

**PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2017-062-10190A

Parcel Nos. 01-20-100-005, 01-20-100-006, 01-20-300-005, 01-20-400-006

Scott Mulder

Appellant,

vs.

Mahaska County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on December 12, 2017. Sheryl Mulder represented her son, Scott Mulder. Attorney James Blomgren represented the Mahaska County Board of Review.

Scott Mulder owns four agricultural parcels located in Section 20 Township 77 North / Range 17 West, Mahaska County, Iowa. The following table summarizes the January 1, 2017 assessment of each parcel. (Exs. B-1 through B-4).

Parcel #	Total Acres	Assessed Land Value
01-20-100-005	11.95	\$ 15,730
01-20-100-006	9.01	\$ 12,220
01-20-300-005	38.96	\$ 74,440
01-20-400-006	13.78	\$ 17,090
TOTAL	73.70	\$ 119,480

Scott Mulder petitioned the Board of Review claiming the subject parcels are assessed for more than the value authorized by law under Iowa Code section

441.37(1)(a)(1)(b). The Board of Review denied his petition. Mulder then reasserted his over assessment claim to PAAB.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2017). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case.

§ 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount.

§§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§ 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct.

§ 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

Findings of Fact

Of the subject parcels' total acres, 56.44 acres are designated as cropland and 17.26 acres as non-cropland. (Exs. D1–D4). There are no improvements. (Exs. G1-G4).

Parcel #	Total Acres	Crop Land Ac	Non-Crop Land Ac	Crop / Non-Crop CSR2 Point Range	Total Adjusted CSR2 Points
01-20-100-005	11.95	7.43	4.52	5-79 / 0-5	512.43
01-20-100-006	9.01	5.93	3.08	5-79 / 0-5	398.13
01-20-300-005	38.96	34.91	4.05	5-79 / 0-76	2424.99
01-20-400-006	13.78	8.17	5.61	5-79 / 0-79	556.44

Sheryl Mulder testified that the Skunk River floods the subject parcels and questioned the use of the average productivity per acre given some years the subject's farmland does not produce any crops because of flooding. She stated in the past some of the subject parcels' land was designated as "spot & line acres," however the 2017 assessment no longer reflects these adjustments. She also questioned the differences in the number of total acres allocated to the river. For the 2016 assessment, 9.22 acres of Mulder's land was attributed to the river but the amount declined to 7.42 acres for the 2017 assessment. (Exs. C1-C4 & D1-D4). Mulder further questioned the CSR2 rating system and whether it considers the extent of the flooding experienced on the subject parcels.

Ms. Mulder testified that flooding caused crop losses in 2013 and 2014, which resulted in additional costs to be incurred due to higher crop insurance premiums, for rebuilding levees, and to replant crops. She believes none of these additional costs have been considered in arriving at the subject parcels' assessments. She did acknowledge, however, there were no losses in 2015 or 2016 and no losses are anticipated for 2017 although this has not yet been confirmed.

Mahaska County Assessor Lindsey Thomas testified for the Board of Review. She stated letters were sent with the 2017 assessment rolls to owners of agricultural parcels that explained the CSR2 rating system. (Ex. A). Thomas testified that Mahaska County implemented the State required CSR2 rating system for the 2017 assessments in accordance with Iowa's Agricultural Adjustment Rule 701-71.3(1). She explained the statewide conversion to the CSR2 system was implemented in an effort to obtain consistency. The new system incorporates adjustments to individual soil ratings that had previously been applied by the Assessor. As an example, she noted the new CSR2 rating accounts for flooding.

Dr. Lee Burras, a soil scientist with Iowa State University, also testified for the Board of Review. Burras stated he is the senior author of the CSR2 rating system. He explained the current rating system is an update of the original CSR system, which considered the profile of the different soil types. In the early 2000's a new electronic soil mapping system was implemented across the United States. Burras noted new

mapping techniques may result in differences, such as the number of acres attributable to the river/water on Mulder's parcels.¹ As a result, the original CSR system required updating in order to create consistency with the new mapping system. Burras asserts the original rating system has been taken into account in the new formula. Moreover, the new CSR2 rating system addresses flooding within assigned soil types. Burras testified he reviewed the subject parcels' soil descriptions and CSR2 ratings and concluded it was appropriately applied by the Assessor. (Exs. D1-D4).

Ms. Mulder noted it was her understanding that the productivity formula is to be uniform across county lines. However, her research revealed differences within a given soil type for Mahaska County compared with the same soil type in a neighboring county. She cited Nodaway soil as an example, which is identified as soil mapping system (SMS) 220.

Burras noted Nodaway SMS 220 is a common soil type and under the old rating system the CSR points ranged from 79 to 90. The wide range of points for the same soil across the state was one of the reasons the CSR2 rating system was developed – to help create more consistency across county lines and throughout the State. So now, all counties get a CSR2 rating of 82 points for the Nodaway SMS 220. However, if regional soil scientists update the electronic maps and find blended soils it may affect the specific rating of that soil type. Burras stated this explains why spot symbols were removed as assessors no longer make these individual adjustments. He noted this also explains slight differences between the ratings of the same soil type between different counties and parcels.

Ms. Mulder appeared frustrated that a neighboring parcel to one of the subject parcels had the same Nodaway SMS 220 soil but with a different CSR2 rating. (Ex. E2). Burras explained there could be several explanations: it could be an error; sometimes there are breaks in the soil mapping system in the middle of a field; and sometimes it is in regards to flooding concerns. He noted it may seem counterintuitive but there is less

¹ Although not admitted into evidence here, GIS map overlays maintained by the county normally show the specific areas designated as cropland and non-cropland.

flooding right next to a river than farther away because of more adequate drainage. He believes in this case, it is likely one of the first two explanations.

Scott Mulder offered no evidence into the record.

Analysis & Conclusions of Law

Mulder contends the subject parcels are assessed for more than the value authorized by law.

The subject parcels are classified as agricultural property. Iowa Code section 441.21(1)(e) requires agricultural property be assessed by giving exclusive consideration to the soils' productivity and net earning capacity. Any formula or method employed to determine productivity and net earning capacity of property shall be adopted in full by rule. § 441.21(1)(e). Iowa Admin. R. 701-71.3. Assessors are required to consider the results of a modern soil survey. § 441.21(1)(f). In making a determination of value, assessors "shall use available data from Iowa State University, the United States Department of Agriculture (USDA) National Agricultural Statistics Service (NASS), the USDA Farm Service Agency (FSA), the Iowa department of revenue, or other reliable sources." Iowa Admin. Code r. 701-71.3(1)(a). THE IOWA REAL PROPERTY APPRAISAL MANUAL shall be used, as well as any other Iowa Department of Revenue guidelines. *Id.*

This process was summarized by the Iowa Supreme Court in *H & R Partnership v. Davis County Board of Review*, 654 N.W.2d 521, 525-26 (Iowa 2002).

The first step in that process is to calculate the total crop-producing value for the county. The assessor begins this process by examining the county's per-acre crop-producing value as computed by the Iowa Department of Revenue and Finance. That agency reviews each county's crop yields and gross crop-production income over a five-year period. The county's total gross income is then reduced by the aggregate production costs. The agency then adjusts this net figure to account for real estate taxes and, then, to comport with Iowa Code section 441.21(1)(e), capitalizes the resulting value at the rate of seven percent.

...

This aggregate value is spread to each parcel to be assessed in proportion to the ratio of the corn-suitability rating of the particular tract to the sum of all corn-suitability ratings within the county. That computation establishes the valuation of the land on each parcel and is stated separately from the valuation of the buildings on that parcel.

One part of the soil productivity and potential net earning capacity formula includes corn suitability ratings (CSR). The CSR reflects a given soil type's productivity and serves to provide an equitable basis for farmland assessment. MANUAL, 2-25 (2008). The CSR2 considers the soil type, particle size, water holding capacity, field condition, soil depth, and rate of erosion. *Id.* Only in unusual or limited, unique circumstances may land require an additional adjustment. MANUAL, 2-27.

As dictated by Department of Revenue guidelines, the Natural Resource Conservation Service's Web-based Soil Survey is the official modern soil survey and the key component in the CSR2 formula for determining a soil's productivity.

In an appeal alleging the property is assessed for more than authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

Mulder testified that the parcels' location affects its income-producing potential and, at times, results in increased production costs because of higher insurance premiums, loss of crops, etc. However, Iowa law is not premised on valuing a particular property's actual productivity and net earning capacity based on its actual income and expenses. Rather it approaches valuation from an aggregate method; it looks at countywide total gross income then reduces this figure by countywide production costs and spreads the value to the land using the CSR2. R. 701-71.12(1); *H&R Partnership*, 654 N.W.2d at 525. We note the methodology relies on crop production cost information provided by Iowa State University, which includes a line item for crop insurance. R. 701-71.12.

Mulder did not provide any evidence demonstrating the parcels' correct value. Thus, we cannot conclude the subject parcels are assessed for more than authorized by law.

For the foregoing reasons, after viewing the record as a whole, we find Mulder has failed to show his property is assessed for more than authorized by law.

Order

PAAB HEREBY AFFIRMS the Mahaska County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2017).

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

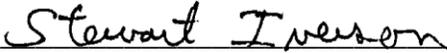
Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.



Camille Valley, Board Member



Karen Oberman, Board Member



Stewart Iverson, Board Chair

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Mahaska County Board of Review by eFile