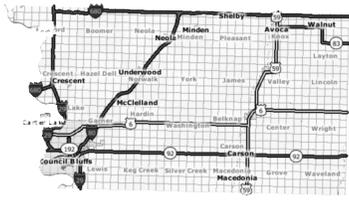


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According to Value



Ad Valorem

Pottawattamie County Assessor News

First Quarter 2009

Wind Turbines Dot Pottawattamie County

Thanks to Board of Supervisors, structures are assessed locally

If you've driven along Interstate 80 in eastern Pottawattamie County lately, chances are you've noticed all the new wind turbines dotting the landscape — they're hard to miss. MidAmerican Energy Company recently expanded its wind generation capacity near the town of Walnut, and now has 102 General Electric 1.5 megawatt turbines operating in the area. The company expected this project would generate 153 megawatts of power by the end of 2008. That's enough to power roughly 122,000 homes!

But just like a house, a commercial building, a factory or a farm, the value of these wind turbines must be determined and assessed. It's a unique process, different from how it works for other utilities.

Generally, things that serve several areas of the state or that run throughout Iowa — railroads, power plants, electrical transmission lines, pipelines, gas lines and such — are assessed centrally by the Iowa Department of

Revenue. The department determines the overall assessment, then passes a percentage of the total back to each county, as appropriate. In such instances, city and county assessors are not involved in determining the

valuation. The process might appear convenient because it's less work, but the downside is it removes control from the local level — and that's not always in the best interests of the impacted assessing and taxing jurisdictions.

Fortunately, however, the Pottawattamie County Board of Supervisors passed an ordinance available from the Iowa Legislature that allows for wind energy projects in the county to be assessed locally. In other words, instead of having the state do it, the assessments can now

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Wind Turbines Dot Pottawattamie County

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be done by our office. This action by the supervisors serves the residents of Pottawattamie County much better than the one-size-fits-all approach of the state.

Determining the Value

We'll be starting the assessments of the wind turbines soon. The formula for determining the valuation is as follows:

(Example: 5 percent in the second year, 10 percent in the third year, etc.)

- For the seventh and succeeding years, the assessment will be 30 percent of the net acquisition cost of the structure.

We're pleased that Pottawattamie County is a part of MidAmerican Energy's effort to generate more renewable power because it's good for

We're pleased that Pottawattamie County is a part of MidAmerican Energy's effort to generate more renewable power because it's good for the environment.

- In the first year, the assessment is 0 percent of the net acquisition cost of the structure.
- For the second through sixth years, the assessment increases by 5 percent of the net acquisition cost.

the environment, construction jobs, payments to farmers and for long-term property tax revenues.

Some residents wonder why Pottawattamie County was selected as the site for this wind energy project.

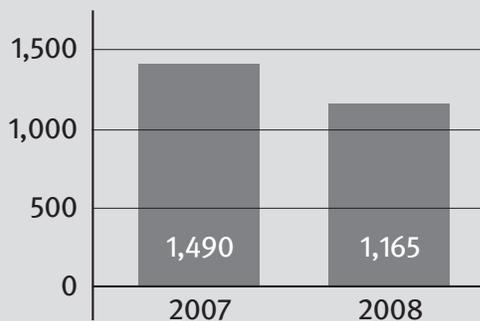
We've been told it's not necessarily because this is the windiest area of the state (although it must come close!), but because of the proximity to new electrical transmission lines that run between Des Moines and Omaha. Much of the electrical grid and many of the substations were already in place.



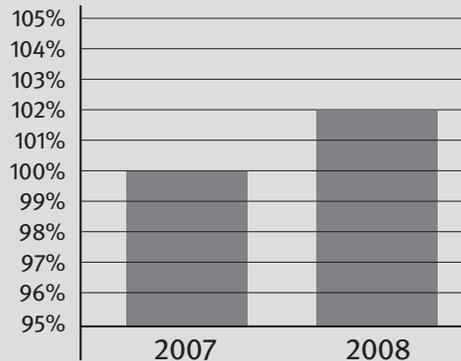
Residential Market Statistics

Number of Sales

(From January 1 – November 26)



Median Sales Ratio*



* When a home is sold, its sales ratio is calculated by dividing its assessment by the sale price. A median ratio below 100 percent means a typical home sold for more than the assessed value. Conversely, a ratio over 100 percent means a typical home sold for less than the assessed value.

Assessor's Office Forges Partnership with County Attorney

The role of the Pottawattamie County Assessor is to determine the value of residential, commercial, industrial and agricultural property. Our team has a collective tenure of 274 years of property assessment experience, and a respected track record of setting fair and accurate valuations. But sometimes we need legal guidance — for example, when we're making decisions about tax-exempt property such as churches and schools. In some instances, we also need legal representation.

That's when we're pleased to have the help of the Pottawattamie County Attorney's Office. Leanne Gifford, assistant county attorney, is one of two lawyers assigned to work on civil cases in the county, and is our primary liaison when it comes to legal matters.

"We've got a good working relationship with the Assessor's Office," Gifford says. "I'm there to represent them if there's litigation, and also to offer advice and provide input on a variety of legal issues."

Gifford also works with the Pottawattamie County Board of Review in a similar capacity, and represents both the Assessor's Office and the Board of Review when cases go before the Property Assessment Appeal Board. (Of course if there are situations where our office and the Board of Review do not agree on an issue, she would only represent one entity — not both.)

Interesting Cases

Gifford enjoys what she does, and finds

herself involved with many interesting property assessment cases. A current one involves Griffin Pipe Products Company, a Council Bluffs manufacturer of ductile iron pipe that is distributed throughout the United States. At issue was whether certain equipment in the 105,000 square foot facility at 2601 Ninth Avenue was machinery, or was a fixture of the building itself.

The difference matters because in Iowa, certain machinery is exempt from being assessed and taxed along with the real estate. Items that are an integral part of a building, or that are attached to a structure, are usually considered part of the property and are factored into the assessed valuation. Think of it this way: Your garage door opener would generally be considered equipment that is part of the garage itself, while a table saw that's set up to cut boards in that same garage would not. (Sometimes, there are special exemptions for machinery and building fixtures. See the article about web portals on page 4.)

Gifford worked with the Assessor's Office to understand all the various issues involved in this case, and wrote legal briefs in response to Griffin Pipe Products' motion for a judicial ruling

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Leanne Gifford, assistant county attorney



Leanne Gifford

Joined Pottawattamie County: August 2007

Prior experience: Attorney in private practice with Brown & Brown, and with Marks Clare & Richards, both Omaha law firms.

Education: Juris Doctorate from Creighton University School of Law in 1998; Bachelor of Arts from University of Nebraska-Lincoln in 1982.

Hometown: Bellevue, Nebraska

Assessment Myths

MYTH: The assessor raises property values in order to collect more property taxes.

REALITY: The assessor isn't concerned with property taxes. We don't determine tax rate, set taxes or collect taxes. We don't consult with elected officials about how much tax revenue should be generated, and we don't report to a governing body that influences our assessment decisions. Our sole focus is making sure property is assessed accurately, fairly and — except for agricultural property, which is assessed differently — at

what we estimate to be market value.

MYTH: If you finish the basement of a house but don't install a ceiling, technically it's not considered "finished" and it won't affect the assessment.

REALITY: Not true. Assessments are based on the market value of the property, not whether something is completed or not. Generally when you finish a basement your property value goes up, although with a partial finish (e.g., no ceiling) it likely wouldn't go up as much as if it were fully done.

Assessor's Office Forges Partnership with County Attorney

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on the issue. In this instance, the judge ruled against Griffin Pipe Products; their exhaust stacks, smelters, furnaces and other equipment are considered part of the building. The case is not resolved, however, as the taxable value of the property is still disputed.

"I like working on these issues," Gifford says. "There are so many interesting situations that come up with regard to assessments."

Valuable Partnership

It's proven to be a very valuable partnership. Leanne and her assistant, Rhonda Blair, have done an excellent job of providing us with a sound legal perspective on things, and they have helped guide some of our decisions.

Ad Valorem

Ad Valorem is published quarterly by the Pottawattamie County Assessor's Office and is distributed free upon request. If you'd like to see topics covered in future issues, have questions or comments, or would like your name added to the mailing list, please contact our office at 712-328-5617.

Web Search Portal Exemptions



In some cases, fixtures that are part of a property *are* exempt from assessment. The Iowa Legislature has passed exemptions that exclude — among other things — cooling systems, cooling towers and other temperature control devices; power infrastructure and related systems;

and racking systems, cabling and tray specifically used for the operation of web search portals.

In Pottawattamie County, this means Google.

We still, however, must assess the land, buildings and other improvements just as we would for any company. Some of our staff has been to the Google data center site on Veterans Memorial Highway to do valuation work, and toured the property with company representatives, although many parts of the building have very restricted access and are heavily guarded.

We'll also be working with Google to assess additional development land as it is purchased.