

Property Tax Comparisons of similar-sized Iowa Communities

Not every town is the same. There are some comparisons that can be made between communities that are similar to us that point out both similarities as well as dramatic differences that occur. Such is the case in Iowa. There are 22 communities in Iowa that are approximately the same size as Keokuk, communities ranging in size from 7,500 to 12,500 population, as depicted in the following graph with some basic property valuation and property tax levy comparison data:

DEPARTMENT OF MANAGEMENT - LOCAL BUDGET DIVISION						
Population Base of 7,500-12,500 - 22 Communities						
Source: State of Iowa Local Governments Submitted Budgets for Fiscal Year 2026						
Community	2020 Census Population	Taxable Valuation 1-Jan-23	Per Capita Valuation	Debt Service	Employee Benefits	Total Levy
KEOKUK	9,900	311,039,533	31,418	7.46037	9.07275	26.25665
DENISON	8,373	280,593,010	33,512	4.59750	4.75034	18.86910
FORT MADISON	10,270	319,689,909	31,129	3.39262	6.26423	18.24222
KNOXVILLE	7,595	283,827,759	37,370	3.90118	5.64779	18.00035
PERRY	7,836	195,691,520	24,973	0.98310	7.10746	17.92583
FAIRFIELD	9,416	363,336,089	38,587	2.97591	3.99614	17.65006
WAVERLY	10,394	564,059,701	54,268	5.20628	3.60811	17.32465
WEBSTER CITY	7,825	279,178,211	35,678	3.85889	4.63292	17.21463
DECORAH	7,587	425,135,161	56,035	3.00325	4.01671	16.17306
GRINNELL	9,564	269,412,910	28,169	0.17543	5.57209	15.64054
STORM LAKE	11,269	374,441,637	33,228	1.30850	5.13906	15.17441
BOONE	12,460	501,020,647	40,210	1.28025	5.20304	15.12578
CRESTON	7,536	259,569,949	34,444	1.86092	3.68518	15.08840
OSKALOOSA	11,558	401,002,232	34,695	2.39730	3.05516	14.45716
SPENCER	11,325	566,224,943	49,998	1.14745	4.12682	13.80696
MOUNT PLEASANT	9,274	352,760,148	38,038	3.11780	0.96221	12.18001
CARROLL	10,321	527,731,468	51,132	1.40164	2.11860	12.16190
LE MARS	10,571	665,611,314	62,966	0.00000	3.10539	11.87050
PLEASANT HILL	10,147	771,401,674	76,023	0.51002	2.61998	11.50000
SIOUX CENTER	8,229	390,993,799	47,514	0.22688	2.11797	11.24400
PELLA	10,464	702,341,754	67,120	0.33437	2.14064	10.75095
CLEAR LAKE	7,687	767,572,291	99,853	0.60346	1.30281	9.85000
			Average Levies:	2.261	4.102	15.296

There's a lot of information in this table. One of the primary sources of funds for cities is the property tax levy. The more valuation within a community there is, the broader the base of financial support there is to cover city services. The column in the table above labelled Per Capita Valuation demonstrates the variation there is across the state in property valuation. The City of Perry, as an example has the lowest per capita valuation, meaning they have the most difficult ability in the group to collect property taxes without overburdening their community. Clear Lake, in contrast, with a valuation of almost \$100,000 per person, has the ability to have a significantly lower impact on their community in terms of levy asking.

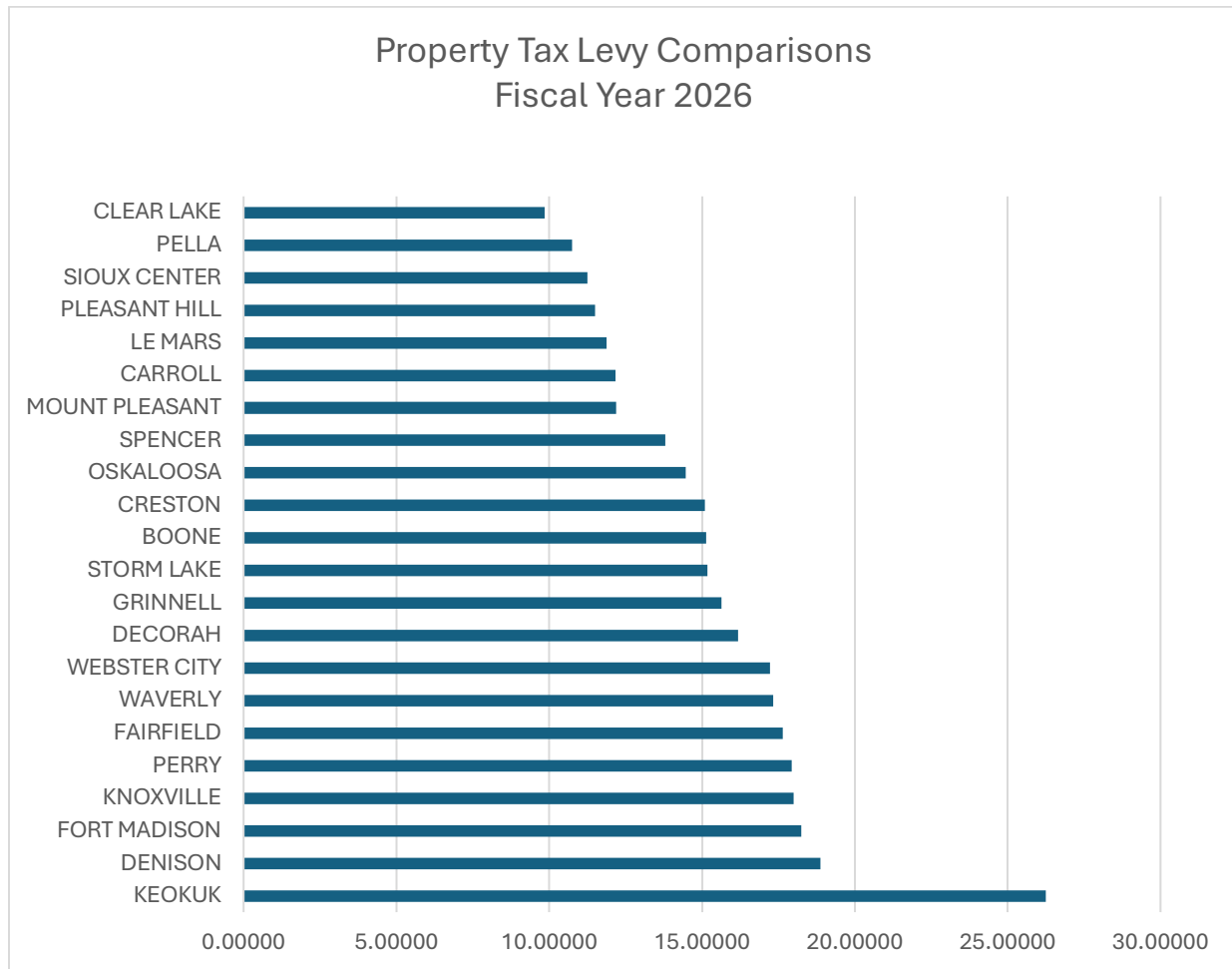
An arbitrary dividing line between communities of high valuation and low valuation is around \$40,000 of valuation per person. By and large, the communities with the highest valuations tend to have lower property tax levy amounts. Two cities that buck the trends in this area are Waverly, a community with a high per capita valuation yet who still have a high property tax levy, and Mount Pleasant, a community with a lower valuation who has also been able to maintain a lower tax levy. The lower per capita communities have some common characteristics. The majority of them are not located close to a metro area such as Iowa City, Ames, or Des Moines. Some of them, such as Mount Pleasant Fort Madison, face population declines similar to Keokuk. Several of them, including Denison, Perry, and Storm Lake, are meat packing communities that places different demands on the community. Some of these communities, including Mount Pleasant, Perry, and Keokuk, have had to address the loss of significant employers without gaining replacement jobs. Regardless, these comparatively lower valuation communities tend to have higher property tax levies, as shown in the final column of the table above. Among the communities with lower per capita valuation, Keokuk is an average valuation town, meaning it has a fairly typical ability to pay for services based on property tax support.

The group as a whole has an average tax levy of \$15.30 per \$1,000 of property valuation. Keokuk, comparatively, stands out with the highest levy of \$26.26. There are two other columns in the table that demonstrate components of the overall property tax levy that lead to the stark difference between Keokuk's levy and the levies of other communities. Those two components have to do with paying for the City's debt and collecting taxes to pay for Employee Benefits. In both areas, Keokuk collects a significantly higher levy amount than any other town in the comparison group, more than twice the average.

Our community collects well beyond what anyone else does to pay for debt; it has been mentioned in previous entries that the loss of ADM to the community in 2022 led to a funding crisis in the sewer department, forcing a diversion of debt coverage from sewer revenues to the property tax levy. The City Council of Keokuk took action in the fall of 2025 to address this issue, adjusting sewer revenue collection now and into the future to allow sewer revenue to cover a larger portion of its outstanding debt. Preliminary projections for Fiscal Year 2027's budget, still months away, is that the property tax levy for debt service should be able to be reduced below \$3.50 from it's current \$7.46 amount. This is still well above what the average comparison community collects, but should place us within the range of community tax askings specifically for debt service.

The other area where our community collects a tax levy well above what is typical is for employee benefits. This is not due to our having expenditures for employee benefits that are that much higher than any other community in the comparison group (though there are differences in the number of employees paid for out of the general fund across communities, with some cities having fewer employees than Keokuk). Rather, the majority of communities have chosen not to cover all of their costs in this category with property taxes, but have made decisions to limit their tax asking for this purpose. Regardless, the end result is that Keokuk collects significantly more than any other community for this purpose.

The following graph will provide another depiction of how Keokuk's property tax levy compares to other towns:



Keokuk's property tax levy is not only higher than anyone else, it is in its own group. This disparity has not been this dramatic historically. The City of Pella recently included a graphic in their budget book that demonstrated a recent 5 year trend for communities and their property tax levies. The graphic shows that Keokuk has consciously made a decision to raise property taxes in a way at odds with what others have done only recently:

Five Year Comparison of Tax Rates for Comparable Sized Cities

	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	% Change Since FY20-21
Creston	14.24	14.24	14.48	14.48	14.73	3.44%
Grinnell	14.83	14.70	14.65	14.65	15.64	5.46%
Indianola	13.63	13.63	13.54	13.55	13.46	-1.25%
Keokuk	17.70	18.55	18.95	22.97	25.06	41.58%
Knoxville	18.56	18.41	17.33	18.26	18.01	-2.96%
Nevada	14.62	14.62	14.61	14.61	14.61	-0.07%
Newton	17.14	17.14	17.14	17.14	17.10	-0.23%
Oskaloosa	14.18	14.30	14.30	15.63	15.41	8.67%
Spencer	12.54	12.54	13.09	13.19	13.78	9.89%
Waverly	15.69	16.33	16.33	16.97	17.12	9.11%
Windsor Heights	14.48	14.48	13.77	13.77	14.24	-1.66%
Average	15.24	15.36	15.29	15.93	16.29	6.89%

Communities across the state have felt the impact of significant changes in the property tax system over the past few years, as the state Legislature has passed significant changes to how the property tax system works. These changes have led communities to face a combination of possible changes, whether to increase their property tax levy or reduce services. The majority have chosen to primarily reduce services rather than increase the tax levy significantly. Keokuk, again, stands out as an outlier. Our 41% increase is well over the average community increase of 7% over the past five years. In fact, if Keokuk is removed from the above table, the remaining communities would have an average increase in the property tax levy of less than 3% during this time frame in comparison to Keokuk's increase.

The property tax levy increase trajectory undergone by Keokuk to try to cover increased costs is unsustainable. Long term success as a community is not possible when we are already so far above the tax asking of any of our comparable communities. We will have more comparisons to look at between Keokuk and the comparison group of like-sized communities, but we will first turn our attention to what is happening with some other significant funding sources that we rely on.

What comes next: Local Gaming Tax Revenues