

Comment Report

HF 1

A bill for an act relating to local government funding by modifying school district funding provisions, property assessment provisions, and bond issuance requirements, and including effective date and applicability provisions.(See HF 718.)

Subcommittee Members: Kaufmann-CH, Bloomingdale, Forbes, Harris, Jacoby

Date: 02/06/2023

Time: 12:30 PM

Location: RM 102, Sup. Ct. Consult

Name: Adam Kofoed

Comment: Lowering taxes is something the state legislature was elected to do, but this bill does the opposite. There are a number of flaws in this bill. Taking away urban renewal to fund essential corporate infrastructure bonds will increase taxes on residents. Asking voters to pass a referendum every time urban renewal is used is an economic development killer. Developers now must wait a year for a vote and tailoring their developments to an entire town will add costs and lower profitability. We have a huge potential development waiting on this bill in West Branch. In addition, the 10% downpayment encourages our council to increase our capital reserve levy just so we have more money to sit on for a 10% downpayment project. And lastly, our council was elected to make local decisions. Local decisions should not be made by people in Des Moines who do not live in our neighborhood. Please take a look at a letter that West Branch's city council will be passing tonight in opposition to HF1.



EXHIBIT A

February 7, 2023

To: State Representative Bobby Kauffman

CC: State Senator Kerry Gruenhagen, State Senator Dawn Driscoll, State Rep: Heather Hora

Dear Bobby,

Thank you for your service to our community.

The City of West Branch is writing this letter in response to HF 1 in which you have co-sponsored and chair on the Ways and Means Committee. Many of us are fond of the work you do, but would like an explanation as to why there has been no communication or coordination from your office on HF bill 1 this year. We would like to invite you to a Council meeting to discuss this bill. The West Branch City Council meets the first and third Monday each month at 7:00 p.m.

Urban Renewal Changes Would Increase Taxes

As proposed, HF1 would require a referendum vote on any urban renewal funds used to fund essential capital improvement projects. In Fiscal Year 2025, the city will spend roughly \$381,000 on projects through incremental values from new growth. For us to raise that type of revenue, it would lead to a \$2.40 increase in our levy or roughly a \$336 tax increase. Multiply that over 15 years to pay for a bond and your co-sponsored bill would cost taxpayers \$5,040 per home valued at \$250,000 assessed dollars.

In addition, development costs will increase, delay time tables, and discourage private investments if developers must wait a year for a referendum vote.

Capped Assessments Hurt EMS Funding

Based on the new assessments, the West Branch Fire Department only received a \$400 revenue increase. At a time of dwindling volunteers and high interest rates, a \$400 increase is not enough to fund EMS services for rural West Branch residents. As a reminder, West Branch is inching closer to 1,000 EMS calls per year and sits on the third busiest section of I-80 equaling roughly 52,000 vehicles a day. Currently, West Branch is growing at a rate of 5% yet we only saw a 3.3% increase in our taxable value property. Let us remind you that inflation expenses well exceed the \$400 increase in revenue. For the first time in at least 16 years, the WBFD cut its total budget. This delays equipment purchases that become more expensive overtime. If assessments get capped at 3%, we are looking at larger cuts than just equipment.

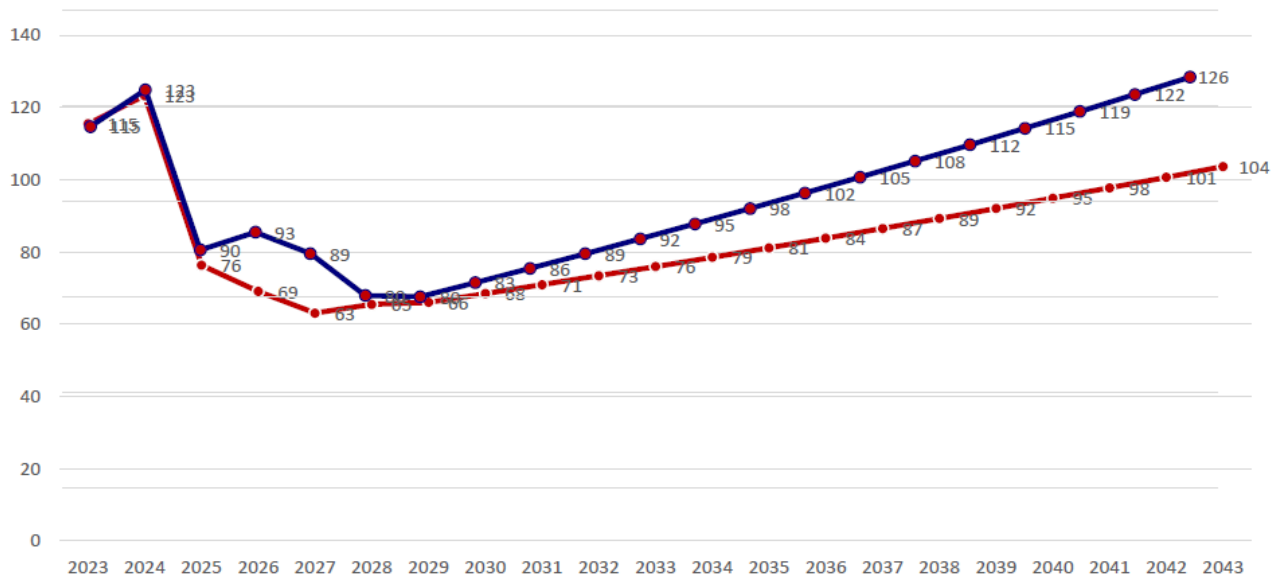


10% Down Not Feasible for Essential Corporate Purpose Bonds

In theory, this makes sense and it's something we strive for. We have recently passed several reserve requirement policies. However, it's not possible for all projects to meet the 10% down threshold. Streets is a great example. We have 17 paved miles valued at roughly \$42,500,000 in West Branch. The road use tax money we receive from the state is only \$330,000 a year which includes staffing for street cleaning, plowing, crack sealing, filling potholes, and necessary equipment to carry out normal maintenance. City staff ran a scenario and as you can see below in blue, HF1 will delay projects by 20 years. Keep in mind the life line for a concrete road is roughly 70 years and our current tax rate can only replace a specific road every 123 years.

10% Downpayment Requirement or \$500 year

Years to pay off road, assuming all new expired debt goes to streets only,
2023-2028 CIP Plan goes into effect, and no new ongoing maintenance is
needed



Source: Adam Kofoed 2023, using city revenue and Veenstra & Kimm street estimates per mile, please contact Adam Kofoed for further questions.

Letter Requirements: State Should Follow the Same Requirements

West Branch holds two public work sessions, two public hearings on our budget and tax rate, posts regular information on our budget in our community newsletter, West Branch Times, and on social media. If this section passes, imagine what would happen to building costs, project



management times, and economic development confidence, if everyone is allowed to weigh in on essential infrastructure projects. In the end, cities' will just increase taxes to pay for additional mailings, more engineering fees for additional public hearings, election fees, and others costs associated with more public hearings or votes.

If this section does pass, we ask for one thing, the state should follow the same procedures. It is unfair for the state to set one set of requirements for cities and another standard for itself.

What Happened to Local Representation Is What's Best for Iowa?

Simply put, we feel as elected and appointed officials, voters trusted us to run the city on their behalf. HF 1 takes away local elected leaders' choices and puts them in the hands of a more distant authority whom do not live in our neighborhoods. It should be our voters who have control by communicating their issues directly with us.

Bobby, thank you for your service to Iowa. We know this is a difficult time for all. However, we are humbly inviting you to attend a City Council meeting so we can have an open discussion on how HF 1 will lower the quality of life and likely increase taxes on our residents.

Please contact City Administrator, Adam Kofoed at adam@westbranchiowa.org or (319) 643-5888 to schedule a meeting.

Sincerely,

Roger Laughlin
Mayor

Colton Miller
Mayor Pro Tem.

Nick Goodweiler
Councilperson

Jodee Stoolman
Councilperson

Jerry Sexton
Councilperson

Tom Dean
Councilperson