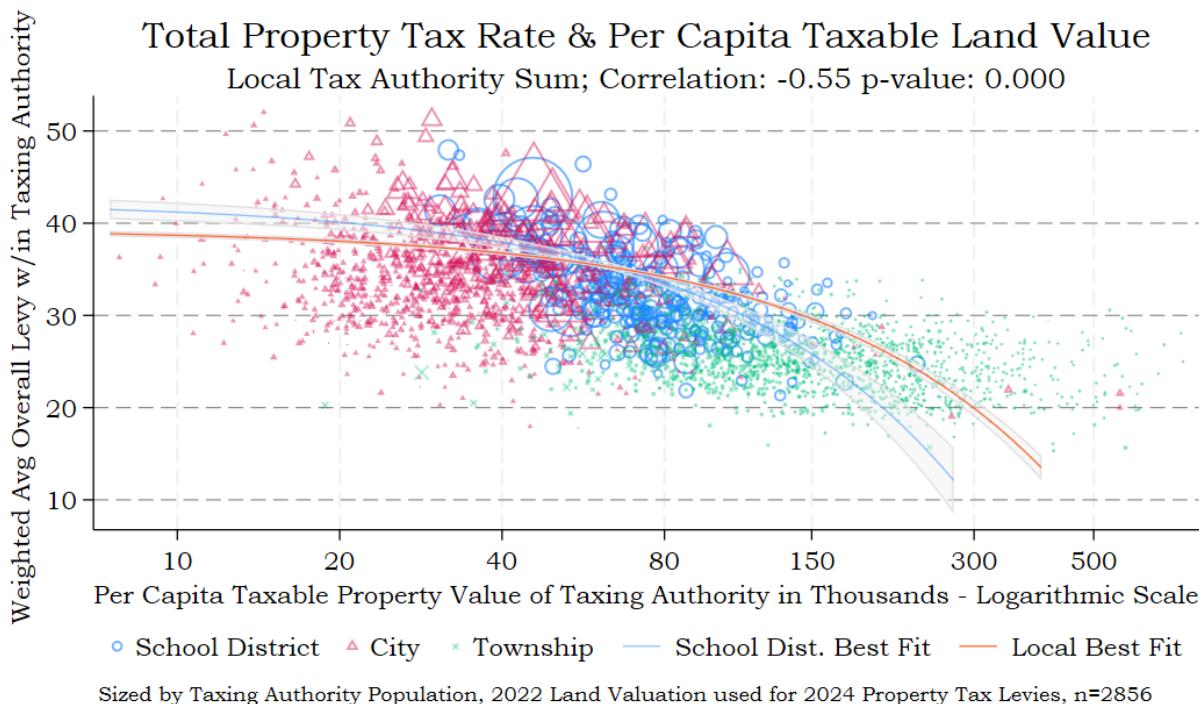
2021 estimates. Household Income estimates are available for nearly every city and 93% of townships. Localities without estimates are excluded from analysis.

⁵ Expected Levy = $\$42.249 - \$0.106 * (\text{Median Household Income}/1000)$, R-squared = 0.097, t-value = -5.3, n=3856

⁶ Expected Levy = $\$43.59 - \$0.1632 * (\text{Median Household Income}/1000) + \text{County Coefficient}$, R-squared = 0.49, t-value = -15.64, n=3856

⁷ Valuation Data for 2022 was taken from the [Department of Management's](#) Tax District Recap Document. 2022 valuation is utilized when determining 2024 property tax amounts.

To determine the relationship between property tax levies and per capita land value, valuation amounts are totaled across both school districts and local taxing authorities. Including both type of taxing authorities, the weighted correlation between average total levy and per capita land value produces a statistically significant coefficient of -0.55.



The graph above includes the results of weighted regressions for the per capita taxable land value of both school district and local government taxing authorities on average total levy. Among school districts, every \$1,000 increase in per capita taxable land value is associated with an 11-cent decline in overall property tax rate.⁸ A school district with \$150,000 in taxable land value per person is expected to have an average total levy \$11 lower than a school district with \$50,000 in per capita taxable valuation. Among both cities and townships, every \$1,000 increase in per capita taxable land value is associated with a 6.5 cent decline in the average consolidated property tax levy within the local authority.⁹ These relationships hold when utilizing specific property classes as well.¹⁰

Overall, less wealthy areas of Iowa have comparatively higher property tax rates. They have lower average property values, likely leading local governments to set higher levy rates in order to meet their constituents' needs for services. In this regard, property taxes can be viewed as a regressive tax, or a tax which has a lower rate for those with a greater amount of taxable value. Any potential changes in the reliance on property taxes for government revenue should consider this finding.

⁸ Expected Levy = $\$42.31 - \$0.1098 * (\text{Median Household Income}/1000)$, R-squared = 0.335, t-value = -7.0, n=327

⁹ Expected Levy = $\$39.35 - \$0.0647 * (\text{Median Household Income}/1000)$, R-squared = 0.293, t-value = -14.1, n=2532

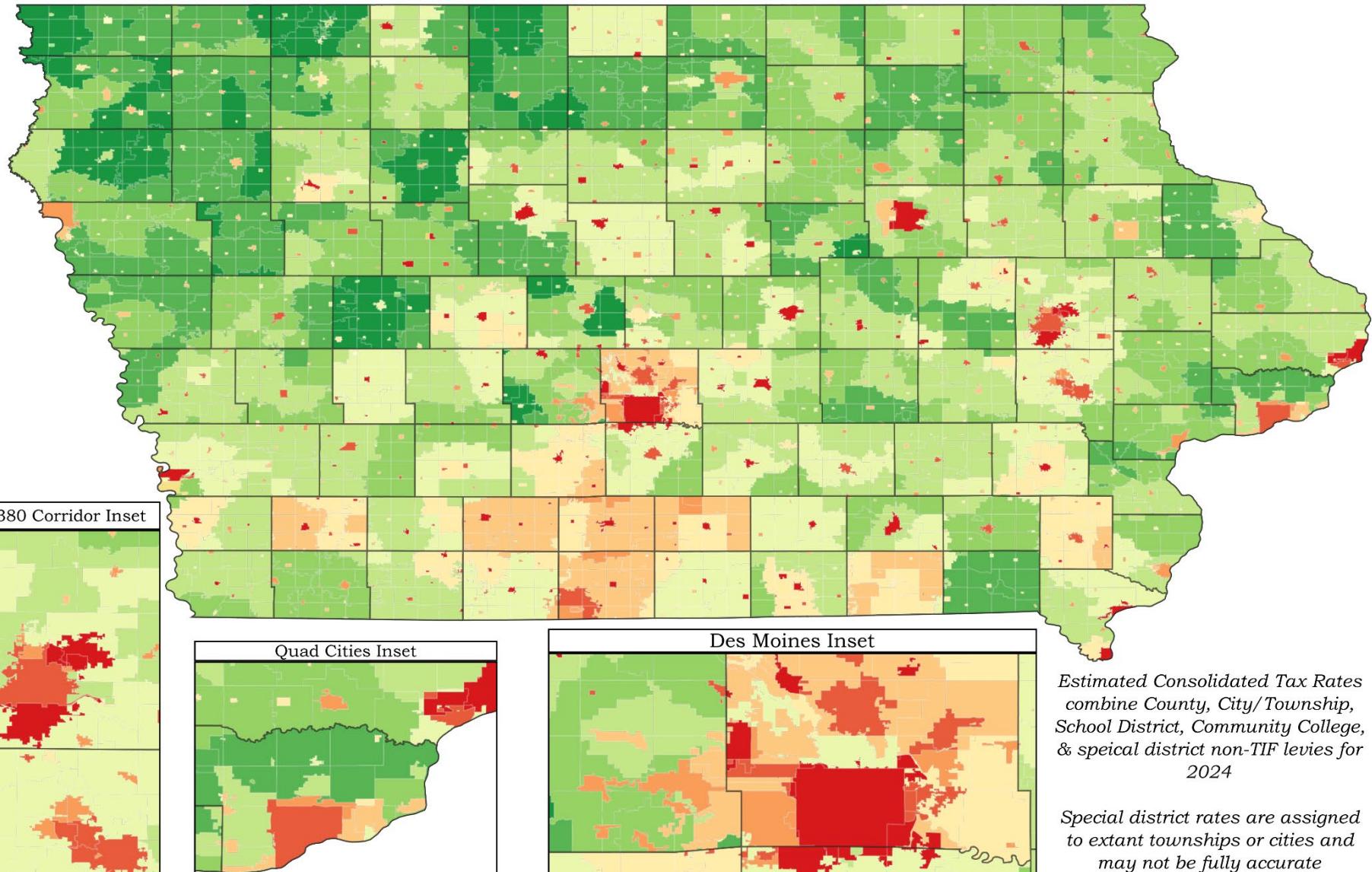
¹⁰ There are statistically significant negative coefficients for both per capita agricultural land valuation and per capita residential valuation on total levy amounts across school districts and localities. The coefficient between per capita commercial and industrial land valuation on average total levy is also negative, but not significant.

Map 1

2024 Consolidated Property Tax Rates by Tax Levy Districts (Non-TIF)

Estimated Consolidated Property Tax Amount per \$1,000

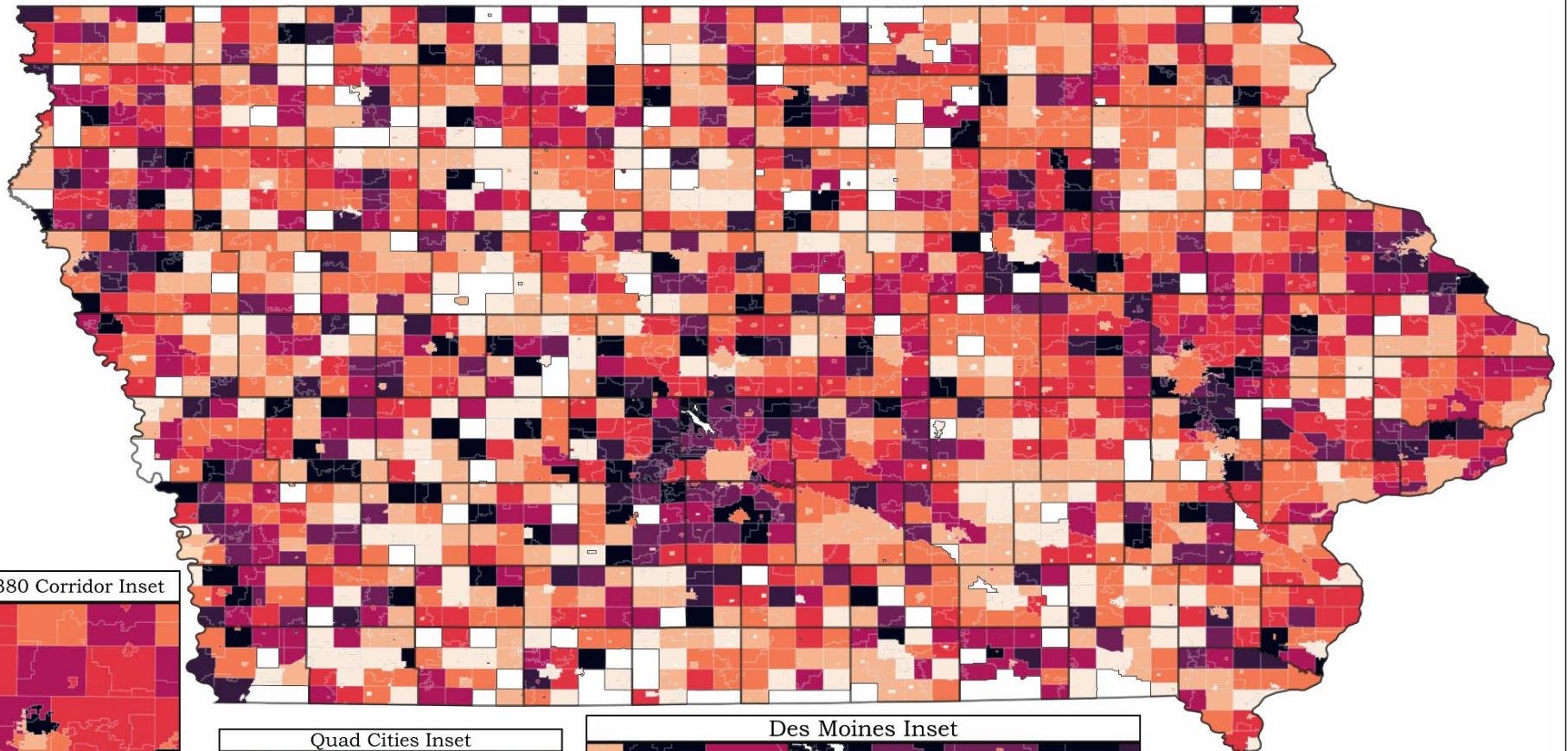
<= 20	22.5 - 25	27.5 - 30	32.5 - 35	37.5 - 40
20 - 22.5	25 - 27.5	30 - 32.5	35 - 37.5	>=40



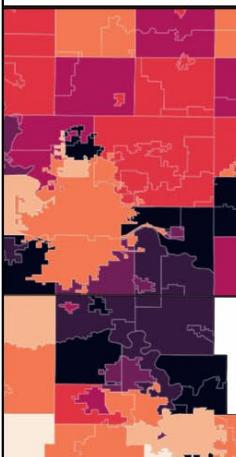
Map 2

Median Household Income by Tax District

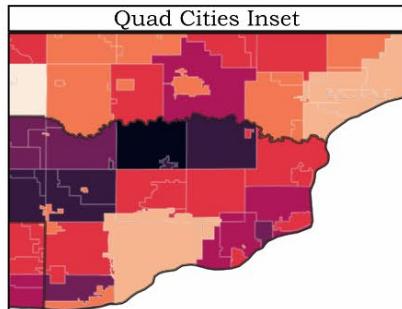
Median Household Income in Thousands of Dollars



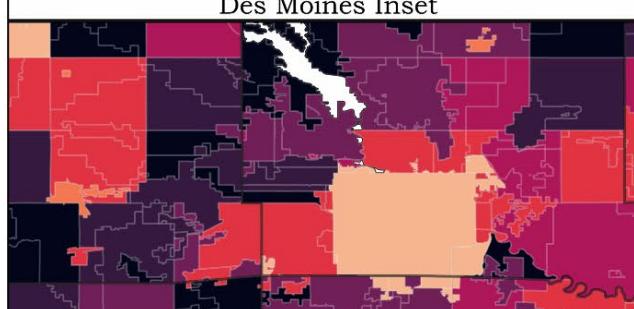
I-380 Corridor Inset



Quad Cities Inset



Des Moines Inset



Districts combine County, City/Twp, School District, & Community College boundaries

Median Household Income Estimates
assigned based on City or Township 2021
ACS 5-year estimate

Missing Income Estimates Left Blank

Map 3

Total Taxable Property Valuation Per Capita by Tax District w/ Major Rivers

Overall Property Valuation in Thousands of \$ per Person

<50	75 - 100	125 - 150	200 - 250	300 - 400
50 - 75	100 - 125	150 - 200	250 - 300	>400

