

**Property Tax - Opinion -
City Purchase of Flood Damaged Property**

To: Iowa Property Tax Administrators

From: Jim Moyle, Iowa Department of Revenue Property Tax Division

Sent: October 12, 2009

Subject: City purchase of flood damaged property

Several cities are currently acquiring flood damaged properties from taxpayers and at issue is when the property will become exempt from taxation. It is assumed that the property acquired by the city will be devoted to public use and not held for pecuniary profit.

The status of property on July 1 of the fiscal year which commences during the assessment year determines eligibility of the property for exemption in situations where no claim is required to be filed to procure a tax exemption. If the property is in a taxable status on July 1, no exemption is allowable for that fiscal year. If the property is in an exempt status on July 1, no taxes are to be levied against the property during that fiscal year. If the city acquired the property after July 1, 2009, the 2009 assessment for the 2009/2010 assessment year payable 2010/2011 would be due and payable.

The exception to this rule would be if the city acquired the property after July 1 in connection with the establishment, improvement, or maintenance of a public road in which case the property would be taxable for that portion of the fiscal year in which the property was privately owned.