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NEWS RELEASE

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FOR RELEASE

March 1, 2019

Auditor of State Rob Sand today released a report on a review of wind energy project special assessments performed by County Assessors and administered by the Iowa Department of Revenue for the period January 1, 1994 through December 31, 2017. The review was conducted to determine if the special assessments performed by County Assessors were in compliance with the *Code of Iowa*, Iowa Administrative Code, Iowa Department of Revenue's (IDR) guidance, and county ordinances providing for the special valuation of wind energy projects.

The *Code of Iowa* authorizes local governing bodies to provide special tax valuation of wind energy projects. County and city assessors are responsible for assessing wind energy projects and maintaining documentation to support the assessments. At December 31, 2017, there were 102 wind energy projects in the State of Iowa, located in 43 Iowa counties.

Sand reported County Assessors are using net acquisition costs to determine the assessed value of wind energy projects in accordance with the *Code of Iowa* in all 20 counties reviewed. However, the net acquisition costs used by the County Assessors are provided by the wind energy project owners because the County Assessors reported they lack the expertise to assess wind energy projects without the information provided by the project owners and they do not attempt to verify the costs reported. Sand also reported County Assessors are not consistently applying cost adjustment procedures. There were 3 different methods used by County Assessors when making revisions to a wind energy project's net acquisition cost. In addition, Sand reported certain documents were not retained by 11 of the 20 counties reviewed as required by the *Code of Iowa* and county ordinances.

Sand recommended IDR ensure County Assessors are knowledgeable of and comply with the requirements established in the *Code of Iowa* regarding the assessment of wind energy projects. Specifically, IDR should provide guidance which reinforces County Assessors should maintain declarations of intent and IDR should clearly communicate to County Assessors information regarding the February 1 deadline established by the *Code* for declarations of intent.

A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT ON A REVIEW OF
WIND ENERGY PROJECT SPECIAL ASSESSMENTS
ADMINISTERED BY THE IOWA DEPARTMENT OF REVENUE**

**FOR THE PERIOD
JANUARY 1, 1994 THROUGH DECEMBER 31, 2017**

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Auditor's Transmittal Letter

To the Governor, Members of the General Assembly
and the Director of the Iowa Department of Revenue:


In conjunction with our audit of the financial statements of the State of Iowa and in accordance with Chapter 11 of the *Code of Iowa*, we have conducted a review of wind energy project special assessments performed by County Assessors and administered by the Iowa Department of Revenue (IDR) for the period of January 1, 1994 to December 31, 2017. We reviewed wind energy project assessments in 20 counties to determine compliance with applicable sections of the *Code of Iowa*, Iowa Administrative Code (IAC), IDR's guidance and county ordinances. In conducting our review, we performed the following procedures:

- (1) Reviewed applicable sections of the *Code of Iowa*, the IAC, and IDR's guidance to gain an understanding of the responsibilities of local County Assessors and the IDR and how wind energy project special assessments are administered, monitored, and reported.
- (2) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (3) Interviewed certain County Assessors to determine their understanding of special assessments of wind energy projects and how these projects are valued.
- (4) Determined if certain County Assessors complied with applicable sections of the *Code of Iowa* and local county ordinances when determining assessed value and reporting requirements for wind energy projects.
- (5) Tested selected wind energy project assessments for the period January 1, 1994 through December 31, 2017 to determine if the wind energy project special assessments complied with applicable sections of the *Code of Iowa*, the IAC, IDR's guidelines, and county ordinances.

Based on these procedures, we determined County Assessors are properly using "net acquisition costs" as required by section 427B.26 of the *Code*. However, County Assessors also reported they do not verify net acquisition costs provided by the wind energy project owner to determine the assessed value of the wind energy project. We also determined County Assessors are not consistently applying cost adjustment procedures as wind energy project owners update their net acquisition costs. In addition, we determined some County Assessors are not retaining documentation or adhering to deadlines as established in the *Code of Iowa* and local county ordinances.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards.

We extend our appreciation to the personnel of the County Assessor Offices visited and the Iowa Department of Revenue for the courtesy, cooperation, and assistance provided to us during our review.


ROB SAND
Auditor of State

December 5, 2018

Introduction

In accordance with Chapter 441 of the *Code of Iowa (Code)*, the primary duty and responsibility of the county assessor is to assess the value of all real property within their jurisdiction, except that which is otherwise provided by law. This includes residential, multi-residential, commercial, industrial, and agriculture classes of property. Assessors are appointed to their position by a Conference Board consisting of the Board of Supervisors, the Mayors of all incorporated cities and a member from each school district within the jurisdiction. A city with a population of 10,000 or more may elect to have their own assessor. Assessors are required, by statute, to pass a state examination and complete a Continuing Education Program consisting of 150 hours of formal classroom instruction with 90 hours tested and a passing grade of 70% attained. The latter requirement must be met in order for the assessor to be reappointed to the position every six years.

In accordance with section 421.17 of the *Code*, the Director of the Iowa Department of Revenue shall oversee the administration of the assessment and tax laws of the State. The Director shall also supervise the activity of all assessors and boards of review in the State of Iowa and cooperate with them in bringing about a uniform and legal assessment of property as prescribed by law.

Section 427B.26 of the *Code* enables city and county governments to provide special valuations of wind energy conversion property through passage of an ordinance. A wind energy conversion property which is first assessed for property taxation on or after January 1, 1994, and on or after the effective date of the ordinance, shall be valued by the local assessor for property tax purposes as follows:

- For the first assessment year, at zero percent of the net acquisition cost.
- For the second through sixth assessment year, at a percent of the net acquisition cost which rate increases five percentage points each assessment year.
- For the seventh and succeeding assessment years, at thirty percent of the net acquisition cost.

The taxpayer shall file with the local assessor by February 1 of the assessment year in which the wind energy conversion property is first assessed for property tax purposes, a declaration of intent to have the property assessed at the value described above.

Net acquisition cost is defined in section 427B.26 of the *Code* as the acquired cost of the property including all foundations and installation costs less any excess cost adjustments. Although excess cost adjustments are not defined in the *Code*, County Assessors we spoke with deemed these to be costs that were not essential to the development of the wind energy project.

A wind energy conversion property is defined as the entire wind plant, including, but not limited to, a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation. Guidance published by IDR in February 2010 clarified that the land itself was not to be included in the net acquisition costs and was to be valued separately. Only improvements on the land could be included in the special valuation.

The Office of Auditor of State was contacted by a concerned citizen regarding the valuation of wind energy projects. The citizen reported certain regulated utility companies were valuing their wind energy projects at lower costs than the utility companies reported to the Federal Energy Regulatory Commission (FERC), the Iowa Utilities Board (IUB), and in the utility's press releases. The citizen also expressed concern the lower costs reported by the utility companies resulted in lost funds to state and local governments.

Prior to beginning our testing, we spoke with the citizen to obtain a better understanding of his concerns. As a result of that discussion and after additional research, it was determined infrastructure costs reported by utility companies to various bodies such as the FERC, IUB, and local County Assessors do not include consistent components and are used for various purposes. As a result, it is not unexpected that costs reported to the FERC and IUB may be less than those reported to County Assessors. However, as a result of the research we performed, it was determined it was appropriate to determine if costs were reported to all County Assessors in a consistent manner. As a result, we reviewed how wind energy project owners report their costs to the County Assessor and how the Assessor values the projects within their jurisdiction.

Objectives, Scope and Methodology

In order to address concerns certain regulated utility companies were not reporting all costs associated with developing a wind energy project to County Assessors, we reviewed net acquisition costs reported to County Assessors and how the Assessors valued projects within their jurisdictions.

Our review was conducted to determine whether:

- Wind energy project special assessments were administered in accordance with sections 427B.26 and 441.21 of the *Code*, rules 701-80.13 and 701-80.50 of the IAC, and IDR guidance. Section 427B.26 of the *Code* defines net acquisition costs.
- County Assessors verify net acquisition costs reported to them.
- County Assessors use a method which complies with the *Code* and county ordinances when calculating the assessed value of wind energy projects and documentation is retained to support the assessment.
- Wind energy project special assessments are determined using a consistent methodology within the county as well as from county to county.

To gain an understanding of wind energy project special assessments, we:

- Interviewed 20 County Assessors to determine if they verify net acquisition costs reported to them and how they consider the value of wind energy projects.
- Tested selected wind energy project assessments for the period January 1, 1994 through December 31, 2017 to determine if the wind energy project special assessments complied with applicable sections of the *Code*, the IAC, IDR guidance, and county ordinances.
- Examined supporting documentation retained by County Assessors to determine if they complied with the valuation requirements established by section 427B.26 of the *Code* and rule 701-80.13 of the IAC.
- Interviewed the Iowa Department of Revenue Property Tax Division Director to obtain an understanding of the relationship between the Iowa Department of Revenue and County Assessors.

We reviewed the information collected and conducted the following testing:

- Confirmed that a governing board located within the county had passed a special valuation ordinance for wind energy projects.
- Compared the number of Declarations of Intent to the number of projects located within the County.
- Reviewed the information provided to County Assessors to determine the cost per turbine of each wind energy project.

- Compared the cost per turbine of regulated utility projects to the cost per turbine of unregulated utility projects to determine project costs are consistently reported among utility owners.

We reviewed the net acquisition costs provided to County Assessors by wind energy project owners for reasonableness. However, due to the age of the records and nature of the costs, we did not test these costs to verify their accuracy.

Wind Energy Project Special Assessments

As previously stated, the local assessor is responsible for the assessment of all real property within their jurisdiction except that which is otherwise provided by law. Assessments are accomplished within the framework provided by the *Code*, the Iowa Administrative Code, and guidance provided by the Iowa Department of Revenue. In order to value a property, the assessor must determine the fair market value of the property. To do this, the assessor generally uses 3 approaches:

- Sales Approach: Find properties comparable to the subject property and that have recently sold.
- Cost Approach: Estimate the cost at current labor and material prices to replace a property with one similar to it.
- Income Approach: Used if the property produces income, the property is valued according to its ability to produce income under prudent management.

Assessing wind energy projects does not easily fall into one of these approaches and, according to County Assessors we spoke with, they lack the expertise to assess wind energy projects without the information provided by the project owner and they do not attempt to verify the costs reported.

The majority of wind energy projects in the State of Iowa consist of large, commercial turbines designed to generate electricity for resale purposes. These wind energy projects are subject to taxation in accordance with section 427B.26 of the *Code* and are the focus of this review.

Section 427B.26 requires a local governing body, such as a city council or county board of supervisors, to pass an ordinance providing for the special assessment of wind energy conversion property. All counties visited during our review had ordinances enacted by the county board of supervisors. No city ordinances were identified during our review. In accordance with guidance from the Iowa Department of Revenue, all projects subject to Chapter 427B of the *Code* are assessed as industrial properties because they are taking wind and converting it to electricity. These projects are to be assessed at net acquisition costs in accordance with section 427B.26 of the *Code*. According to the County Assessors we spoke with, the net acquisition costs are provided by the project owner to the local assessor and as previously stated, they reported they lack the expertise to assess wind energy projects without information provided by the project owner.

Both the *Code* and the county ordinances reviewed require the project owner to file a declaration of intent to have property assessed at the value determined by county ordinance by February 1 of the assessment year in which the wind energy conversion property is first assessed for tax purposes. Most county ordinances reviewed require project owners to provide an annual report which includes the following information:

- copy of asset ledger sheet to the IRS,
- engineering breakdown of component parts,
- tower numbering system,

- name of contact person, phone number, FAX number, and mailing address, and
- report all leased equipment, the name(s) of the lessor, and the agreement between the lessor and the lessee regarding who is responsible for the property tax on the leased equipment by February 1 of each year.

Wind energy projects are to be assessed effective the first February 1 after the project begins to produce electricity. The project is valued for taxation at 0% of net acquisition cost the first year assessed. Each year thereafter, the project is valued for taxation at increasing 5% increments until the valuation reaches 30% in the 7th year of assessment. The valuation then remains at 30% for the remainder of the project’s life or until the ordinance authorizing special valuation is repealed. The assessor is responsible to track where a specific parcel is at within the valuation ladder for the current assessment year.

Sample Size

We selected 20 counties for review. Within these 20 counties, there are 68 wind energy projects that contain a total of 2,451 individual wind turbines. The number of counties, projects, and turbines included in testing are summarized in **Table 1**. As illustrated by the **Table**, our testing included regulated utilities, which are projects that are investor-owned. Our testing also included unregulated utilities, which are projects that are non-investor owned. A non-investor owned utility is a utility managed as a function of the government or a utility cooperative.

Table 1

Description	Number of Items Tested		Total
	Regulated Utilities	Unregulated Utilities	
Counties	13	12	20
Projects	25	43	68
Turbines	1,594	857	2,451

The counties selected also contain a mix of large and small projects. A large project is defined as a project which includes 25 or more turbines. Projects ranged from 1 to 18 years of age. Additional information about counties selected for testing is included in **Exhibit A**.

Compliance Requirements

Special Valuation Ordinances - Section 427B.26(1) of the *Code* requires a local governing body to pass an ordinance providing for the special assessment of wind energy conversion property. All 20 counties reviewed passed a special valuation ordinance at the county level approved by the Board of Supervisors. Of the counties reviewed, the first county ordinance was passed in 1994 and the most recent ordinance was passed in 2013. Only 3 counties passed special valuation ordinances prior to the year 2000. We found counties tested assessed their first wind energy project from 6 months to 13 years following the passage of the special valuation ordinance, with the average time being approximately 4 years.

Declarations of Intent – Section 427B.26(3) of the *Code* requires the project owner to file a declaration of intent to have property assessed using the special valuation ordinance. For 11 of the 20 counties reviewed, a declaration of intent for one or more projects was not retained by the County Assessor. See **Finding A**.

Exhibit B lists the number of projects for each county tested and the number of declarations of intent located. As illustrated by the **Exhibit**, assessors in 3 counties did not retain any

declarations of intent. We were unable to determine if declarations of intent had been received and not retained or were never filed with the County Assessor in 2 of the 3 counties. The remaining county only had projects from a regulated utility company which had filed declarations of intent with multiple other County Assessors. As a result, it is likely the company also filed them with this county as well.

Determination of Net Acquisition Cost – Section 427B.26(2) of the *Code* states wind energy projects are to be assessed at net acquisition cost. The *Code* also defines net acquisition cost as “the acquired cost of the property including all foundations and installation cost less any excess cost adjustment”. A wind energy conversion property is defined as the entire wind plant, including, but not limited to, a wind charger, windmill, wind turbine, tower and electrical equipment, pad mount transformers, power lines, and substation. The County Assessors reviewed consistently used the net acquisition costs provided by the project owner to make their assessments of each wind energy project. A comparison of each individual county project’s net acquisition costs did not reflect any significant differences within each county.

However, we identified an irregularity regarding land costs with a regulated utility project in Pocahontas County. As previously stated, land costs are not to be included as part of net acquisition cost. Land costs may be reported to the County Assessor as part of the total project cost; however, they are not included in the amount assessed. Land costs reported on various wind energy projects by this utility company were consistently less than \$200,000 per project. However, one project reported land costs in excess of \$13 million for a project containing 132 wind turbines. We asked the County Assessor about these land costs but the Assessor was unable to determine why land costs would be so high for this project. Since land costs are not included in the value assessed for property tax purposes, there was no impact on the amount assessed by the County Assessor.

All 20 County Assessors interviewed relied on the wind energy project owner to provide them with the project’s net acquisition cost in order to calculate their assessment. The amount of information provided by the project owner varied from project to project. The smaller project owners often provided a simple 2 or 3 page letter which summarized the project costs into major categories such as turbines, substation, transportation, foundation, erection, and engineering costs. The larger utility companies provided a similar 2 or 3 page cover letter summarizing their costs. They also provided 50-100 pages of detailed cost reports to support their summarized amounts. When asked about the reliance on the project owner’s information, assessors explained they do not have the expertise or information available to be able to assess the project without the owner’s information.

Due to the age of the records and nature of the costs, it was not feasible to verify the costs reported by the regulated utility companies. However, we performed a comparison of the cost per turbine reported by regulated and unregulated utilities to determine if significantly different costs were reported.

We identified 4 years during which the same size turbines were placed into service by a regulated utility company and an unregulated utility company which allowed us to compare the cost per turbine established by regulated utility companies to those established by unregulated utility companies. We found the regulated utility companies reported a higher cost per turbine than the unregulated utility companies. This may occur because regulated utilities often build a larger number of turbines for a wind energy project compared to unregulated utility companies, different equipment could be used by each type of utility to build wind turbines, or unregulated utility companies could be underreporting costs. **Table 2** summarizes the cost per turbine for regulated and unregulated utility companies for the years identified.

Table 2

Turbine Size	Assessment Year	Cost per Turbine	
		Regulated	Unregulated
1.5 MW	2007	\$ 2,574,533	1,449,610
1.5 MW	2009	2,978,174	2,450,032
1.65 MW	2010	2,882,731	3,049,800
2.3 MW	2016	3,724,390	3,338,247
Average		3,039,957	2,571,922

Cost Adjustments – County ordinances requires project owners file an annual report with the County Assessor prior to February 1 of each year for use in the upcoming year’s assessment. We determined regulated utility companies usually filed cost adjustments which increased net acquisition cost for the first 2-4 years following the project being placed into service. After the fourth year, the reports typically indicated there had been no cost adjustments. We determined smaller project owners typically did not submit any cost adjustments for their projects and often failed to submit a written report. A County Assessor we spoke with stated they usually accepted a verbal confirmation from the project owner when there was no change to the previously submitted report.

Reporting Inconsistencies

We identified several inconsistencies related to how County Assessors administer some aspects of the assessment of wind energy projects. These inconsistencies include when a wind energy project is first assessed, how updated costs are handled, and whether information received after February 1, the submission deadline per the *Code*, was accepted.

Placed into Service – Rule 701-80.13(1) of the IAC, and IDR guidance titled “Wind Tower Q&A”, states each tower is to be assessed when it is completed. “Completed” means when the company puts the wind tower into service. We identified inconsistencies regarding when a project is first assessed. We asked assessors to choose between 4 options to identify when a project should first be assessed. See **Table 3** for the results.

Table 3

Option	Project assessment starts	Responses
A	on the date established in the letter of intent.	0
B	when the construction of the project is completed.	4
C	when the wind turbine is placed into service.*	15
D	don't know.	1
	Total	20

*According to discussions with County Assessors, they indicated a wind turbine must be placed into service and begin producing electricity before the project assessment starts.

Of the 20 County Assessors questioned, 15 correctly identified that a wind energy project should be assessed when it is placed into service. Of the remaining County Assessors, 4 identified assessment starts when the construction of the project is completed and the remaining assessor did not know. The distinction between “completed” and “placed into service” can be important because it can impact when a project is first assessed. For example, in a county reviewed, there was a several month delay between when construction of the project was completed and when the

turbine was placed into service and began producing electricity. In this case, the delay exceeded 12 months which postponed the first year the project was assessed.

Updated Costs – We identified 3 methods used by County Assessors to address updated costs as reported by the project owners. These methods included:

- New costs are added to the original net acquisition costs and are valued on the same assessment schedule as the original costs.
- New costs are tracked separately and are valued on their own assessment schedule.
- New costs are noted by the County Assessor but are not added to the original net acquisition costs.

IDR issued a memo dated March 15, 2010 regarding wind tower acquisition costs. The memo addresses maintenance costs and wind tower improvements and states subsequent capitalized costs that are part of the maintenance of the project should not be added to the net acquisition cost. However, a new tower or improvement should be first assessed when it comes into service and result in a separate assessment schedule. The memo reiterates costs that are part of the original construction project should be added to the net acquisition cost when the project is first assessed.

Based on our testing, we determined 4 County Assessors did not receive any updated costs for the projects in their county. We also identified 9 County Assessors who adjusted original net acquisition costs based on the information provided by the project owner. This updated information is assessed on the same assessment schedule as the original net acquisition costs reported. We identified 5 County Assessors who place updated project costs on their own 7 year assessment schedule. County Assessors at 2 counties accept updated information from the project owner, but do not make any adjustments to the net acquisition costs or the special assessment. **Table 4** summarizes these findings. See **Finding B**.

Method used for updating costs	Counties
Add new costs to original costs and value on the same assessment schedule	9
Track new costs separately and value on separate assessment schedule	5
Make note of new costs, but do not add to original costs	2
Not Applicable	4
Total	20

Based on the responses shown in **Table 4**, County Assessors are not consistently following this guidance.

February 1 Submission Deadline – Section 427B.26 of the *Code* requires the project owner to file a declaration of intent with the local assessor by February 1 of the assessment year in which the wind energy project is first assessed for property tax purposes. The 20 County Assessors tested were asked if a deadline exists for project owners to submit their information to the Assessor’s Office. County Assessors in 15 counties correctly identified the February 1 deadline for project owners to submit their information. The remaining 5 County Assessors were unaware of any annual deadlines. When we asked if they would accept information after February 1, 6 of 15 County Assessors who were aware of the February 1 deadline stated they would accept the information as long as it was provided prior to the issuance of final assessments for the year. The

remaining 9 County Assessors stated they would not accept late information and the project owner would need to resubmit information the following year. See **Finding B**.

Additional Observations

During interviews with County Assessors, we determined County Assessors seek and obtain guidance related to the assessment of wind energy projects from 3 primary sources: the Iowa Department of Revenue, the Iowa State Association of Assessors, and other assessors.

Because a variety of resources are used to obtain information on wind energy projects, this results in inconsistencies in the administration of wind energy projects. Guidance provided by the IDR is most often in response to specific questions asked by a County Assessor or project owner and it is not widely shared by the IDR with the remaining County Assessors. According to an IDR representative, since the guidance issued is very specific to the questions asked, it does not always apply to other assessors. As a result, it is not shared with all County Assessors.

During fieldwork, several County Assessors obtained information regarding wind energy project assessments from the Iowa State Association of Assessors. Several of the assessors examined are actively involved with the Association and use it as an information resource. The IDR is aware the Association is sharing information within the assessor community and they actively support their efforts. The IDR also actively works with the Iowa State Association of Assessors to promote education and collaboration within the assessor community.

County Assessors communicate with one another and actively seek guidance from more experienced assessors. Although helpful, this can lead to inconsistencies among County Assessors.

As a result of the various sources of information used by County Assessors, procedures are not consistently applied between counties as reported in our findings and recommendations.

Findings and Recommendations

We reviewed the special assessment of wind energy projects located in 20 counties across Iowa to determine whether County Assessors are making wind energy project assessments consistently, impartially and in accordance with the *Code of Iowa*, the rules of the IAC, and IDR guidance. As a result, we identified certain findings and recommendations regarding the monitoring and reporting of the projects which should be considered by the Governor, the Members of the General Assembly, and the Iowa Department of Revenue.

FINDING A – Maintenance of Documentation Regarding Declarations of Intent

Section 427B.26(3) of the *Code* requires the project owner to file a declaration of intent to have property assessed using the special valuation ordinance for wind energy conversion property. For 11 of 20 counties reviewed, declarations of intent were missing and 3 counties did not retain any declarations of intent.

Recommendation – The IDR should ensure County Assessors are knowledgeable of the requirements established in the *Code of Iowa* and publish periodic guidance to reinforce that wind energy project knowledge and require assessors maintain declarations of intent for all wind energy projects. The IDR should leverage its association with the Iowa State Association of Assessors to help in this effort.

Response – We agree that it is important for assessors to consistently implement section 427B.26 procedures across the state. To accomplish this, the Department will send out a memorandum detailing these timelines and procedures to all assessors, post the memorandum on the Department's website, and provide this information to the Iowa Association of Assessors for

further dissemination to its members.

The dissemination of these timelines and procedures will include a reminder that a declaration of intent must be filed by the taxpayer with the local assessor by February 1 of the assessment year in which the wind energy conversion property is first assessed. Iowa Administrative Code rule 701-80.13(1) established that wind energy conversion property “shall be assessed until the assessment year following the year the entire wind plant is completed. The wind plant is completed when it is placed in service.” This means that if the wind plant is placed in service on or after January 1, 2019, it will first be subject to assessment effective January 1, 2020. The declaration of intent is then required to be filed by February 1, 2020. If it is filed after February 1, the wind plan will not be subject to the special valuation procedures and the assessment for 2020 should be at full market value. Assessors will also be reminded that the best practice is to permanently keep the declaration of intent as part of a permanent file for the wind plant so that compliance can be documented.

Conclusion – Response accepted.

FINDING B – County Assessors’ Understanding of February 1 Deadline

Section 427B.26(3) of the *Code* requires the project owner to file with the local assessor by February 1 of the assessment year in which the wind energy project is first assessed for property tax purposes a declaration of intent to have the property assessed at the net acquisition cost. County Assessors in 5 of 20 counties reviewed were not aware of the February 1 deadline. In addition, 6 County Assessors stated they would accept a project owner’s information after the February 1 deadline if it was received prior to the County’s final abstract submission to the State.

In addition, the County Assessors we spoke with were not consistent in the type of documentation they understood the February 1 deadline to apply to. Some Assessors believed the deadline applied to both the declaration of intent and the initial net acquisition costs and/or any updates. Other Assessors believed the deadline only applied to declaration of intent.

As a result, the deadline is not being applied in a consistent manner on a statewide basis.

Recommendation – IDR officials should ensure County Assessors are knowledgeable of the requirements established in the *Code of Iowa* and publish periodic guidance to County Assessors to ensure they understand the February 1 deadline applies to the declaration of intent in accordance with Section 427B.26(3) of the *Code of Iowa*. In order to ensure the County Assessors understand the February 1 deadline does not apply to the net acquisition costs and/or updates, IDR should also provide guidance to the County Assessors in a clear and understandable manner which would facilitate application in a consistent manner on a statewide basis.

Response – We agree that it is important for assessors to consistently implement section 427B.26 procedures across the state. To accomplish this, the Department will send out a memorandum detailing these timelines and procedures to all assessors, post the memorandum on the Department’s website, and provide this information to the Iowa Association of Assessors for further dissemination to its members.

The assessors will be informed that the February 1 deadline only applies to the declaration of intent. The statutes do not require a specific deadline for the taxpayer to provide the net acquisition data once the declaration of intent has been timely filed. As with assessments for other property, it is the responsibility of the assessor to determine the value of that property. The assessor under section 441.17 has inherent authority to require any taxpayer to provide necessary documents needed for the assessor to properly value property for assessment purposes. Failure of a taxpayer to provide acquisition cost data by a date certain, however, does not alleviate the assessor’s responsibility to place a value on that property for assessment purposes. For the first year following a timely filed declaration of intent, the assessor must determine a value for the

wind plant prior to the submission of the final abstract of value to the Department which is July 1 of the current assessment year. Any adjustments for subsequent assessment years made by the assessor to the net acquisition cost of the wind energy plant must be done prior to the notice of assessment being mailed to the taxpayer, or by April 1 of that assessment year.

Conclusion – Response accepted.

**Report on a Review of Wind Energy Project Special Assessments
Administered by the Iowa Department of Revenue**

Exhibits

Report on a Review of Wind Energy Project Special Assessments
Administered by the Iowa Department of Revenue

Project Detail for Counties Reviewed
For the period January 1, 1994 through December 31, 2017

County Name	Utility Type		Project Owners		
	Regulated	Unregulated	Regulated		
			MidAmerican Energy	Alliant Energy	Unregulated
Adair	*	*	3	-	8
Boone		*	-	-	1
Buena Vista	*	*	1	-	2
Carroll	*	*	2	-	1
Cass	*	*	2	-	2
Dickinson		*	-	-	3
Emmet		*	-	-	2
Floyd	*		1	-	-
Franklin	*		-	2	-
Guthrie	*		1	-	-
Hancock		*	-	-	3
Hardin		*	-	-	2
Kossuth		*	-	-	2
Madison	*		1	-	-
Marshall	*		3	-	-
O'Brien	*		2	-	-
Pocahontas	*	*	5	-	1
Pottawattamie	*		1	-	-
Story		*	-	-	16
Webster	*		1	-	-
Totals	13	12	23	2	43
Percentages	65.00%	60.00%	33.82%	2.94%	63.24%

Turbines			
Total	Regulated	Unregulated	Total
11	127	8	135
1	-	1	1
3	30	230	260
3	123	9	132
4	167	2	169
3	-	100	100
2	-	2	2
1	50	-	50
2	181	-	181
1	63	-	63
3	-	248	248
2	-	76	76
2	-	10	10
1	51	-	51
3	96	-	96
2	318	-	318
6	179	40	219
1	102	-	102
16	-	131	131
1	107	-	107
68	1,594	857	2,451
100.00%	65.03%	34.97%	100.00%

**Report on a Review of Wind Energy Project Special Assessments
Administered by the Iowa Department of Revenue**

Report on a Review of Wind Energy Project Special Assessments
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Declarations of Intent
For the period January 1, 1994 through December 31, 2017

County Name	Total Number of Projects	Declarations of Intent Located	Declarations of Intent Not Located
Adair	11	10	1
Boone	1	1	-
Buena Vista	3	1	2
Carroll	3	2	1
Cass	4	-	4
Dickinson	3	2	1
Emmet	2	1	1
Floyd	1	1	-
Franklin	2	2	-
Guthrie	1	1	-
Hancock	2	-	2
Hardin	2	2	-
Kossuth	2	1	1
Madison	1	1	-
Marshall	3	-	3
O'Brien	2	2	-
Pocahontas	7	5	2
Pottawattamie	1	1	-
Story	16	15	1
Webster	1	1	-
Totals	68	49	19

Report on a Review of
Wind Energy Project Assessments
Administered by the Iowa Department of Revenue

Staff

This review was conducted by:

Jennifer L. Wall, CPA, Manager
Mark D. Newhall, Senior Auditor
Michaela M. Goergen, Assistant Auditor



Annette K. Campbell, CPA
Deputy Auditor of State