

# Tax Increment Finance: Important Statistics

All raw data obtained from Iowa DOM for FY13 unless otherwise indicated.

## Non-revenue Producing Projects

45% of 1,413 of total TIF projects are in the category of roads, bridges and utilities.

Public buildings can lead to economic growth or stabilization in a slum or blight area. An example of a public building that receives TIF funds is a building for public safety that will serve a TIF area.



347 of 946 cities in Iowa use TIF. There are 851 active urban renewal areas and 3,170 TIF districts among all local governments. Of these, 58% had a statutory end date reported. 516 had a slum or blight designation.



TIF increment (not discounting for increment returned) accounts for 6.4% of total taxable property valuation. 9.2% of city taxable property valuation is derived from TIF sources.

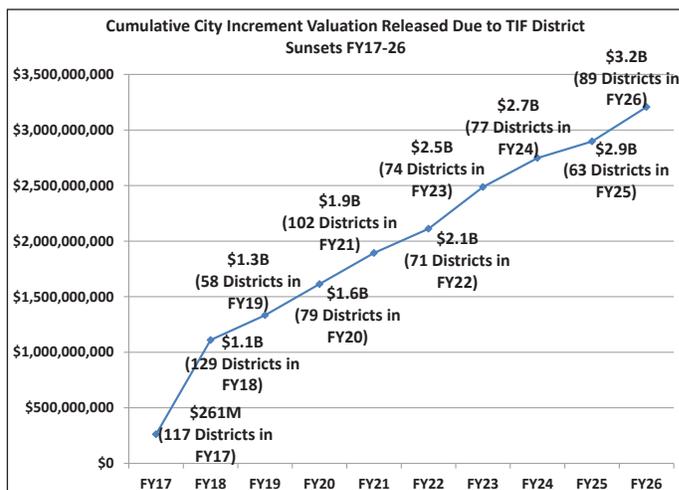


54% of TIF increment is returned to all tax authorities. This equates to about \$10B valuation, or roughly \$380M in unused increment.

## Sunsetting TIF Districts:

### Increment Valuation Returned to All Tax Authorities

Many TIF districts will be expiring over time, and valuations will return to all tax authorities. Of those established after 1995, 69% reported a statutory end date. Up to \$3.2 billion in increment valuation may return to all tax authorities over FY17-26, representing those with a recorded end date during that time. Note that this is based on actual increment data from 2013, and is not based on maximum increment which would be substantially greater. The chart below shows the sunseting trend over the next 10 years, as reported in Iowa DOM FY13 data.



## Partnering with IEDA

Local governments have partnered with the Iowa Economic Development Authority (IEDA) to promote business development projects in their communities.

From January 2011 through December 2013, IEDA awarded direct financial assistance and/or state tax incentives to 189 projects that are expected to result in \$7.5 billion in capital investment. Of the 189 projects, 64.6% also received either TIF, tax abatement, or a tax exemption from the local communities in which they are planning to locate. TIF, tax abatements and tax exemptions are often used to provide "local match" and are essential economic development tools for Iowa's communities, helping them to attract job creation projects to their area.

*Data provided by IEDA*



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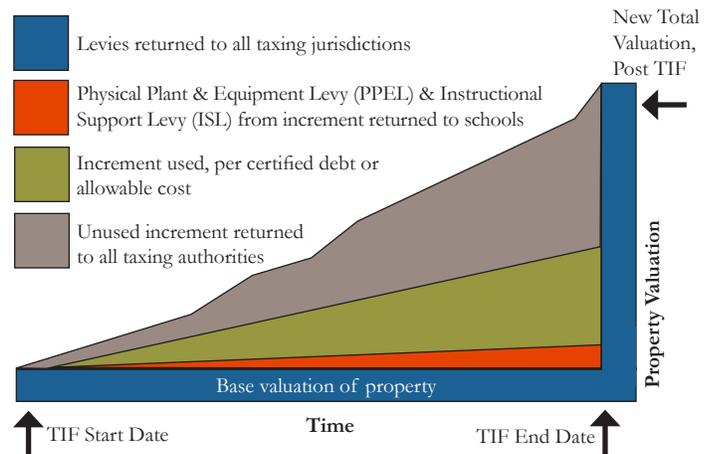
# Tax Increment Finance 101

## TIF Mechanics in Brief

Tax increment finance (TIF) is a method to promote urban renewal efforts in an area by directing the property tax revenues generated from property value increases within a designated TIF district to finance the costs of improvements made in the district. TIF addresses a lack of state and federal programs.

Iowa cities, counties and community colleges may establish TIF districts. Although the terms urban renewal area and TIF are often used interchangeably, TIF districts are established within approved urban renewal areas (URA). URAs often contain a larger geographic area than the TIF district that is established; URAs can contain more than one TIF district.

When a TIF district is created, a “base” valuation of the property value is established. The base valuation accounts for assessed values prior to the TIF designation. The tax revenue from this base value remains with all taxing authorities. Increases in the assessed value over time over and above the base are called the “increment.” The TIF authority may access the tax revenue generated by the increment, or may choose to release some or all of this revenue back to the traditional taxing authorities.



## TIF Goals

TIF districts can be created to accomplish different goals, per *Code* Section 403.2. Success may look different depending upon whether a TIF was set up to address slum and blight, or economic development.

### Slum and Blight

Address issues related to:

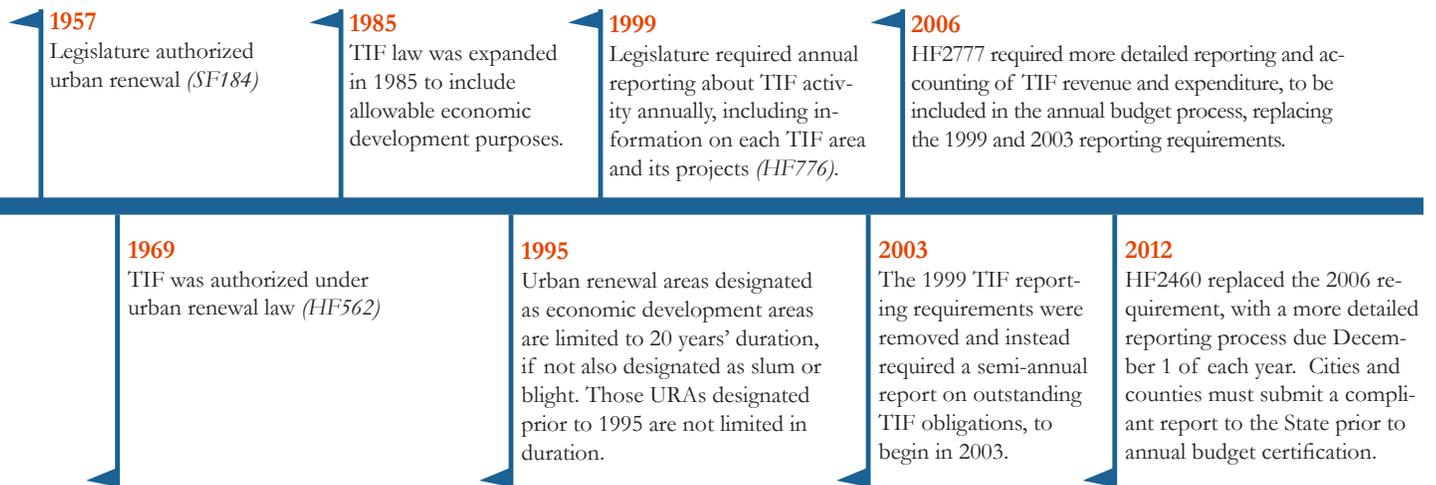
- the safety, health and welfare of an area
- areas experiencing impaired growth
- housing challenges
- increasing criminal activity
- traffic problems or hazards

### Economic Development

Address the need for:

- creating economic development partnerships
- strengthening and revitalizing the economy of the state and municipalities
- providing jobs and housing (including LMI)

## TIF Legislative Timeline



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