

Tax Increment Finance



Investment. Over \$325M were invested in TIF districts in FY17, within 346 cities using TIF in Iowa.



Infrastructure. The largest TIF category was road, bridges, and utilities projects. These accounted for 47% of total TIF expenditures.



Jobs. More than 33,299 jobs were created within TIF districts in FY17. Since this number includes only those reported in agreements, total jobs created by TIF projects around the state would be greater.



Public buildings, which are rarely funded by TIF projects (7 cities only in FY17), can lead to economic growth or stabilization in a slum or blight area. Sometimes public buildings are necessary for the rest of a project to move forward, such as the upgrade of a fire station, water tower, or abatement of a derelict

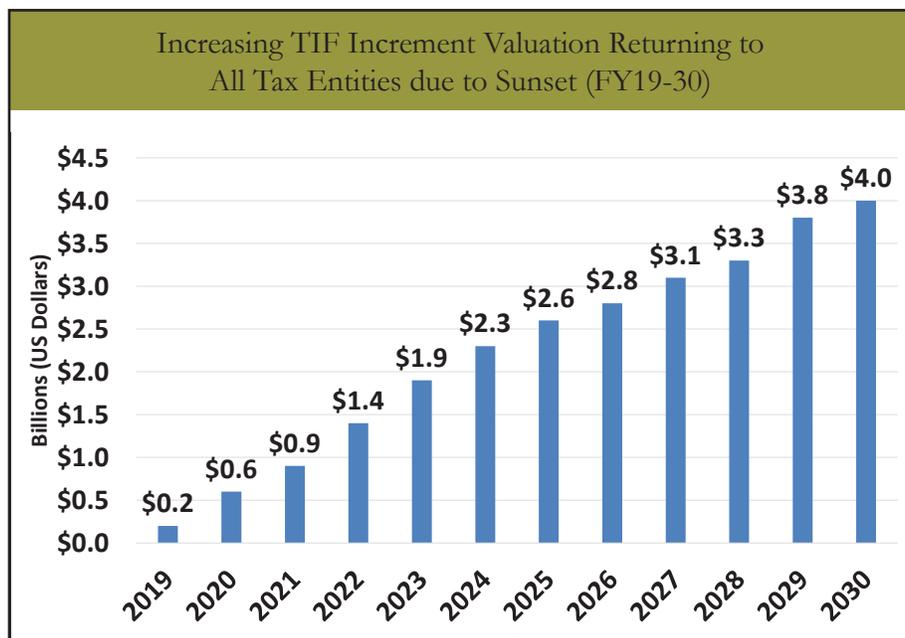


Note that TIF is not the same instrument as property tax abatement.

All raw data obtained from Iowa DOM and LSA for FY17 unless otherwise noted.

Returning Increment to All Tax Authorities

When a TIF district expires, increment valuation returns to all tax authorities. The chart below shows this return over FY19-30, representing those with a recorded end date during that time. This is based on actual increment data and not theoretical maximum increment, which would be substantially greater.



TIF dollars may only be used for **eligible urban renewal purposes**, or must be returned to all taxing authorities.

Over \$10B in valuation, or **over \$350M generated within TIF districts** was returned to all tax authorities in FY17.

School PPEL and ISL levies **are exempt** from TIF diversion.



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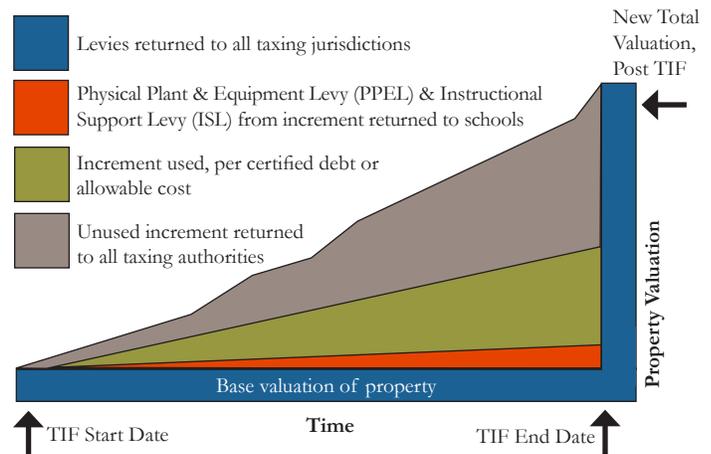
Tax Increment Finance 101

TIF Mechanics in Brief

Tax increment finance (TIF) is a method to promote economic development efforts in an area by directing limited property tax revenues generated from property value increases within a designate TIF district to finance the cost of certain improvements made in the district. TIF addresses a lack of state and federal programs, such as for infrastructure improvement.

Iowa cities and counties 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 tax revenue from this base value remains with all taxing authorities and not diverted. Future increases in the assessed value over and above the base are called the “increment.” 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:

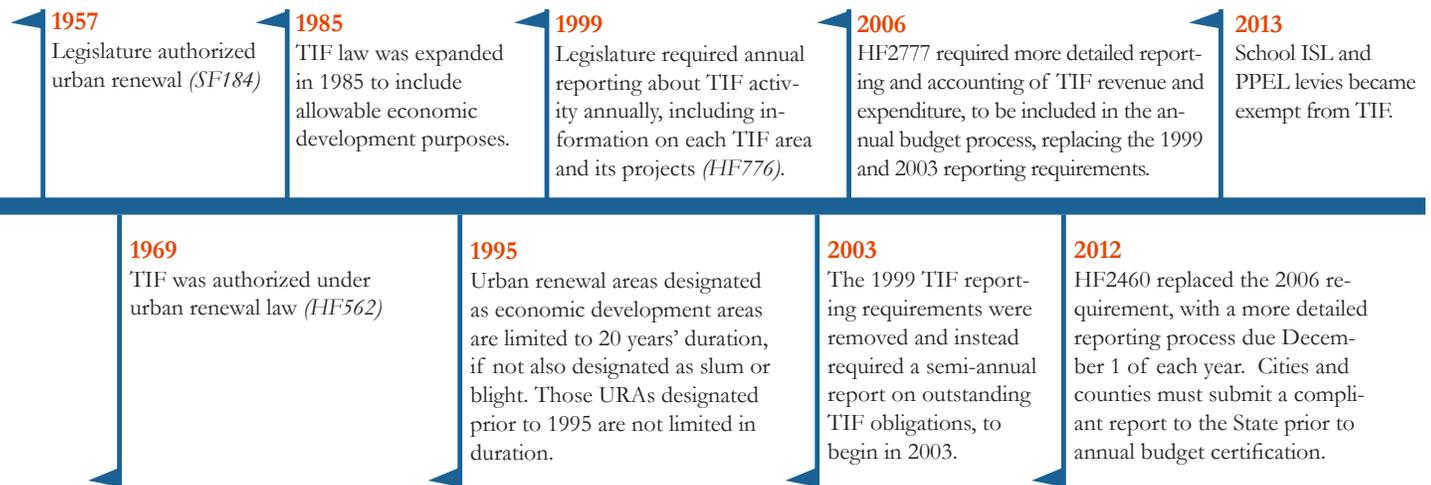
- the safety, health and welfare of an area
- areas experiencing impaired growth
- housing challenges
- increasing criminal activity
- traffic problems or hazards

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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