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To: Committee Chairpersons Joe Bolkcom and Phil Wise

From: Jeff Robinson, LSA

Date: January 30, 2008

Subject: Current Tax Increment Financing Areas Exceeding 20 Years

At the December 5, 2007, meeting of the Legislative Property Tax Study Committee, Senator Stewart asked for information concerning active Tax Increment Financing (TIF) areas created under Chapter 403, Code of Iowa that have been in existence for 20 years or more.

Utilizing a dataset provided by county officials through the Iowa Department of Management, I collected information on all active TIF areas with a base year designation of 1987 or earlier. The base year represents the point in time where the taxable value of the area is “frozen” with any future growth in value eligible for inclusion in the increment portion of taxable value. Non-debt property tax payments from the taxable value increment are used to finance TIF projects.

Thirty cities have active TIF areas twenty years old or older and the FY 2008 property tax revenue devoted to those areas totaled \$35.3 million. That amount is 14.8% of the total \$237.8 million in TIF revenue collected for FY 2008.

Of the \$237.8 million, 95.2% is associated with TIF areas established by cities and 4.2% with county TIF areas. The remainder is associated with Community College (Chapter 260E, Code of Iowa) and Rural Improvement Zone (Chapter 359H, Code of Iowa) TIF areas.

Table 1 provides the breakdown of all active TIF areas by base year and by TIF authority type.

Table 2 provides the dollar amount of taxable value within TIF increments across three general time frames, with a breakdown by property classification included in the increment.

Under current Iowa law, TIF areas established prior to July 1, 1995, are not subject to duration limits. Areas established on or after that date as economic development areas are limited to 20 years in duration and areas established with a slum and blighted designation are not limited in duration. A complete dataset providing the economic development or slum and blighted designation for TIF areas does not currently exist.

If you have questions or comments concerning this report, please contact me at 515-281-4614 or by email.

Table 1

Tax Increment Financing (TIF) Property Tax Revenue - FY 2008
By TIF Base Year and TIF Authority

TIF Base Year	City	County	Community College	Rural Improvement Zone	Cumulative Total	Cumulative % of Total FY 2008
1966	\$1,467,487	\$0	\$0	\$0	\$1,467,487	0.6%
1967	231,151	0	0	0	1,698,637	0.7%
1969	514,760	0	0	0	2,213,397	0.9%
1971	1,567,237	0	0	0	3,780,634	1.6%
1973	110,974	0	0	0	3,891,608	1.6%
1978	9,912,187	0	0	0	13,803,795	5.8%
1979	1,442,737	0	0	0	15,246,533	6.4%
1981	119,298	0	0	0	15,365,830	6.5%
1982	87,198	0	0	0	15,453,028	6.5%
1983	865,691	0	0	0	16,318,719	6.9%
1984	325,182	0	0	0	16,643,902	7.0%
1985	8,949,925	0	0	0	25,593,827	10.8%
1986	3,101,023	0	0	0	28,694,849	12.1%
1987	6,577,105	0	0	0	35,271,955	14.8%
1988	15,656,518	0	0	0	50,928,473	21.4%
1989	13,772,394	0	0	0	64,700,867	27.2%
1990	9,593,241	0	0	0	74,294,108	31.2%
1991	13,930,491	0	0	0	88,224,599	37.1%
1992	13,984,353	0	0	0	102,208,952	43.0%
1993	12,079,335	47,962	0	0	114,336,249	48.1%
1994	11,669,920	2,822,246	0	0	128,828,415	54.2%
1995	6,569,667	170,558	0	0	135,568,640	57.0%
1996	22,528,850	271,579	101,826	1,214,911	159,685,806	67.2%
1997	9,904,414	386,562	0	85,644	170,062,426	71.5%
1998	13,748,621	296,399	0	0	184,107,447	77.4%
1999	15,210,997	176,289	15,194	0	199,509,927	83.9%
2000	9,090,297	766,980	74,665	0	209,441,869	88.1%
2001	4,860,562	718,540	0	0	215,020,971	90.4%
2002	11,228,597	765,249	9,403	0	227,024,220	95.5%
2003	3,393,141	1,249,888	0	0	231,667,248	97.4%
2004	2,784,375	1,158,679	0	0	235,610,301	99.1%
2005	958,288	805,071	0	0	237,373,660	99.8%
2006	16,422	387,770	0	0	237,777,853	100.0%
Total	\$226,252,439	\$10,023,771	\$201,088	\$1,300,555	\$237,777,853	
% of Total	95.2%	4.2%	0.1%	0.5%	100.0%	

Table 2

Taxable Value in Increment Portion of TIF Areas - FY 2008
By Property Classification

TIF Base Years	Residential	Agricultural	Commercial	Industrial/Other	Total	% of Total
1966 through 1987	\$67,739,659	\$15,759	\$651,408,613	\$48,722,446	\$767,886,477	10.5%
1988 through 1994	813,472,057	3,996,796	1,465,420,157	518,963,104	2,801,852,114	38.4%
1995 through 2006	855,754,590	18,835,083	2,417,886,341	425,236,413	3,717,712,427	51.0%
Total	\$1,736,966,306	\$22,847,638	\$4,534,715,111	\$992,921,963	\$7,287,451,018	100.0%
% of Total	23.8%	0.3%	62.2%	13.6%	100.0%	