

March 2017

To: Local League Presidents

From: LWVIA Board of Directors

RE: Notice of Intent to Propose Concurrence at Convention 2017

At 2017 Convention in Grinnell, Iowa, LWVIA will consider TIF Position by Concurrence on the floor of the convention. Please use the TIF Study Lesson Plan-Timeline as your League study guide.

TIF Position in Brief:

Support efficient and economical government that allows governing bodies opportunities to utilize Tax Increment Financing tools for urban renewal and economic development purposes. TIF is a positive tool for cities, counties and rural improvement zones to address issues of urban renewal and economic development projects to improve tax valuations and revenue generation.

TIF Position:

The League of Women Voters of Iowa has identified areas of TIF use that could be improved. We therefore support the following measures to strengthen responsible TIF use and transparency that maximize opportunity for public participation. The following actions will improve and benefit taxing entities, the State of Iowa and taxpayers:

1. Establish a category specific to windmill construction. The state of Iowa represents the third most productive state in the nation in the output of wind generation, and as a result the use of TIF for this purpose has grown exponentially without language explicit to use or a limit regarding the length of time tax revenue will be collected or diverted from other taxing entities.
2. Identify a comprehensive definition for TIF urban renewal slum and blight. The terminology must designate specific descriptors to prevent misuse, overuse or abuse of TIF funds.
3. The 20-year sunset, the equivalent of nearly two generations, is much too long of a period of time and is detrimental to school funding. Further TIFs for economic development established prior to 1995 do not sunset. A reasonable timeframe must be established for these projects creating a conclusion for tax diversions. An effective approach employed by some communities limits tax diversions to a reasonable percentage, and thereby allows schools to collect tax revenues, including a portion of the deferred increment, throughout the duration of the project.
4. Decertify TIF projects upon completion. While districts identified for urban renewal stay intact, entities wishing to use the TIF mechanism in the same district must complete a new certification process to proceed with a fresh proposal. Decertifying a completed project increases transparency and allows for public input to deter misuse, overuse or abuse of TIF.
5. Calculate TIF debt and include the debt in an entity's constitutional debt limit. The language relating to the annual debt payment must also include interest incurred against the debt. Inclusion in an entity's constitutional debt limit provides taxpayers a complete financial picture of their community's financial integrity.
6. Strengthen and clarify TIF authorization to disallow TIF to construct public buildings. In order to be informed and determine how their tax dollars are used, residents of an authorizing entity should be provided information and the opportunity to vote on proposed public building projects that would be constructed using TIF funds.
7. Require and encourage proactive communication between all affected parties (neighboring communities) and the public including an estimated return on a TIF investment to ensure transparency.

8. The collection of data and information by the Iowa Department of Management does not include or require a comprehensive evaluation process. Authorizing entities should establish an inclusive evaluation procedure which requires an assurance that communication and public participation has occurred throughout the project and reports the project's return on investment to the public before projects are reported to the county auditor, who in turn sends the reports to the Iowa Department of Management.

Arguments that support the TIF Position Concurrence

1. Provides a clear category related to windmill construction that does not currently exist and does not easily fit the urban renewal or economic development project classification.
2. Provides a basis for action to develop clear definitions of slum and blight.
3. Provides opportunity to shorten the economic development sunset period from 20 years sunset to a reasonable timeframe to construct infrastructure.
4. Decertify TIF projects upon completion and require a re-certification for new projects.
5. Includes the TIF debt in the calculation of constitutional debt to provide a comprehensive picture of the community's financial situation / debt.
6. Disallow the construction of public buildings using TIF funds. Voters may authorize construction of public buildings using general obligation bonds.
7. Require proactive communication process between all affected parties (neighboring entities and public at-large) that includes estimated return on investment to ensuring transparency.
8. Develop a comprehensive evaluation procedure that measures project success, identifies costs and ensures communication is maintained before projects are reported projects to the county auditor who in turn reports to the Iowa Department of Management.

Arguments that oppose the TIF Position concurrence:

1. Cities and counties have authorization by State Code of Iowa (chapter 403) that allows TIF use: a) urban renewal to remove slum and blight in poor neighborhoods and/or b) attract economic development projects
2. State Code of Iowa (chapter 403) allows cities and counties opportunities to use TIF funds for a period of 20 years to attract economic development projects.
3. Legislature adopted reporting requiring authorizing entities to inform to county auditors who in turn convey information to Iowa Department of Management and listed online.

Rationale for using Convention Concurrence to adopt these positions:

Throughout the years, concurrence at convention has been determined to be a valid method of developing new and adopting League positions. Concurrence is particularly useful for obvious issues and where traditional local-League based studies could be expected to reach the same conclusion as the proposed concurrence. The League's bylaws provide the authority for the adoption of positions by concurrence.

Background information can be found at:

www.LWVIA.org

- TIF Study Report
- Video presentation Dave Swenson "Understanding Iowa's Economic Situation" (January 2017) / Community Use & School Impact <http://video.icpl.org/> and pdf of the presentation
- League – TIF-Facts
- LWVIA TIF Study /Propose Concurrence