



# THE WATCHDOG

*Keeping a watchful eye on taxation*

A Publication of the Dickinson County Taxpayers Association

A 501 (C) (3) non-profit organization

November, 2016 VOLUME 14 ISSUE 2

## Mark Your Calander

### Annual Meeting

June 9, 2017

### Monthly Meetings

Second Thursdays

8 AM

April through

December

At Arnolds Park

City Hall

*Public Invited!*

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## How to be a Watchdog

How does one go about becoming a WATCHDOG of how local government spends their tax dollars? It involves watching for the agenda of the government agency that has your interest and then attending their meetings. Fortunately, Iowa's Open Meeting Law requires all Iowa government bodies to post their agenda twenty-four hours in advance of the meeting time. The agenda can be found on that agencies bulletin board or on their website. From their agenda you can learn what will be discussed and if any action (spending money) will take place.

The meeting date and time along with their website address of Dickinson County government agencies can be found in the August 2015 edition of the WATCHDOG newsletter or on our website [www.dctaxpayers.org](http://www.dctaxpayers.org). In addition, Iowa law requires each agency to post the meeting agenda at the entrance to their facility. All meetings are open to the public, unless there is a very good reason a portion should be private and that privacy notice will be noted on the agenda.

On September 20th an item on the Dickinson County Board of Supervisors agenda caught your Taxpayer WATCHDOG's eye: "Discussion/Action – Courthouse ice project Power with Trane".

By listening to the discussion we learned that a representative from the Trane Company – supplier of the courthouse heating, ventilating air conditioning system - was proposing the County spend \$135,000 to place three underground storage tanks on the north side of the courthouse. The chiller would make ice during the evening when usage rates are low, then during the day - when demand rates are at the highest - the stored up ice would help cool the building. This would decrease the amount of time the chiller had to run, which could result in decreased usage and a cost savings to the county. The courthouse Facilities Director Clark Reekers supported the project.

During the discussion your WATCHDOG asked what buildings in

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this area were using this system. The answer was the Sioux Center School, Harrisburg School (SD), and Dordt College. All of them are government or institutional type buildings. Apparently no private buildings have seen the wisdom of investing in this energy saving system.

At one point in the discussion one of the Supervisors made the remark "by asking questions you are implying we are not doing our job". WATCHDOG feels that our role is to ask questions and will continue to do so. After some discussion the five Supervisors voted four in favor - with one abstention - to approve the expenditure. Time will tell if this courthouse ice project will save the county money. Watch for the holes in the ground and the tanks on the North side of the courthouse.

## **Buyer Beware**

The term "buyer beware" can apply to almost anything. It is particularly true when purchasing a residential lot or a newly constructed home. The process begins with a developer making improvements to the land by plating it into individual lots. Many times the property is improved by installing streets and utilities. Of course, when it is new everything looks good. Out in the county the road in question could be a private road with who will maintain it and plow the snow left open to question.

The Taxpayer Association has become aware of several situations in the lakes area where problems have arisen a few years after the property was purchased. By that time most or all of the lots have been sold and the developer has their money and has lost interest in the property. It is after this passage of time that problems could arise. The problems could be in the streets or utilities like electricity, water, or sewer.

In one recent example - in the southern end of the lakes area - a group of new home owners are finding their city doesn't want to snow plow their streets because the streets were not built to good engineering standards. The streets look good, but there is a real concern the street foundation is substandard that will cause it to breakup and become a maintenance nightmare. This particular situation has been in dispute for almost ten years and has been litigated at the Iowa Supreme Court three times. In each case the court found in the city's favor that they did not have to accept streets that were not built to good engineering standards.

There is no easy answer. Doing your homework upfront could protect your investment. If your potential purchase is in a city check with the city/zoning administrator and any neighbors to determine if there are any issues. If the property is in the county check with the county zoning administrator/ sanitarian along with any neighbors to see if they are aware of any issues. What is the reputation of the developer or real estate agent for providing full disclosure? It would probably be a good idea to obtain any promises in writing and have an attorney review them to be sure they are legally enforceable.

## Tax Impact of Iowa Roads

Back in the early 1900's Iowa roads were not much more than mud paths. Over time roads were paved with asphalt or concrete creating a smoother ride. One Iowa road phenomenon is the county gravel road laid out every mile. When most of Iowa's population lived on farms that was a good thing. One hundred years later we have many miles of gravel roads with no one living on them. Oh yes, the farmer likes a good road to get to his fields, but the many miles of lightly used gravel roads creates a major expense for the County Rural Roads Department.

While Iowa law requires that all privately held land have a public access to it, the law also allows for different levels of service. This has been an effective tool for many Counties to reduce both the operational costs and the liability exposure for the reduced service. Most Iowa counties – including Dickinson County – have adopted an ABC classification for its rural roads.

- **Service Class A** roads are maintained to the best standards
- **Service Class B** roads are marked and are maintained at a lower level.  
*Note: Might be used when a road has a low volume of traffic, serves a residence, or has another purpose requiring frequent access.*
- **Service Class C** roads are marked, gated, and have significantly reduced maintenance levels. Iowa law also reduces the liability on these roads which often appear to be privately owned.

One of Dickinson Counties lightly used rural roads has recently been resolved. This gravel road Northwest of Diamond Lake was less than half mile in length, but led to a single residence. Within this half mile was a bridge that has a pony truss structure that includes a reduced load posting. This bridge is over 100 years old and carries a replacement price tag of over \$600,000. Recently the house became unoccupied and the heirs wanted to sell the 13 acre tract with a few buildings.

The Iowa Natural Heritage Foundation was willing to purchase the land for eventual transfer to the Iowa Department of Natural Resources and the US Fish and Wildlife Service. The 13 acre tract was surrounded by other conservation land owned by the DNR and USFWS, but they didn't want the four buildings on the property. That is where Dickinson County has stepped in. By assisting in the purchase, and eventual disposal of the building structures, it appears as though an agreement could be worked out to retain the 13 acres in public hunting land, that would also save Dickinson County tax payers over one half million dollars to replace the old bridge. Sometimes spending a little money now can avoid spending more later.



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## Property Tax - Rollback

More than 20 years ago, Iowa residential property values were rising quickly. To help cushion the impact of high inflation, the Legislature passed an assessment limitation law called "rollback". The property tax rollback impact for agricultural and residential property can be substantial because they cut the property tax nearly in half.

The Iowa Department of Revenue computes assessment limitation percentages, and county auditors multiply the assessed valuations by the rollback percentage to determine taxable valuations. The assessment limitations are applied according to a class of property:

- For the agricultural and residential classes of real estate, the taxable valuation for each class is limited to 3% annual statewide growth from revaluation.
- The assessed valuation for commercial and industrial property is adjusted to 90% to determine the taxable valuation.

For the 2015 assessment year the rates are:

- Agriculture 46.1068 percent
- Residential 55.6259 percent
- Commercial 90 percent

To probe further check the Iowa Department of Revenue website [www.tax.iowa.gov](http://www.tax.iowa.gov).

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