

These Facts TIF Us Off!

- There are 2,125 **active** TIF areas in IA
- 1,527 generated TIF revenue in FY2011 and 309 of those have no base value
- **Entire cities** are approved TIF districts
- FY2011 property tax financing of TIF districts totals at **\$279.7 million**
- 394 local governments are receiving TIF revenue in FY2011, including:
 - 349 cities, 40 counties,
 - 2 community colleges
 - 3 rural improvement zones
- Iowa's General Fund reimbursed schools **\$45.9 million** in **FY2011**
- In **FY1992** Iowa's General Fund reimbursed schools **\$5 million**
- During FY08 and FY09, cities **collected \$514 million** in TIF property tax revenue. They also **increased reported TIF debt \$605 million** over the same years
- Iowa's FY2011 top 32 TIF'd cities have expanded faster than Iowa's urban average, but so has their consolidated tax rate of 36.54%. **36.7% of their tax revenue went to TIF.**

Proposed TIF Reform

- **Return** TIF to its original intent
- **Regulate** existing TIF economic development and residential projects that threaten undeveloped land
- **Require** Smart Planning Principles be implemented for any government entity seeking to establish, extend boundaries, duration, or increase indebtedness of a TIF district
- **Rectify** state oversight and certify compliance

Fiscal data from Iowa Department of Management

Please Consider Joining Us!

Benefits of Membership

Quarterly Newsletter

The Land Use Bulletin is full of news from across the state, the latest policy developments, and information to help your local advocacy.

E-mail Communication

Public Policy Updates, news items, and Action Alerts.

Advice and Organizing Assistance

Training to form local groups and influence land use decisions.

Share Your Land-Use News Statewide

We spread the word about local land-use issues, pass along lessons learned, and create networking opportunities.

Why the Name 1000 Friends of Iowa?

The first 1000 Friends organization was founded in Oregon over 30 years ago. The goal is to enroll 1000 or more members who will contribute \$100 annually to be recognized as Founding Friends. Today there are dozens of similar organizations across the United States focused on growth issues, several of them called 1000 Friends and are members of a national coalition, Smart Growth America.

1000 Friends of Iowa



Citizens United for Responsible Land Use

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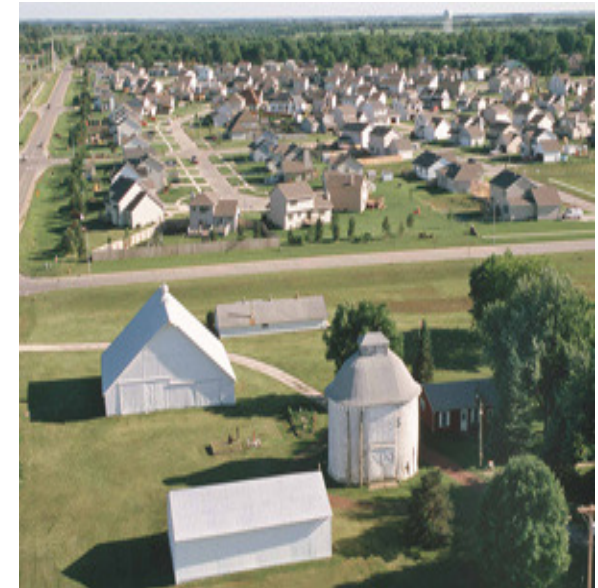
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TIF

Tax Increment Financing In Iowa



What TIF Was Intended To Do

What TIF Does

What TIF Costs Taxpayers

What TIF Reforms Are Needed

What is TIF?

Tax Increment Financing is part of Iowa's "Urban Renewal" law enacted in 1957. TIF was added in 1969 to eliminate slum and blight in deteriorated areas. TIF was to increase and enrich the tax base through job growth, population retention, earnings gains or trade enhancement. Initially, the law was very effective.

In 1985 during the farm crisis, the Iowa legislature changed the law to add economic development as a general purpose of for the bill. In 1996 the law was expanded to include residential development and housing as well as business development of various types.

TIF allows a special district to be set up whereby a majority of the tax revenue from new development stays within the district to support further development or to pay off bonds. Rural Improvement Zones are allowed. Community colleges use TIF to fund job training.

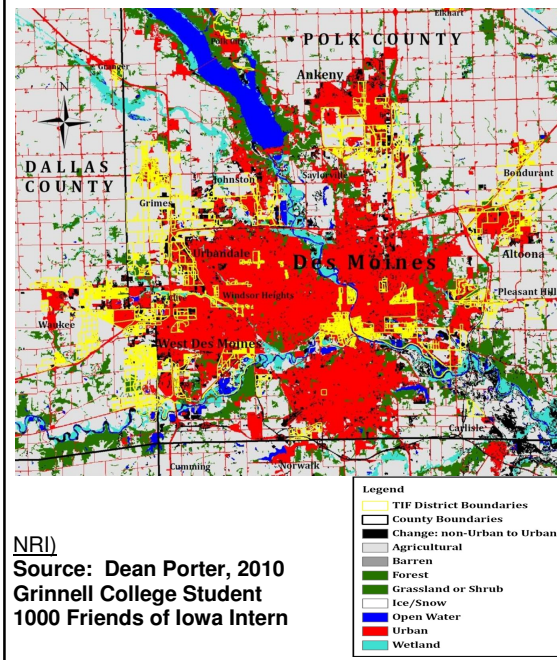
TIF is an excellent way to concentrate resources on an area that really needs revitalization. But less money is available to cover expenses elsewhere in city budgets. Counties, cities, and school districts are denied portions of the revenue they normally would receive in tax funding from new development.

Finally, the state is obligated to reimburse a majority of the tax funds to the school districts, a requirement that **shifts the financial tax burden to every taxpayer in Iowa.**

Does TIF Aid Urban Revitalization or Subsidize Suburban Sprawl?

Originally intended to enhance struggling Main Streets and redevelop blighted inner-city neighborhoods, TIF is being used for upscale golf communities, airports, industrial parks on farmland, superstores, etc.

The Polk/Dallas Co. map below, shows many TIF districts are established on agricultural lands on the urban fringe. This suggests that TIF is frequently used to aid economic development in suburbs while promoting development in open spaces and farmland in rural and suburban communities. This contributes to urban sprawl in Iowa. ***Since 2006 Iowa developed 2.5 acres for every new person added to the population.*** (Source: USDA



What Is the Cost of TIF to Taxpayers?

Property tax financing of TIF revenue in FY2011 totals **\$279.7 million** in Iowa.

During FY 2008 and FY 2009, cities **collected \$514 million** in TIF property tax revenue but also **increased** reported TIF debt by **\$605 million**.

Since 1978, **in Polk County alone**, more than **\$1.7 billion** in city property taxes have been directed **towards** TIF financing and **away** from public services such as schools. **Every** taxpayer in Iowa shoulders the tax shift.

Nearly **\$760 million** in Polk County has gone towards developing undeveloped, suburban land. These TIF loans are supposed to be paid back eventually, but most have not been paid to date.

What Can Be Done to Stop Taxpayers Subsidizing Sprawl?

TIF laws should be reformed to better reflect the **original intent** of the legislation: urban revitalization. The definition of "blight" for urban renewal TIFs should be clarified to ensure that TIFs are in true need of funds for urban revitalization. **Farmland should not constitute "slum and blight"**. Additionally, **economic development and residential TIFs should be abolished.**