

## New Development Helps Grow Property Valuations

Much attention has been given to the recent budget cuts in Iowa. Area cities, counties, and school districts are contemplating property tax increases to cover budget short falls. Perhaps now, more than ever, individuals are curious about property taxes, property values, and levy rates.

Property taxes comprise a large piece of local government operating budgets. As government expenditures grow, the need for more property tax revenue also increases. There are essentially two ways to get more property tax revenue:

1. Increase the levy rate applied to property valuations
2. Increase the valuation of property within the region

Nobody likes to pay more in taxes. As part of their mission, the economic developers within the Great River Region work to encourage new real estate development. When a new business facility is built, or when an existing facility expands, the property tax rolls see an increase in valuation. More revenue for the local governments is generated, and often times, that new revenue can ease the burden on existing property tax payers.

The counties of Des Moines, Henry, Lee and Louisa comprise the Great River Region. Although Southeast Iowa has not seen the tremendous growth in home prices that large metro areas saw over the previous decade, there has been a steady increase in overall property values. Some of that increase is due to inflation, but much of that increase is also attributable to new development.

In the last five years, taxable property valuations within the Great River Region have increased 12.3%. Below is a graph that illustrates the valuations by county since 2003.

