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February 15, 2024

The Honorable Kim Reynolds
Office of the Governor
State Capitol Building
Des Moines, Iowa 50319

W. Charles Smithson
Secretary of the Senate
State Capitol Building
Des Moines, Iowa 50319

Meghan Nelson
Chief Clerk of the House
State Capitol Building
Des Moines, Iowa 50319

RE: FY 2023 Annual Urban Renewal Report — Tax Increment Financing (TIF)

Pursuant to Iowa Code section [331.403\(3\)\(d\)](#), the Legislative Services Agency (LSA) respectfully submits the attached report titled **FY 2023 Annual Urban Renewal Report — Tax Increment Financing (TIF)** to the Governor and the General Assembly. The report was prepared in consultation with the Department of Management (DOM) and summarizes the tax increment financing reports submitted by local governments on Urban Renewal Areas in effect at any time during FY 2023.

Iowa Code section 331.403(3)(c) also requires that the DOM, in collaboration with the LSA, make publicly available on an Internet site by December 1, 2023, a searchable database of all such information required under Iowa Code section 331.403. This was completed and the website address is: www.legis.iowa.gov/tif/public.

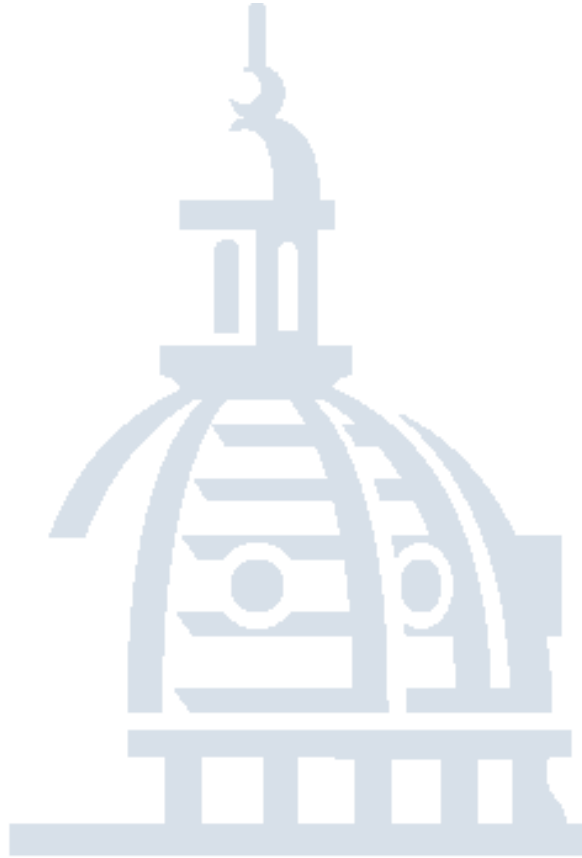
Sincerely,



Tim McDermott
Director

.Doc ID 1446276

**FY 2023 ANNUAL URBAN RENEWAL REPORT
TAX INCREMENT FINANCING (TIF)**



FISCAL SERVICES DIVISION

In consultation with

IOWA DEPARTMENT OF MANAGEMENT

FEBRUARY 15, 2024



**LEGISLATIVE
SERVICES AGENCY**

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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 created in 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. In addition, 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 published at: www.legis.iowa.gov/tif/la.

TIF Report Project — FY 2023 Executive Summary

- As of January 24, 2024, 466 local governments had filed final urban renewal reports with the State.
- This represents 92.6% of the expected 503 local governments.
- Of the 37 local governments that did not file final FY 2023 reports, 18 did not have budgeted TIF revenue for FY 2023.
- The remaining 19 local governments that did not file final FY 2022 reports were budgeted to receive a total of \$5.9 million in TIF revenue for FY 2023.
- Several problems with the TIF reporting process are highlighted at the conclusion of this Executive Summary.

Highlighted Findings

Reporting

- Thirty-seven local governments did not provide final TIF reports with an included governing body approval date.
- Most nonreporting local governments were small cities, and 18 were not budgeted to collect any TIF property tax revenue in FY 2023. As of January 24, 2024, Hardin, Jasper, and Winnebago counties were the largest local governments to not provide a completed report for FY 2023. All three local governments filed reports for the previous year.

Revenue Balances

- The reporting local governments had a total of \$186.2 million in TIF Special Revenue Fund balances at the end of FY 2023. That amount represents 43.6% of FY 2023 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 2023 TIF Special Revenue Fund income totaled \$426.8 million statewide, an amount composed of \$398.1 million in property tax, \$12.2 million in property tax replacement claims, and \$7.9 million in interest income and \$8.6 million from asset sales.
- Expenditures from TIF Special Revenue Funds on property tax rebates and debt payments totaled \$412.4 million, a decrease of 4.7% compared to FY 2022.

Financing and Outstanding Debt

- Local governments reported a total of \$4.184 billion in outstanding debt that they expect to repay with future TIF revenue. The amount is an increase of \$295.1 million from the FY 2022 reported debt and represents 9.8 years of TIF property tax revenue at the budgeted FY 2023 TIF property tax revenue level of \$408.8 million.
- TIF bond debt (general obligation and TIF revenue bonds) represents 62.0% of all outstanding TIF debt, and 29.0% of the outstanding TIF debt is future tax rebates.
- Annual appropriation debt comprises 48.2% of reported debt.
- Property tax rebates totaling \$96.6 million statewide were paid with TIF funds in FY 2023, while \$1.213 billion in outstanding tax rebate future obligations remained at the end of the fiscal year.
- A total of \$316.7 million in TIF funds was used on nonrebate expenditures (debt repayments) in FY 2023. Of this total, 51.7% was associated with bridge, road, and utility projects; 8.3% with public buildings; and 8.0% with administrative expenses.

Other

- A total of 69 local governments reported a total of 341 development agreements in place in FY 2023. Those 341 agreements require the creation or retention of 25,440 jobs in aggregate. Most projects financed with TIF revenue do not have specific job creation agreements or requirements.
- Fewer than 15.0% of TIF Taxing Districts were created with the sole finding of existing slum and/or blight conditions as the reason for the need to create the TIF Taxing District. The majority (50.7%) of TIF Taxing Districts in Iowa were created based on the exclusive finding of economic development need.
- Local governments have not provided a slum/blight/economic development designation for 1,309 Districts (34.9%).

Identified Problems with the Reporting Process

- While most Iowa local governments complete the required annual TIF submission on time, each year a few cities and counties do not, and a small number never complete a report.
- Iowa law requires interest earned on a TIF balance to be credited to the local government's TIF fund and used to repay TIF debt. A large number of local governments reported sizable TIF fund balances but reported no interest deposited to their TIF fund, and this indicates that many local governments may not comply with the requirements of the law.
- While local governments, when creating a TIF Taxing District, must indicate whether the reason and purpose for the creation of the District is a finding of slum, blight, and/or economic development, a significant number of Districts do not have that designation recorded in local government annual TIF responses that make up this annual report.
- Economic development TIF areas created since 1996 are limited to 20 years in duration. A total of 678 TIF Taxing Districts that have available TIF increment value do not have the initial year of TIF revenue collection entered into the TIF database.

TIF Report Project — FY 2023

Local Government Responses

For FY 2023, 466 cities, counties, and Rural Improvement Zones completed the TIF data entry and approval process through the online reporting system. A total of 37 local governments had not completed the process as of January 24, 2023. With three exceptions, all larger local governments completed this year's reporting 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.

Financial Summary

Local governments are required to report FY 2023 revenue, expenditure, and fund balance information for all Urban Renewal Areas. For each local government, the amounts for all Urban Renewal 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.¹

- **Beginning Balance** — Across all reporting entities, the beginning balance in TIF Special Revenue Funds totaled \$171.8 million, a decrease of \$36.5 million compared to the FY 2022 total beginning balance. The beginning balance for FY 2023 was \$12.7 million lower than the reported ending balance for FY 2022.
- **TIF Property Tax Revenue** — Reported TIF property tax revenue for FY 2023 across all reporting entities totaled \$398.1 million. The DOM property tax and local government budget system indicates that FY 2023 TIF property tax revenue should total \$421.1 million, indicating that at least \$23.0 million (5.5%) in FY 2023 TIF property tax revenue was not reported.
- **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 \$6.9 million in replacement payments for FY 2023. The annual TIF reports indicate that \$12.2 million was received. A small number of local governments that incorrectly reported TIF property tax revenue as replacement claim revenue may explain the discrepancy.
- **Interest** — Interest on balances held within a TIF Special Revenue Fund is required by law to be deposited to that Fund and used to repay TIF debt. The FY 2023 total interest reported across all entities was \$7.9 million. The destination of the interest on TIF Special Revenue Fund balances continues to be an issue. There were 239 local governments with TIF Special Revenue Fund average balances of \$50,000 or greater for FY 2023, but only 104 (43.5%) of those reported depositing any interest to their TIF funds for FY 2023. Of the 24 entities with an FY 2023 average balance of \$1.0 million or more, 14 reported no interest for FY 2023, and another 16 reported interest that calculates to less than 0.2% of the average balance. The 14 local governments with an FY 2023 average balance of more than \$1.0 million that did not report interest deposits to the TIF Special Revenue Fund are:
 - Panorama Lake Rural Improvement Zone (average balance of \$7.2 million)
 - Winnebago County (\$4.9 million)

¹ Financial Summary information (**Figure 1**) for fiscal years 2012 through 2014 is available in the [FY 2021](#) annual TIF report.

- Dyersville (\$2.6 million)
- North Liberty (\$2.4 million)
- Floyd County (\$1.7 million)
- Blue Grass (\$1.7 million)
- Orange City (\$1.5 million)
- Polk City (\$1.5 million)
- Mount Pleasant (\$1.5 million)
- Carter Lake (\$1.4 million)
- Tiffin (\$1.3 million)
- Winterset (\$1.1 million)
- Avoca (\$1.1 million)
- Wright County (\$1.1 million)
- **Asset Sales and Repayments** — Proceeds from the sale of assets purchased with TIF funds and from other reimbursements and repayments are required to be deposited to the TIF Special Revenue Fund and used to repay TIF debt. In FY 2023, \$8.6 million was deposited to TIF Special Revenue Funds.
- **Rebates** — Property tax rebates paid from TIF revenue totaled \$94.3 million in FY 2023, down from \$99.9 million during FY 2022.
- **Nonrebate Expenditures** — Nonrebate expenditures represent the repayment of TIF indebtedness. A total of \$316.7 million in nonrebate TIF debt was repaid in FY 2023, a decrease of \$14.7 million compared to FY 2022.
- **Returned to Property Tax System** — Ten local governments reported a total of \$1.4 million in excess TIF Special Revenue Funds being returned to the property tax system in FY 2023. 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 \$14.4 million during FY 2023 compared to the amounts reported as beginning balances for the fiscal year. At \$186.2 million, the ending balance is an amount equal to 43.6% of reported FY 2023 TIF Special Revenue Fund total revenue.

Figure 1
TIF Special Revenue Funds Financial Summary
In Millions

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Beginning Balance	\$ 129.3	\$ 156.3	\$ 180.4	\$ 171.8	\$ 201.4	\$ 191.7	\$ 208.3	\$ 171.8
TIF Property Tax Revenue	295.2	310.4	323.9	326.0	336.0	377.1	387.1	398.1
Property Tax Replacement Claims	14.8	14.3	4.6	12.6	8.4	11.2	14.9	12.2
Interest	4.2	6.3	5.0	18.7	19.0	3.3	3.2	7.9
Asset Sales & Repayments	19.1	45.3	31.7	34.0	16.7	21.1	3.6	8.6
Total Revenue	\$ 333.3	\$ 376.3	\$ 365.2	\$ 391.3	\$ 380.1	\$ 412.7	\$ 408.8	\$ 426.8
Rebates	63.3	67.0	69.6	76.9	83.7	89.6	99.9	94.3
Nonrebate Expenditures	252.5	303.8	307.9	294.2	304.6	306.6	331.4	316.7
Returned to Prop. Tax System	0.2	0.3	0.9	1.4	0.0	1.5	1.3	1.4
Total Expenditures	\$ 316.0	\$ 371.1	\$ 378.4	\$ 372.5	\$ 388.3	\$ 397.7	\$ 432.6	\$ 412.4
Ending Balance	\$ 146.6	\$ 161.5	\$ 167.2	\$ 190.6	\$ 193.2	\$ 206.7	\$ 184.5	\$ 186.2

Debt

The survey of local governments required information on all outstanding debts at the beginning of FY 2023 that were to be paid with TIF property tax revenue in FY 2023 and future fiscal years. A total of 384 local governments reported a total of 3,204 debts outstanding (excluding any debts reported as \$0), totaling \$4.184 billion. This is an increase of \$0.295 billion compared to the debt level reported for FY 2022. Four cities reported debt repayments extending through FY 2050 and beyond. Nearly 54.6% of the debt repayment relates to debt schedules that extend beyond FY 2033. **Figure 2** provides a breakdown of the total TIF debt reported by all local governments for FY 2023.

Figure 2
FY 2023 TIF Debt Reported

Fiscal Year of Final Debt Payment	Millions of Dollars	% of Total
FY 2023	\$ 83.9	2.0%
FY 2024 — FY 2028	613.0	14.7%
FY 2029 — FY 2033	1,203.5	28.8%
FY 2034 — FY 2038	1,390.3	33.2%
FY 2039 — FY 2043	752.4	18.0%
FY 2044 & After	140.9	3.4%
Total	\$ 4,184.0	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 required 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.
- **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 2023 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	\$ 1,867.9	\$ 558.7	\$ 2,426.6	58.0%
Internal Loans	206.8	2.5	209.3	5.0%
Other Debt	139.6	2.0	141.6	3.4%
Rebates	1,206.5	7.0	1,213.4	29.0%
TIF Revenue Bonds	124.4	43.4	167.8	4.0%
Low and Mod. Income Housing	25.3	0.0	25.3	0.6%
Total	\$ 3,570.5	\$ 613.6	\$ 4,184.1	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 allow 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**, 48.2% of TIF debt statewide is reported as annual appropriation debt. For this TIF annual report, 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 2023 Debt by Appropriation Category
Dollars in Millions

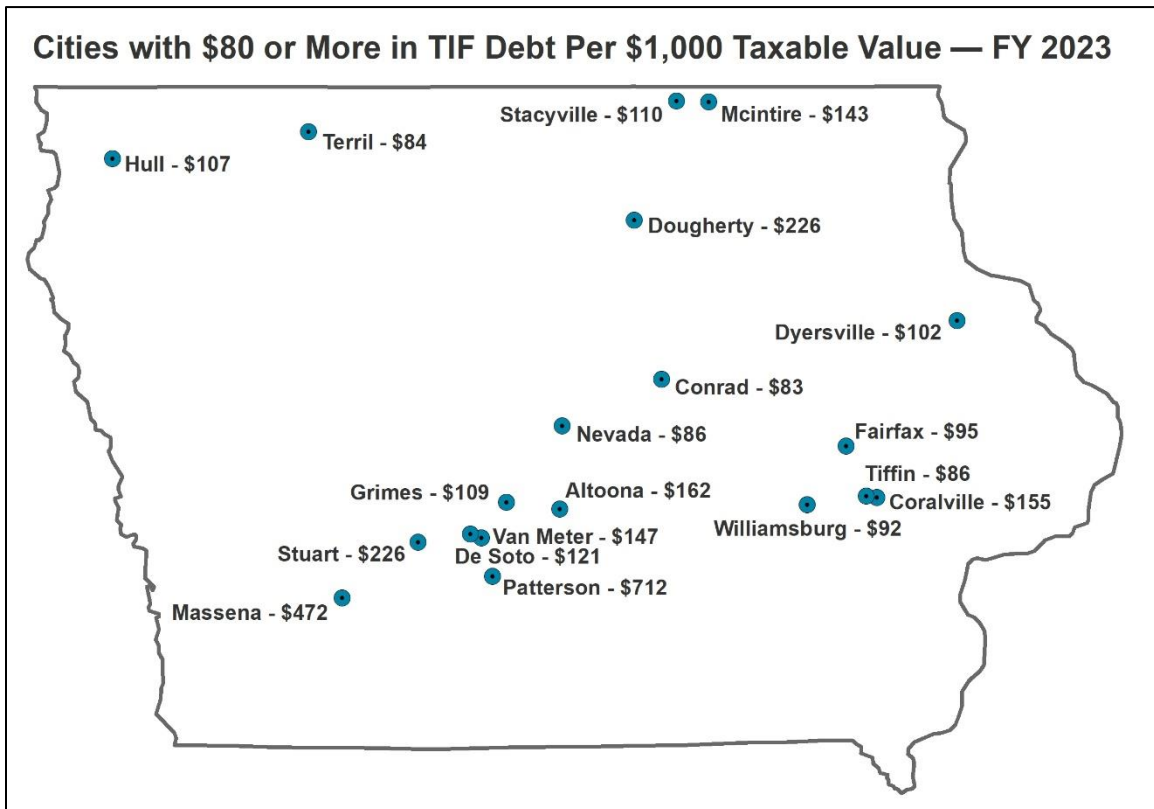
<u>Appropriation Category</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u>	<u>% of Total</u>
Conventional Debt	\$ 1,857.2	\$ 311.1	\$ 2,168.3	51.8%
Annual Appropriation Debt	1,713.3	302.5	2,015.8	48.2%
Total	\$ 3,570.5	\$ 613.6	\$ 4,184.1	100.0%

The 10 local governments (all of which are cities) with the largest dollar amount of TIF debt are listed in **Figure 5**, along with the final fiscal year for their longest debt schedule. These 10 cities represent 51.2% 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 31.0% of the taxed value of all Iowa cities and 64.1% of all reported FY 2023 city TIF debt.

Figure 5
FY 2023 TIF Debt Reported
 Dollars in Millions

Local Government	Conventional Debt	Annual Appropriation Debt	Total Debt	Latest Repayment Date Reported	Total FY 23 Taxable Value of City	TIF Debt as a % of City Taxed Value
Des Moines	\$ 220.5	\$ 405.6	\$ 626.1	FY 2050	\$ 10,111.2	6.2%
Coralville	42.9	263.2	306.1	FY 2050	1,970.8	15.5%
West Des Moines	269.8	26.9	296.7	FY 2040	6,733.5	4.4%
Cedar Rapids	141.7	109.1	250.8	FY 2051	7,819.4	3.2%
Altoona	55.2	187.5	242.7	FY 2036	1,494.9	16.2%
Grimes	45.9	94.9	140.8	FY 2047	1,288.0	10.9%
Sioux City	31.8	83.7	115.5	FY 2035	3,688.8	3.1%
Waterloo	114.5	0.3	114.8	FY 2043	2,729.7	4.2%
Dubuque	81.2	27.5	108.7	FY 2045	3,161.3	3.4%
Johnston	64.3	8.5	72.8	FY 2041	1,892.5	3.8%

For all cities with reported TIF debt, the debt amount (remaining principal and projected interest) averaged \$29 per \$1,000 of FY 2023 city taxable value. The 19 Iowa cities with reported TIF debt of \$80 or more per \$1,000 of city taxable value are shown on the following map.



Bond Debt

General Obligation Bond Debt — Local governments reported 1,010 separate general obligation bond debts, with debt payments totaling \$2.426 billion and the longest payment schedule extending through FY 2061. The payment schedules of 62.0% of the reported debt extend to FY 2033 and beyond. The largest single general obligation bond debt listed was a city of Altoona debt for \$174.6 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 80 separate TIF revenue bond debts, with debt payments totaling \$167.8 million and the longest payment schedule extending through FY 2047. The payment schedules of 75.3% of the reported debt extend to FY 2033 or beyond. The largest single TIF Revenue bond debt listed was a city of Dubuque debt for \$28.0 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 668 internal loans totaling \$209.3 million, with 104 loans extending to FY 2033 or beyond. The city of Cedar Falls has the single largest internal loan debt. This \$15.1 million debt was incurred in FY 2012 and has a listed final payment year of FY 2033. This loan is not listed as annual appropriation debt.

Other Debt

Local governments reported 229 debts categorized as “other,” with future debt payments totaling \$141.6 million. The largest single loan in this category is a \$21.1 million debt listed by the city of Des Moines. This debt has a payment schedule ending in FY 2028, and it is not listed as an annual appropriation debt. Of the total local government outstanding debts classified as other debt, 21 have a payment schedule extending to FY 2033 or beyond.

Rebate Debt

Local governments reported 1,214 separate rebate agreements with rebate debt outstanding. The rebate debt totals \$1.213 billion, with the longest rebate agreement extending through FY 2049. Reported rebate debt increased \$168.0 million (13.8%) from FY 2022 to FY 2023. Of the total outstanding rebate agreement debt, 62.1% has a payment schedule extending to FY 2033 or beyond. The largest rebate agreement (\$50.1 million) is a city of Des Moines agreement with Kum & Go. The agreement was entered into in 2015 and extends through FY 2040.

LMI Housing Debt

A total of 60 local governments (59 cities and 1 county) reported 84 separate debts associated with LMI housing obligations. The LMI debt obligations total \$25.3 million. A total of \$11.2 million (44.1%) of this LMI debt carries an incurred year of 2017 or earlier.

FY 2023 Rebate Expenditures

A total of 261 local governments reported \$96.6 million in rebate payments issued from TIF revenue to taxpayers during FY 2023. Twenty-one local governments issued 68.8% of the FY 2023 rebated tax dollars. A list of the 21 local governments rebating \$1.0 million or more is found in **Figure 6**.

<u>Local Government</u>	Tax Rebate Total	# of Rebate Agreements
Des Moines	\$ 18.9	74
Cedar Rapids	6.9	50
Davenport	4.6	14
Coralville	4.2	11
Grimes	3.1	14
Bettendorf	3.0	19
Dubuque	2.6	36
Waterloo	2.6	44
Ankeny	2.6	17
Iowa City	2.0	6
Council Bluffs	2.0	15
West Des Moines	1.8	17
Norwalk	1.7	3
Marion	1.6	33
Altoona	1.4	12
Johnston	1.4	12
Muscatine	1.4	12
Sioux City	1.3	18
Polk County	1.2	9
Urbandale	1.1	14
Hiawatha	1.0	27
<u>240 Other Local Governments</u>	<u>30.2</u>	<u>917</u>
Total	\$ 96.6	1,374

Figure 7 provides a list of companies/entities receiving \$1.0 million or more in TIF-financed property tax rebates in FY 2023, as reported by the local governments. The 10 rebate entities listed individually represent 13.5% of all rebate amounts reported for FY 2023.

<u>Rebated To:</u>	<u>Rebate Amount Reported</u>	<u>% of Total</u>	<u>Location</u>
City of Des Moines	\$ 2.0	2.1%	Des Moines
Kum & Go	1.8	1.9%	Cedar Rapids
Principal Life Insurance Company	1.7	1.8%	Des Moines
New England Development	1.4	1.5%	Des Moines
Wellmark	1.2	1.2%	Norwalk
Bank Midwest	1.1	1.1%	Coralville
Heritage at Grimes, LLC	1.0	1.0%	Des Moines
Wells Fargo Financial	1.0	1.0%	Des Moines
North Block, LLC	0.9	0.9%	Mason City
United Properties (Coppola)	0.9	0.9%	Le Claire
<u>1,044 Other Rebate Agreements</u>	<u>83.5</u>	<u>86.5%</u>	Various
Total	\$ 96.5	100.0%	

Nonrebate Projects

Local governments reported a total of 2,690 nonrebate projects financed through TIF Special Revenue Funds in FY 2023. Local governments were required to categorize projects according to the expenditure type and specify whether the project was physically complete by the end of FY 2023. Of the 2,690 projects, 1,935 were listed as physically complete and 755 (28.1%) were in progress. **Figure 8** provides a breakdown of projects by status and by FY 2023 expenditure amount. Note that the expenditure amounts represent the payments made in FY 2023 and do not reflect the entire cost of the projects.

The category of Roads, Bridges, and Utilities represents 51.7% of the number of projects and 43.5% of project expenditures for the year. In terms of the percentage of nonrebate expenditures, the second most common category was Public-Owned Buildings (8.3%) followed by Administrative Expenses (8.0%).

Figure 8
FY 2023 Projects Reported by Project Category
Dollars in Millions

TIF Projects by Category	Ongoing	Complete	Total	FY 2023	
				Expenditure Total	% of \$ Total *
Acquisition of Property	24	96	120	\$ 10.1	3.4%
Administrative Expenses	158	176	334	24.0	8.0%
Agribusiness	3	16	19	0.6	0.2%
Commercial, Apartments/Condos/Residential	7	19	26	0.8	0.3%
Commercial, Hotels/Conference Centers	10	16	26	6.1	2.0%
Commercial, Office Properties	17	39	56	3.6	1.2%
Commercial, Retail	39	88	127	12.8	4.3%
Commercial, Warehouses & Distribution	4	10	14	0.3	0.1%
Commercial, Medical	0	7	7	0.1	0.0%
Industrial/Manufacturing	31	88	119	14.1	4.7%
Lake & Related Improvements	19	4	23	5.5	1.8%
Low- and Moderate-Income Housing	41	50	91	2.5	0.8%
Main Street Iowa Program	11	11	22	1.2	0.4%
Mixed-Use Property	25	43	68	4.9	1.6%
Public-Owned Buildings	31	114	145	25.0	8.3%
Recreational Facilities	32	96	128	15.1	5.0%
Residential	42	68	110	6.3	2.1%
Roads, Bridges, and Utilities	247	922	1,169	155.9	51.7%
Water/Waste Treatment Plants	14	72	86	12.6	4.2%
Total	755	1,935	2,690	\$ 301.5	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, one city, Leon, filed new public building financial analysis documents.

Leon's new project involves the acquisition and renovation of the Leon Community Center. The city will acquire the community center property and such easement territory and rights-of-way as

are necessary to complete the project. The community center project will include renovations to the building including updates and renovations to the heating, ventilation, and air conditioning (HVAC) system, flooring, bathrooms, and other improvements. The city intends to pay for the project with borrowed funds and/or the proceeds of an internal advance of City funds on hand, which will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the city's use of incremental property tax revenues for the community center project will not exceed \$150,000 plus any interest expense incurred by the city on the obligations.

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 more. The TIF report project asked local governments to report:

- The FY 2023 expenditures for public infrastructure related to housing (expenditures that trigger the LMI housing set-aside requirement).
- The FY 2023 expenditures that satisfy FY 2022 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 buildup of required LMI set-aside balance may develop.

A total of 35 local governments reported \$2.2 million in TIF Special Revenue Fund expenditures related to LMI housing during FY 2023.

Polk County and 59 cities reported a total of \$25.3 million in LMI financial obligations that must be satisfied with TIF revenue in future fiscal years. Seven local governments, namely Dubuque, Fort Dodge, Iowa City, Polk County, Nevada, Riverdale, and De Witt, reported 64.3% of the total outstanding LMI housing obligation.

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 68 local governments reported 341 development agreements in place in FY 2023. Those agreements required the creation of 25,440 total jobs. Of those jobs, 67.9% were associated with agreements in seven localities (Cedar Rapids, Dubuque, Davenport, Sioux City, West Des Moines, Wright County, and Urbandale).

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.

Current agreements requiring the creation of at least 600 jobs include:

- Seaboard Triumph Foods (1,110 jobs, Sioux City)
- Prestage Foods of Iowa, LLC (922 jobs, Wright County)
- Cottingham and Butler, Inc. (706 jobs, Dubuque)
- BAE Systems Information and Electronic Systems Integration (650 jobs, Cedar Rapids)
- Sammons Financial Group and Midland National Life (605 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 seven of the projects reported the number of jobs associated with the project, 212 of the development agreements did not report annual wage requirements. Private capital investment for the 307 projects reporting a capital investment amount totaled \$6.815 billion.

In total, 102 development projects provided information on jobs, wages, and private capital investment. For those 102 projects, required jobs totaled 9,941, annual wages totaled \$355.1 million, and private capital investment totaled \$1.971 billion. This equates to an average of \$198,000 in capital investment and \$36,000 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 341 development agreements listed, 211 projects included at least one other State or local financial assistance program. One project (IBM, Dubuque) recorded additional government funding from six other State, local, and federal programs, while two projects (Morrison Bros. Company, Dubuque and Kraft Heinz, Davenport) reported the involvement of five additional incentive 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 2023 DOM dataset contains a total of 4,080 city, county, and Rural Improvement Zone TIF Taxing Districts. The reporting requirements for each TIF Taxing District include:

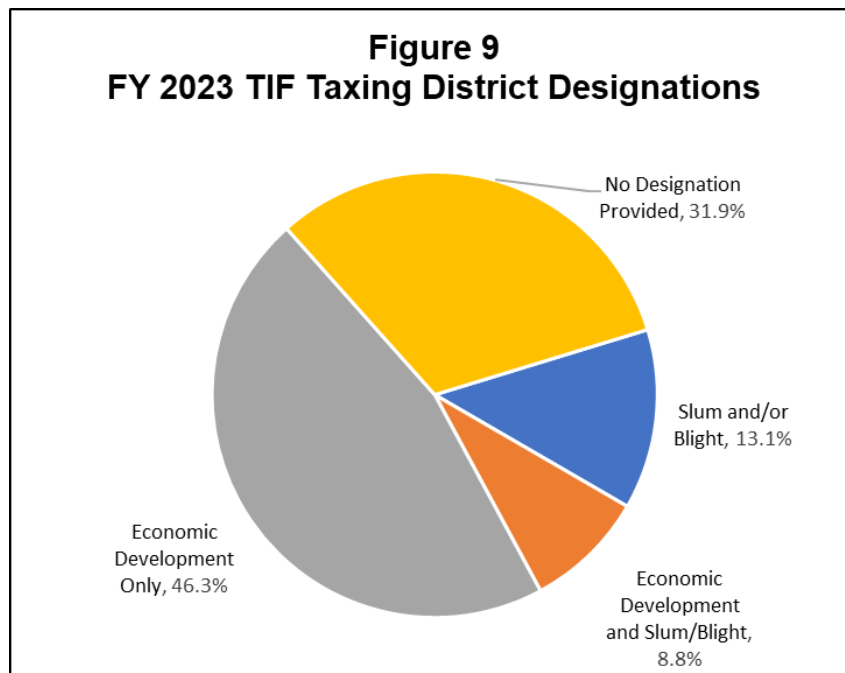
- Confirmation of the TIF base year.
- The fiscal year TIF revenue was first received for the District.
- Whether the District is subject to a statutory end date, and if so, the fiscal year in which the District will end.
- Whether the District is established on a finding of slum, blight, or economic 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 2023.

The following statistics related to the TIF area designation are based on the TIF Taxing Districts that reported through the FY 2023 TIF annual report process. In 2023, TIF Taxing Districts received purpose designations as follows (see **Figure 9**):

- Slum, Blight, or both, but not Economic Development = 585
- Economic Development and Slum/Blight = 392
- Economic Development Only = 2,070
- No designated purpose provided = 1,425

While 577 (40.5%) of the TIF Taxing Districts without a purpose designation did not access any FY 2023 increment value, the undesignated Districts that received TIF increment property taxes had a combined available increment value of \$5.246 billion. Local governments with over \$100.0 million of increment value used for FY 2023 that did not designate a purpose for the TIF Taxing District include:

- West Des Moines (\$250.0 million of undesignated TIF increment value use)
- Waukee (\$174.0 million)
- Coralville (\$169.2 million)
- Dubuque (\$153.3 million)
- Grimes (\$118.9 million)
- Webster County (\$115.7 million)
- Wright County (\$103.5 million)
- Ida County (\$101.7 million)
- Iowa City (\$101.3 million)



- Total FY 2023 TIF property tax revenue received, as reported by local governments through the TIF annual report, was \$421.1 million. The budgeted FY 2023 TIF property tax revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts was \$398.0 million, making the statewide reported amount 94.5% of the expected total. Over the 12 fiscal years of this annual report, the TIF tax revenue reporting percentage has ranged from 94.5% to 99.0%.

- Fiscal year 2023 TIF commercial and industrial property tax reimbursement claim revenue received, as reported by local governments through the TIF annual report, totals \$12.2 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 4,080 city, county, and Rural Improvement Zone TIF Taxing Districts reporting for FY 2023:
 - 1,896 utilized some or all of the available increment value as follows:
 - 991 (53.3%) utilized 100.0% of the available increment.
 - 893 (48.0%) utilized some, but not all, of the available increment.
 - 12 (0.6%) utilized increment in excess of the calculated maximum.
 - 516 (13.0%) did not use any of the available increment value.
 - 1,668 (42.1%) had no increment value available and therefore could not receive TIF revenue. Within this category, five TIF Taxing Districts with no TIF increment value available reported having collected TIF tax revenue. These governments include Dougherty, State Center, Marshall County, and Marshalltown, the last of which included two taxing districts.
 - The unused increment value totaled \$17.555 billion in taxed value.

Public Access to the TIF Dataset

The electronic format chosen for the TIF reporting project allows the 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 labeled “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 2013 through FY 2023 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 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 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.
- A link at the top of the page (Annual Urban Renewal Reports) allows access to the FY 2013 through FY 2023 versions of this report.

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