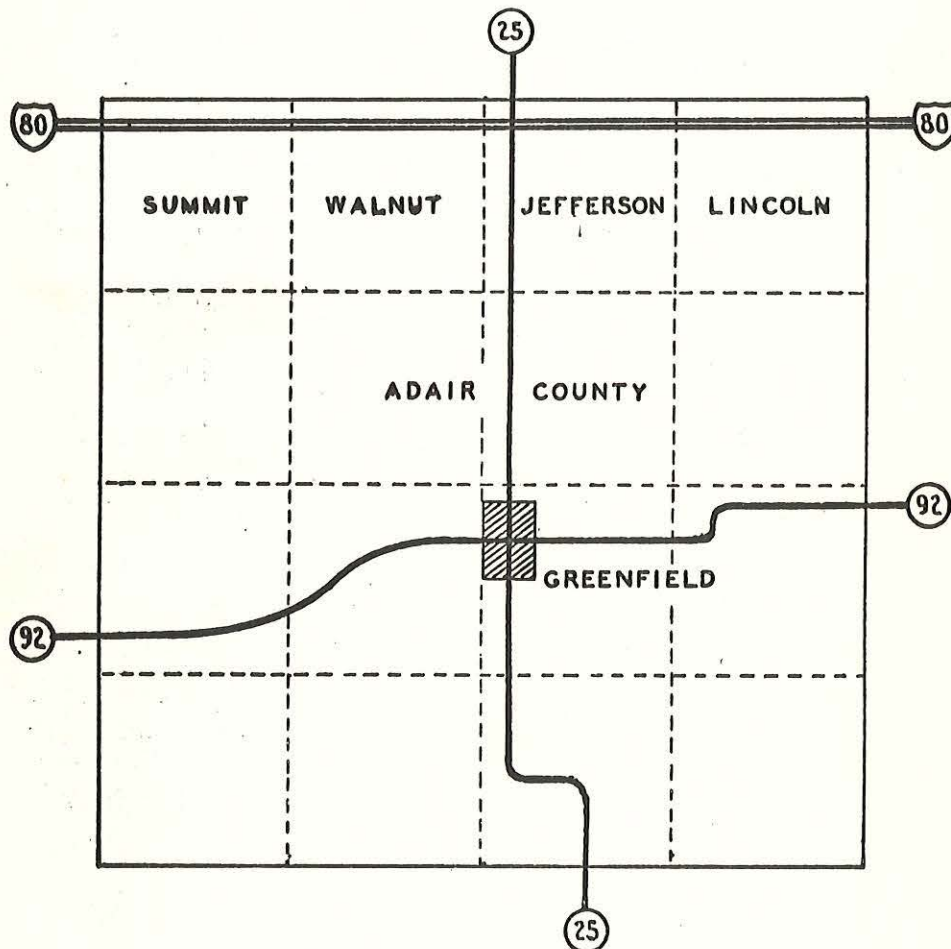


THE IMPACT OF
INTERSTATE ROUTE 80 CONSTRUCTION
ON
RURAL PROPERTY TAXES
IN
ADAIR COUNTY



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Traffic & Highway Planning Department
Division of Planning
IOWA STATE HIGHWAY COMMISSION

In Cooperation With The
Bureau of Public Roads
UNITED STATES DEPARTMENT OF COMMERCE

THE IMPACT OF
INTERSTATE ROUTE 80 CONSTRUCTION
ON RURAL PROPERTY TAXES
IN ADAIR COUNTY

In 1957 and 1958 approximately 1,150 acres of rural land in Northern Adair County was purchased for Interstate Highway 80 right-of-way. When this much land is taken out of taxation for highways, there is some question as to how this loss in taxable land affects the County property tax system. Interstate Highway 80 is located in Walnut, Summit, Jefferson and Lincoln Townships. In this report, tax data are compared between these four townships and the remaining townships in Adair County.

The purpose of this report is to present available information on the tax base and structure of Adair County. All information was obtained from the Adair County Courthouse for the years 1956 to 1962. The available tax data are summarized by property valuations, levy rates, and taxes levied on rural land, buildings, personal property and utilities. Table No. 1 summarizes the tax data for rural Adair County.

Table No. 1 Summary of Rural Property Tax Data, Adair County

Year	Total Valuation	Gross Tax Raised	Average Tax Levy (Mills)
1956	\$22,130,373	\$1,225,942	55.396
1957	22,086,637	1,253,655	56.761
1958	22,297,408	1,265,070	56.736
1959	23,300,881	1,380,972	59.267
1960	23,423,997	1,464,846	62.536
1961	23,389,253	1,618,177	69.185
1962	23,594,457	1,632,777	69.202

TAX VALUATIONS

The valuation per acre of rural land has not changed since 1949 when the County made a general reappraisal of all property. Townships having Interstate right-of-way have a taxable valuation of approximately \$44 per acre, compared to approximately \$38 per acre for remaining townships in the County. Since the Interstate right-of-way was purchased in 1957 and 1958, it would be taken out of taxation by 1959. The purchase of approximately 1,150 acres at an average taxable valuation of \$44 per acre represents a loss in taxable land valuation of \$50,600. Total land valuation of townships having Interstate right-of-way decreased \$50,794 from 1957 to 1959. Allowing for other minor changes, the major loss in taxable land valuation is due to the purchase of Interstate right-of-way. The remaining townships in Adair County did not show any major loss or gain in taxable land valuation during the same time period.

Construction of Interstate 80 did not have much effect on taxable valuations of buildings in rural Adair County. Buildings in townships having Interstate right-of-way and the remaining townships both increased 1.7 percent in taxable valuation from 1956 to 1962. This increase represents the construction of new buildings and the improvement of existing buildings.

Individual personal property valuations fluctuate from year to year since persons are taxed only for the personal property that they own as of January 1 for any particular year.

This is especially true in rural areas where farmers are constantly buying and selling livestock. However, on a county-wide basis, the total of all personal property valuations fluctuates very little from year to year. In 1959 the County had a reappraisal of all personal property. As a result, the valuation of personal property in rural Adair County increased 20.4 percent from 1958 to 1959. Personal property increased the same in townships having Interstate right-of-way as the remainder of the county, except for a slight decrease in 1961 for townships having Interstate right-of-way. Utility valuations have remained fairly constant from 1956 to 1962. This increase in personal property valuations was effective in counties throughout the state of Iowa, so it wouldn't necessarily have been made to offset the loss in land valuation by Interstate right-of-way.

Tables No. 2, 3, and 4 and Figures No. 1 and 2 show the property valuations and percent distribution of valuations in the rural tax base for Adair County.

Table No. 2 Gross Valuations of Rural Tax Base
for All Townships in Adair County

Year	Total	Land	Buildings	Personal Property and Utilities
1956	\$22,130,373	\$13,606,469	\$3,549,632	\$4,974,272
1957	22,086,637	13,612,665	3,707,798	4,766,174
1958	22,297,408	13,612,665	3,748,937	4,935,806
1959	23,300,881	13,563,376	3,795,525	5,941,980
1960	23,423,997	13,559,716	3,884,206	6,020,075
1961	23,389,253	13,558,969	3,880,531	5,949,753
1962	23,594,457	13,559,039	3,932,902	6,102,516

**Table No. 3 Gross Valuations of Rural Tax Base
for Non-Interstate Townships in Adair County**

Year	Total	Land	Buildings	Personal Property and Utilities
1956	\$16,212,879	\$9,748,152	\$2,609,754	\$3,854,973
1957	16,146,865	9,753,797	2,731,157	3,661,911
1958	16,297,904	9,754,512	2,755,687	3,878,705
1959	17,060,114	9,755,302	2,794,530	4,510,282
1960	17,143,384	9,760,689	2,830,805	4,551,890
1961	17,194,185	9,757,612	2,857,907	4,578,666
1962	17,336,551	9,757,640	2,891,864	4,687,047

**Table No. 4 Gross Valuations of Rural Tax Base
for Interstate Townships in Adair County**

Year	Total	Land	Buildings	Personal Property and Utilities
1956	\$5,917,494	\$3,858,317	\$ 939,878	\$1,119,299
1957	5,939,772	3,858,868	976,641	1,104,263
1958	5,999,504	3,858,153	993,250	1,148,101
1959	6,240,767	3,808,074	1,000,995	1,431,698
1960	6,280,613	3,799,027	1,013,401	1,468,185
1961	6,195,068	3,801,357	1,022,624	1,371,087
1962	6,257,906	3,801,399	1,041,038	1,415,469

FIGURE NO. 1 - PERCENT DISTRIBUTION OF VALUATION
CHANGE IN RURAL TAX BASE, ADAIR COUNTY FOR TOWN-
SHIPS WITHOUT INTERSTATE RIGHT-OF-WAY.

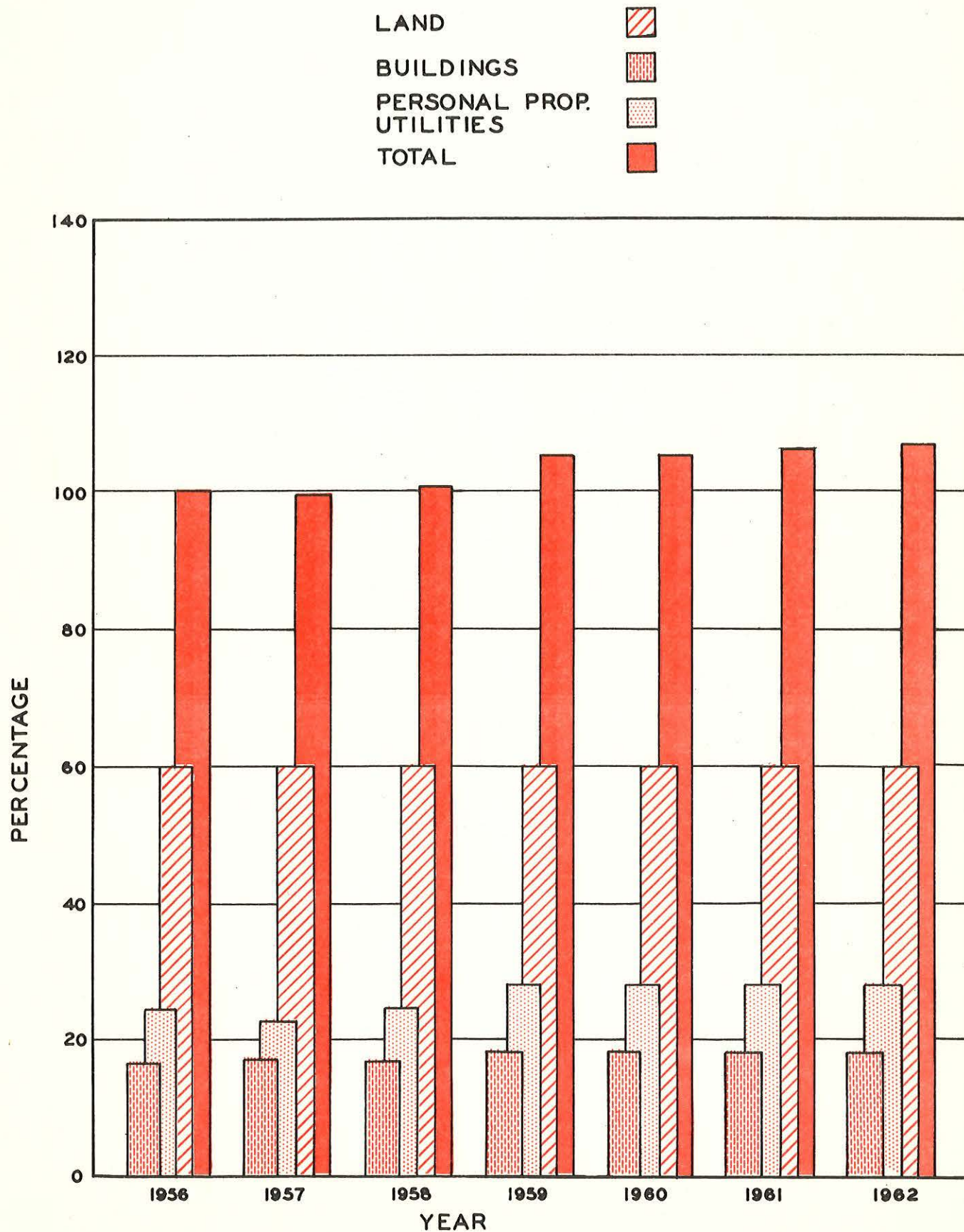
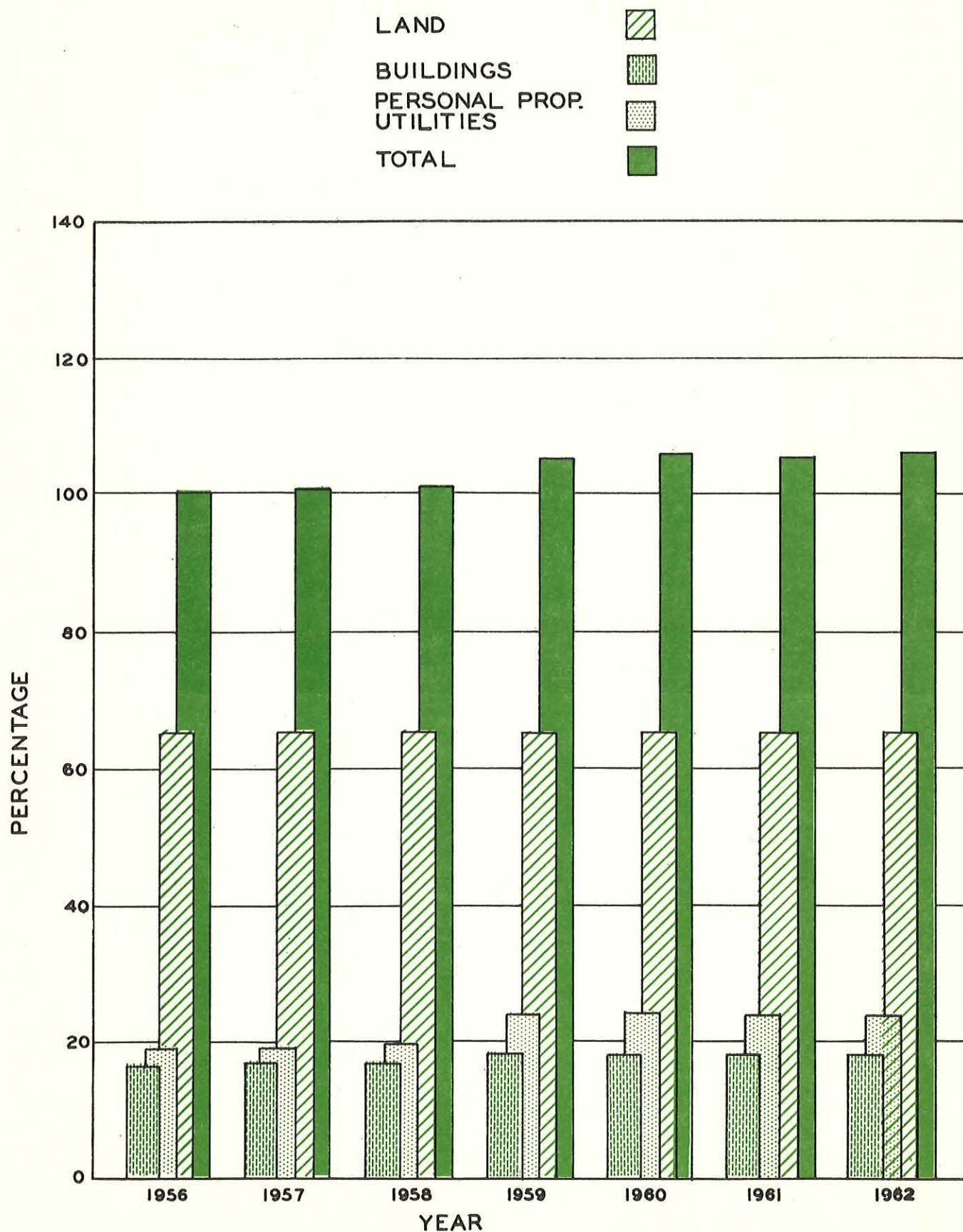


FIGURE NO. 2 - PERCENT DISTRIBUTION OF VALUATION
CHANGE IN RURAL TAX BASE, ADAIR COUNTY, FOR TOWN-
SHIPS WITH INTERSTATE RIGHT-OF-WAY.



TAX LEVY

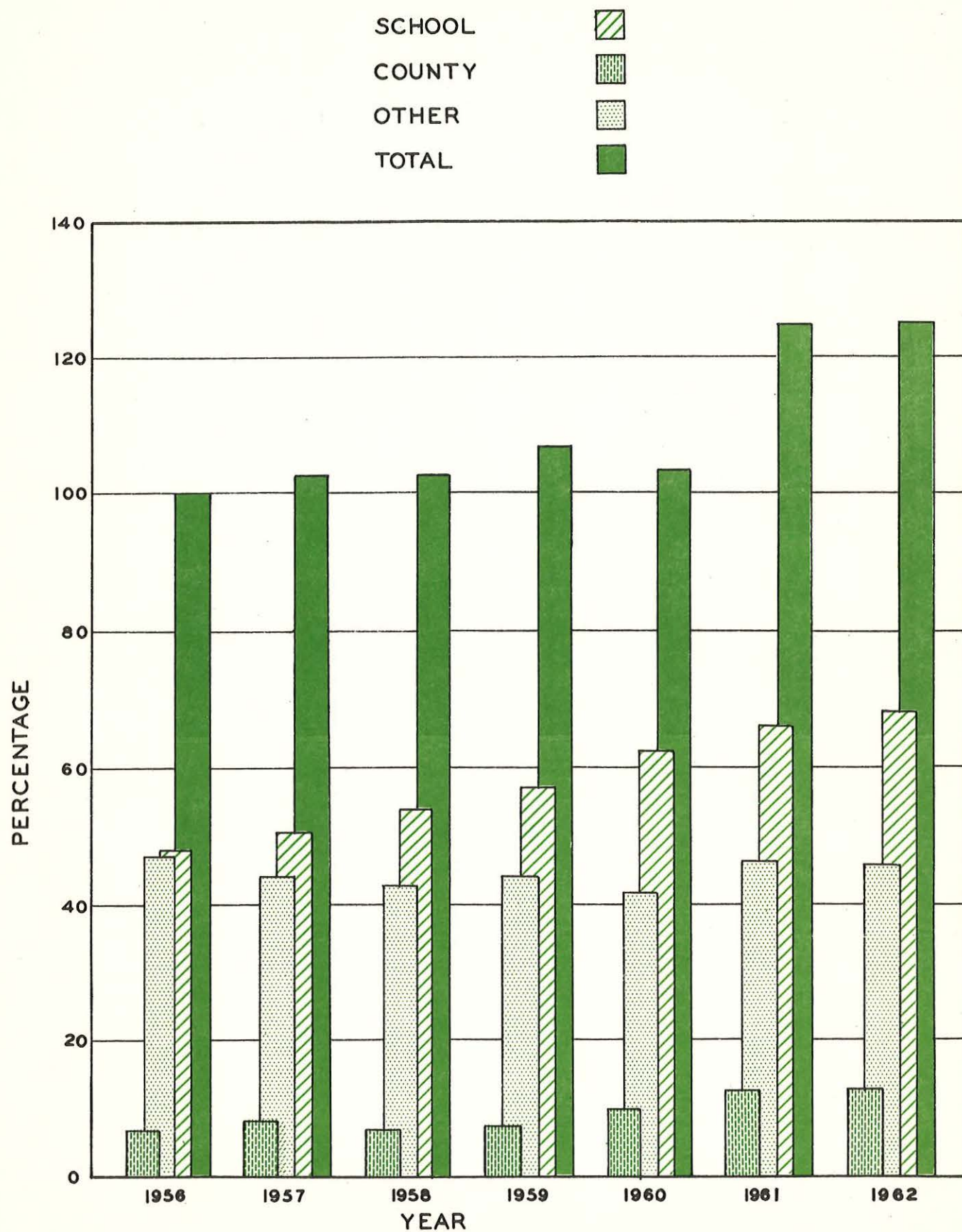
The average tax levy for rural property in Adair County has increased from 55.396 mills in 1956 to 69.202 mills in 1962. The majority of this increase was for school taxes. The school tax levy has increased from 26.192 mills in 1956 to 36.843 mills in 1962. This is an average annual increase of 6.78 percent compared to an average annual increase of 4.16 percent in total tax levy from 1956 to 1962. The County and State tax levy has remained about the same. Other tax levies for bonds, insurance, interest and fire protection have increased from 6.38 mills in 1956 to 13.10 mills in 1962; the majority of this increase was for bonds and interest. Table No. 5 and Figure No. 3 show the distribution of millage levies and their comparative increase from 1956 to 1962.

Table No. 5 Tax Levy Distribution (Mills)

Rural Adair County

Year	Total	County & State	School	Other
1956	55.396	25.673	26.192	3.531
1957	56.761	24.471	27.861	4.429
1958	56.736	23.327	29.630	3.779
1959	59.267	24.081	31.001	4.185
1960	62.536	23.178	34.272	5.086
1961	69.185	25.414	36.473	7.298
1962	69.202	25.101	36.843	7.258

FIGURE NO. 3 - PERCENT DISTRIBUTION AND CHANGE IN
AVERAGE TAX LEVY ON RURAL TAX BASE, ADAIR COUNTY



GROSS TAXES

Gross taxes levied on the rural tax base in Adair County increased considerably in 1959 and 1961. The 1959 increase was due to the revaluation of personal property and an increase in the tax levy of approximately 2.5 mills. The 1961 increase was due to a raise in the tax levy of approximately 6.6 mills. Tables No. 6, 7, and 8 and Figures No. 4 and 5 show the distribution of gross taxes levied and their comparative increase from 1956 to 1962.

Table No. 6 Gross Tax Levied on Rural Tax Base
for all Townships in Adair County

Year	Total	Land	Buildings	Personal Property & Utilities
1956	\$1,225,942	\$753,744	\$196,635	\$275,563
1957	1,253,655	772,668	210,458	270,529
1958	1,265,070	772,328	212,700	280,042
1959	1,380,972	803,860	224,949	352,163
1960	1,464,846	847,970	242,903	373,973
1961	1,618,177	938,077	268,474	411,626
1962	1,632,777	938,313	272,165	422,299

Table No. 7 Gross Tax Levied on Rural Tax Base
for Interstate Townships in Adair County

Year	Total	Land	Buildings	Personal Property & Utilities
1956	\$327,805	\$213,735	\$52,065	\$62,005
1957	337,147	219,033	55,435	62,679
1958	340,388	218,896	56,353	65,139
1959	369,872	225,693	59,326	84,853
1960	392,764	237,575	63,374	91,815
1961	428,606	262,997	70,750	94,859
1962	433,060	263,064	72,042	97,954

Table No. 8 Gross Tax Levied on Rural Tax Base
for Non-Interstate Townships in Adair County

Year	Total	Land	Buildings	Personal Property & Utilities
1956	\$ 898,137	\$540,009	\$144,570	\$213,558
1957	916,508	553,635	155,023	207,850
1958	924,682	553,432	156,347	214,903
1959	1,011,100	578,167	165,623	267,310
1960	1,072,082	610,393	179,529	282,158
1961	1,189,571	675,080	197,724	316,767
1962	1,199,717	675,249	200,123	324,345

FIGURE NO. 4 - PERCENT DISTRIBUTION AND CHANGE IN GROSS TAX LEVIED ON RURAL TAX BASE, ADAIR CO., FOR TOWNSHIPS WITH INTERSTATE RIGHT-OF-WAY.

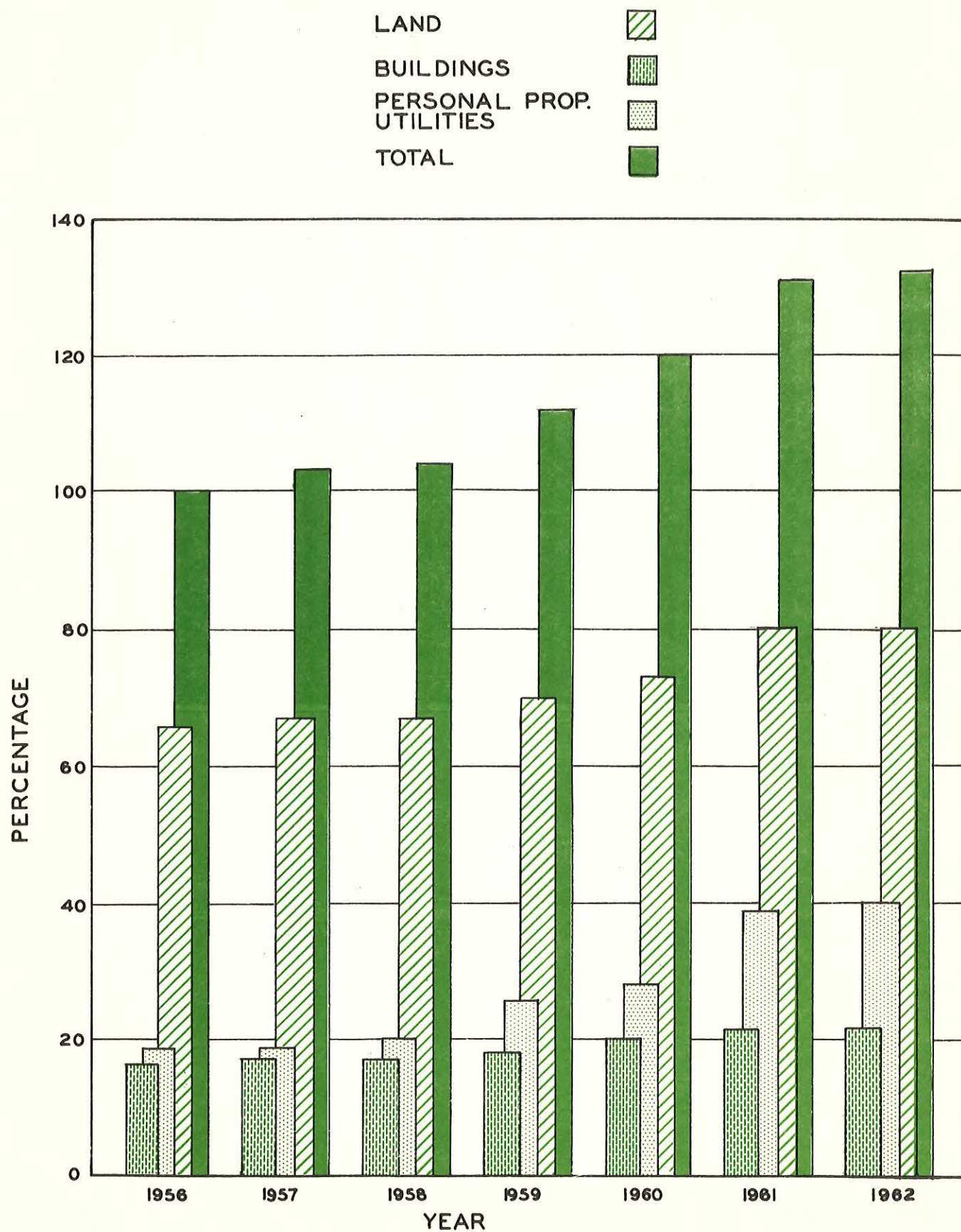
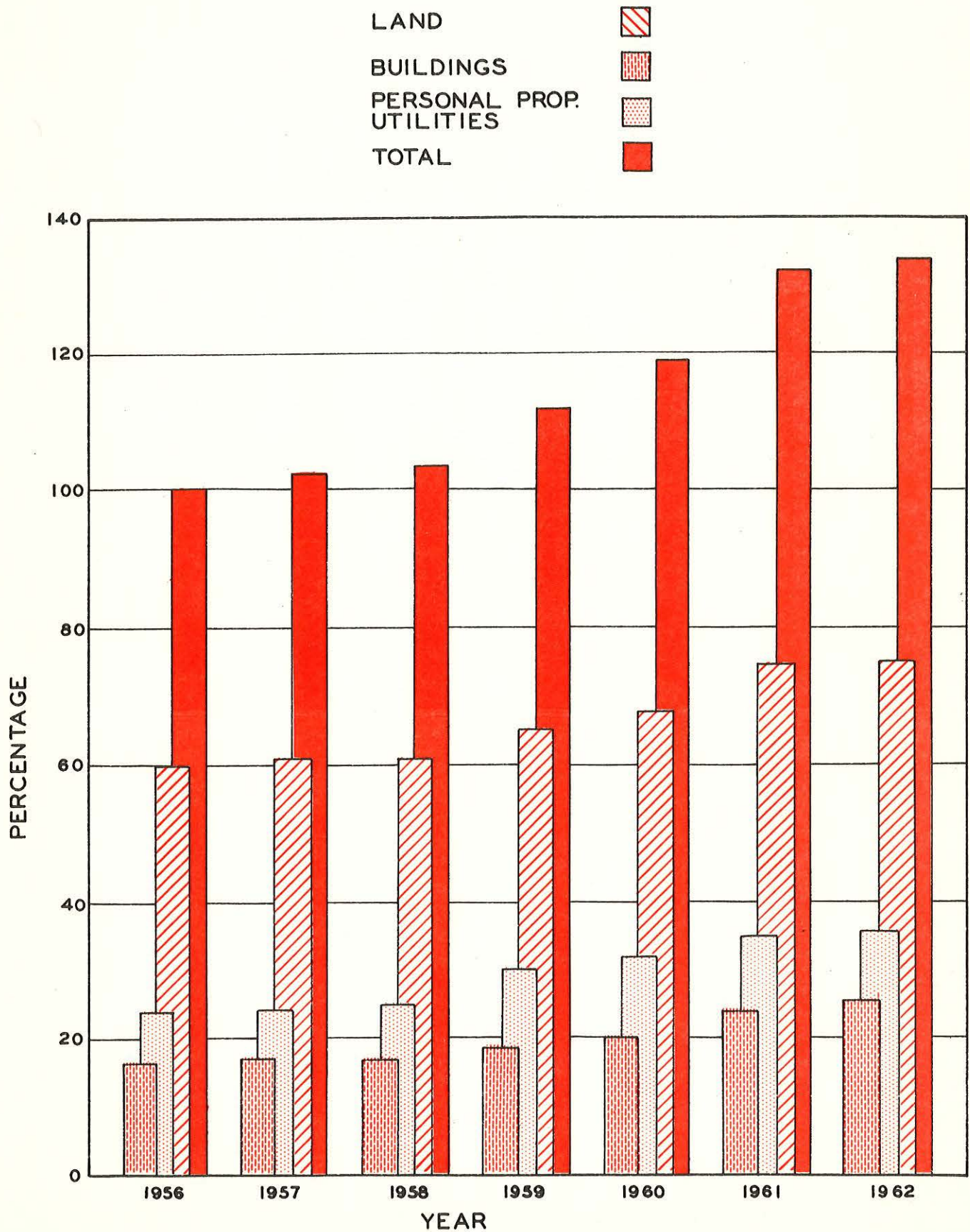


FIGURE NO. 5 - PERCENT DISTRIBUTION AND CHANGE IN GROSS TAXES LEVIED ON RURAL TAX BASE, ADAIR CO., FOR TOWNSHIPS WITHOUT INTERSTATE RIGHT-OF-WAY.



EXAMPLE

If the Interstate right-of-way had not been purchased, the average tax levy for townships having Interstate right-of-way would have been 58.789 mills in 1959 compared to the existing 1959 tax levy of 59.267 mills. The difference of 0.478 mills represents the increase made in the tax levy to offset the loss in land valuation.

For example, a land owner with 160 acres in a township having Interstate right-of-way has a taxable land value of \$7040. In 1958 he paid \$399.42 in land property taxes without Interstate right-of-way. In 1959 he paid \$417.24 in land property taxes with the Interstate right-of-way. Without the Interstate right-of-way in 1959 he would have paid \$413.87. This represents an increase of \$17.82 in land property tax from 1958 to 1959. Without the interstate this increase would have been \$14.45 for the same time period. Thus the land taken out of taxation by Interstate right-of-way raised the land owners taxes \$3.37 from 1958 to 1959.

However, these are not the total taxes paid since they do not include taxes on buildings and personal property. In 1958, valuations of buildings and personal property in townships with Interstate right-of-way were 36 percent of total property valuation. Applying this percentage to the land owner's real property, he would have a total property valuation of \$11,000.

In 1959 this valuation would increase to \$11,540 with the increase due to a revaluation of personal property. Thus in 1958 his total gross property tax was \$624.10. In 1959 his gross property tax was \$683.94, an increase of \$59.84. Of this amount only \$3.37 is due to the loss in taxable land valuation by interstate right-of-way. The figures represented are gross taxes and do not include any exemptions entitled to the land owner.

CONCLUSIONS

This report shows that while there is a definite decrease in land valuations due to purchase of Interstate right-of-way, total property valuations have increased from 1956 to 1962. As illustrated in the example given, the net effect of the acquisition of Interstate 80 right-of-way has increased adjacent property taxes about 2¢ per acre.