



Wednesday, November 6, 2024

Council Receives Annual Tax Increment Financing Report

A financial advisor who reviews the city's annual debt offered praise during the City Council's regular meeting on Monday evening for the current status of general obligation debt and tax increment financing.

Maggie Burger, a senior vice president and certified independent public municipal advisor with Speer Financial, Inc., said the city's current debt levels are "very healthy."

"You are very healthy and stable when it comes to your debt capacity. ... You're doing a great job," Burger said. "Fortunately, you sold bonds when there were very low interest rates. ... Most of your water and revenue debt is out there at 2% or 2.43% and lower interest rates. That's a very good rate."

"You're using some sewer revenue debt, some storm water revenue, some water revenue, and then one of the bonds you're using, some road use tax, you have a debt service levy in 2025 at this point in time," she pointed out. "You do not have a debt service levy in 2026 ... but that is where we were talking about bringing additional projects over this next year, so that you would be able to levy a debt service levy if it was necessary."

Burger noted that the total assessed property value in Boone has exceeded \$1 billion, up from \$860 million following the latest statewide valuation that increased valuations between 15% and 35% in the 99 counties. Boone's valuation grew 22.8%.

"That happened coming out of the pandemic, houses were selling very quickly. They were selling at value, maybe even above asking pricing. And so, there was just a statewide revaluation done, and that's what you're seeing because of it," she said.

As a result, the increased property valuations have boosted the city's overall debt capacity. (The increased valuations also led to higher property tax assessments even though the city's tax rates remained unchanged.)

Burger also walked the council through the city's tax increment financing numbers, involving its Southeast, South Boone House, North Boone Housing and West Central districts. "You have different specific TIF districts, and you're paying different debt and obligations with those different districts," said Burger, who added that the annual review and update take place in November to meet a Dec. 1 deadline for cities to submit TIF information to counties.

According to the Legislative Services Agency, the nonpartisan staff that serves the Iowa House and Senate, "Tax increment financing is a financing mechanism for urban renewal. It involves dividing the property taxes paid from property within a designated area between the traditional taxing authorities (counties, cities, schools, etc.) and the taxing authority that created the TIF area."

"Tax Increment Financing, commonly referred to by its acronym of 'TIF,' is part of Iowa's urban renewal law, and it is a financing option for urban renewal activities designed to address slum, blight, and/or promote economic development," the LSA website states. "Authorization for city and county urban renewal and TIF activities is found in Iowa Code chapter 403. Urban renewal was enacted in 1957 ... and TIF was added as a financing mechanism for urban renewal in 1969.

The Legislative Service Agency notes that during fiscal year 2022, 499 local governments had 904 active Urban Renewal Areas listed in the Iowa Department of Management property valuation database and 732 of the areas had increment value and, therefore, generated TIF revenue. Another 285 Urban Renewal Areas had no taxable value that fiscal year.

In other action, the council:

- Received an update about Downtown Boone from Kelley Molitor that Holly Stecker has been hired as the group's executive director. Council members also authorized an agreement to facilitate ongoing financial support for the Downtown Boone Main Street initiatives between the City of Boone and the Downtown Boone Main Street Board.
- Set a 6:00 p.m., Nov. 18 public hearings for the consideration to amend precinct boundaries and on a proposal to enter into a development agreement with Hansons and Gardner, LLC.
- Approved the second reading of Ordinance 2313, changing to deer regulations in the code of ordinances to prohibit feeding deer and setting fines for violators.

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