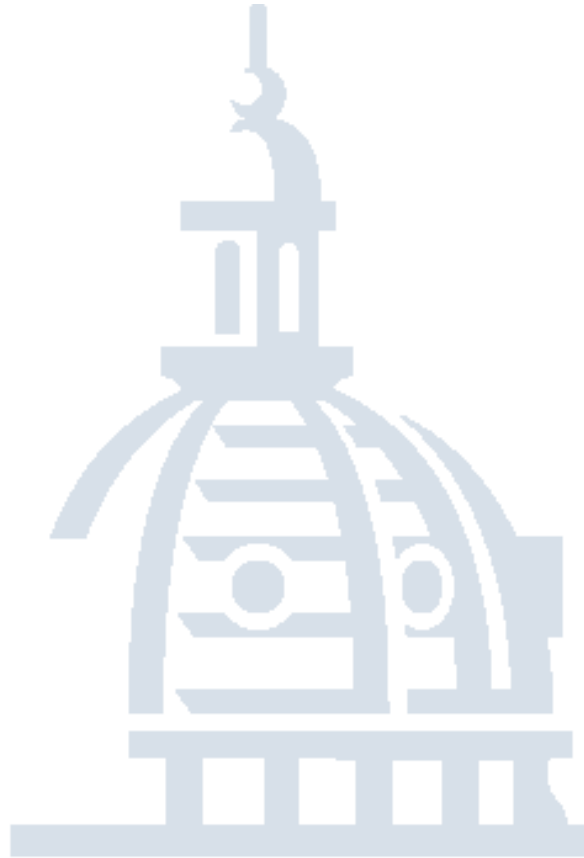


**FY 2021 ANNUAL URBAN RENEWAL REPORT
TAX INCREMENT FINANCING (TIF)**



FISCAL SERVICES DIVISION

In consultation with

IOWA DEPARTMENT OF MANAGEMENT

FEBRUARY 15, 2022



Introduction

The Tax Increment Finance Reporting Act of 2012 (2012 Iowa Acts, chapter [1124](#)) established new urban renewal and Tax Increment Financing (TIF) reporting requirements for counties, cities, and Rural Improvement Zones with Urban Renewal Areas in place during FY 2012 and subsequent fiscal years.

Tax increment financing is a financing mechanism for urban renewal. It involves dividing the property taxes paid from property within a designated area between the traditional taxing authorities (counties, cities, schools, etc.) and the taxing authority that created the TIF area.

The following reporting requirements in 2012 Iowa Acts, chapter [1124](#) generally relate to the property tax implications of TIF:

- Information on the amount of property tax revenue diverted to TIF.
- Property tax rebates paid with TIF funds in the report fiscal year and planned for future fiscal years.
- Local government debt to be repaid with future TIF revenue.
- TIF Special Revenue Fund income, expenses, and balances.

The requirements also include:

- Reporting on characteristics of each TIF Taxing District and Urban Renewal Area.
- Low and moderate income (LMI) housing financial statistics when applicable.
- Data on development agreements that include job requirements and TIF expenditures.
- A financial analysis of any public buildings proposed for renovation or construction paid in whole or in part with TIF funding.

In addition, local governments must provide copies of maps, ordinances, and adopted plans in place for each Urban Renewal Area.

Reporting must be submitted electronically pursuant to instructions prescribed by the Department of Management (DOM) in consultation with the Legislative Services Agency (LSA). 2012 Iowa Acts, chapter [1124](#), further requires the LSA, in consultation with the DOM, to deliver an annual report to the Governor and the General Assembly summarizing and analyzing the information submitted in the local government reports. This document serves as the required annual report. A [Fiscal Topic](#) document is available from the LSA covering the history, reporting requirements, and extent of TIF usage in Iowa.

The website for local government data entry, as well as for public access to the data, is found at: www.legis.iowa.gov/tif/la.

TIF Report Project — FY 2021 Executive Summary

- 471 local governments filed final urban renewal reports with the State by January 31, 2022.
- Represents 95.0% of the expected 496 local governments.
- Of the 25 local governments without final reports, 13 only failed to provide the report's governing body approval date.

Highlighted Findings

Reporting

- 25 local governments did not provide final TIF reports with an included governing body approval date.
- Most non-reporting local governments were small cities and 12 were not budgeted to collect any TIF property tax revenue in FY 2021. As of January 31, 2022, Guthrie County was the largest local government to not provide a completed report for FY 2021. Property tax values and rates indicate that Guthrie County was budgeted to receive \$1.0 million in FY 2021 TIF revenue from its wind energy facility increment area.

Revenue Balances

- The reporting local governments had a total of \$206.7 million in TIF Special Revenue Fund balances at the end of FY 2021. That amount represents 50.1% of FY 2021 reported income deposited to TIF special revenue funds. The balance may only be expended on eligible urban renewal activities, or else it must be returned to the county for distribution to the regular local government property tax system.
- Reported FY 2021 TIF Special Revenue Fund income totaled \$412.7 million statewide, an amount composed of \$377.1 million in property tax, \$11.2 million in property tax replacement claims, and \$24.4 million in interest income and income from asset sales.
- Expenditures from TIF Special Revenue Funds on property tax rebates and debt payments totaled \$396.2 million, an increase of 2.0% compared to FY 2020.

Outstanding Debt

- Local governments reported a total of \$3.735 billion in outstanding debt that they expect to repay with future TIF revenue. The amount is an increase of \$214.0 million from the FY 2020 reported debt and represents 9.7 years of TIF property tax revenue at the budgeted FY 2021 TIF property tax revenue level of \$383.5 million.
- TIF bond debt (general obligation and TIF revenue bonds) represents 62.6% of all outstanding TIF debt, and 28.7% of the outstanding TIF debt is future tax rebates.
- Annual appropriation debt represents 43.8% of reported debt.
- A total of \$89.6 million in property tax rebates was paid with TIF funds in FY 2021.
- A total of \$306.6 million in TIF funds was used on nonrebate expenditures (debt repayments) in FY 2021. Of the \$306.6 million, 46.0% was associated with bridge, road, and utility projects; 10.1% with public buildings; and 7.7% with administrative expenses.

Other

- A total of 71 local governments reported a total of 326 development agreements in place in FY 2021. Those 326 agreements require the creation or retention of 30,159 jobs in aggregate. Most projects financed with TIF revenue do not have specific job creation agreements or requirements.
- Less than 15.0% of TIF Taxing Districts were created with slum and/or blight conditions as a reason for the need to create the District. The majority (54.7%) of TIF Taxing Districts in Iowa were created on the exclusive finding of economic development need. Local governments have not provided a slum/blight/economic development designation for 1,188 Districts (30.5%).

TIF Report Project – FY 2021

Local Government Responses

For FY 2021, 471 cities, counties, and Rural Improvement Zones completed the TIF data entry and approval process through the online reporting system. A total of 25 local governments had not completed the process by the end of January 2022. With one exception, all county governments and all large cities completed the process, so the missing information from the unfinished reports does not impact the overall conclusions that may be drawn from the dataset. Local governments with Urban Renewal Areas are not allowed to certify their budgets for the upcoming fiscal year without first completing the most recent urban renewal report. For last year's reporting cycle, 49 local governments had not submitted completed reports in time for the annual report process.¹

Financial Summary

Local governments were asked to report FY 2021 revenue, expenditure, and fund balance information for all Urban Renewal Areas from FY 2012 through FY 2021. For each local government, the amounts for all Areas should sum to the revenue, expenditures, and balances of that local government's TIF Special Revenue Fund. **Figure 1** presents total balance, revenue, and expenditure information across all TIF Special Revenue Funds as reported by local governments.

- **Beginning Balance** — Across all reporting entities, the beginning balance in TIF Special Revenue Funds totaled \$191.7 million, a decrease of \$9.7 million compared to the FY 2020 total beginning balance. The beginning balance for FY 2021 was \$1.5 million below the ending balance for FY 2020.
- **TIF Property Tax Revenue** — Reported TIF property tax revenue for FY 2021 across all reporting entities totaled \$377.1 million. The DOM property tax and local government budget system indicates that FY 2021 TIF property tax revenue should total \$383.5 million, indicating that at least \$6.4 million (1.6%) in FY 2021 TIF property tax revenue was not reported.
- **Interest** — Interest on balances held within a TIF Special Revenue Fund is to be deposited to that Fund and used to repay TIF debt. The FY 2021 total interest reported across all entities was \$3.3 million. It should be noted that the destination of the interest on TIF Special Revenue Fund balances continues to be an issue. There were 231 local governments with TIF Special Revenue Fund average balances of \$50,000 or greater for FY 2021, but only 104 (45.0%) of those reported depositing any interest to their TIF funds for FY 2021. Of the 39 entities with an FY 2021 average balance of \$1.0 million or more, 12 reported no interest for FY 2021, and another 7 reported interest that calculates to less than 0.2% of the average balance. The 12 local governments with an FY 2021 average balance of more than \$1.0 million and no reported FY 2021 TIF Special Revenue Fund interest deposits are:
 - Franklin County (average balance of \$3.7 million)

¹ Although 49 local governments had not filed FY 2020 TIF reports in time for last year's annual report, all local governments filed reports in time for certification of their FY 2022 budgets.

- Winnebago County (\$3.6 million)
- North Liberty (\$2.1 million)
- Carter Lake (\$2.1 million)
- Blue Grass (\$1.9 million)
- Polk City (\$1.7 million)
- Dyersville (\$1.6 million)
- Floyd County (\$1.4 million)
- Avoca (\$1.3 million)
- Howard County (\$1.2 million)
- Hiawatha (\$1.1 million)
- Windsor Heights (\$1.1 million)
- **Property Tax Replacement Claims** — Legislation enacted in 2013 ([SF 295](#) — Property Tax Modifications Act) reduced the percentage of commercial and industrial property value that is subject to property tax from 100.0% to 90.0%. That legislation created a State General Fund appropriation to reimburse local governments for the associated property tax revenue reduction. The DOM calculates that TIF Taxing Districts should have received \$5.7 million in replacement payments for FY 2021. The annual TIF reports indicate that \$11.2 million was received. A small number of local governments that reported TIF property tax revenue incorrectly as replacement claim revenue may explain the discrepancy.
- **Asset Sales and Repayments** — Proceeds from the sale of assets purchased with TIF funds and from other reimbursements and repayments are to be deposited to the TIF Special Revenue Fund and used to repay TIF debt. In FY 2021, \$21.1 million was deposited to TIF Special Revenue Funds.
- **Rebates** — Property tax rebates paid from TIF revenue totaled \$89.6 million in FY 2021, up from \$83.7 million for FY 2020.
- **Nonrebate Expenditures** — Nonrebate expenditures represent the repayment of TIF indebtedness. A total of \$306.6 million in nonrebate TIF debt was repaid in FY 2021, an increase of \$2.0 million compared to FY 2020.
- **Returned to Property Tax System** — Eight local governments reported a total of \$1.5 million in excess TIF Special Revenue Funds being returned to the property tax system in FY 2021. Moneys returned to the property tax system in this manner are distributed to the regular property tax levy authorities. The majority of the returned funds was reported by one city.
- **Ending Balance** — The combined balance of all TIF Special Revenue Funds increased \$15.0 million during FY 2021 compared to the amounts reported as beginning balances for the fiscal year. At \$206.7 million, the ending balance is an amount equal to 50.1% of reported FY 2021 TIF Special Revenue Fund total revenue.

Figure 1
TIF Special Revenue Funds Financial Summary

In Millions

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Balance	\$ 104.5	\$ 101.9	\$ 99.5	\$ 107.7	\$ 129.3	\$ 156.3	\$ 180.4	\$ 171.8	\$ 201.4	\$ 191.7
TIF Property Tax Revenue	274.2	293.9	288.6	304.2	295.2	310.4	323.9	326.0	336.0	377.1
Interest	6.4	2.9	1.0	3.3	4.2	6.3	5.0	18.7	19.0	3.3
Property Tax Replacement Claims	0.0	0.0	0.0	2.6	14.8	14.3	4.6	12.6	8.4	11.2
Asset Sales & Repayments	19.6	31.5	33.6	19.1	19.1	45.3	31.7	34.0	16.7	21.1
Total Revenue	\$ 300.2	\$ 328.3	\$ 323.2	\$ 329.2	\$ 333.3	\$ 376.3	\$ 365.2	\$ 391.3	\$ 380.1	\$ 412.7
Rebates	61.6	69.8	62.2	60.1	63.3	67.0	69.6	76.9	83.7	89.6
Nonrebate Expenditures	229.1	264.0	249.4	256.5	252.5	303.8	307.9	294.2	304.6	306.6
Returned to Prop. Tax System	0.1	0.1	0.3	0.9	0.2	0.3	0.9	1.4	0.0	1.5
Total Expenditures	\$ 290.8	\$ 333.9	\$ 311.9	\$ 317.5	\$ 316.0	\$ 371.1	\$ 378.4	\$ 372.5	\$ 388.3	\$ 397.7
Ending Balance	\$ 113.9	\$ 96.3	\$ 110.8	\$ 119.4	\$ 146.6	\$ 161.5	\$ 167.2	\$ 190.6	\$ 193.2	\$ 206.7

Debt

The survey of local governments required information on all outstanding debts at the beginning of FY 2021 that were to be paid with TIF property tax revenue in FY 2021 and future fiscal years. A total of 394 local governments reported a total of 3,227 debts outstanding (excludes any debts reported as \$0), totaling \$3.735 billion. Four cities reported debt repayments extending through FY 2050 and beyond. Nearly 62.0% of the debt repayment relates to debt schedules that extend beyond FY 2031. **Figure 2** provides a breakdown of the total TIF debt reported by all local governments.

Figure 2
FY 2021 TIF Debt Reported

Fiscal Year of Final Debt Payment	Millions of Dollars	% of Total
FY 2021	\$ 96.9	2.6%
FY 2022 - FY 2026	580.4	15.5%
FY 2027 - FY 2031	1,030.7	27.6%
FY 2032 - FY 2036	1,162.9	31.1%
FY 2037 - FY 2041	735.7	19.7%
FY 2042 & After	128.1	3.4%
Total	\$ 3,734.7	100.0%

The TIF debt was reported in six categories (see **Figure 3**):

- **General Obligation Bonds** — Bonds that are the obligation of the local government. These bonds are backed by unlimited property tax authority.

- **Internal Loans** — Debt owed to one of the funds of the local government itself. Generally, the debt is created when the local government pays a TIF expenditure from existing funds, and the debt is retired when TIF funds are transferred to reimburse the original funding source.
- **Other Debt** — Debt that is owed to other entities that is not internal loans, future tax rebates, or bond debt, such as bank loans.
- **Rebates** — Debt that is owed as part of a property tax rebate or development agreement between the local government and property owners. For the purposes of the annual urban renewal reports, the local governments are required to report all agreements with the assumption that all future rebate payments will be made. For instances where the value of the rebate for future years is not known, best estimates are to be used.
- **TIF Revenue Bonds** — Bonds that are the obligation of the local government but are only repayable from the specific TIF revenue pledged to the bonds. If the revenue from TIF is insufficient, the debt may not be fully repaid.
- **Low and Moderate Income (LMI) Housing** — Iowa Code section [403.22](#) requires local government urban renewal projects to include assistance for low-income and moderate-income housing if the project itself is in an economic development Urban Renewal Area and if the project provides or aids in the provision of public improvements related to housing and residential development. The amount of required LMI assistance varies by city population. The Iowa Code does not specify when the expenditure on low-income and moderate-income housing assistance must occur. Therefore, local governments that are required to expend funds on LMI housing, but have yet to do so, reflect the obligation as an outstanding debt.

Figure 3
FY 2021 Reported Debt by Debt Type
Dollars in Millions

<u>Debt Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u>	<u>% of Total</u>
General Obligation Bonds	\$ 1,784.2	\$ 409.0	\$ 2,193.2	58.7%
Internal Loans	192.9	3.0	195.9	5.2%
Other Debt	104.5	1.9	106.4	2.8%
Rebates	1,065.9	5.6	1,071.5	28.7%
TIF Revenue Bonds	113.7	32.1	145.8	3.9%
<u>Low and Mod. Income Housing</u>	<u>21.1</u>	<u>0.8</u>	<u>21.9</u>	<u>0.6%</u>
Total	\$ 3,282.3	\$ 452.4	\$ 3,734.7	100.0%

Annual Appropriation vs. Conventional Indebtedness. Annual appropriation debt differs from conventional indebtedness. While conventional indebtedness requires the periodic repayment of all principal and interest from the funding source pledged as the repayment source, annual appropriation debt documents specifically state that the local government

reserves the right to not appropriate funds to make one or more debt payments. The documents that create the debt do not give the debt holder recourse to demand payment should the nonappropriation option be exercised. On a year-to-year basis, payments are at the discretion of the governing board or council.

As indicated in **Figure 4**, 43.8% of TIF debt statewide is reported as annual appropriation debt. Local governments are required to report annual appropriation debt with the assumption that all annual payments will be made by future boards and councils.

Figure 4
FY 2021 Debt by Appropriation Category
Dollars in Millions

Appropriation Category	Principal	Interest	Debt	% of Total
Conventional Debt	\$ 1,803.6	\$ 294.8	\$ 2,098.4	56.2%
Annual Appropriation Debt	1,478.7	157.6	1,636.3	43.8%
Total	\$ 3,282.3	\$ 452.4	\$ 3,734.7	100.0%

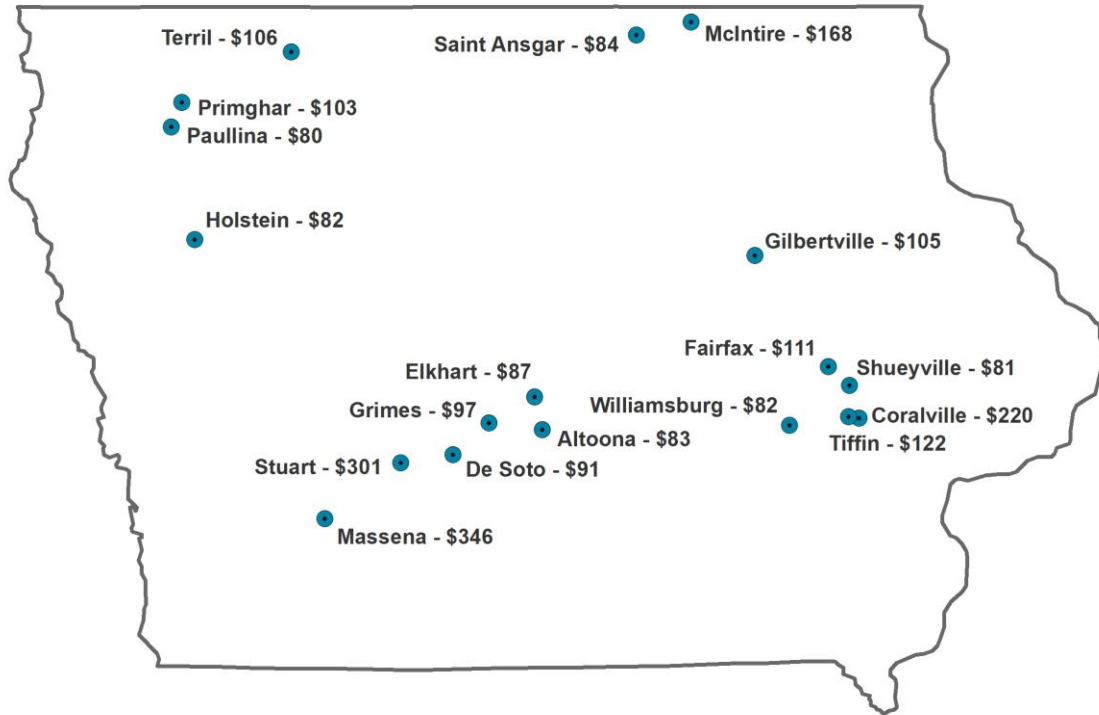
The 10 local governments with the largest dollar amount of TIF debt are listed in **Figure 5**, along with the final fiscal year for their longest debt schedule. The 10 local governments represent 53.0% of all TIF debt reported by all local governments utilizing TIF. To provide perspective on the size of each city's TIF debt, the right two columns of **Figure 5** display the property value of the city for tax purposes and the TIF debt as a percentage of the taxed value of the city. The 10 cities represent 33.5% of the taxed value of all Iowa cities and 57.2% of all reported FY 2021 city TIF debt.

Figure 5
FY 2021 TIF Debt Reported
Dollars in Millions

Local Government	Conventional Debt	Annual Appropriation Debt	Total Debt	Latest Repayment Date Reported	Total FY 21 Taxable Value of City	TIF Debt as a % of City Taxed Value
Des Moines	\$ 199.2	\$ 415.5	\$ 614.7	FY 2050	\$ 9,365.4	6.6%
Coralville	119.3	292.4	411.7	FY 2050	1,874.0	22.0%
West Des Moines	182.0	43.0	225.0	FY 2037	6,097.2	3.7%
Cedar Rapids	130.8	6.0	136.8	FY 2051	7,374.1	1.9%
Dubuque	94.9	22.5	117.4	FY 2045	2,990.9	3.9%
Altoona	47.0	65.4	112.4	FY 2036	1,349.4	8.3%
Grimes	29.0	72.2	101.2	FY 2039	1,045.7	9.7%
Sioux City	93.1	0.0	93.1	FY 2035	3,465.9	2.7%
Waterloo	88.3	0.0	88.3	FY 2043	2,633.5	3.4%
Ankeny	64.9	13.3	78.2	FY 2031	4,181.5	1.9%

For all cities with reported TIF debt, the debt amount (remaining principal and projected interest) averaged \$31 per \$1,000 of FY 2021 city taxable value. The 18 Iowa cities with reported TIF debt of \$80 or more per \$1,000 of city taxable value are shown on the following map.

Cities with \$80 or More in TIF Debt Per \$1,000 Taxable Value



Bond Debt

General Obligation Bond Debt — Local governments reported 989 separate general obligation bond debts, with debt payments totaling \$2.193 billion and the longest payment schedule extending through FY 2051. The payment schedules of 64.9% of the reported debt extend to FY 2031 and beyond. The largest single bond debt listed was a city of Altoona debt for \$54.9 million in remaining principal and interest. This debt has a payment schedule that extends through FY 2036, and it is listed as an annual appropriation debt.

Tax Increment Financing Revenue Bond Debt — Local governments reported 86 separate TIF revenue bond debts, with debt payments totaling \$145.8 million and the longest payment schedule extending through FY 2040. The payment schedules of 70.6% of the reported debt extend to FY 2031 or beyond. The largest single bond debt listed was a city of Dubuque debt for \$32.0 million. This debt has a payment schedule that lasts through FY 2037, and it is not listed as an annual appropriation debt.

Internal Loan Debt

Local governments reported 674 internal loans totaling \$195.9 million, with 97 loans extending to FY 2031 or beyond. The city of Cedar Falls has the single largest internal loan debt. This \$11.4 million debt was incurred in FY 2012 and has a listed final payment year of FY 2023.

Other Debt

Local governments reported 213 debts categorized as “other,” with future debt payments totaling \$106.4 million. The largest single loan in this category is a \$23.1 million debt listed by the city of Des Moines. This annual appropriation debt has a payment schedule ending in FY 2028. Of the total local government outstanding debts classified as other debt, 26 have a payment schedule extending to FY 2031 or beyond.

Rebate Debt

Local governments reported 1,189 separate rebate agreements with rebate debt outstanding. The rebate debt totals \$1.071 billion, with the longest rebate agreement extending through FY 2045. Reported rebate debt increased \$57.4 million (5.7%) from FY 2020 to FY 2021. Of the total outstanding rebate agreement debt, 63.7% has a payment schedule extending to FY 2031 or beyond. The largest rebate agreement (\$55.4 million) is a city of Des Moines agreement with Kum & Go. The agreement was entered into in 2015 and extends through FY 2040.

Low and Moderate Income (LMI) Housing Debt

A total of 50 local governments (49 cities and 1 county) reported 76 separate debts associated with LMI housing obligations. The LMI debt obligations total \$21.9 million. A total of \$11.5 million (52.4%) of this LMI debt carries an incurred year of 2015 or earlier.

FY 2021 Rebate Expenditures

A total of 220 local governments reported \$89.6 million in rebate payments issued from TIF revenue to taxpayers during FY 2021. Twenty-two local governments issued 70.1% of the FY 2021 rebated tax dollars. A list of the 22 local governments rebating \$1.0 million or more is found in **Figure 6**.

Figure 6
FY 2021 Local Government Rebate Totals
Dollars in Millions

Local Government	Tax Rebate Total	# of Rebate Agreements
Des Moines	\$ 23.2	70
Cedar Rapids	4.5	32
Davenport	3.7	13
Altoona	3.0	8
Dubuque	2.6	29
Waterloo	2.5	41
Grimes	2.1	11
Bettendorf	2.1	22
Johnston	2.0	10
Council Bluffs	1.9	12
Ankeny	1.7	13
West Des Moines	1.7	14
Muscatine	1.4	11
Coralville	1.3	7
Sioux City	1.3	13
Le Claire	1.3	19
Marion	1.2	31
Hiawatha	1.1	22
North Liberty	1.1	4
Clinton	1.1	9
Norwalk	1.0	4
Polk County	1.0	8
198 Other Local Governments	26.8	794
Total	\$ 89.6	1,197

Figure 7 provides a list of companies/entities receiving \$1.0 million or more in TIF-financed property tax rebates in FY 2021, as reported by the local governments. The 11 rebate entities listed individually represent 20.2% of all rebate amounts reported for FY 2021.

Rebated To:	Rebate Amount Reported	% of Total	Location
Kum & Go	\$ 2.8	3.1%	Des Moines
Principal Life Insurance Company	2.3	2.6%	Des Moines
City of Des Moines	2.1	2.3%	Des Moines
Wellmark	1.7	1.9%	Des Moines
New England Development	1.5	1.7%	Altoona
Bank Midwest	1.4	1.6%	Cedar Rapids
Nationwide Mutual Insurance Company	1.3	1.5%	Des Moines
Hy-Vee	1.3	1.5%	Various *
Heritage at Grimes LLC	1.3	1.5%	Grimes
Wells Fargo Financial	1.2	1.3%	Des Moines
Pioneer/DuPont Pioneer	1.2	1.3%	Johnston
912 Other Rebate Agreements	71.5	79.8%	Various
Total	\$ 89.6	100.0%	

* Des Moines, West Des Moines, Grimes, Urbandale, Ankeny, Winterset, Emmetsburg, Jefferson, and Lucas County.

Nonrebate Projects

Local governments reported a total of 2,650 nonrebate projects financed through TIF Special Revenue Funds in FY 2021. Local governments were required to categorize projects according to the expenditure type and also specify whether the project was physically complete by the end of FY 2021. Of those projects, 1,902 were listed as physically complete and 748 (28.2%) were in progress. **Figure 8** provides a breakdown of projects by status and by FY 2021 expenditure amount. Note that the expenditure amounts represent the payments made in FY 2021 and do not reflect the entire cost of the projects.

The category of Roads, Bridges, and Utilities represents 43.3% of the number of projects and 46.0% of project expenditures for the year. In terms of percentage of nonrebate expenditures, the second most common category was Public-Owned Buildings (10.1%) followed by Administrative Expenses (7.7%).

Figure 8
FY 2021 Projects Reported by Project Category
Dollars in Millions

TIF Projects by Category	Ongoing	Complete	Total	FY 2021	
				Expenditure Total	% of \$ Total *
Acquisition of Property	25	102	127	\$ 13.2	4.3%
Administrative Expenses	143	151	294	23.5	7.7%
Agribusiness	2	13	15	0.9	0.3%
Commercial, Apartments/Condos/Residential	5	20	25	2.0	0.7%
Commercial, Hotels/Conference Centers	11	23	34	8.7	2.8%
Commercial, Office Properties	14	41	55	5.2	1.7%
Commercial, Retail	42	83	125	14.4	4.7%
Commercial, Warehouses & Distribution	7	17	24	0.7	0.2%
Commercial, Medical	2	7	9	0.3	0.1%
Industrial/Manufacturing	31	96	127	12.6	4.1%
Lake & Related Improvements	13	4	17	1.8	0.6%
Low and Moderate Income Housing	48	41	89	5.4	1.8%
Main Street Iowa Program	8	13	21	0.8	0.3%
Mixed-Use Property	25	35	60	8.4	2.7%
Public-Owned Buildings	25	115	140	31.1	10.1%
Recreational Facilities	32	111	143	17.9	5.8%
Residential	43	56	99	7.8	2.5%
Roads, Bridges, and Utilities	259	889	1,148	141.0	46.0%
Water/Waste Treatment Plants	13	85	98	11.1	3.6%
Total	748	1,902	2,650	\$ 306.8	100.0%

* Percentages may not add to 100.0% due to independent rounding.

Public Building Analysis

Iowa Code section [403.5\(2\)\(b\)](#) requires municipalities to analyze other funding options available when proposing to finance public buildings with TIF funds. The specific language reads:

If the proposed urban renewal plan or proposed urban renewal project within the urban renewal area includes the use of taxes resulting from [TIF]...for a public building...the municipality shall include with the proposed plan notification an analysis of alternative development options and funding for the urban renewal area or urban renewal project and the reasons such options would be less feasible than the proposed urban renewal plan or proposed urban renewal project. A copy of the analysis required in this subparagraph shall be included with the [annual urban renewal report].

The requirement applies to TIF proposals to finance public buildings beginning July 1, 2012. For this annual report, five cities and one county filed new public building financial analysis documents. The following describes the public building analysis documents filed this year.

- **Roland** — The city project was approved in 2018. The project consists of the replacement and improvement of a city pool. Planned project financing consisted of

the issuance of general obligation bonds to be repaid with up to \$1.5 million in TIF increment funds. The city's alternative funding analysis discussed the local option sales tax and \$8.10 property tax levy (both already allocated or committed), cash reserves (very limited), capital improvement levy (successful referendum not feasible at this time), debt service levy (excessive burden to taxpayers), and swimming pool revenue (unavailable as the swimming pool operates under deficit conditions).

- **Lake Mills** — The city lists two new public building projects:
 - **Municipal Pool** — The project consists of the replacement of electrical boxes located at the municipal swimming pool. Project financing will consist of internal borrowing that will be repaid with up to \$6,000 in TIF property tax revenue.
 - **Wastewater Treatment Plant** — The project consists of improvements to an existing wastewater treatment facility. The project will be partially financed through borrowed funds or through existing city cash balances. Any borrowing or internal financing will be repaid with up to \$750,000 in TIF property tax revenue.

The city's alternative funding analysis discussed the local option tax and \$8.10 property tax levy (both already allocated or committed), cash reserves (very limited), capital improvement levy (successful referendum not feasible at this time), debt service levy (needed for projects that are not eligible for TIF financing), swimming pool revenue (unavailable as the swimming pool operates under deficit conditions), and utility revenues or surplus (utility rates should not be raised).

- **Madison County** — In September 2020, Madison County amended a previous public building analysis to add two new projects and modify a third project. The three planned projects involve public buildings, and the county intends to borrow funds externally and/or internally and then repay all or a portion of the loans using TIF property tax revenue. The added/modified projects are:
 - **Building Demolition Project** — The county will demolish an existing ambulance garage and elderly services buildings and prepare the sites for future commercial development. The use of TIF revenue for the project will not exceed \$150,000.
 - **Elderly Services Building** — The project is the construction of space that will be utilized to provide meals and other services to the elderly. The use of TIF revenue for the project will not exceed \$1.5 million.
 - **Ambulance Garage** — The county will undertake the construction of a new ambulance garage located in the city of Winterset. The amendment did not change the \$3.0 million maximum TIF expenditure estimate for the project.

The county's alternative financing analysis for the three projects discusses local option sales tax (fully allocated to other projects in the county), the county's general property tax levies (fully committed to county operations), general reserves (unsound fiscal practice), and debt service levy (not feasible without TIF revenue to lessen the burden on taxpayers). The county states that the courthouse and conservation center projects will involve fundraising efforts and that grant applications are being considered for a portion of the courthouse project costs.

- **Osage** — The city lists three public building projects.
 - **Water Treatment System** — The city plans to make improvements to its water system to increase water flow and pressure in the southeast portion of the city. To

- this end, the city intends to construct a new well, well pump house, and water tower. It is anticipated that the city will finance the project with borrowed funds or from internal advances from other city accounts. The city will repay the borrowed funds using up to \$1.3 million in TIF property tax revenue.
- **City Park Improvements** — The city plans to build a splash pad and add inclusive playground equipment at an existing city park. The city will utilize up to \$950,000 in TIF property tax revenue for the project.
 - **Osage Community Swimming Pool** — The boiler at the community pool will be replaced. It is anticipated that the city will finance the project with borrowed funds or from internal advances from other city accounts. The city will repay the borrowed funds using up to \$25,000 in TIF property tax revenue.

The city's analysis discusses local option sales tax (reduced due to COVID-19-related commercial closures and also fully allocated to other projects in the city), the city's \$8.10 general levy (fully committed to city operations), the capital improvement levy (successful referendum not feasible at this time), debt service levy (an undue burden on the citizens and anticipated to be needed for other city projects in the future), water revenues (water costs cannot be raised enough to cover the cost of the projects), and utility surpluses (no water or sewer account surpluses available).

- **Ankeny** — The city refinanced a lease-purchase agreement that involved a public works building used to store and maintain road equipment and store road chemicals. The refinancing is projected to save \$200,000 in interest costs over nine years.
- **Sioux Center** — The city lists six public building projects:
 - **Indoor Turf Facility** — If approved by the city, the project would consist of the construction of a building with an indoor turf area, offices, concession area, and lobby. The facility would be financed with the assistance of fundraising, grants, and partnerships. The total cost of the facility is estimated to be \$6.5 million to \$7.5 million, with TIF property tax revenue contributing up to \$4.5 million of that amount. The city may also contribute local option sales tax to the project.
 - **Wastewater Treatment Plant Improvements** — Due to increased population and increased usage by industrial employers, the city must upgrade its wastewater treatment facility to maintain compliance with discharge regulations. The city plans to finance up to 38.0% of the improvement costs with TIF property tax revenue. The remaining costs will be financed through a combination of debt service levies, local option sales tax, and sewer system charges. The city's alternative funding analysis discusses the pros and cons of using local option sales tax, city property tax levies, and increasing sewer rates. The city also discusses the availability of grant funds for wastewater treatment facilities.
 - **Outdoor Aquatic Center** — If the project is approved by the city, a new outdoor aquatic center will be built to replace an existing facility deemed to be too small. The city plans to finance up to 60.0% of the improvement costs with TIF property tax revenue. The remaining costs will be financed through a combination of property tax, cash reserves, and local option sales tax. The city also discusses the availability of grant funds for municipal pools.

- Library Renovation — The project involves the renovation of an existing city library. The city plans to use TIF property tax revenue for the project. The alternative funding analysis discusses the availability of grants and the custom of not charging user fees at public libraries.
- Agriculture Event Center Feasibility Study and Development Plans — The proposed \$10.0 million to \$15.0 million project would be located at the county fairgrounds. At this time, the proposed use of TIF property tax revenue would finance a feasibility study and development plan only.
- Hospital Demolition and Site Preparation — If approved by the city, the project will involve asbestos testing and removal and the demolition of a vacant former hospital building. The site will be prepared for future commercial development.

Documents filed with the State in compliance with the public building analysis requirements are available on the TIF [website](#).

Low and Moderate Income Housing

Iowa's TIF-enabling legislation requires that local governments providing TIF-financed public improvements related to housing or residential development also expend TIF funds assisting LMI housing.² The LMI housing requirement is a scheduled percentage of TIF expenditures equal to the percentage of the countywide population that falls into the LMI category. The specified percentage schedule varies depending on the population of the municipality. Municipalities with a population of 5,000 or less may not have any required set-aside, while municipalities with a population exceeding 15,000 have a required set-aside of at least 10.0% and often higher. The TIF report project asked local governments to report:

- The FY 2021 expenditures for public infrastructure related to housing (expenditures that trigger the LMI housing set-aside requirement).
- The FY 2021 expenditures that satisfy FY 2020 or previous year LMI set-aside expenditure requirements.
- Outstanding LMI financial obligations that must be satisfied in future fiscal years. Although the law requires LMI housing expenditures in some TIF circumstances, it does not require that the expenditures occur within the same year the requirement is triggered. Therefore, a build-up of required LMI set-aside balance may develop.

A total of 37 local governments reported \$5.1 million in TIF Special Revenue Fund expenditures related to LMI housing during FY 2021.

One county and 49 cities reported a total of \$21.9 million in LMI financial obligations that must be satisfied with TIF revenue in future fiscal years. Seven local governments, namely West Des Moines, Iowa City, Nevada, Winterset, Dubuque, DeWitt, and Dike, reported 71.5% of the total outstanding LMI housing obligation.

² The LMI housing requirement only applies to economic development Urban Renewal Areas. Slum and/or blight Urban Renewal Areas do not have an LMI requirement.

Jobs Development Agreements

All local governments that have entered into development agreements with TIF funding and job creation requirements were asked to report specific information related to those agreements. A total of 71 local governments reported 326 development agreements in place in FY 2021. Those agreements required the creation of 30,159 total jobs. Of those jobs, 69.4% were associated with agreements in eight cities (Des Moines, Dubuque, Davenport, West Des Moines, Urbandale, Sioux City, Coralville, and Cedar Rapids).

Current agreements requiring the creation of at least 700 jobs include:

- Nationwide Insurance (1,870 jobs, Des Moines)
- Paragon Development Companies (1,500 jobs, Urbandale)
- Athene/Aviva (1,327 jobs, West Des Moines)
- Seaboard Triumph Foods (1,110 jobs, Sioux City)
- Prestage Foods of Iowa, LLC (922 jobs, Wright County)
- Von Maur (725 jobs, Davenport)
- Cottingham and Butler, Inc. (706 jobs, Dubuque)
- Iowa Clinic (700 jobs, West Des Moines)

The reporting requirements also include statistics related to the annual total salary required and public and private capital investment involved in the project. However, while all but 11 of the projects reported the number of jobs associated with the project, 194 of the development agreements did not report annual wage requirements. Private capital investment for the 291 projects reporting a capital investment amount totaled \$4.679 billion.

In total, 111 development projects provided information on jobs, wages, and private capital investment. For those 111 projects, required jobs equal 12,721, annual wages equal \$590.5 million, and private capital investment equals \$1.622 billion. This equates to an average of \$127,500 in capital investment and \$46,400 in annual wages per required job.

In addition, the report allowed for the reporting of other governmental financial incentive programs that also assisted in financing the project. Of the 326 development agreements listed, 117 projects include at least one other State or local financial assistance program. Three projects, Nationwide Insurance (Des Moines), Windsor Windows (Norwalk), and IBM (Dubuque), recorded additional government funding from six other State, local, and federal programs.

Across all reported projects, the most popular additional programs were the Iowa Economic Development Authority High Quality Jobs Program, the Rebuild Iowa's Sound Economy (RISE) Program, local property tax abatement, community college job training through Iowa Code chapter [260E](#), and the Targeted Jobs Withholding Tax Credit Pilot Project. Local governments were not required or asked to report the dollar value of assistance provided through other governmental financial assistance programs.

TIF Taxing District Information

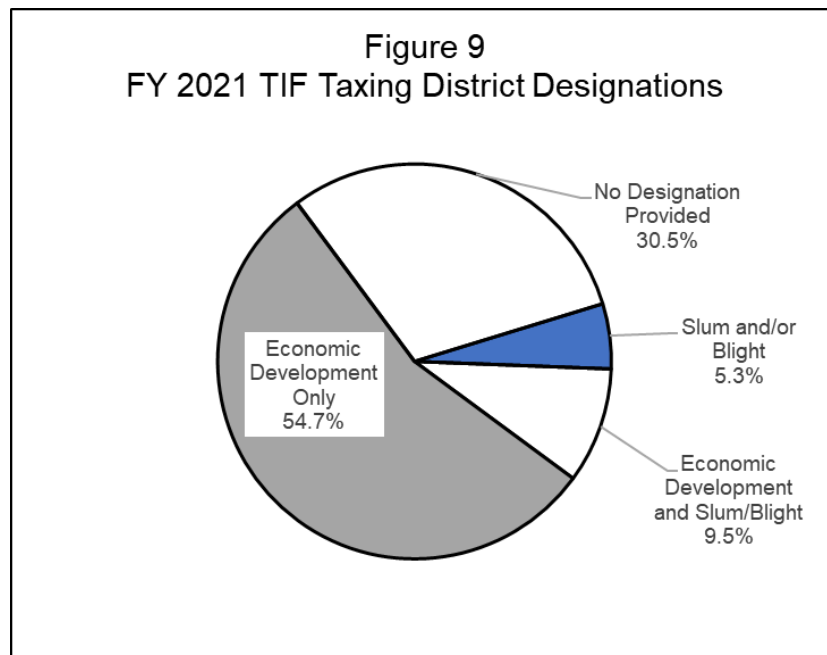
For the purposes of this report, a TIF Taxing District is the combination of properties that make up the base district and the increment district for a particular TIF area. To receive TIF revenue, a TIF Taxing District must be included within the DOM property tax dataset. The FY 2021 DOM dataset contains a total of 3,901 city, county, and Rural Improvement Zone TIF Taxing Districts. The reporting requirements for each TIF Taxing District include:

- Confirmation of the TIF base year.
- The fiscal year TIF revenue was first received for the District.
- Whether the District is subject to a statutory end date, and if so, the fiscal year in which the District will end.
- Whether the District is established on a finding of slum, blight, or economic development conditions, or a combination of those conditions. A date is required for each type of affirmative finding.
- Confirmation of the Frozen Base Value for the District.
- Unused increment value. Using the Frozen Base Value and the value of the TIF increment, the TIF reporting system calculates the value of any unused increment taxable value and unused increment tax dollars. Using the assessed value of the District and the Frozen Base Value, along with the value of rollbacks and military exemptions, the system calculates the maximum increment value for the District. The system then subtracts the actual increment value used from the maximum to determine if there is any unused increment value.
- The TIF property tax dollars received by the District in FY 2021.

The following statistics related to the TIF area designation are based on the TIF Taxing Districts that reported through the FY 2021 TIF annual report process.

- TIF Taxing District designation (see **Figure 9**):
 - Slum, Blight, or Both, but not Economic Development = 208
 - Economic Development and Slum/Blight = 370
 - Economic Development Only = 2,135
 - No designation entered = 1,188

While more than one-half of the TIF Taxing Districts without a designation have no increment value, the undesignated Districts that do receive TIF increment property taxes have a combined increment value of \$2.174 billion, an amount that is 16.7% of total increment value statewide.



- Total FY 2021 TIF property tax revenue received, as reported by local governments through the TIF annual report, totals \$377.1 million. The budgeted FY 2021 TIF property tax revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is \$383.5 million, making the statewide reported amount 98.3% of the expected total. Over the 10 fiscal years of this annual report, the TIF tax revenue reporting percentage has ranged from 94.5% to 99.0%.
- Fiscal year 2021 TIF commercial and industrial property tax reimbursement claim revenue received, as reported by local governments through the TIF annual report, totals \$11.2 million. Budgeted FY 2021 TIF property tax reimbursement revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is \$5.7 million. A review of the TIF report dataset indicates that a small number of local governments likely reported TIF property tax revenue as commercial and industrial replacement revenue.
- Across all 3,901 city, county, and Rural Improvement Zone TIF Taxing Districts reporting for FY 2021:
 - 1,838 utilize some or all of the available increment value as follows:
 - 943 (24.2%) utilize 100.0% of the available increment.
 - 890 (22.8%) utilize some, but not all, of the available increment.
 - 5 (0.1%) utilize increment in excess of the calculated maximum.
 - 529 (13.6%) do not use any of the available increment value.
 - 1,534 (39.3%) have no increment value available and therefore cannot receive TIF revenue. Within this category, six Taxing Districts with no TIF increment value available reported having collected TIF tax revenue.

- The total unused increment value equals \$15.538 billion in taxed value.

Public Access to the TIF Dataset

The electronic format chosen for the TIF reporting project is advantageous to allowing public access to the data reported by local governments. To view and download the information, a user may access the TIF website located at legis.iowa.gov/tif/la and click on the red box titled “Public TIF Reports Page.” From there, the website takes the user to a list of all local governments with active Urban Renewal Areas. Access to the FY 2012 through FY 2021 reports is provided through tabs near the top of the page. Counties are listed first, followed by cities, and then Rural Improvement Zones. All levy authorities are listed in alphabetical order within those categories. An alphabetical filter near the top provides access to local governments by the first letter of their name.

The following information is available through the website:

- For each local government with an approved report, a link on the right allows access to a PDF version of the report.
- On the same line and between the name of the local government and the report name, there is a red triangle. Clicking here provides access to PDF copies of the urban renewal plans, maps, and ordinances provided by that local government.
- A link at the top left of the page (TIF Public Data Access) allows access to publicly available data from local government TIF reports. The webpage is maintained by the DOM.
- A link at the top left of the page (Public Building Analysis) provides a list of TIF projects that utilize TIF revenue for the design, repair, or construction of public buildings.

LSA STAFF CONTACT: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov