

**OFFICE OF THE COUNTY ADMINISTRATOR**

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April 14, 2015

TO: Board of Supervisors  
FROM: Dee F. Bruemmer, County Administrator  
RE: Discussion of 2015 Property Assessments

I have asked the City and County Assessors to join us at Committee of the Whole to update the Board on the changes in state law regarding assessments and those effects on the 2015 rolls along with a general review of the 2015 assessments by class. I have attached a detailed memo I received from the County Assessor's office regarding the new CSR2 rating system and how it impacted agricultural land in Scott County.

cc: Dale Denklau  
Nick Van Camp



## OFFICE OF THE COUNTY ASSESSOR

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DALE R. DENKLAU  
Assessor

LEW R. ZABEL  
Chief Deputy

### **CSR2 and Ag Use Adjustments: Impact in Scott County, Iowa**

The Scott County Assessor revalued all agricultural classed property for the 2015 assessment. This revaluation was the result of two changes in the assessment formula: 1) implementing the new CSR2 soil rating system which is intended to calculate a corn suitability rating with more simplicity, consistency, and clarity, and 2) Using the new formula for making adjustments to the productivity values of certain agricultural land. These changes were mandated by the Iowa Administrative Code 701-71.3.

#### **History**

In Iowa, assessments on agricultural property are based on the productivity and net earning capacity of the property. Assessors use the results of a modern soil survey in conjunction with the Corn Suitability Rating (CSR) system to spread the valuation among individual parcels on such agricultural property. The CSR system was first introduced in 1971 as a soil productivity rating system designed for equitable taxation. As a result of advances in soil science, CSR2 was released in 2013. The new CSR2 system is similar to the original CSR system, but primarily uses more of a data-driven model as compared to the original CSR system which used a judgement and experience-based system.

The Agricultural Adjustment Committee was formed in 2011 at the direction of Governor Terry Branstad, and consisted of representatives from across the state. Its purpose was to review practices for making adjustments to the assessed productivity values of certain agricultural lands to provide more consistency statewide for the assessment of non-tillable lands. The Ag Adjustment Committee came about because of a growing public awareness that some Assessors were making adjustments to various non-tillable lands, while others did not. Committee members made a recommendation that was enacted by the Iowa Legislature in July 2013 (see Iowa Administrative Code 701-71.3).

The new rule requires assessors to adjust non-cropland acres and also requires Assessors to implement the adjustments for their entire jurisdiction by the 2017 assessment, or the 2019 assessment in the case of a hardship.

#### **Impact in Scott County**

Scott County was one of 40+/- counties in the state that developed adjustments for land use prior to the 2015 assessment: 50 +/- counties did not. These adjustments, in general, were more generous than the newly mandated adjustment formula and will no longer be used.

Under the new system, adjustments will be made for any non-cropland with a CSR2 that is greater than 50% of the average CSR2 for cropland in the county. The adjustment will be based upon the five-year average difference in cash rent between non-irrigated cropland and pastureland as published by the National Agricultural Statistics Service. Here's an example of the calculation for Scott County.

Average county CSR2 rating for cropland:	<b>78</b>
50% of average cropland CSR2:	<b>39</b>
Example of non-cropland soil 20D2 CSR2 rating:	<b>58</b>
Non-crop-land CSR2 points to be adjusted:	<b>58-39 = 19 points</b>
5-year average rent for non-irrigated cropland:	<b>220.40</b>
5-year average rent for pasture land:	<b>52.20</b>
Percent difference (rounded) $52.20/220.40 =$	<b>24%</b>
Percent difference times points to be adjusted:	<b>19 x 24% = \$4.56</b>
Adjusted CSR2 non-cropland:	<b>39+4.56=43.56 adjusted CSR points</b>

There are four categories of land use: cropland, building lot, non-cropland, and water. Adjustments are made for building lot, non-cropland, and water uses.

These changes will affect assessed values. The productivity value per acre on a 5 year average for the 2015 assessment (\$2302.71), plus the 5 year average for Ag building factor (25.17%), the dollar per CSR point was increased to \$29.50 per point, up from \$26.80 per point in 2013. Overall, 4361 Ag parcels in Scott County increased, 2500 Ag parcels decreased, and 31 Ag parcels had no change.

If you have any questions, call the Scott County Assessor Office (563) 326-8635, Fax (563) 326-3218 or email [dan.lett@scottcountyiowa.com](mailto:dan.lett@scottcountyiowa.com)