



City of  
Windsor  
Heights

# TAX INCREMENT FINANCING

## INFORMATION

NOVEMBER 1, 2010



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# What is Tax Increment Financing? What does it mean?

A TIF district causes the valuation of the area to remain at the prior year's taxable valuation for the purpose of establishing a *base value*. The TIF area base value is taxed at the total combined tax rate by all taxing authorities (county, city, school, and others) with the revenues distributed to each taxing entity. The increased value of a TIF area is called the *incremental value*. The incremental value is taxed at the consolidated tax rate of the taxing district, but the revenues are pledged to the TIF project. Generally, bonds are issued which raises the funds required to finance the TIF project, and the property tax revenues generated by the incremental value in the TIF area are used to retire the bonds. TIF is not an increase in taxes, but a reallocation of the tax dollars.

TIF Districts temporarily divert property tax revenue away from operations and into capital funding or economic development.

# What the Business Community's Position on TIF?



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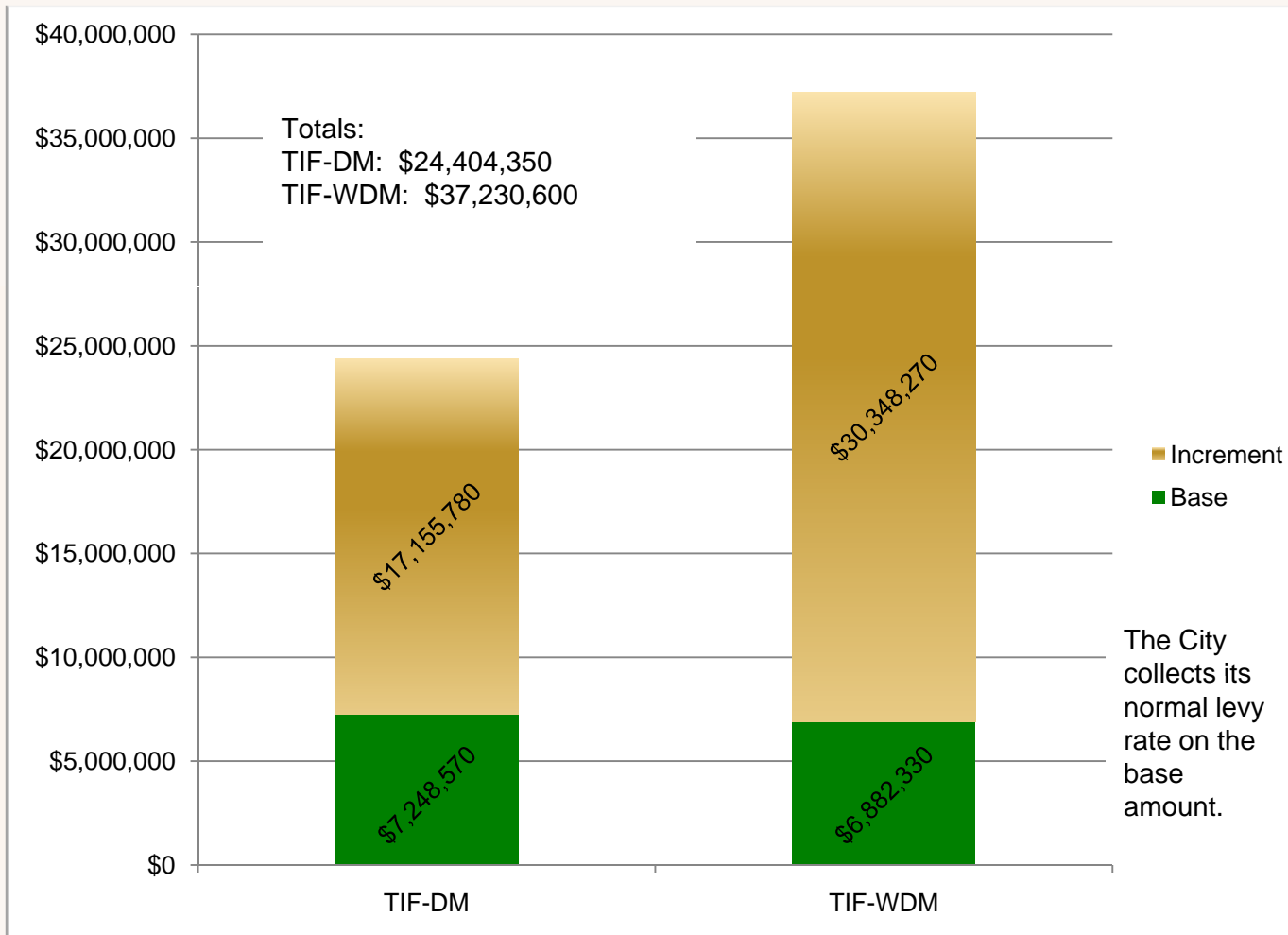


**Tax Increment Financing (TIF)**—The (Greater Des Moines) Partnership supports Iowa's TIF law and opposes any effort by the legislature to limit its scope, duration, or flexible use for commercial and industrial development. TIF is the primary local economic development tool available to cities and counties to use in their business and community development efforts. It is a catalyst for economic growth and adds millions of dollars each year in property value at the local level for taxing jurisdictions. TIF has a proven track record in Iowa as a responsibly managed commercial and industrial development incentive that has served the Iowa taxpayer to the benefit of all taxing jurisdictions.

# WH: Two School Districts



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The City collects effectively the entire amount of taxes levied on the increment, i.e. the taxes collected on the consolidated levy rate.

The City collects its normal levy rate on the base amount.

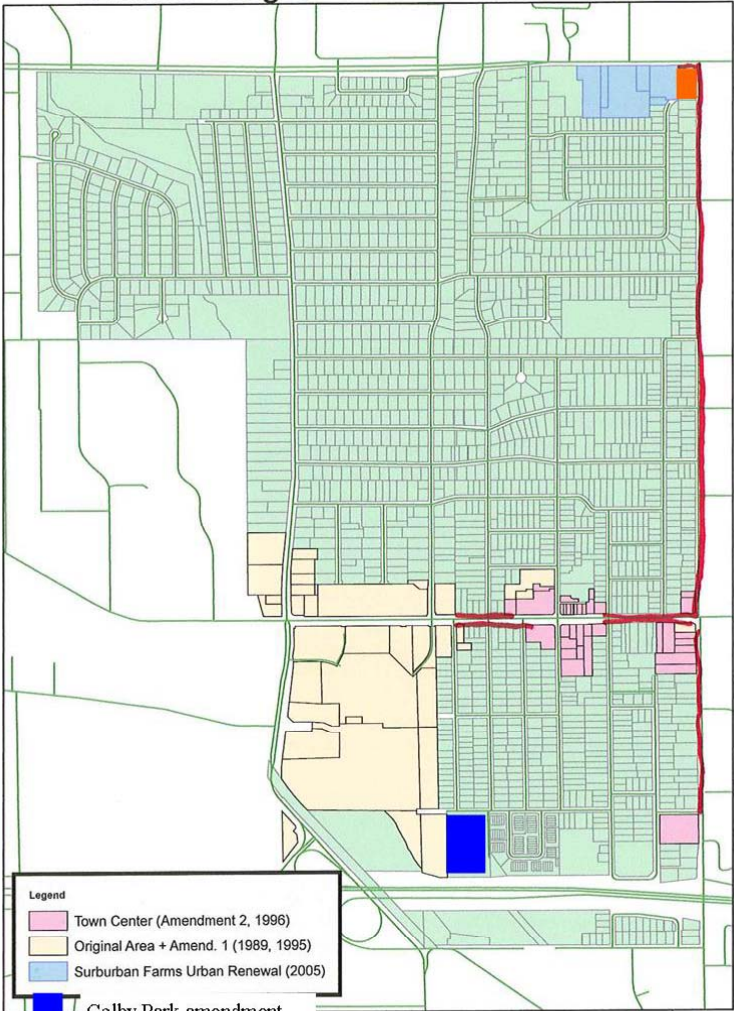
Source:  
Polk  
County  
Auditor

# Where are the Windsor Heights' TIF districts?



City of Windsor Heights

Windsor Heights Urban Renewal Areas



- Legend**
- Town Center (Amendment 2, 1996)
  - Original Area + Amend. 1 (1989, 1995)
  - Suburban Farms Urban Renewal (2005)
  - Colby Park amendment
  - Suburban Farms amendment
  - Consolidation

# Where are the Windsor Heights' TIF districts? North side

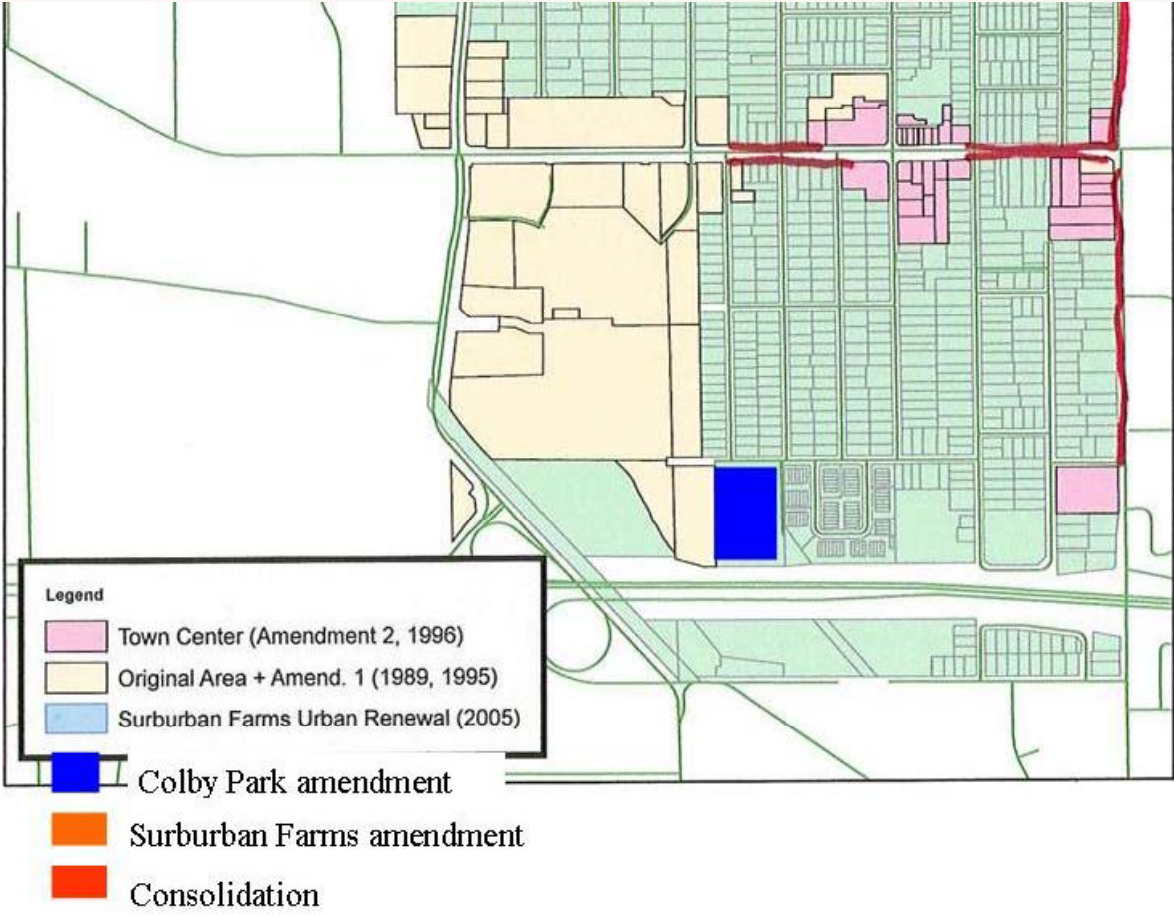
Windsor Heights Urban Renewal Areas



# Where are the Windsor Heights' TIF districts? South side



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# Does a resident in a TIF district pay more?



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<b>Taxing Authority</b>	<b>% of Total</b>	<b>Non-TIF \$135,800</b>	<b>TIF \$135,800</b>	<b>% of Total</b>
Des Moines Ind School	40.471	\$1,093.81	\$332.86	12.316
City of Windsor Heights	33.659	\$909.71	\$2,157.44	79.824
Polk County	15.554	\$420.39	\$138.65	5.1301
Broadlawns				
Hospital	6.6524	\$179.80	\$47.58	1.7604
Area XI College	1.2828	\$34.67	\$9.18	0.3395
Regional Transit	1.1674	\$31.55	\$8.35	0.3089
County Assessor	0.7442	\$20.11	\$5.32	0.1969
Urb-Wind Hts				
Sewer	0.3765	\$10.18	\$2.69	0.0997
Agricultural Extension	0.0846	\$2.29	\$0.61	0.0224
State of Iowa	0.008	\$0.22	\$0.06	0.0021
<b>Total Gross Tax</b>		<b>\$2,702.73</b>	<b>\$2,702.73</b>	

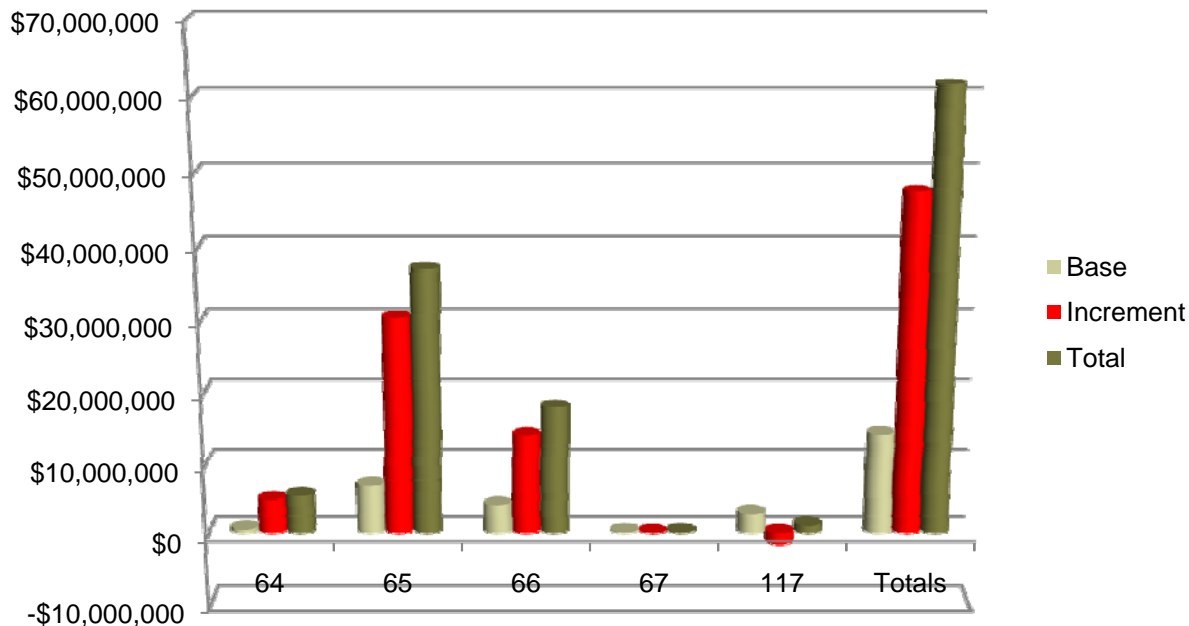
Consolidated  
rate information  
from Iowa State  
Department of  
Management

# TIF Districts in Windsor Heights



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	Base	Increment	Current
(64)6900 University/DQ/portion-Sam's Club	\$555,450	\$4,796,950	\$5,352,400
(65)Walmart	\$6,755,330	\$30,327,270	\$37,082,600
(66)Senior "Condos"/TC/63rd-Uni	\$3,958,400	\$14,003,550	\$17,961,950
(67)73rd St. Gas station/Pumpkin stand	\$127,000	\$21,000	\$148,000
(117)Suburban Farms (Hickman)	\$2,734,720	-\$1,644,720	\$1,090,000
	\$14,130,900	\$47,504,050	\$61,634,950



# How do TIF funds help cities make investments?



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Tax Increment Financing is a financing tool to help cities undertake economic development and improve infrastructure. City Councils make decisions on whether or not to issue bonds for those efforts. Bonds can be repaid by tax increment finance collections. Cities do not spend money on TIF – they collect money from TIF districts.

TIF does not create debt – it helps pay for debt.



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# How does TIF work in calculating taxes?

## TIF

		<b>Rate</b>	<b>Revenue</b>
Base	\$1,000	13.31499	\$13.31
Increment	\$9,000	42.42708	\$381.84
Total	\$10,000		\$395.16

## Non-TIF

		<b>Rate</b>	<b>Revenue</b>
Base	\$10,000	13.31499	\$133.15

# What would the City levy rate look like without the use of TIF?



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Windsor Heights	2011	2011 w/o TIF
<b>Ave. Value</b>	\$162,361	\$162,361
<b>Rollback %</b>	46.9094	46.9094
<b>Taxable Value</b>	\$76,163	\$76,163
<b>Tax Rate per \$1000</b>	\$13.31	\$21.09
<b>Calculated Tax</b>	\$1,014.10	\$1,606.35 <b>\$592.24</b>

Assuming the same level of past improvements, the average property owner would pay an additional \$592.24 per year, without the use of TIF as a financing tool.

# What we would look like if....

Year	Historical Trend	Actual
1990	\$169,654,225	\$170,216,535
1991	\$171,855,406	\$183,184,404
1992	\$174,085,145	\$193,795,496
1993	\$176,343,815	\$210,648,809
1994	\$178,631,790	\$213,379,709
1995	\$180,949,450	\$235,552,253
1996	\$183,297,181	\$235,553,234
1997	\$185,675,372	\$255,190,103
1998	\$188,084,419	\$259,002,016
1999	\$190,524,722	\$277,310,606
2000	\$192,996,688	\$280,721,463
2001	\$195,500,725	\$305,545,233
2002	\$198,037,252	\$313,247,557
2003	\$200,606,688	\$343,080,981
2004	\$203,209,462	\$346,814,205
2005	\$205,846,005	\$376,199,468
2006	\$208,516,756	\$376,846,446
2007	\$211,222,159	\$398,708,380
2008	\$213,962,664	\$403,044,388
2009	\$216,738,725	\$402,228,209

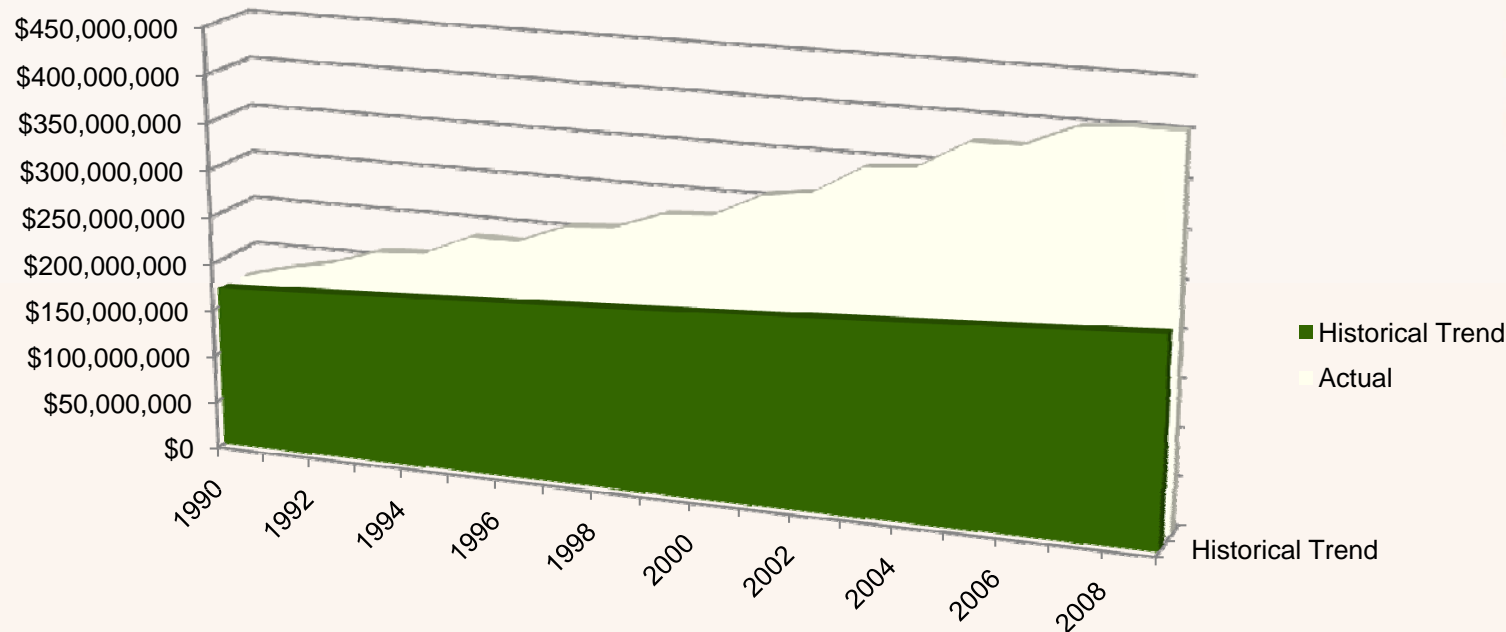


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# What we would look like if....



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Attached is a graph extrapolating previous trends and applying those trends to values before the City began its redevelopment efforts. The graph portrays the likely values had the previous growth trends continued without the City's investments to redevelop urban renewal areas and compares those figures with actual valuations. Historical information provided by Polk County Auditor.

# What would the City's revenues look like today?



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Year	Historical Trend	2011 w/TIF	w/o TIF Districts
2011	\$1,459,284	\$3,151,088	\$1,906,088

A comparison of revenues as they would likely have been without City redevelopment efforts with what revenues are today, both with TIF and what they would be without TIF. Historical trend information based on valuation information provided by Polk County Auditor.