
February 13, 2015

The Honorable Terry E. Branstad
Office of the Governor
State Capitol Building
Des Moines, Iowa 50319

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines, Iowa 50319

Carmin Boal
Chief Clerk of the House
State Capitol Building
Des Moines, Iowa 50319

RE: FY 2014 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 2014 Annual Urban Renewal Report - Tax Increment Financing (TIF)** to the Governor and the General Assembly. The report was prepared in consultation with 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 2014.

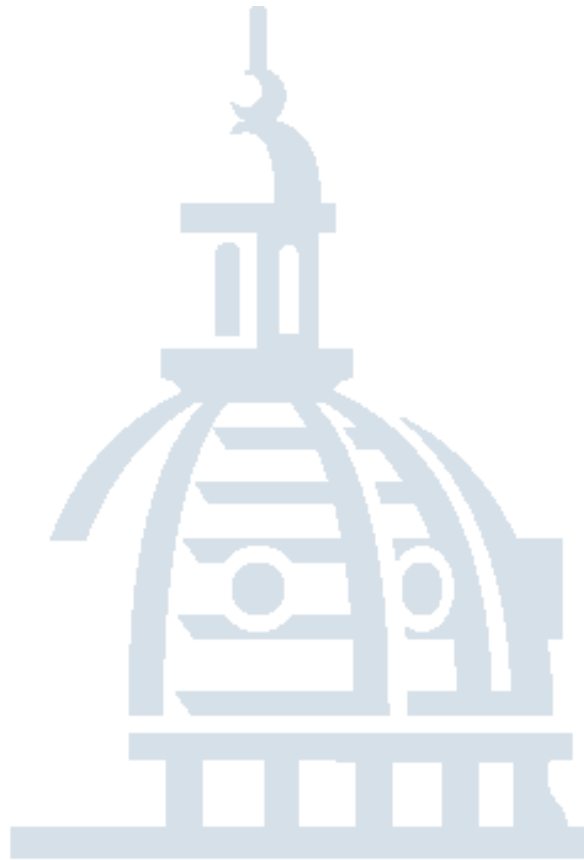
[Iowa Code section 331.403\(3\)\(c\)](#) also required that the DOM, in collaboration with the LSA, make publicly available on an internet site by December 1, 2012, a searchable database of all such information required under [Iowa Code section 331.403](#). This was completed and the website address is: <https://solr.legis.iowa.gov/tif/la>.

Sincerely,



Glen Dickinson
Director

**FY 2014 ANNUAL URBAN RENEWAL REPORT
TAX INCREMENT FINANCING (TIF)**



FISCAL SERVICES DIVISION

In consultation with

IOWA DEPARTMENT OF MANAGEMENT

FEBRUARY 13, 2015



Introduction

[House File 2460](#) (Tax Increment Finance Reporting Act of 2012) 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 reporting requirements generally relate to the property tax implications of TIF:

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

The requirements also include:

- Reporting on characteristics of each TIF and Urban Renewal Area,
- low and moderate income housing requirements,
- data on development agreements that include job requirements and TIF expenditures, and
- a financial analysis of any public buildings proposed to be constructed 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). [House File 2460](#) further requires that the LSA, in consultation with the DOM, 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. **Appendix A** to this document provides basic information on TIF and a brief history of TIF reporting requirements.

The website for local government data entry, as well as for public access to the data, is found at: <https://solr.legis.iowa.gov/tif/la>. See **Appendix B** for a screen shot of the Urban Renewal reporting and public access website.

Local Government Responses

For FY 2014, 477 cities, counties, and Rural Improvement Zones had a total of 1,053 Urban Renewal Areas either on file with the DOM or reported as additional areas during this year's TIF reporting process.¹ A total of 22 local governments with \$1.28 million of budgeted TIF revenue for FY 2014 had not completed the reporting process as of January 29, 2015. Beginning with the FY 2013 report, 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. A list of the local governments that had not filed approved reports as of January 29, 2015, is included as **Appendix C**.²

Appendix C also contains an historical table showing the number of reporting governments and urban renewal areas for the period FY 2012 - FY 2014.

Financial Summary

Local governments were asked to report FY 2014 revenue, expenditure, and balance information for all Urban Renewal Areas. For each local government, the amounts for all areas should sum to the revenue, expenditure, and balances of that local government's TIF Special Revenue Fund. **Table 1** presents total balance, revenue, and expenditure information across all TIF Special Revenue Funds as reported by local governments.

Table 1 Financial Recap Dollars in Millions			
	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Beginning Balance	\$ 104.5	\$ 101.9	\$ 99.5
TIF Revenue	274.2	293.9	288.6
Interest	6.4	2.9	1.0
Asset Sales & Repayments	19.6	31.5	33.6
Total Revenue	\$ 300.2	\$ 328.3	\$ 323.2
Rebates	61.6	69.8	62.2
Expenditures	229.1	264.0	249.4
Returned to Prop. Tax System	0.1	0.1	0.3
Total Expenditures	\$ 290.8	\$ 333.9	\$ 311.9
Ending Balance	\$ 113.9	\$ 96.3	\$ 110.8

¹ Although the reporting requirements center on the financial implications of TIF, Urban Renewal Areas that do not utilize TIF may also be subject to the reporting requirements. Urban Renewal Areas that have not yet utilized TIF revenue are not included in the DOM Property Valuation System.

² Although 16 local governments had not filed FY 2013 TIF reports by the time of the end of January, 2014, all local governments filed reports in time for certification of their FY 2015 budgets.

Debt

The survey of local governments required information on all outstanding debts at the beginning of FY 2014 that were to be paid in FY 2014 and future fiscal years with TIF property tax revenue. A total of 392 local governments reported a total of 3,067 debts outstanding (excludes any debts reported as zero) totaling \$2,881.9 million. Some entities reported debt repayments extending more than 30 years. Just under 52.0% of the debt repayment amounts extend to FY 2025 and after. **Table 2** provides a breakdown of the total debt reported by all local governments.

Table 2
TIF Debt Reported - FY 2014

Fiscal Year of Final Debt Payment	Millions of Dollars	% of Total
FY 2014	\$ 83.6	2.9%
FY 2015 - FY 2019	449.3	15.6%
FY 2020 - FY 2024	852.8	29.6%
FY 2025 - FY 2029	711.0	24.7%
FY 2030 - FY 2034	416.9	14.5%
FY 2035 & After	368.3	12.8%
Total	\$ 2,881.9	100.0%

As a point of reference, with TIF debt reported by the local governments at \$2,881.9 million, and FY 2014 TIF revenue reported by those same governments at \$288.6 million, retiring the existing debt will take 10 years past FY 2014.³

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

- General Obligation Bonds – Bonds that are the obligation of the local government. These bonds are backed by an unlimited property tax authority.
- Internal Loans – Money 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 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

³ The 10 years to retire the existing TIF debt is simply a reference calculation. Much of the debt extends beyond that timeframe, and, in future years, new debt will be added and the TIF revenue stream will change from year to year. The numbers produced a reference calculation of 9.4 years for the FY 2013 TIF report.

the Annual Urban Renewal Report, the local governments were 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 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 money on LMI housing, but have yet to do so, reflect the obligation as an outstanding debt.

Table 3
Reported Debt by Debt Type

Dollars in Millions

Debt Type	Principal	Interest	Debt	% of Total
General Obligation Bonds	\$ 1,364.4	\$ 318.6	\$ 1,683.0	58.4%
Internal Loans	135.4	3.0	138.4	4.8%
Other Debt	173.5	34.3	207.8	7.2%
Rebates	505.4	3.3	508.7	17.7%
TIF Revenue Bonds	191.2	142.4	333.6	11.6%
Low and Mod. Income Housing	10.5	0.0	10.5	0.4%
Total	\$ 2,380.4	\$ 501.6	\$ 2,882.0	100.0%

Annual appropriation debt differs from ordinary indebtedness. While ordinary indebtedness requires the periodic repayment of all principal and interest from the funds pledged, 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 right be exercised. Payments are at the sole discretion of the governing Board or Council.

As indicated in **Table 4**, 34.6% 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.

Table 4
Debt by Appropriation Category

Dollars in Millions

Appropriation Category	Principal	Interest	Debt	% of Total
Not Annual Appropriation Debt	\$ 1,582.6	\$ 303.3	\$ 1,885.9	65.4%
Annual Appropriation Debt	797.8	198.3	996.1	34.6%
Total	\$ 2,380.4	\$ 501.6	\$ 2,882.0	100.0%

A total of 392 local governments reported 3,067 debt instances. The 10 local governments with the largest dollar amount of TIF debt are listed in **Table 5**, along with the final fiscal year for their longest debt schedule. The 10 local governments listed in **Table 5** represent 48.9% of all TIF debt reported.

Table 5
TIF Debt Reported - FY 2014

Dollars in Millions

Local Government	Conventional Debt	Annual Appropriation Debt	Total Debt	Latest Repayment Date Reported	Total FY 14 Taxable Value of City
Coralville	\$ 103.1	\$ 239.3	\$ 342.4	FY 2047	\$ 1,440.5
Des Moines	138.3	122.1	260.4	FY 2032	7,337.6
Cedar Rapids	193.1	0.0	193.1	FY 2043	6,099.7
Altoona	45.1	133.3	178.4	FY 2043	817.9
Dubuque	141.3	12.7	154.0	FY 2045	2,474.5
Ankeny	66.1	6.5	72.6	FY 2030	2,326.7
Sioux City	69.7	0.0	69.7	FY 2033	2,649.2
West Des Moines	53.0	2.2	55.2	FY 2029	4,323.5
Le Mars/Plymouth Co. Joint	43.8	0.0	43.8	FY 2029	492.4 *
Waterloo	39.4	0.1	39.5	FY 2029	2,540.1

* Taxable value listed is for the city of Le Mars

Bond Debt

Local governments reported 1,182 separate General Obligation and TIF Revenue Bond debts with debt payments totaling \$2,016.6 million and the longest payment schedule extending through FY 2047. Of the reported bond debt, the payment schedules of 57.1% extend to FY 2025 and beyond. The largest single bond debt listed was by the city of Altoona for \$127.4 million. This debt was listed as an annual appropriation TIF Revenue Bond with payments due through FY 2043.

Internal Loan Debt

Local governments reported 798 internal loan debts totaling \$138.4 million with 20 loans extending past FY 2040. The city of Cedar Falls has the single largest internal loan debt. This \$10.2 million debt was incurred in FY 2014 and has a listed final payment year of FY 2025. Of all internal loan debt, 20.7% has a payment schedule extending to FY 2019 or longer.

Other Debt

Local governments reported 222 debts categorized as “other” with future debt payments totaling \$207.8 million. The largest single loan in this category is a \$64.3 million annual appropriation debt listed by the city of Coralville. Of all outstanding debt classified as other debt, 64.7% has a payment schedule extending to FY 2025 or longer.

Rebate Debt

Local governments reported 1,091 separate rebate agreements with rebate debt outstanding. The rebate debt totaled \$508.7 million, with the longest rebate agreement extending through FY 2034. Of all rebate agreement debt, 35.4% has a payment schedule extending to FY 2025 or longer. The largest rebate agreement (\$18.1 million) is between the city of Des Moines and Allied Insurance. The agreement was entered into in 2006 and extends through FY 2031.

LMI Housing Debt

A total of 45 local governments reported 63 separate debts associated with LMI obligations. The LMI debt obligations totaled \$10.5 million. More than 50.0% of that debt carries an incurred year of 2006 or earlier.

FY 2014 Rebate Expenditures

A total of 212 local governments reported \$62.3 million in rebate payments issued from TIF revenue to taxpayers during FY 2014. Eighteen cities issued 64.3% of the FY 2014 rebated tax dollars. The list of local governments rebating \$750,000 or more is found in **Table 6**.

Table 6
FY 2014 Rebate Totals by Local Government
Dollars in Millions

Local Government	Tax Rebate Total	# of Reported Rebates
Des Moines	\$ 12.6	33
Council Bluffs	5.2	11
Dubuque	3.4	38
Cedar Rapids	2.1	7
Waterloo	2.0	37
LeClaire	1.6	35
Altoona	1.6	11
Clive	1.4	5
Johnston	1.3	7
Urbandale	1.2	16
Clinton	1.2	3
Ankeny	1.1	14
West Des Moines	1.0	3
Davenport	1.0	9
Huxley	0.9	16
Polk County	0.8	4
Bettendorf	0.8	18
Maquoketa	0.8	4
194 Other Local Governments	22.2	635
Total	\$ 62.2	906

Table 7 provides a list of companies and entities receiving \$750,000 or more in TIF-financed property tax rebates in FY 2014 as reported by the local governments. The largest single rebate agreement was \$2.76 million, rebated to Nationwide Insurance through agreements with the city of Des Moines. Polk County, Lyon County, and five cities, (Des Moines, Hawarden, Blue Grass, Grinnell, and Lake Park) appear on the list as tax rebate recipients.

Table 7
FY 2014 Rebates by Company

Dollars in Millions			
Rebate			
Amount			
Rebated To:	Reported	% of Total	Location
Nationwide Mutual Insurance	\$ 2.8	4.5%	Des Moines
Wells Fargo	2.2	3.5%	Des Moines
KIMCO Metro Crossing LP	1.7	2.7%	Council Bluffs
Iowa West Foundation	1.5	2.4%	Council Bluffs
Wellmark	1.3	2.1%	Des Moines
Davis Brown	1.3	2.1%	Des Moines
Citizen's First Bank c/o Valley Bluff	1.1	1.8%	Clinton
City of Des Moines	1.1	1.8%	Des Moines
Athene (Aviva) USA Corporation	1.0	1.6%	West Des Moines
Clive Health Campus Titleholders	1.0	1.6%	Clive
Deere Credit Services Inc.	0.9	1.4%	Johnston
Westdale CR Ventures #1, LLC	0.8	1.3%	Cedar Rapids
Bass Pro Trustee	0.8	1.3%	Council Bluffs
889 Other Rebate Agreements	44.7	71.9%	Various
Total	\$ 62.2	100.0%	

Nonrebate Projects

Local governments reported a total of 2,087 nonrebate projects financed through TIF Special Revenue Funds in FY 2014. 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 2014. Of those projects, 1,759 were listed as physically complete and 477 projects are in progress. **Table 8** provides a breakdown of projects by number and by FY 2014 expenditure amount. Note that the expenditure amounts represent the payments made in FY 2014 and do not reflect the entire cost of the projects.

For the FY 2014, the category of Roads, Bridges, and Utilities represents approximately 47.0% of both the number of total projects, and the amount of money expended on projects. The second most common TIF expenditure category is public buildings, representing 6.9% of projects and 8.6% of expenditures.

Table 8
Number of Projects Reported by Project Category
Dollars in Millions

Number of TIF Projects by Type	Ongoing	Complete	Total	FY 2014 Expended Amount	% of \$ Total
Roads, Bridges & Utilities	234	818	1,052	\$ 116.3	46.6%
Municipal/Public-Owned Buildings	20	134	154	21.4	8.6%
Commercial - Office Properties	11	60	71	19.7	7.9%
Recreational Facilities	20	80	100	13.6	5.5%
Water/Waste Treatment Plants	11	81	92	13.5	5.4%
Industrial/Manufacturing	15	111	126	12.3	4.9%
Administrative Expenses	58	114	172	11.1	4.5%
Commercial - Retail	26	69	95	9.0	3.6%
Acquisition of Property	9	87	96	8.6	3.4%
Commercial - Hotels/Conference Centers	1	29	30	7.3	2.9%
Commercial - Warehouses & Distribution	2	14	16	4.1	1.6%
Residential	18	65	83	2.8	1.1%
Mixed Use Property	11	15	26	2.7	1.1%
Lake & Related Improvements (RIZ)	12	2	14	2.0	0.8%
Low & Moderate Income Housing	20	39	59	1.9	0.8%
Commercial - Apartments/Condos/Residential	2	15	17	1.1	0.4%
Agribusiness	0	6	6	0.8	0.3%
Commercial - Medical	0	14	14	0.6	0.2%
Main Street Iowa Program	7	6	13	0.6	0.2%
Total	477	1,759	2,236	\$ 249.4	100.0%

Public Building Analysis

[Iowa Code section 403.5\(2\)\(b\)\(1\)](#) requires municipalities to analyze other funding options available when proposing to finance government 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 FY 2014, eight cities filed a total of 10 public building financial analyses documents. The filed documents are available on the TIF public access website. The following describes the documents filed for FY 2014.

- Baxter – The City of Baxter project involves the purchase of a building and the lease of a portion of the building for use as a private medical clinic. The remainder of the building is to be used as a police station. The city intends to borrow \$110,000 for the project and repay the debt with TIF property tax dollars. The city intends to use lease payments from the medical clinic for a portion of the building expense. The alternative revenue analysis submitted by the city mentions and rejects local option sales tax, the city general fund, the capital improvement levy, the debt service levy, and utility fund surpluses. The analysis mentions that local option sales tax revenue is already committed to other purposes, ongoing general fund is already fully committed and it is too risky to use current general fund reserves, and the Council and citizens are unwilling to borrow money for the project in a manner that would be repaid through the city tax rate.
- DeWitt – The City of DeWitt project involves the expansion and renovation of the DeWitt Fitness Center. The city intends to utilize up to \$225,000 in TIF property tax dollars for the project. The alternative revenue analysis submitted by the city mentions and rejects the use of local option sales tax, the city general fund, the capital improvement levy, the debt service levy, and utility fund surpluses. The analysis mentions that local option sales tax revenue is already committed to other purposes, ongoing general fund is already fully committed and it is too risky to use current general fund reserves, and the Council and citizens are unwilling to borrow money for the project in a manner that would be repaid through the city tax rate. Fitness Center fees are also discussed as a revenue source but rejected due to the Center's ongoing financial deficit.
- Des Moines – The City of Des Moines project involves the renovation of Principal Park Stadium, the home of the Iowa Cubs minor league professional baseball team. In addition, renovation of one parking ramp and the demolition of another are included as part of the project. The analysis does not provide any information on the costs involved or the amount of TIF property tax revenue involved. The document submitted by the city provides very little in the way of alternative development financing options, with a brief discussion of delaying the project and funding it through stockpiled general fund cash flow, and a brief discussion of debt financing and the city's constitutional debt limit.
- Dubuque – The City of Dubuque project involves seven subprojects. Three subprojects involve bus and other transit-related facilities. Other subprojects involve a public restroom building, air conditioning units for the Five Flags Arena, an initial study to determine how to convert the Hawthorne Building into usable space, and renovation of the former Federal Building, now a city-owned property. The document submitted by the city mentions, but does not provide analysis of, additional funding sources including local option sales tax, parking fees, gambling revenue, State and federal grants, and private fundraising. The document mentions that all projects will have ongoing operation and maintenance expenditures that will not be financed through TIF.
- Muscatine I & II – The City of Muscatine has two projects that involve the replacement of boilers at the City Hall and the Municipal Arts Center, with a combined cost of \$110,000. The alternative revenue analysis submitted by the city mentions and rejects local option sales tax, the city general fund, the capital improvement levy, the debt service levy, and utility fund surpluses. The analysis

concludes that using general fund reserves would be risky and accessing debt levies through referendum would not be feasible. The city received a total of \$38,000 in State grants for the two projects.

- Urbandale – The Urbandale project involves transitioning a private commercial building into a city public works facility. The TIF property tax revenue cost of the project is expected to be \$750,000. The submitted document discusses the city operating budget and the City Council's policy as it relates to a Debt Retirement Fund and a Capital Improvement Program, but no financial background data is provided in the document.
- Walcott – Walcott intends to use TIF revenue to pay for a portion of a new municipal building to house the police department and the City Hall. The project cost cited is \$1.5 million. The city intends to borrow the money for the building, through either the issuance of bonds or through internal loans. An unspecified portion of the debt is expected to be repaid with TIF property tax revenue. The alternative revenue analysis submitted by the city mentions and rejects the city general fund, the capital improvement levy, the debt service levy, and utility fund surpluses. The city intends to use local option sales tax revenue to pay costs associated with the sidewalk and storm water needs of the project.
- Waukon – The City of Waukon intends to pay for a portion of the cost to construct a fire station for the Waukon Area Fire Protection District. The city portion of the construction is expected to be \$750,000. The submitted document discusses, but provides no financial data, on alternative funding sources including the city general fund, local option sales tax, revenue bonds, and general obligation bonds. The Waukon Economic Development Corporation is expected to gift to the Fire District a suitable lot for the station.

Table 9 provides a list of the proposed public buildings, along with a review of the types of additional funding options considered by the local government.

Table 9
Public Building Analysis

Local Gov.	Public Facility	City or County General Fund	Debt Service or Capital Improvement Levy	Grants, State or Federal Funds	Local Option Taxes	Donations & User Fees	Utility Fund Surpluses	New Project for FY 2014
Algona	Public Library	No	No	No	No	No	n/a	
Baxter	Police Station/Medical Building	No	n/a	n/a	n/a	n/a	n/a	X
Clive	Town Center Municipal Buildings	No	No	No	No	n/a	n/a	
DeWitt	Police Facility	No	No	No	No	n/a	No	
DeWitt	Fitness Center Improvements	No	No	n/a	No	No	n/a	X
Des Moines	Principal Park Stadium & Downtown Parking Ramps	No	n/a	n/a	n/a	n/a	n/a	X
Dubuque	Downtown Parking Ramps Refinancing	No	No	No	No	Yes	n/a	
Dubuque	Multicultural Family Center Improvements	No	No	No	No	n/a	n/a	
Dubuque	Mystique Ice Center Improvements	No	No	No	No	n/a	n/a	
Dubuque	Public Restroom at 5th and Bluff Street	No	No	No	No	n/a	n/a	
Dubuque	Transportation Buildings & Restroom,	n/a	n/a	n/a	n/a	n/a	n/a	X
Dubuque	Hawthorne Building, Five Flags A/C, Federal Building	n/a	n/a	n/a	n/a	n/a	n/a	X
Garnaville	Municipal Building	No	No	No	Yes	n/a	No	
Marquette	Scenic Overlook and Boardwalk	Yes	No	Yes	No	No	n/a	
Muscatine	City Hall Boiler Replacement	No	No	Yes	No	n/a	n/a	X
Muscatine	Museum Boiler Replacement	No	No	Yes	No	n/a	n/a	X
Palo	FEMA Safe Room Community Center	No	No	Yes	No	n/a	No	
Urbandale	9565 Hickman Road Public Works Property	n/a	n/a	n/a	n/a	n/a	n/a	X
Walcott	City Hall	No	No	n/a	Yes	n/a	No	
Walcott	Municipal Building - Police and City Hall	No	n/a	n/a	Yes	n/a	n/a	X
Waukon	Library Project	No	No	Yes	No	Yes	n/a	
Waukon	Fire Station	No	n/a	Yes	No	n/a	n/a	X

Yes = The city or county plans to use that source for a portion of the project.

No = The city or county analyzed that source but does not plan to use it, or the source is not available.

n/a = That funding source was not discussed to any degree of detail in the analysis.

Low and Moderate Income (LMI) Housing

Iowa's TIF enabling legislation requires that local governments providing TIF-financed public improvements related to housing or residential development also expend funds assisting LMI housing.⁴ The LMI housing requirement is a percentage of TIF expenditures equal to the countywide percentage of that population that falls into the LMI category. The specified percent varies depending on the population of the municipality. Municipalities with a population of 5,000 or less may not require any set-aside, while municipalities with a population exceeding 15,000 require at least 10.0% and often higher. The TIF report project asked local governments to report:

- The FY 2014 expenditures for public infrastructure related to housing (expenditures that trigger the LMI set-aside).
- The FY 2014 expenditures that satisfy FY 2014 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.

The urban renewal reporting website was modified for FY 2014 in an attempt to make the LMI data entry portion more intuitive. Unfortunately, the end result did not achieve the objective as the number of local governments reporting LMI requirements and/or

⁴ The LMI requirement only applies to economic development urban renewal areas. Slum and/or blight urban renewal areas do not have an LMI requirement.

expenditures fell from 65 in FY 2013 to 18 in FY 2014. This is likely the result of confusion created by the LMI data entry process. The LSA and DOM will work to ensure that the LMI reporting area is fully functioning for the FY 2015 report.

The website issue did not impact the outstanding obligation portion of the data collection. Four counties and 41 cities reported a total of \$10.5 million in LMI financial obligations that must be satisfied in future fiscal years. Five local governments, DeWitt, Milford, Winterset, Pleasant Hill, and LeClaire, represent 47.6% of the total outstanding LMI 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 67 local governments reported 242 development agreements in place in FY 2014. Those agreements required a total of 34,326 jobs. Of that total, 63.7% represented the job totals for five local governments (Des Moines, Dubuque, Davenport, Iowa County, and West Des Moines).

Jobs agreements totaling at least 1,000 jobs include:

- Wells Fargo (4,152 jobs, Des Moines).
- Nationwide Insurance (4,115 jobs, Des Moines).
- Wellmark (1,820 jobs, Des Moines).
- Whirlpool (1,600 jobs, Iowa County).
- IBM (1,300 jobs, Dubuque).
- Athene/Aviva (1,296 jobs, West Des Moines)
- Von Maur (1,450 jobs, Davenport)

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 one project contained an entry for the number of jobs associated with the project, many did not report wage and capital investment information.

In addition, the report allowed for the reporting of other governmental financial incentive programs that also assisted in financing the project. Of the 242 development agreements listed, 97 projects include at least one other State or local financial assistance program. Two projects, Nationwide Insurance in Des Moines and IBM in 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 Development Authority High Quality Jobs Program, community college job training through Iowa Code chapter [260E](#), the Targeted Jobs Withholding Pilot Project, local property tax abatement, and the Enterprise Zone Program. Local governments were not required 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.

The FY 2014 DOM dataset contains a total of 3,255 city, county, and Rural Improvement Zone TIF Taxing Districts. The reporting requirement requires information for each TIF Taxing District including:

- 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 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.
- Using the Frozen Base Value and the value of the TIF increment, the 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 for the District. The system then subtracts the actual increment used from the maximum to determine and report if there is any unused increment value.
- The TIF property tax dollars received by the District in FY 2014.

The following statistics related to the TIF area designation are based on the 3,242 Districts that reported.

- TIF Taxing District designation:
 - Slum, Blight, or Both = 203 (6.3%).
 - Economic Development and Slum/Blight = 356 (11.0%).
 - Economic Development Only = 2,267 (69.8%).
 - No designation entered, but with budgeted TIF Revenue = 122 (3.8%).
 - No designation entered, no budgeted TIF Revenue = 294 (9.1%).
- The earliest TIF Taxing District base years are Dubuque and Carroll (1966). Waterloo and Mason City also have Districts with base years from the 1960s.
- Of all TIF taxing districts with a base year reported from 1997 through 2014, 87.8% of TIF Taxing Districts are designated economic development districts.
- Of the taxing districts with a designation reported, 50.4% reported a statutory end date. Since base year 1997, the percentage is 67.1% with required end dates.
- Total FY 2014 TIF property tax revenue received, as reported by local governments through the TIF annual report totals \$288.6 million. The budgeted FY 2014 TIF

revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is \$291.9 million, making the reported number 98.9% of the expected total. The reporting percentage for the FY 2012 report was 95.6% and 99.0% for FY 2013.

- Across all reporting local governments, the total unused increment equals \$10.6 billion of taxable value.
- Of the 3,270 city, county, and Rural Improvement Zone TIF Taxing Districts:
 - 894 utilize 100.0% of the available increment.
 - 1,158 have no increment available.
 - 1,147 have unused increment.
 - 58 utilized increment value in excess of the calculated maximum.

Public Access to the Data

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 solr.legis.iowa.gov/tif/la and click on the red box titled “Public TIF Reports Page.” See **Appendix B** for a screen shot of the Urban Renewal reporting and public access website.

From there, the website takes the user to a list of all local governments with Urban Renewal Areas listed in the DOM property tax system. Access to the FY 2012 and FY 2013 reports is provided through tabs toward 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 alphabet filter near the top provides access to local governments by the first letter of their name.

The following is the type of information available through the website:

- For each local government with an approved report, a link on the right allows access to a PDF version of their 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.
- At the very top of this page are two links to Excel-based tools for data access. The left link provides a tool to compare one local government to another on significant TIF-related variables. The right link provides access to an Excel query tool that allows the user to search and retrieve information for a single local government or for all local governments.
- The top of this page also contains links to the FY 2012 and FY 2013 LSA Annual TIF Reports.

TIF Report Project – Summary

For the FY 2014 report, 477 local governments filed Urban Renewal reports with the State, 95.6% of the expected 499 local governments. The TIF revenue reported across all the reports totaled \$288.6 million, 98.9% of the FY 2014 budgeted TIF revenue for cities, counties, and Rural Improvement Zones. Highlighted findings from the FY 2014 report include:

- The FY 2014 reporting project had an excellent response rate as discussed in the previous paragraph. Any local government that is subject to the reporting requirement will not be able to certify their FY 2016 budget until an Urban Renewal report has been filed with the DOM.
- Local governments have a total of about \$112.0 million in TIF Special Revenue Fund balances. That amount represents about 60.0% of a year's TIF revenue. This money may only be expended on eligible Urban Renewal activities, or it must be returned to the county for distribution to the regular local government property tax system.
- TIF property tax revenue totaled \$288.6 million for the year and expenditures from TIF Special Revenue funds on property tax rebates and debt payments totaled \$310.5 million.
- Minimal unused TIF Special Revenue Fund revenue (approximately \$300,000) was returned to the local property tax system.
- Local governments reported a total of \$2.882 billion in outstanding debt that they expect to repay with future TIF revenue. The amount is an increase from the FY 2013 reported debt and represents 10 years of TIF revenue at the FY 2014 collection level.
- More than 50.0% of the reported outstanding TIF debt has a repayment schedule that extends to FY 2025 and after.
- Approximately 70.0% of all outstanding TIF debt is bond debt and another 17.7% is future tax rebates.
- Annual appropriation debt represents 34.6% of all reported debt.
- \$62.2 million in property tax rebates were paid with TIF funds in FY 2014.
- \$249.4 million in TIF funds was used on nonrebate expenditures (debt repayments).
- Of the \$249.4 million, 46.6% was associated with bridge, road, and utility projects and 8.6% was associated with public buildings.
- Four counties and 41 cities reported a total of \$10.5 million in LMI financial obligations that must be satisfied in future fiscal years.
- A total of 67 local governments reported 242 development agreements in place in FY 2014. Those agreements require the creation or retention of 34,326 jobs. Most projects financed with TIF revenue do not have specific job creation agreements.
- Less than 20.0% of TIF taxing districts were created with slum and/or blighted conditions as a reason for the need to create the district. The large majority (69.8%) of TIF districts in Iowa were created on the exclusive finding of economic development need.
- A total of eight cities filed 10 public building financial analyses through the TIF reporting system for FY 2014 and over two years, a total of 22 reports have been filed by 13 cities.

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APPENDIX A

TIF History and Background

Basic Urban Renewal and TIF History

- Commonly referred to by its acronym of “TIF” but officially part of Iowa’s “Urban Renewal” law, property tax TIF is simply a financing option for urban renewal activities that utilize property tax revenue to address slum and blight conditions and/or promote economic development.
- Authorization for urban renewal activities is found in Iowa Code chapter [403](#). This Iowa Code chapter was enacted in 1957 (SF 184).
- Tax Increment Financing was added as a financing mechanism for Urban Renewal in 1969 (HF 562).
- Cities and counties may establish TIF areas.
- Rural Improvement Zones (Iowa Code chapter [357H](#)) – A Rural Improvement Zone (RIZ) is an area designated by a county around a private development lake. TIF funds may be collected and utilized for development projects within the RIZ.
- Three versions of Iowa tax increment financing that are not covered by the reporting requirement include:
 - Community College Job Training (Iowa Code chapter [260E](#)) – Allows a community college, in conjunction with a qualified employer, to utilize income tax withholding to finance job training for the employer.
 - Local Option Sales Tax TIF (Iowa Code section [423B.10](#)) – Allows cities to capture and utilize local option sales tax revenue for development activities within an Urban Renewal Area.
 - Targeted Jobs Withholding Tax TIF (Iowa Code section [403.19A](#)) – Allows specific cities to utilize income tax withholding from qualified jobs within an Urban Renewal Area to finance development activities.

Basic Urban Renewal and TIF Process

- Municipalities designate a specific geographic area (or areas) as an Urban Renewal Area.
- Urban Renewal areas are designated as either “slum and/or blighted” or as “economic development.” They may also receive more than one designation.
- The municipality generally does not need the permission of the other taxing authorities in order to establish a TIF.
- A tax “base” is established for the area to account for the assessed value prior to the designation. The tax revenue from the base value remains with the traditional taxing authorities. However, under certain circumstances (usually the impact of taxable value rollbacks) the base value declines and in some instances goes to zero, leaving the traditional taxing authorities with no revenue from the entire TIF District.

- In future years, any increased assessed value above the base is referred to as “increment” value. The TIF authority may access the taxes generated from the increment value. If the TIF authority accesses the increment revenue, that revenue does not go to the traditional taxing authorities.
- Debt levies, the school Physical Plant and Equipment Levy (PPEL), and for FY 2014 and after, the Instructional Support Levy (ISL), are not included in the division of revenue.
- The TIF authority is not required to access the entire increment value.
- The increment is not limited to new construction value. The increment also includes any increased value due to revaluation of existing property, including the common impact of property value inflation.
- Once designated, the geographic area of the TIF may be amended by the municipality.
- Urban Renewal areas created prior to 1995 and any area created on a finding of slum or blight are not required to expire. Since 1995, economic development areas are limited to 20 years in duration, but only if they are not also designated slum or blighted.
- Through the action of the school aid formula, TIF creates a direct impact on the State General Fund. The taxable value in TIF increment areas is not included in the school aid calculation. Therefore, the property tax portion of school finance is lower and the State General Fund portion is higher than would otherwise be the case. For FY 2014, the direct General Fund impact was an increase in the State School Aid appropriation of \$51.4 million.

Previous TIF Reporting Requirements

- The 1999 General Assembly (HF 776) enacted language requiring municipalities to report TIF activity annually to the State. The report included detailed information on each TIF area and the associated projects.
- In 2003, those reporting requirements were removed and replaced by a semiannual report detailing outstanding TIF obligations. Debt reports were filed in 2003 and 2005.
- In HF 2777, the 2006 General Assembly enacted language requiring more detailed accounting of TIF revenue and expenditures. The report was made part of the budget documents and budget process.
- In [HF 2460](#), the 2012 General Assembly replaced the budget process reporting with the required reporting that is the subject of this annual report.
- Previous LSA *Issue Reviews* on the topic of TIF Include:
 - [FY 2012 and FY 2013 Annual Urban Renewal Reports](#)
 - [2006 TIF Debt Report](#)
 - [2003 City TIF Report](#)
 - [2003 County TIF Report](#)
 - [1997 TIF Report](#)
 - [1993 TIF Report](#)

FY 2014 TIF Statistics⁵

- For FY 2014, there were 857 active Urban Renewal areas in Iowa (they have either a base value, increment value, or both). Another 164 areas are in the database but do not have taxable value.
- Of the 857 active areas, 127 areas do not have an increment value so they did not generate TIF revenue in FY 2014.
- Of the 730 areas that did generate TIF revenue, 90 did not have a base taxable value, meaning that with the exception of TIF-exempt debt levies, the entire property tax revenue generated by the area went to TIF.
- The largest FY 2014 Urban Renewal area in the State by taxable value was the Metro Center Merged Area in downtown Des Moines. That area generated \$27.4 million in TIF revenue in FY 2014. A total of 65 Urban Renewal Areas generated \$1.0 million or more in FY 2014 TIF increment revenue
- While in general, property tax revenue generated from the tax increment value is TIF revenue and therefore not shared with the traditional taxing bodies, debt levies, and two school finance levies are exempt from TIF diversion. Across all TIF increments in FY 2014, 15.7% of all increment property tax revenue⁶ was not diverted to TIF but instead was remitted to the traditional taxing bodies as a result of the exempt levies.
- A total of 390 local governments⁷ received TIF revenue in FY 2014, including:
 - 338 cities
 - 47 counties
 - 1 Community College
 - 4 Rural Improvement Zones

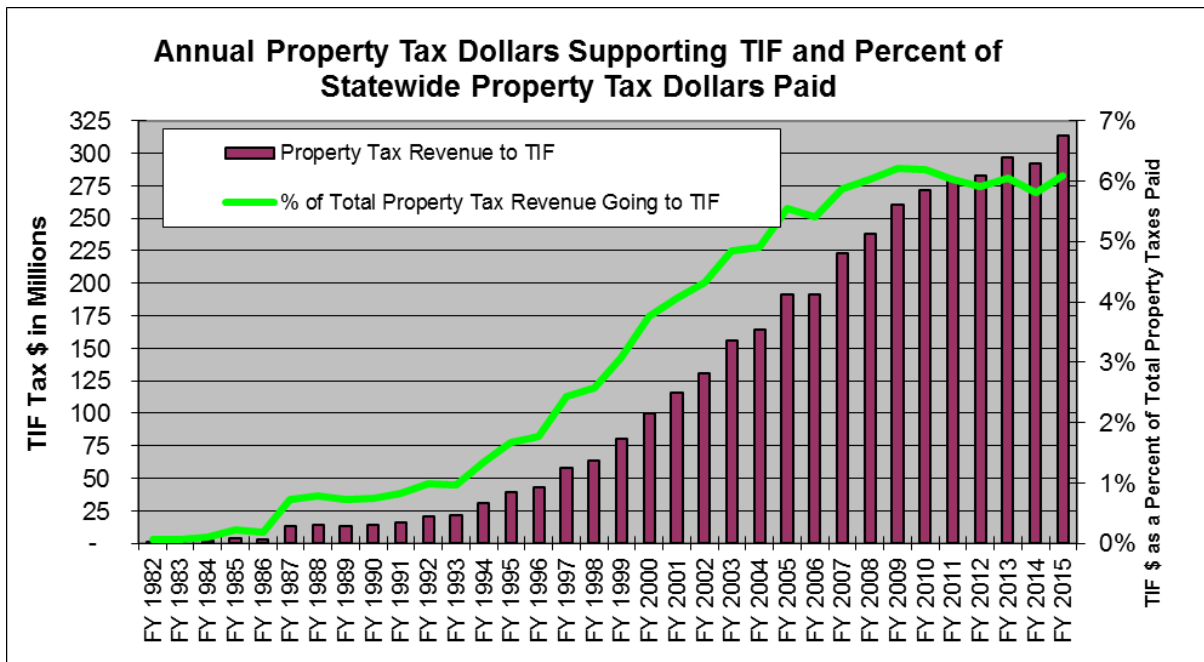
The following chart depicts the amount of property tax dollars statewide that financed TIF from FY 1982 through FY 2015 (bars, left axis). The TIF finance total reached \$100.0 million by FY 2000, \$191.0 million by FY 2005, \$272.0 million by FY 2010, and \$291.0 million in FY 2014.

The green line (right axis) depicts the percent of all property taxes paid in the State that financed TIF. The graph shows that a significant change in the slope of the line started with FY 1994 and the increase was fairly consistent, reaching 6.2% in FY 2009. In the following five years, the percentage of total property tax dollars dedicated to TIF has decreased somewhat.

⁵ The FY 2014 TIF statistics are from the DOM Property Valuation System and not from the TIF Annual Urban Renewal Report.

⁶ For FY 2014, TIF increments generated a total of \$346.3 million in property tax revenue. Of that amount, \$291.9 million was used to finance TIF, and \$54.3 million was directed to local government debt levies.

⁷ There are a total of 472 local governments with TIF Taxing Districts in the DOM Property Valuation System. However, 82 of those did not receive TIF revenue in FY 2014.



APPENDIX B

Urban Renewal Reporting and Public Access Website Screen Shot 1

<http://www.dom.state.ia.us/>

The screenshot shows the Iowa Department of Management (DOM) website in Mozilla Firefox. The browser address bar displays www.dom.state.ia.us/. The website header includes the Iowa Department of Management logo and navigation links: [About Us](#), [Contact Us](#), and [Results Iowa](#). The main content area is titled "Welcome" and provides an overview of the DOM's mission and services. A sidebar on the left lists various categories: DOM Home, State Budget, Local Budget & Finance, Planning & Performance, Early Childhood Iowa, State Appeal Board, and Iowa Grants. The "Iowa Grants" section lists DOM's key services, products and activities include:

- State budget development and oversight
- Governance system development and oversight - Accountable Government Act (AGA) including strategic and performance planning
- Policy development and analysis
- Revenue estimating and economic forecasting
- Community empowerment coordination for early childhood
- Continuous improvement/Lean implementation
- Enterprise project management
- State Appeal Board administration
- Local government budget support
- Utility tax replacement administration
- Collective bargaining support

Below this list, a section titled "New Available" contains several links:

- [State Appeal Board Agenda - February 2014](#)
- [Budget in Brief - Fiscal Year 2015](#)
- [Iowa Budget Book - Fiscal Year 2015](#)
- [Guide for State Agency Strategic Planning](#)
- [Revenue Estimating Conference Results](#)
- [Iowa Tax Credit Review](#)
- [Annual Urban Renewal Report-Public Information](#)

A red arrow points to the "Annual Urban Renewal Report-Public Information" link. A text box with a black border contains the text: "Click here for public access. You do not need a username or password."

APPENDIX B – Urban Renewal Reporting and Public Access Website Screen Shot 2 Public Sign On

<https://solr.legis.iowa.gov/tif/la>



APPENDIX B

Urban Renewal Reporting and Public Access Website Screen Shot 3

<https://solr.legis.iowa.gov/tif/public>

The screenshot shows the 'TIF Levy Authority Reporting' website in a Mozilla Firefox browser. The page features a navigation bar with links for 'Data Comparison Tool', 'Data Access Tool', 'FY12 LSA TIF Report', 'FY13 LSA TIF Report', and 'Levy Authority Manager Login'. Below the navigation bar, there are tabs for 'AY 2011/FY 2013 Report' and 'AY 2010/FY 2012 Report'. A filter bar allows users to select a county from a list of letters (A-Z). The main content area displays a table of county reports, with columns for 'County Reports', 'LA Code', and 'LA Report File'. Red arrows and callout boxes provide instructions on how to use the website:

- Click here for access to query tool to search and retrieve info for a single local government or for all local governments.** (Points to the 'Data Access Tool' link)
- Click here to make comparisons of up to 4 Levy Authorities in Excel format.** (Points to the 'Data Comparison Tool' link)
- Click here to filter info alphabetically.** (Points to the filter bar)
- Click on tabs to access reports from each available year.** (Points to the 'AY 2010/FY 2012 Report' tab)
- Click on red triangle to view PDF copies of plans, maps, and ordinances.** (Points to a red triangle icon in the 'LA Report File' column)
- Click here for PDF version of report submitted by local government.** (Points to a PDF link in the 'LA Report File' column)

County Reports	LA Code	LA Report File
ADAIR COUNTY	01	TIF-01-2011_12-18-2013.pdf
ADAMS COUNTY	02	TIF-02-2011_11-08-2013.pdf
AUDUBON COUNTY	05	TIF-05-2011_09-30-2013.pdf
BENTON COUNTY	06	TIF-06-2011_10-24-2013.pdf
BOONE COUNTY	08	TIF-08-2011_12-03-2013.pdf
BREMER COUNTY	09	TIF-09-2011_11-26-2013.pdf
BUTLER COUNTY	12	TIF-12-2011_12-18-2013.pdf
CALHOUN COUNTY	13	TIF-13-2011_11-08-2013.pdf
CARROLL COUNTY	14	TIF-14-2011_11-15-2013.pdf
CASS COUNTY	15	TIF-15-2011_12-18-2013.pdf
CEDAR COUNTY	16	TIF-16-2011_11-04-2013.pdf
CERRO GORDO COUNTY	17	TIF-17-2011_10-02-2013.pdf
CHEROKEE COUNTY	18	TIF-18-2011_10-02-2013.pdf
CLAYTON COUNTY	22	TIF-22-2011_10-02-2013.pdf
DALLAS COUNTY	25	TIF-25-2011_10-25-2013.pdf
DICKINSON COUNTY	30	
DUBUQUE COUNTY	31	
FAYETTE COUNTY	33	
FLOYD COUNTY	34	
FRANKLIN COUNTY	35	
FREMONT COUNTY	36	
GRUNDY COUNTY	38	
GUTHRIE COUNTY	39	TIF-39-2011_10-28-2013.pdf
HAMILTON COUNTY	40	TIF-40-2011_11-18-2013.pdf
HARDIN COUNTY	42	TIF-42-2011_12-18-2013.pdf
HARRISON COUNTY	43	TIF-43-2011_11-22-2013.pdf
HOWARD COUNTY	45	TIF-45-2011_12-18-2013.pdf
IDA COUNTY	47	TIF-47-2011_11-07-2013.pdf
IOWA COUNTY	48	TIF-48-2011_12-18-2013.pdf
JASPER COUNTY	50	TIF-50-2011_12-02-2013.pdf
KOSSUTH COUNTY	55	TIF-55-2011_10-07-2013.pdf
LUCAS COUNTY	59	TIF-59-2011_11-22-2013.pdf
LYON COUNTY	60	TIF-60-2011_10-24-2013.pdf
MARSHALL COUNTY	64	TIF-64-2011_11-26-2013.pdf
MILLS COUNTY	65	TIF-65-2011_11-25-2013.pdf
MITCHELL COUNTY	66	TIF-66-2011_11-19-2013.pdf
MONROE COUNTY	68	TIF-68-2011_09-06-2013.pdf
MUSCATINE COUNTY	70	TIF-70-2011_11-14-2013.pdf
O'BRIEN COUNTY	71	TIF-71-2011_12-18-2013.pdf
OSCEOLA COUNTY	72	TIF-72-2011_11-26-2013.pdf

APPENDIX C

Local Governments without Approved FY 2014 Urban Renewal Reports

Report Status as of January 29, 2015		
No Report Approval Date		
Levy Authority	FY 2014 Budgeted TIF Revenue	Also listed as Nonreporting for the FY 2013 Report
Bellevue	\$ 291,675	X
Battle Creek	-	
Bonaparte	-	
Buffalo Center	-	
Donahue	19,611	X
Earling	-	
Holiday Lake RIZ	145,494	X
Hospers	81,419	
Inwood	62,133	
Masonville	-	
Maxwell	-	X
Moville	-	
Nashua	-	
Norway	-	X
Orient	-	
Patterson	12,540	
Pulaski	4,253	X
Ringsted	-	
Roland	146	
Sheffield	-	
Shueyville	376,494	
Vinton	291,048	
	<u>\$ 1,284,813</u>	

TIF Summary Statistics FY 2012 - FY 2014

Dollars in Millions

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Number of Expected Reporting Governments	464	484	477
Reporting Governments as a % of Expected Reports	90.3%	96.8%	95.6%
Number of Urban Renewal Areas in DOM Property Valuation System	1,013	1,065	1,053
Number of Governments Without Reports on File as of Date of Annual Report	45	16	22
Budgeted TIF Revenue of Nonreporting Governments	\$ 12.7	\$ 2.0	\$ 1.3
TIF Revenue According to DOM Property Valuation System	\$ 283.2	\$ 296.8	\$ 291.9
TIF Debt Outstanding	\$ 2,830.3	\$ 2,768.4	\$ 2,882.0

DOM = Department of Management