FY 2019 ANNUAL URBAN RENEWAL REPORT
TAX INCREMENT FINANCING (TIF)

FISCAL SERVICES DIVISION

In consultation with

IOWA DEPARTMENT OF MANAGEMENT

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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 in HF 2460 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). House File 2460 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. **Appendix A** of this document provides basic information on TIF and a history of TIF reporting requirements.

The website for local government data entry, as well as for public access to the data, is found at: www.legis.iowa.gov/tif/la. See **Appendix B** for screenshots of the urban renewal reporting and public access website.

TIF Report Project — FY 2019 Summary

For the FY 2019 report, 460 local governments filed final urban renewal reports with the State by January 31, 2020. This represents 94.7% of the expected 486 local governments. Highlighted findings from the FY 2019 report include:

- While the FY 2019 reporting project had an excellent response rate, a few local governments have not submitted a report for FY 2019. Any local government that is subject to the reporting requirement will not be able to certify its FY 2021 budget until an urban renewal report has been filed with the DOM for the FY 2019 budget year. All local governments that had not filed the required information in time for last year's annual TIF report filed in time for FY 2020 budget certification.
- The reporting local governments had a total of $190.6 million in TIF Special Revenue Fund balances at the end of FY 2019. That amount represents 48.7% of FY 2019 reported TIF revenue. 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 2019 TIF revenue totals $326.0 million in property tax and $12.6 million in property tax replacement claims. Respectively, these amounts are 95.7% and 217.2% of the expected totals, based on budgets filed with the DOM at the beginning of FY 2019. Combined, the difference between what was budgeted as revenue ($346.6 million) and what was reported ($338.6 million) is $8.0 million.
- Expenditures from TIF Special Revenue Funds on property tax rebates and debt payments totaled $371.1 million, a decrease of 1.7% compared to FY 2018.
- Unused TIF Special Revenue Fund revenue totaling $1.4 million was returned to the local property tax system.
- Local governments reported a total of $3.518 billion in outstanding debt that they expect to repay with future TIF revenue. The amount is an increase of $191.0 million from the FY 2018 reported debt and represents 10.3 years of TIF property tax revenue at the budgeted FY 2019 TIF property tax revenue level of $340.8 million.
- Just over 50.0% of the reported outstanding TIF debt has a repayment schedule that extends beyond FY 2030.
- TIF bond debt (general obligation and TIF revenue bonds) represents 64.0% of all outstanding TIF debt, and 27.4% of the outstanding TIF debt is future tax rebates.
- Annual appropriation debt represents 40.7% of reported debt.
- A total of $76.9 million in property tax rebates was paid with TIF funds in FY 2019.
- A total of $295.8 million in TIF funds was used on nonrebate expenditures (debt repayments).
- Of the $295.8 million of nonrebate expenditures, 53.2% was associated with bridge, road, and utility projects; 8.5% with administrative expenses; and 8.2% with public buildings.
- Two counties and 59 cities reported a total of $18.0 million in LMI housing financial obligations that must be satisfied in future fiscal years.
- A total of 73 local governments reported a total of 287 development agreements in place in FY 2019. Those 73 agreements require the creation or retention of 35,266 jobs. Most projects financed with TIF revenue do not have specific job creation agreements or requirements.

- Less than 20.0% of TIF Taxing Districts were created with slum and/or blight conditions as a reason for the need to create the District. The majority (58.0%) of TIF Taxing Districts in Iowa were created on the exclusive finding of economic development need. Local governments have not provided a slum/blight/economic development designation for 991 Districts (26.6%).
- Over seven years, a total of 28 cities have reported public building projects that are expected to utilize TIF revenue. For the FY 2019 report, three local governments filed public building financial analyses. New and renovated public buildings projects financed in whole or in part with TIF revenue reported in the FY 2019 filing include:
  - Swimming pool
  - Career Academy as part of a new high school
  - Elementary school

Local Government Responses

For FY 2019, 483 cities, counties, and Rural Improvement Zones entered information into the online reporting system. A total of 26 of those local governments had not completed the process by the end of January 2020. All county governments and all large cities completed the process, so the missing information from the unfinished reports likely 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. For last year's reporting cycle, a total of 43 local governments had not submitted completed reports in time for the annual report process.[1]

Financial Summary

Local governments were asked to report FY 2019 revenue, expenditure, and fund balance information for all Urban Renewal Areas. For each local government, the amounts for all Areas should sum to the revenue, expenditures, 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.

- Beginning Balance — Across all reporting entities, the beginning balance in TIF Special Revenue Funds totaled $171.8 million, a decrease of $8.6 million compared to the FY 2018 total beginning balance. The beginning balance for FY 2019 was $7.2 million above the ending balance for FY 2018. The majority of the difference between the FY 2018 ending balance and the FY 2019 beginning balance is traced to three local governments (Rock Valley, Tiffin, and West Des Moines). The FY 2018 TIF ending balance for these governments totaled $1.2 million, but their FY 2019 beginning balance totaled $5.5 million.
- TIF Property Tax Revenue — Reported TIF property tax revenue for FY 2019 across all reporting entities totaled $326.0 million. The DOM property tax and local government budget system indicates that FY 2019 TIF property tax revenue should total $340.8 million, indicating that at least $14.8 million (4.3%) in FY 2019 TIF property tax revenue was not reported.

[1] Although 43 local governments had not filed FY 2018 TIF reports in time for last year's annual report, all local governments filed reports in time for certification of their FY 2020 budgets.

- Interest — Interest on balances held within a TIF Special Revenue Fund is to be deposited to that Fund and used to repay TIF debt. The FY 2019 total interest reported across all entities was $7.7 million, $2.7 million higher than the $5.0 million reported the previous year.[2] However, the destination of Fund balance interest continues to be an issue. There were 285 entities with TIF Special Revenue Fund beginning balances of $10,000 or greater for FY 2019, but only 136 (47.8%) of those reported TIF interest revenue for FY 2019. Of the 36 entities with more than a $1.0 million FY 2019 beginning balance, nine reported no interest deposited to their TIF Special Revenue Funds in FY 2019. Those nine local governments and their reported FY 2019 TIF Special Revenue Fund beginning balances include:
    - Franklin County ($11.5 million)
    - Blue Grass ($1.7 million)
    - Indianola ($1.7 million
    - North Liberty ($1.7 million)
    - Winnebago County ($1.5 million)
    - Polk City ($1.5 million)
    - Grimes ($1.1 million)
    - Windsor Heights ($1.4 million)
    - Hull ($1.4 million)
- 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 $5.8 million in replacement payments for FY 2019. The annual TIF reports indicate that $12.6 million was received. A small number of local governments that reported TIF property tax revenue incorrectly as replacement claim revenue may explain the discrepancy.
- Asset Sales and Repayments — Proceeds from the sale of assets purchased with TIF funds and from other reimbursements and repayments are to be deposited to the TIF Special Revenue Fund and used to repay TIF debt. In FY 2019, $34.0 million was deposited to the Special Revenue Fund.
- Rebates — Property tax rebates paid from TIF revenue totaled $76.9 million in FY 2019, up from $69.6 million for FY 2018.
- Nonrebate Expenditures — Nonrebate expenditures represent the repayment of TIF indebtedness. A total of $294.2 million in nonrebate TIF debt was repaid in FY 2019.
- Returned to Property Tax System — Eleven local governments reported a total of $1.4 million in excess TIF Special Revenue Funds being returned to the property tax system in FY 2019. Moneys returned to the property tax system in this manner are distributed to the regular property tax levy authorities.
- Ending Balance — The combined balance of all TIF Special Revenue Funds increased $18.8 million during FY 2019 compared to the balances reported at the

[2] The FY 2019 interest amount listed in **Table 1** is $18.7 million. A local government included the proceeds of an $11.0 million debt issuance as interest income, and cited a lack of any other place within the process to report the debt proceeds as the reason for including the debt proceeds as interest.

beginning of the fiscal year. At $190.6 million, the ending balance is an amount equal to 48.7% of reported FY 2019 TIF Special Revenue Fund revenue.

Table 1
TIF Special Revenue Funds Financial Summary
In Millions

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Beginning Balance	$ 104.5	$ 101.9	$ 99.5	$ 107.7	$ 129.3	$ 156.3	$ 180.4	$ 171.8
TIF Property Tax Revenue	274.2	293.9	288.6	304.2	295.2	310.4	323.9	326.0
Interest	6.4	2.9	1.0	3.3	4.2	6.3	5.0	18.7
Property Tax Replacement Claims	0.0	0.0	0.0	2.6	14.8	14.3	4.6	12.6
Asset Sales & Repayments	19.6	31.5	33.6	19.1	19.1	45.3	31.7	34.0
Total Revenue	$ 300.2	$ 328.3	$ 323.2	$ 329.2	$ 333.3	$ 376.3	$ 365.2	$ 391.3
Rebates	61.6	69.8	62.2	60.1	63.3	67.0	69.6	76.9
Nonrebate Expenditures	229.1	264.0	249.4	256.5	252.5	303.8	307.9	294.2
Returned to Prop. Tax System	0.1	0.1	0.3	0.9	0.2	0.3	0.9	1.4
Total Expenditures	$ 290.8	$ 333.9	$ 311.9	$ 317.5	$ 316.0	$ 371.1	$ 378.4	$ 372.5
Ending Balance	$ 113.9	$ 96.3	$ 110.8	$ 119.4	$ 146.6	$ 161.5	$ 167.2	$ 190.6

Debt

The survey of local governments required information on all outstanding debts at the beginning of FY 2019 that were to be paid with TIF property tax revenue in FY 2019 and future fiscal years. A total of 382 local governments reported a total of 3,253 debts outstanding (excludes any debts reported as zero) totaling $3.518 billion. Some entities reported debt repayments extending more than 30 years into the future. Just over 50.0% of the debt repayment relates to debt schedules that extend beyond FY 2030. **Table 2** provides a breakdown of the total TIF debt reported by all local governments.

Table 2
TIF Debt Reported, FY 2019

Fiscal Year of Final Debt Payment	Millions of Dollars	% of Total
FY 2019	$ 85.6	2.4%
FY 2020 - FY 2024	483.0	13.7%
FY 2025 - FY 2029	1,000.6	28.4%
FY 2030 - FY 2034	808.9	23.0%
FY 2035 - FY 2039	793.6	22.6%
FY 2040 & After	346.0	9.8%
Total	$ 3,517.7	100.0%

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 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 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.
- 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 funds on LMI housing, but have yet to do so, reflect the obligation as an outstanding debt.

Table 3
Reported Debt by Debt Type, FY 2019
Dollars in Millions

Debt Type	Principal	Interest	Debt	% of Total
General Obligation Bonds	$ 1,663.5	$ 419.0	$ 2,082.5	59.2%
Internal Loans	176.3	2.6	178.9	5.1%
Other Debt	101.1	3.6	104.7	3.0%
Rebates	957.4	6.4	963.8	27.4%
TIF Revenue Bonds	112.8	57.1	169.9	4.8%
Low and Mod. Income Housing	17.8	0.1	17.9	0.5%
Total	$ 3,028.9	$ 488.8	$ 3,517.7	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 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 option be exercised. On a year-to-year basis, payments are at the discretion of the governing board or council.

As indicated in **Table 4**, 40.7% 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, FY 2019
Dollars in Millions

Appropriation Category	Principal	Interest	Debt	% of Total
Conventional Debt	$ 1,758.2	$ 327.1	$ 2,085.3	59.3%
Annual Appropriation Debt	1,270.7	161.7	1,432.4	40.7%
Total	$ 3,028.9	$ 488.8	$ 3,517.7	100.0%

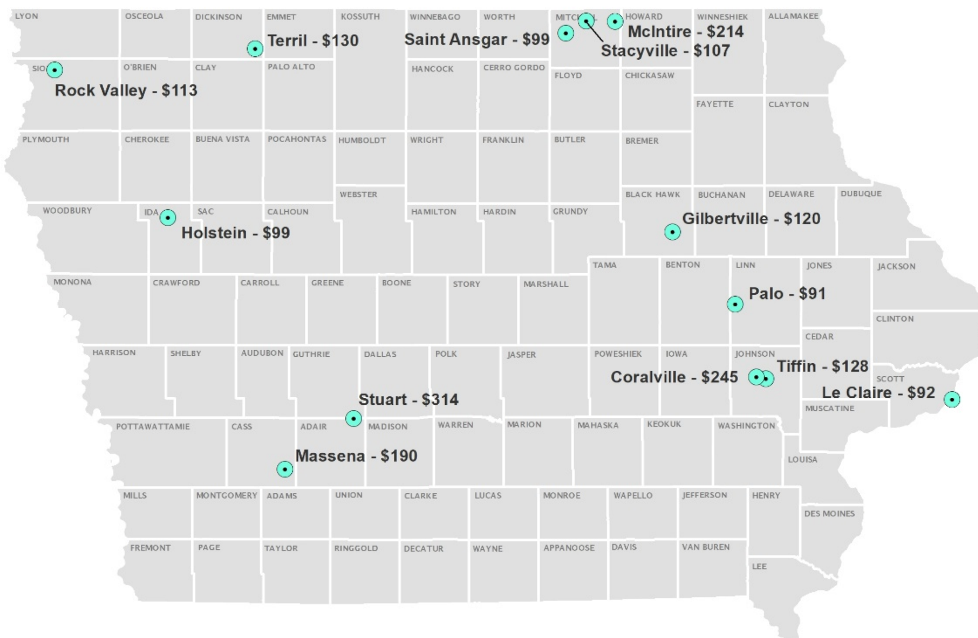
The 10 local governments with the largest dollar amount of TIF debt are listed in **Table 5**, along with the final fiscal year for their longest debt schedule. The 10 local governments listed in **Table 5** represent 55.2% of all TIF debt reported by all local governments utilizing TIF. To provide perspective on the size of each city's TIF debt, the right two columns of **Table 5** provide the taxable value of the city for property tax purposes and the TIF debt as a percentage of the taxed value of the city. The 10 cities represent 36.3% of the taxed value of all Iowa cities and 59.8% of all reported FY 2019 city TIF debt.

Table 5
TIF Debt Reported, FY 2019
Dollars in Millions

Local Government	Conventional Debt	Annual Appropriation Debt	Total Debt	Latest Repayment Date Reported	Total FY 19 Taxable Value of City	TIF Debt as a % of City Taxed Value
Des Moines	$ 132.4	$ 385.0	$ 517.4	FY 2047	$ 8,158.0	6.3%
Coralville	138.3	295.1	433.4	FY 2050	1,755.0	24.7%
West Des Moines	212.0	31.0	243.0	FY 2038	5,373.0	4.5%
Cedar Rapids	154.8	0.0	154.8	FY 2043	6,673.0	2.3%
Dubuque	103.6	25.0	128.6	FY 2045	2,767.0	4.6%
Sioux City	112.9	0.5	113.4	FY 2035	2,973.0	3.8%
Altoona	33.6	63.9	97.5	FY 2036	1,093.0	8.9%
Davenport	41.9	53.9	95.8	FY 2037	4,357.0	2.2%
Ankeny	65.7	15.2	80.9	FY 2042	3,508.0	2.3%
Waterloo	75.1	0.0	75.1	FY 2033	2,464.0	3.0%

For all cities with reported TIF debt, the debt amount (remaining principal and projected interest) averaged $32 per $1,000 of city FY 2019 taxable value. Thirteen Iowa cities with reported TIF debt of more than $90 per $1,000 of city taxable value are shown on the following map.

Cities with More Than $90 TIF Debt per $1,000 Taxable Value



Bond Debt

General Obligation Bond Debt — Local governments reported 1,013 separate general obligation bond debts, with debt payments totaling $2.083 billion and the longest payment schedule extending through FY 2050. The payment schedules of 55.8% of the reported debt extend to FY 2030 and beyond. The largest single bond debt listed was a city of Cedar Rapids debt for $64.0 million in remaining principal and interest. This debt has a payment schedule that extends through FY 2042, and it is not listed as an annual appropriation debt.

Tax Increment Financing Revenue Bond Debt — Local governments reported 88 separate TIF revenue bond debts, with debt payments totaling $169.9 million and the longest payment schedule extending through FY 2047. The payment schedules of 70.7% of the reported debt extend to FY 2030 and beyond. The largest single bond debt listed was a city of Coralville debt for $37.3 million. This debt has a payment schedule that lasts through FY 2047, and it is listed as an annual appropriation debt.

Internal Loan Debt

Local governments reported 703 internal loan debts totaling $178.9 million, with 102 loans extending past FY 2030. The city of Cedar Falls has the single largest internal loan debt. This $11.4 million debt was incurred in FY 2009 and has a listed final payment year of FY 2031. Of the total internal loan debt, 75.4% has a payment schedule extending beyond FY 2030.

Other Debt

Local governments reported 185 debts categorized as “other,” with future debt payments totaling $104.7 million. The largest single loan in this category is a $19.9 million debt listed by the city of Des Moines. This annual appropriation debt has a payment schedule ending in FY 2028. Of the total outstanding debt classified as other debt, 13.3% has a payment schedule extending beyond FY 2030.

Rebate Debt

Local governments reported 1,167 separate rebate agreements with rebate debt outstanding. The rebate debt totals $963.8 million, with the longest rebate agreement extending through FY 2042. Reported rebate debt increased $162.6 million (20.3%) from FY 2018 to FY 2019. Of the total outstanding rebate agreement debt, 59.7% has a payment schedule extending past FY 2030. The largest rebate agreement ($55.4 million) is a city of Des Moines agreement with Kum & Go. The agreement was entered into in 2015 and extends through FY 2040.

Low and Moderate Income Housing Debt

A total of 61 local governments (59 cities and 2 counties) reported 97 separate debts associated with LMI housing obligations. The LMI debt obligations total $18.0 million. A total of $6.5 million (36.3%) of this LMI debt carries an incurred year of 2013 or earlier.

FY 2019 Rebate Expenditures

A total of 228 local governments reported $76.9 million in rebate payments issued from TIF revenue to taxpayers during FY 2019. Seventeen cities issued 62.0% of the FY 2019 rebated tax dollars. The list of the 17 local governments rebating $1.0 million or more is found in **Table 6**.

Table 6
FY 2019 Local Government Rebate Totals
Dollars in Millions

Local Government	Tax Rebate Total	# of Reported Rebates
Des Moines	$ 17.1	53
Johnston	3.8	14
West Des Moines	3.2	7
Davenport	2.9	10
Cedar Rapids	2.7	21
Dubuque	2.6	34
Waterloo	1.8	38
Clinton	1.6	5
Le Claire	1.6	28
Coralville	1.6	9
Ankeny	1.5	15
Bettendorf	1.4	17
Muscatine	1.4	10
Council Bluffs	1.2	10
Dyersville	1.2	16
North Liberty	1.1	5
Sioux City	1.0	10
211 Other Local Governments	29.2	691
Total	$ 76.9	993

Table 7 provides a list of companies and entities receiving $1.0 million or more in TIF-financed property tax rebates in FY 2019, as reported by the local governments. The 10 listed rebate entities represent 19.1% of all rebates reported for FY 2019.

Table 7
FY 2019 Rebates by Entity
Dollars in Millions

Rebated To:	Rebate Amount Reported	% of Total	Location
Pioneer/DuPont Pioneer	$ 2.5	3.3%	Johnston/Spencer/Dallas Center
Nationwide Mutual Insurance Company	1.9	2.5%	Des Moines
Wellmark	1.6	2.1%	Des Moines
Microsoft	1.5	2.0%	West Des Moines
Davis Brown	1.3	1.7%	Des Moines
Nelson Construction	1.3	1.7%	Des Moines
Citizen's First Bank c/o Valley Bluff	1.2	1.6%	Clinton
Wells Fargo Financial	1.2	1.6%	Des Moines
Birchwood Crossing Business Park, L.C.	1.1	1.4%	Johnston
Frew Development Group LLC	1.1	1.4%	Cedar Rapids
972 Other Rebate Agreements	62.2	80.9%	Various
Total	$ 76.9	100.0%	

Nonrebate Projects

Local governments reported a total of 2,264 nonrebate projects financed through TIF Special Revenue Funds in FY 2019. 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 2019. Of those projects, 1,628 were listed as physically complete and 636 projects were in progress. **Table 8** provides a breakdown of projects by status and by FY 2019 expenditure amount. Note that the expenditure amounts represent the payments made in FY 2019 and do not reflect the entire cost of the projects.

The category of Roads, Bridges, and Utilities represents 42.1% of the number of projects and 53.2% of project expenditures for the year. As a percent of nonrebate expenditures, the second most common category is Administrative Expenses (8.5%), followed by Public-Owned Buildings (8.2%).

Table 8
Projects Reported by Project Category, FY 2019
Dollars in Millions

TIF Projects by Category	Ongoing	Complete	Total	FY 2019 Expenditure Total	% of $ Total *
Acquisition of Property	26	102	128	$ 11.5	3.9%
Administrative Expenses	124	176	300	25.2	8.5%
Agribusiness	2	11	13	1.0	0.3%
Commercial, Apartments/Condos/Residential	5	11	16	1.1	0.4%
Commercial, Hotels/Conference Centers	9	19	28	6.4	2.2%
Commercial, Office Properties	10	35	45	5.3	1.8%
Commercial, Retail	28	73	101	13.7	4.6%
Commercial, Warehouses & Distribution	5	11	16	1.7	0.6%
Commercial, Medical	1	10	11	0.9	0.3%
Industrial/Manufacturing	21	66	87	9.2	3.1%
Lake & Related Improvements	12	2	14	1.4	0.5%
Low and Moderate Income Housing	36	30	66	3.9	1.3%
Main Street Iowa Program	5	11	16	0.8	0.3%
Mixed-Use Property	24	26	50	5.3	1.8%
Public-Owned Buildings	21	115	136	24.3	8.2%
Recreational Facilities	29	88	117	12.1	4.1%
Residential	23	51	74	4.2	1.4%
Roads, Bridges, and Utilities	239	715	954	157.3	53.2%
Water/Waste Treatment Plants	16	76	92	10.5	3.6%
Total	**636**	**1,628**	**2,264**	**$ 295.8**	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 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 this annual report, one city and two counties filed new public building financial analysis documents. The following describes the documents filed this year.

- Greene County — The county has authorized $5.0 million in TIF revenue to be used to construct a Greene County Career Academy in conjunction with a new high school for the Greene County Community School District. When completed, the Academy portion of the new building will provide a site for a community college to offer employment training. The Academy will be used during the day to provide classes to any high school student from any school district representing any portion of the county. Evening courses will be offered to all residents of Greene County. The county's financial alternatives analysis states that various sources of revenue for the building were considered, including TIF, general obligation bonds, and private donations. The county plans to issue general obligation bonds that will be repaid with TIF revenue. The source of the TIF revenue is the incremental revenue generated from wind-energy conversion turbines (wind farms) located in the county.

- Lake Mills — The city intends to use TIF revenue for the continued maintenance and improvement of an existing municipal swimming pool. The city intends to pay for the improvements either through borrowed funds or through internal loans from other city accounts, with repayment of the loans (approximately $35,000) with TIF revenue. The city's financial alternatives analysis cites the economic development benefits of recreational facilities. The city's analysis discusses local option sales tax (already committed), the city's $8.10 general levy (fully committed to city operations), the capital improvement levy (successful referendum not feasible at this time), debt service levy (no city council support and an undue burden on the citizens), swimming pool revenue (often already in a deficit situation), and utility surpluses (no available surpluses identified).
- Wright County — The county has authorized a construction grant, financed with $1.0 million in TIF revenue, to be used to assist in the construction of a new Eagle Grove Community School District elementary school. The county's financial alternatives analysis explored local option sales tax (already dedicated to property tax reduction), the county's general levy (already fully committed), county reserves (unsound fiscal practice), and debt service levy (should not be raised at this time). The school district is expected to pay 80.0% of the cost of the new school.

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 funds assisting LMI housing.[3] 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 higher. The TIF report project asked local governments to report:

- The FY 2019 expenditures for public infrastructure related to housing (expenditures that trigger the LMI housing set-aside requirement).

[3] 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.

- The FY 2019 expenditures that satisfy FY 2018 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.

A total of 35 local governments reported $3.6 million in TIF Special Revenue Fund expenditures related to LMI housing during FY 2019.

Two counties and 59 cities reported a total of $18.0 million in LMI financial obligations that must be satisfied with TIF revenue in future fiscal years. Seven local governments, Fort Dodge, Winterset, Dubuque, Spirit Lake, DeWitt, Milford, and Dike, represent 57.0% 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 73 local governments reported 287 development agreements in place in FY 2019. Those agreements required the creation of 35,266 total jobs. Of those jobs, 73.1% were associated with agreements in eight cities (Des Moines, Dubuque, Davenport, West Des Moines, Urbandale, Sioux City, Coralville, and Cedar Rapids).

Jobs agreements requiring the creation of at least 1,000 jobs include:

- Wells Fargo (4,027 jobs, Des Moines)
- Nationwide Insurance (3,340 jobs, Des Moines)
- Wellmark (1,815 jobs, Des Moines)
- Athene/Aviva (1,327 jobs, West Des Moines)
- Paragon Development Companies (1,500 jobs, Urbandale)
- Seaboard Triumph Foods (1,110 jobs, Sioux City)

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, 164 of the development agreements did not report annual wage requirements. Private capital investment for the 272 projects reporting a capital investment amount totaled $5.475 billion.

In total, 121 development projects provided information on jobs, wages, and private capital investment. For those 121 projects, required jobs equal 14,150, annual wages equal $684.7 million, and private capital investment equals $1.873 billion. This equates to an average of $132,395 in capital investment and $48,391 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 287 development agreements listed, 111 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 Economic Development Authority High Quality Jobs Program, the Rebuild Iowa's Sound Economy (RISE) Program, local property tax abatement, community college job training through Iowa Code chapter 260E, and the Targeted Jobs Withholding Tax Credit Pilot Project. Local governments were not required or asked to report the dollar value of assistance provided through other governmental financial assistance programs.

TIF Taxing District Information

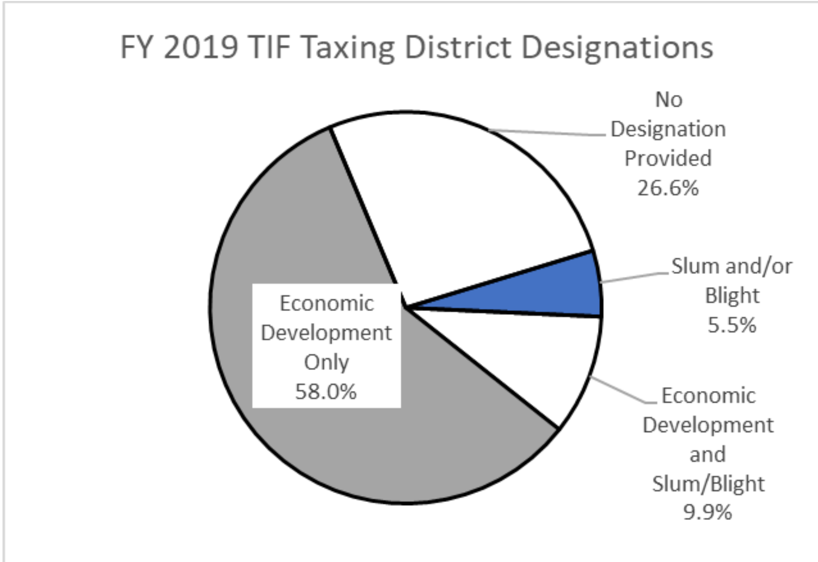
For the purposes of this report, a TIF Taxing District is the combination of properties that make up the base district and the increment district for a particular TIF area. To receive TIF revenue, a TIF Taxing District must be included within the DOM property tax dataset. The FY 2019 DOM dataset contains a total of 3,723 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 2019.

The following statistics related to the TIF area designation are based on the TIF Taxing Districts that reported through the FY 2019 TIF annual report process.

- TIF Taxing District designation:
  - Slum, Blight, or Both = 203 (5.5%)
  - Economic Development and Slum/Blight = 370 (9.9%)
  - Economic Development Only = 2,158 (58.0%)

- No designation entered = 991 (26.6%)



- Total FY 2019 TIF property tax revenue received, as reported by local governments through the TIF annual report, totals $326.0 million. The budgeted FY 2019 TIF property tax revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is $340.8 million, making the reported number 95.7% of the expected total. Over the eight fiscal years of this annual report, the TIF tax revenue reporting percentage has ranged from 94.5% to 99.0%.
- Total FY 2019 TIF commercial and industrial property tax reimbursement claim revenue received, as reported by local governments through the TIF annual report, totals $12.6 million. Budgeted FY 2019 TIF property tax reimbursement revenue for all city, county, and Rural Improvement Zone TIF Taxing Districts is $5.8 million. A review of the TIF report dataset indicates that a small number of local governments reported TIF property tax revenue as commercial and industrial replacement revenue.
- Across all 3,729 city, county, and Rural Improvement Zone TIF Taxing Districts reporting for FY 2019:
  - 1,777 utilize some or all of the available increment value as follows:
    - 962 (25.8%) utilize 100.0% of the available increment.
    - 778 (20.8%) utilize some, but not all, of the available increment.
    - 37 (1.0%) utilize increment in excess of the calculated maximum.
  - 583 (15.7%) do not use any of the available increment value.
  - 1,369 (36.7%) have no increment value available so cannot receive TIF revenue.
  - The total unused increment value equals $14.049 billion of taxed value.

Public Access to the TIF Dataset

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 legis.iowa.gov/tif/la and click on the red box titled "Public TIF Reports Page." See **Appendix B** for screenshots of the urban renewal reporting and public access website.

From there, the website takes the user to a list of all local governments with active Urban Renewal Areas. Access to the FY 2012 through FY 2019 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 left 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 left 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.

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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. Tax increment financing 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:
  - Industrial New Jobs Training (Iowa Code chapter 260E) — Allows a community college, in conjunction with a qualified employer, to utilize income tax withholding to finance job training.
  - 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

- Local governments 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 local government generally does not need the permission of the other taxing authorities to establish a TIF Taxing District.
- 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 Taxing 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 Taxing District may be amended by the municipality.
- Urban Renewal Areas created prior to 1995 and any TIF Taxing Districts 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 the TIF Taxing District was also designated slum or blighted when originally established.
- 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 2019, the direct General Fund impact was an increase in the State school aid appropriation of $61.6 million.
- Local government TIF projects also receive State funds through the State General Fund appropriation for commercial and industrial property tax replacement. For FY 2019, the portion of the General Fund appropriation that went to TIF financing totaled $5.8 million. Unlike the school aid impact described above, the TIF increment designation does not increase the overall General Fund appropriation, as the commercial and industrial property tax value would be reimbursed by the State with or without the TIF increment designation.

Previous TIF Reporting Requirements

- In 1999, the General Assembly (HF 776) enacted language requiring municipalities to report TIF activity annually to the State. The report was required to include detailed information on each TIF area and the associated projects.
- In 2003 (SF 453), the 1999 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 documents on the topic of TIF include:
    - FY 2012 Through FY 2018 Annual LSA TIF Reports
    - 2005 TIF Debt Report
    - 2003 City TIF Report
    - 2003 County TIF Report
    - 1997 TIF Report

- 1993 TIF Report

FY 2019 TIF Statistics[4]

- For FY 2019, there were 867 active Urban Renewal Areas in Iowa (the Areas have a base value, increment value, or both). Another 201 Areas are in the database but do not have taxable value.
- Of the 867 active Urban Renewal Areas, 686 Areas had an increment value, so they did generate TIF revenue in FY 2019.
- Of the 686 Areas that did generate TIF revenue, 139 did not have a base taxable value, meaning that with the exception of any TIF-exempt debt levies, the entire property tax revenue generated by the Area went to TIF.
- The largest active FY 2019 Urban Renewal Area in the State by taxable value was the Metro Center Merged Area in downtown Des Moines. That Area generated $31.8 million in TIF revenue in FY 2019. A total of 83 Urban Renewal Areas generated $1.0 million or more in FY 2019 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 2019, 17.0% of all incremental property tax revenue[5] was not diverted to TIF but instead was remitted to the traditional taxing bodies as a result of the exempt levies.
- A total of 396 local governments[6] received TIF revenue in FY 2019, including:
  - 342 cities
  - 49 counties
  - Five Rural Improvement Zones
  - No community colleges

The following chart depicts the amount of property tax dollars statewide that financed TIF from FY 1982 through FY 2019 (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 $340.8 million in FY 2019. In addition to the property tax dollars, TIF now also receives commercial and industrial property tax replacement payments from the State General Fund. Statewide, the reimbursement payments for TIF Taxing Districts totaled $5.8 million in FY 2019.

The black line (right axis) depicts the percentage of all property taxes paid in the State, including the State reimbursement for commercial and industrial property taxes, that financed TIF from FY 1982 through FY 2019. The graph shows that a significant change

[4] The FY 2019 TIF statistics presented in this portion of the report are from the DOM Property Valuation System and not from the TIF Annual Urban Renewal Report.
[5] For FY 2019, TIF increments generated a total of $410.5 million in property tax revenue. Of that amount, $340.8 million (83.0%) was used to finance TIF, and $69.7 million (17.0%) was directed to local governments through property tax levies that are exempt from TIF.
[6] There is a total of 477 local governments with TIF Taxing Districts in the DOM Property Valuation System. However, 81 of those had no TIF increment value so received no TIF revenue in FY 2019.

in the slope of the line started in FY 1994, and that the increase was fairly consistent, reaching 6.2% in FY 2009. In the following five fiscal years, the percentage growth in tax dollars supporting TIF grew more slowly than the overall property tax base, a situation that resulted in a modest decrease in the percentage of total property tax dollars dedicated to TIF (5.8% in FY 2014). This decline was the result of acceleration in the taxable value growth of agricultural and residential property, two classes of property that are not a significant part of TIF finance. From FY 2014 to FY 2019, the portion of the overall tax base devoted to TIF finance declined slightly to 5.7%. Green bar segments depicted for FY 2015 through FY 2019 represent commercial and industrial property tax replacement claims directed to local government TIF accounts.

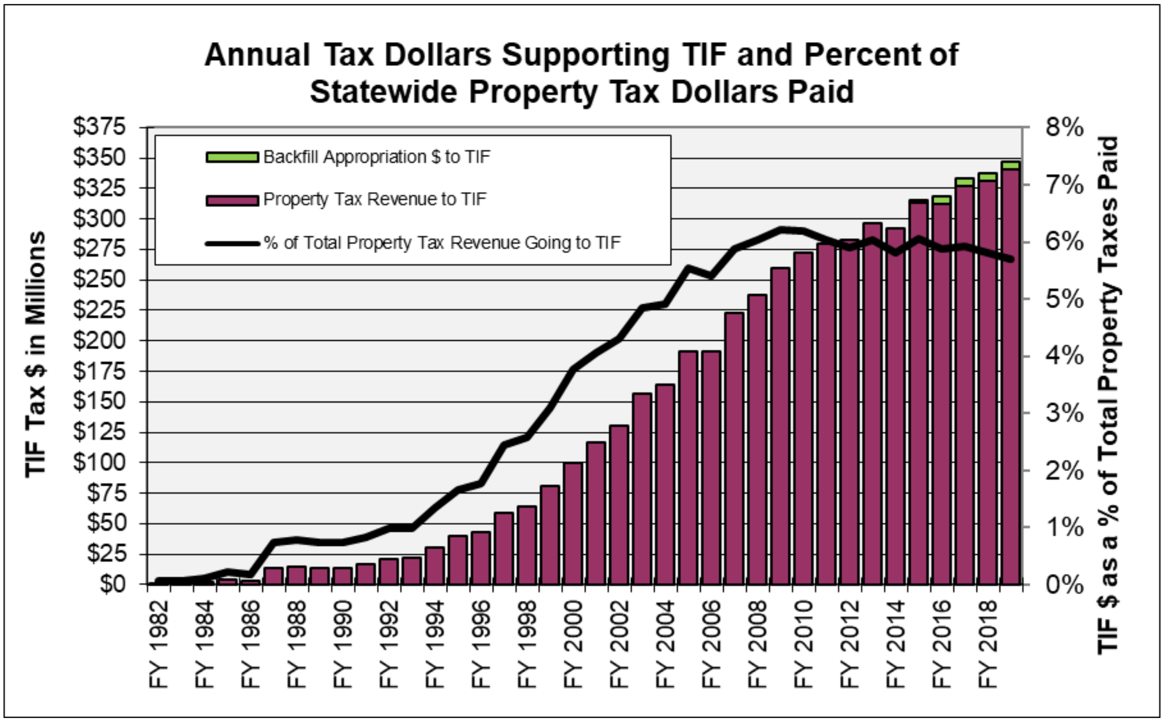


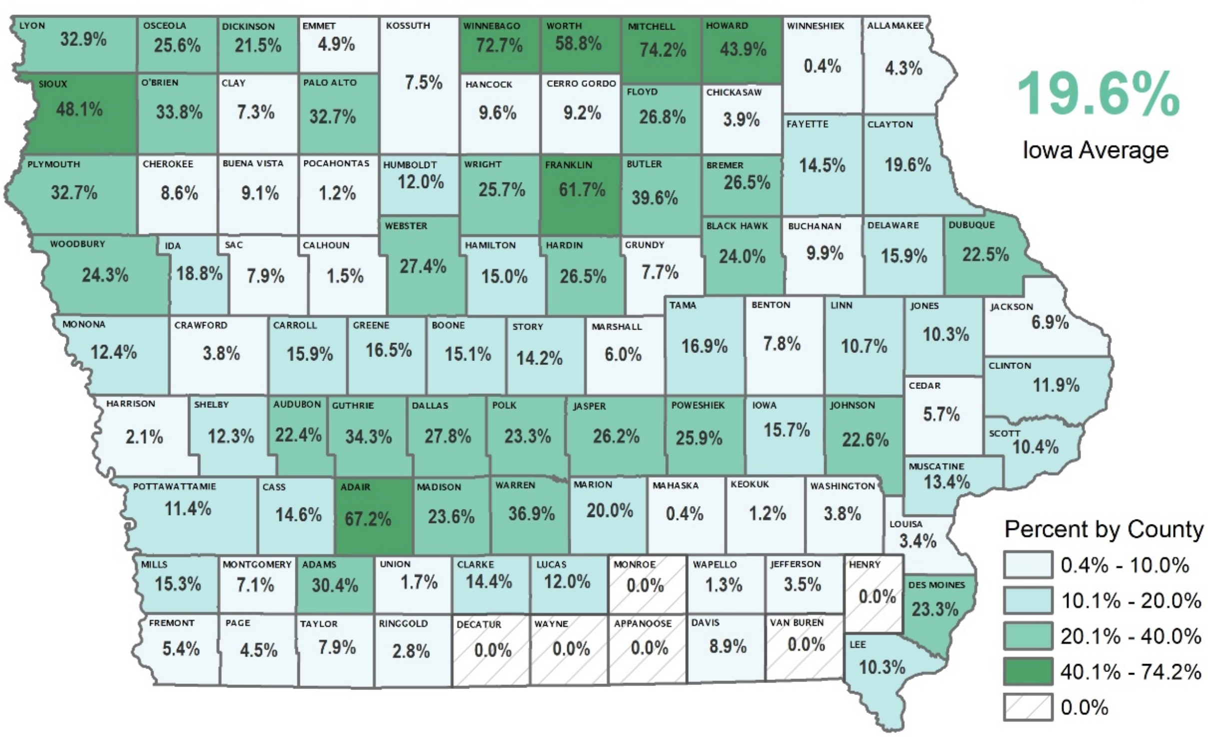
Table 9 provides a breakdown of FY 2019 property tax revenue by property tax class, with tax payments divided into the amount that goes to regular local government finance and the amount that is devoted to TIF. Statewide, 20.5% of all property tax paid on industrial property, and 15.4% paid on commercial property, is devoted to TIF. For the remaining property classes combined, the percent of property tax revenue that is devoted to TIF is 2.1%. Across all property classes and including the State reimbursement for the 10.0% rollback for commercial and industrial property (discussed below), the FY 2019 overall TIF portion of the property tax revenue stream totals 5.7%.

Table 9
FY 2019 Property Tax
Dollars in Millions

Class	Total Property Tax	Regular Property Tax	TIF Increment Property Tax	% of Property Tax Dedicated to TIF
Residential	$ 3,119.0	$ 3,037.2	$ 81.8	2.6%
Agricultural	832.9	831.9	1.0	0.1%
Commercial	1,252.3	1,059.7	192.6	15.4%
Multiresidential	164.2	153.5	10.7	6.5%
Industrial	267.0	212.3	54.7	20.5%
Other	294.3	294.3	0.0	0.0%
Total Property Tax	$ 5,929.7	$ 5,588.9	$ 340.8	5.7%
Prop. Tax Replacement	$ 152.1	$ 146.3	$ 5.8	3.8%
Total	$ 6,081.8	$ 5,735.2	$ 346.6	5.7%

The following map shows the percent of total commercial and industrial taxable value within each county that is TIF increment value. As TIF increment value, the nondebt portion of property taxes paid is used for the purposes of TIF and is therefore not available for regular local government finance.

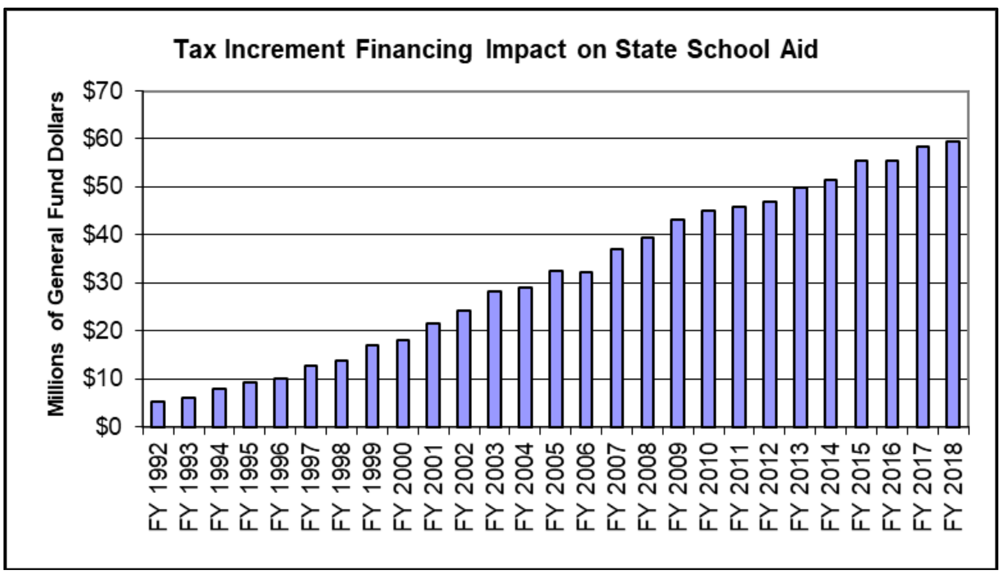
Percent of Commercial/Industrial Taxed Value in a TIF Increment by County



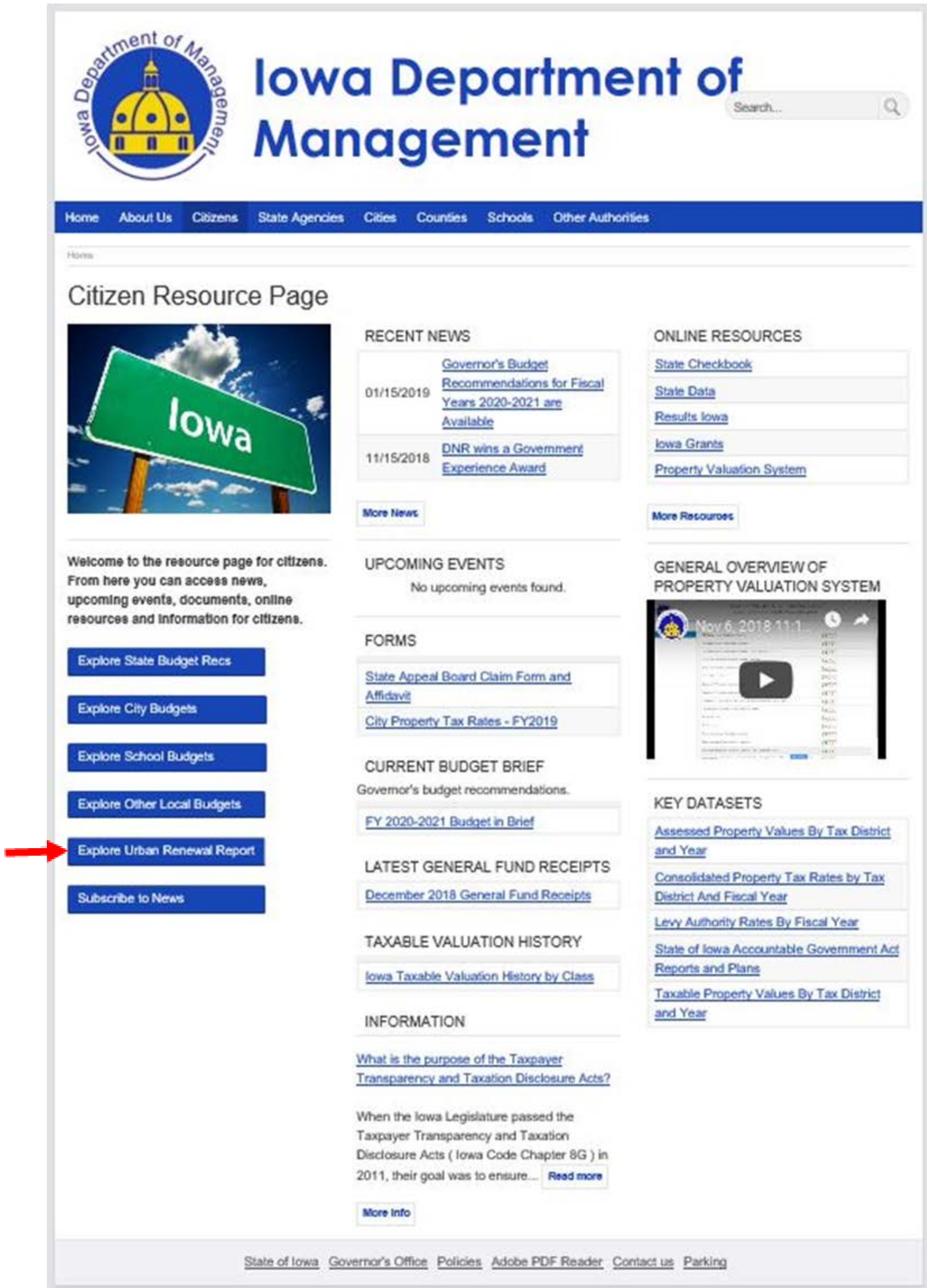
TIF Impact on the State General Fund

Tax increment financing directly impacts the State General Fund through the following two appropriations:

- **Property Tax Replacement Claims** — Modifications to Iowa's property tax system enacted in 2013 (SF 295) resulted in a State General Fund commitment to replace property tax revenue reductions associated with commercial and industrial taxable value reductions mandated in that Act. A portion of the value for those two property classes is located within TIF increments. State General Fund reimbursement for property included within TIF increment areas totaled $5.8 million in FY 2019.
- **School Finance** — Iowa's method of financing K-12 education requires a combination of property tax and State General Fund money. One portion of property tax financing for schools requires all taxed property value in the State to contribute a base $5.40 per $1,000 of value to school finance. While all taxed value within a TIF increment is assessed this base $5.40 levy, the money raised does not go to finance schools but instead is paid to the local government that created the TIF Taxing District. The TIF increment funds raised by the $5.40 that does not go to school finance is replaced, dollar-for-dollar, by the State General Fund moneys through action of Iowa's school funding formula. For FY 2019, the statewide total State General Fund backfill of the $5.40 levy totaled $61.6 million, a $2.0 million increase from the FY 2018 level. The FY 1992 through FY 2019 history of the backfill amount is depicted in the following graph.



APPENDIX B
Urban Renewal Reporting and Public Access
Website Screenshot 1
dom.iowa.gov/citizens



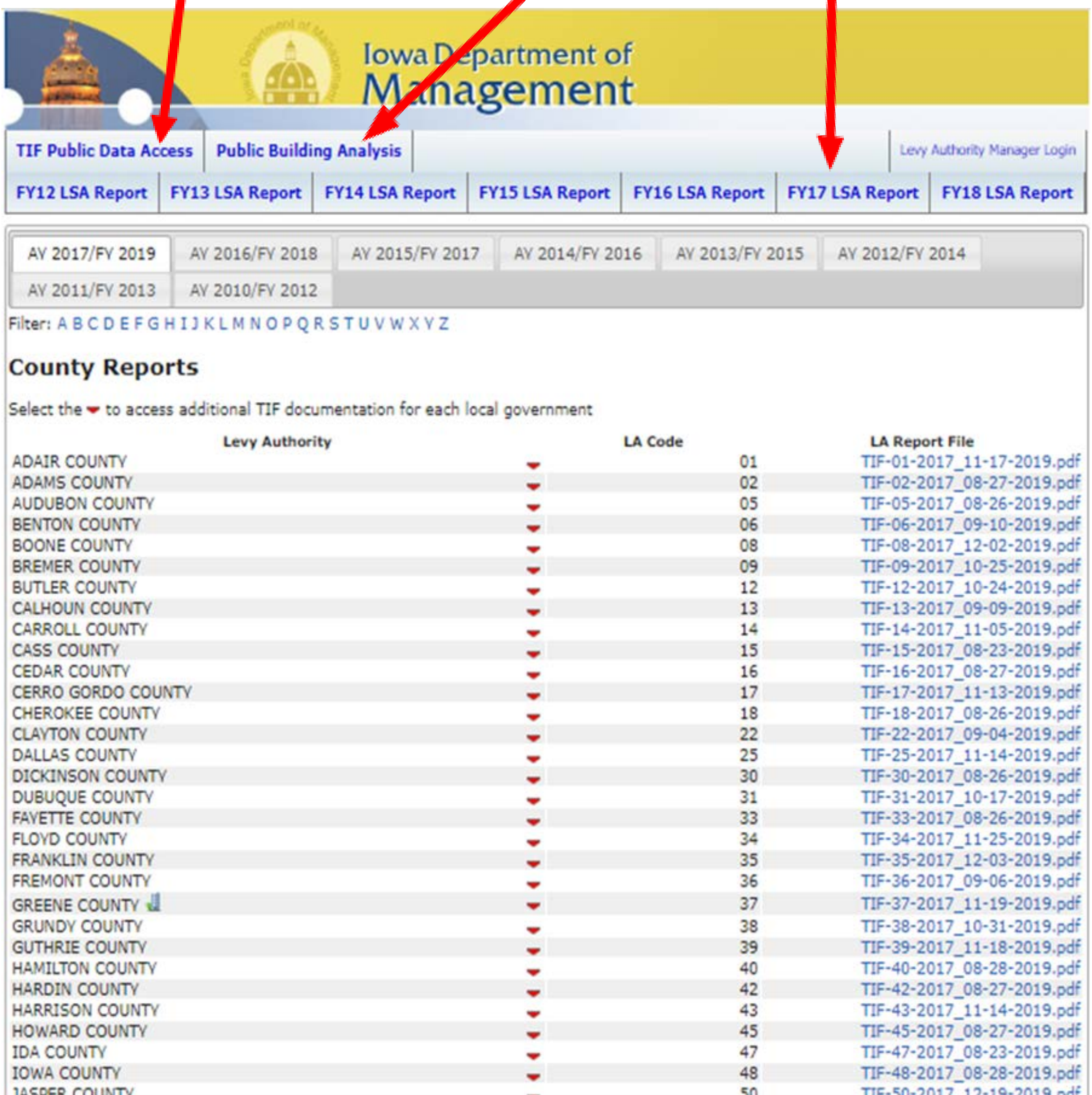
APPENDIX B
Urban Renewal Reporting and Public Access
Website Screenshot 2
Public Access to Reports
www.legis.iowa.gov/tif/la

APPENDIX B
Urban Renewal Reporting and Public Access
Website Screenshot 3
www.legis.iowa.gov/tif/public

Click here to access publicly available TIF reports and summarized information.

Click here to access individual public building analysis reports.

Click here to access reports from each available year.



Levy Authority	LA Code	LA Report File
ADAIR COUNTY	01	TIF-01-2017_11-17-2019.pdf
ADAMS COUNTY	02	TIF-02-2017_08-27-2019.pdf
AUDUBON COUNTY	05	TIF-05-2017_08-26-2019.pdf
BENTON COUNTY	06	TIF-06-2017_09-10-2019.pdf
BOONE COUNTY	08	TIF-08-2017_12-02-2019.pdf
BREMER COUNTY	09	TIF-09-2017_10-25-2019.pdf
BUTLER COUNTY	12	TIF-12-2017_10-24-2019.pdf
CALHOUN COUNTY	13	TIF-13-2017_09-09-2019.pdf
CARROLL COUNTY	14	TIF-14-2017_11-05-2019.pdf
CASS COUNTY	15	TIF-15-2017_08-23-2019.pdf
CEDAR COUNTY	16	TIF-16-2017_08-27-2019.pdf
CERRO GORDO COUNTY	17	TIF-17-2017_11-13-2019.pdf
CHEROKEE COUNTY	18	TIF-18-2017_08-26-2019.pdf
CLAYTON COUNTY	22	TIF-22-2017_09-04-2019.pdf
DALLAS COUNTY	25	TIF-25-2017_11-14-2019.pdf
DICKINSON COUNTY	30	TIF-30-2017_08-26-2019.pdf
DUBUQUE COUNTY	31	TIF-31-2017_10-17-2019.pdf
FAYETTE COUNTY	33	TIF-33-2017_08-26-2019.pdf
FLOYD COUNTY	34	TIF-34-2017_11-25-2019.pdf
FRANKLIN COUNTY	35	TIF-35-2017_12-03-2019.pdf
FREMONT COUNTY	36	TIF-36-2017_09-06-2019.pdf
GREENE COUNTY	37	TIF-37-2017_11-19-2019.pdf
GRUNDY COUNTY	38	TIF-38-2017_10-31-2019.pdf
GUTHRIE COUNTY	39	TIF-39-2017_11-18-2019.pdf
HAMILTON COUNTY	40	TIF-40-2017_08-28-2019.pdf
HARDIN COUNTY	42	TIF-42-2017_08-27-2019.pdf
HARRISON COUNTY	43	TIF-43-2017_11-14-2019.pdf
HOWARD COUNTY	45	TIF-45-2017_08-27-2019.pdf
IDA COUNTY	47	TIF-47-2017_08-23-2019.pdf
IOWA COUNTY	48	TIF-48-2017_08-28-2019.pdf
JASPER COUNTY	50	TIF-50-2017_12-19-2019.pdf

Click on red triangles to view PDF copies of TIF plans, maps, and ordinances.

Click here for PDF copies of reports submitted by local governments.