

ANNUAL REPORT

**IOWA ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS
(IACIR)**

**Presented to the Governor, the Legislative Council
and the Iowa General Assembly
February 1993**

Prepared by the Legislative Service Bureau

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IOWA ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS (IACIR)

INTRODUCTION

The Iowa Advisory Commission on Intergovernmental Relations (IACIR) was created by the General Assembly in 1982 and re-enacted in 1991 to foster communication and cooperation between federal, state, and local governments. Patterned after the United States Advisory Commission on Intergovernmental Relations, the IACIR is designed to provide a forum for dialogue and understanding of intergovernmental issues, study issues affecting Iowa governments, and make recommendations to the Governor, General Assembly, state agencies, and local governments.

ORGANIZATION AND CHARGE

The Commission is composed of 21 members representing schools, cities, counties, regional councils of government, the state executive branch, and the General Assembly. Seventeen of the members are appointed by the Governor, two state senators are appointed by the majority leader of the Senate, and two state representatives are appointed by the Speaker of the House of Representatives. Members are appointed for two-year terms. A membership list is attached and by this reference made a part of this Report.

The Iowa ACIR is charged with studying and reporting on the following:

1. The current pattern of local governmental structure.
2. Powers and functions of local governments, including their fiscal powers. The existing, necessary, and desirable relationships among local governments and the state.
3. The necessary and desirable allocation of state and local fiscal resources.
4. The necessary and desirable roles of the state as the creator of local governmental systems.
5. The special problems in interstate areas facing their general local governments, interstate regional units, and area-wide bodies. The studies, where possible, are to be conducted in conjunction with studies of commissions on intergovernmental relations of other states.

Primary staff support to the IACIR is provided by the Legislative Service Bureau.

TAX INCREMENT FINANCING/TAX ABATEMENT STUDY

CHARGE

In September 1992, the Legislative Council approved a request that the Iowa ACIR conduct a study of tax increment financing and property tax abatement. The charge of the study request transmitted to the IACIR is as follows:

Review Iowa's current laws regarding tax increment financing (TIF) and tax abatement and make recommendations to the General Assembly as to needed changes in the laws. The Commission shall coordinate as necessary with the Tax Fairness and Equity Study Committee concerning this study. The Legislative Service Bureau and Legislative Fiscal Bureau are authorized to assist with the study. The final recommendations shall be forwarded to the General Assembly in January 1993.

The study was requested pursuant to section 28C.3, subsection 4, Code 1993, which provides that the IACIR shall "carry out studies and investigations relating to intergovernmental problems and relations as requested by the legislative council."

MEETINGS

The Commission held two meetings in reviewing background information on the topic of the study. The Legislative Service Bureau and the Legislative Fiscal Bureau compiled the quantitative data for the study, along with assistance from the Iowa Department of Management and the Iowa State Assessors' Association.

The first meeting was held October 29, 1992, at the State Capitol in Des Moines. Testimony on community and economic development tools used by local governments, in particular tax increment financing and tax abatement (urban revitalization), was received from Mr. David Swenson, Public Policy Research Associate at Iowa State University; Mr. Jerry Musser, Johnson County Assessor; and Mr. Ken Haynie, a partner in the Des Moines law firm of Ahlers, Cooney, Dorweiler, Haynie, Smith and Allbee, P.C.

The second meeting of 1992 was held on December 10, 1992, at the State Capitol in Des Moines. Testimony, including recommendations, relating to tax

increment financing and tax abatement (urban revitalization) was received from the following:

- ♦ Mr. Brad Hudson, Legislative Fiscal Bureau
- ♦ Mr. Paul Coates, Executive Director of the Iowa State Association of Counties
- ♦ Mr. Thomas Bredeweg, Executive Director of the League of Iowa Municipalities and other representatives of several Iowa cities
- ♦ Mr. Cameron Moore and Ms. Debbie Calvert, representatives of the Professional Developers of Iowa
- ♦ Mr. Mike Singer, representative of the Iowa Association of Regional Councils
- ♦ Dr. Joe Borgen, representative of the Iowa Association of Community College Presidents
- ♦ Mr. Steve Ovel, representative of the Community Colleges Economic Developers
- ♦ Mr. Jim Lightsey, Iowa Department of Economic Development

RECOMMENDATIONS

The Iowa Advisory Commission on Intergovernmental Relations, at its December 10, 1992, meeting, concluded its study of tax increment financing and tax abatement (urban revitalization), by adopting motions to make the following recommendations to the Governor, the Legislative Council, and the General Assembly:

1. The Iowa Advisory Commission on Intergovernmental Relations (IACIR) recommends the continuation of tax increment financing authority and tax abatement authority to fund and encourage urban renewal and urban revitalization programs because of the successful results of these programs in Iowa. In the process of reviewing these two programs, the IACIR finds a need for, and recommends additional communication and cooperation among all parties and local governments involved in, and affected by, these programs; and the IACIR further recommends that limitations be placed on the duration of urban renewal districts and urban revitalization districts so that increased property values resulting from the programs can be used by all affected taxing authorities; and the IACIR encourages local governments to follow the lead and example of the most successful urban renewal and urban revitalization programs to design and implement their own programs.

2. The IACIR also recommends that the Code of Iowa be amended to require clear evidence that tax increment financing moneys generated for a new jobs training program are used for specific and appropriate job training.

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