



TAX INCREMENT FINANCE PROGRAM (TIF)

Approved by the Peosta City Council on January 14, 2020

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City of Peosta Tax Increment Finance (TIF) Program

GOALS:

The goals of Peosta's Tax Increment Finance (TIF) program include the following:

1. To enhance areas in the city for the purpose of stimulating private investment in commercial, industrial, residential development/redevelopment and investment in public facilities and infrastructure through public action and commitments.
2. To increase commercial, industrial development, targeted residential development and investment in public facilities in Peosta which will improve the economic and social environment of the community and sustain a desired balance between the non-residential and residential tax burden.
3. To build commercial, industrial and residential resiliency by attracting & retaining workforce and growing quality of life amenities in Peosta to make it a favorable community for families and members of the workforce to reside and experience life.
4. To provide adequate public infrastructure of sanitary sewer, storm water management, potable water, streets, and pedestrian walkways to ensure the public health, safety, and welfare.
5. To provide assistance and economic incentives for commercial, industrial development and targeted residential development which may not otherwise occur without such assistance and incentives.
6. Other goals as stated in the city's urban renewal plans.

POLICIES:

The following are the policies for the TIF program:

- This policy shall not be construed as obligating the City to use TIF for any or all projects that satisfy the criteria set forth in this policy. The decision to provide Tax Increment Financing incentives shall be at the sole discretion and approval of the Peosta City Council and shall be determined on a case by case basis. Tax Increment Financing is also subject to required legislative process (notice and public hearing).
- The City may provide TIF funds for the purpose of improving City infrastructure and structures as well as for structural and infrastructure improvements to privately-owned commercial and industrial properties.

- The City shall give highest priority to the use of TIF funds for public infrastructure improvements.
- The City may consider the use of TIF to provide funds to a developer to assist in preparing a property for redevelopment (i.e. removal of existing structures, filling and grading).
- The City may consider the use of TIF funds for a project to assure Peosta is not at a competitive disadvantage when competing for projects with other communities.
- The city may consider action to encourage investment in areas that have fallen into a state of blight as defined in the Iowa code Chapter 403.17(5).
- The city may use TIF to invest in public facilities designed to improve the overall economic environment of the community and to provide quality services to its citizens.
- Any project making an application for TIF funds must be located in a designated Urban Renewal District.
- The public assistance granted to a business shall not result in a benefit exceeding market conditions and normal business expectations for finance terms or rate of return on investment. Applicants must be prepared to provide proof of their ability to finance the project contemplated in their TIF application.
- If the City has already extended TIF funds to improve a property (infrastructure or buildings), the City may reduce the amount of TIF assistance for subsequent improvements to the property or decline to provide any TIF assistance.

TIF FUNDING CALCULATIONS AND DEFINITIONS:

Incremental property taxes are the new property taxes generated by improvements to the project property. The incremental property taxes are multiplied by the year's TIF tax rate which is determined by subtracting any protected levies from the consolidated tax rate of the property's taxing district. This calculation determines the amount of TIF funding available to a project and is hereby referred to as the segregated incremental property taxes.

Property valuations are independently determined by the Dubuque County Assessor unless determined as part of minimum assessment agreement.

TIF FUNDING ALTERNATIVES:

Following are types of funding alternatives the city may consider.

- Rebate – Under the rebate program the developer/business constructs the improvements to the property and makes their annual property tax payments when they are due. The City receives the property tax payment and rebates a portion of the property taxes back to the developer/business. The amount and number of years for the rebate shall be established in a Development Agreement approved by the developer/business and the City Council.
- Forgivable loan – Under the forgivable loan program the developer/business constructs the improvements and the City provides the TIF funds in one payment once the developer/business receives a certificate of occupancy. The City forgives 20% of the loan over a five (5) year period. If the business ceases to exist before the entire amount of the loan is forgiven, they are responsible for refunding to the City any portion of the loan that has not been forgiven. The amount of the loan and schedule for forgiving the loan shall be established in a Development Agreement approved by the developer/business and the City Council. Providing a forgivable loan is subject to the City having the resources available to make the lump sum payment.
- The City may consider other funding alternatives, such as infrastructure improvements, as approved by the City Council.

BASE TIF PROGRAM

The Base TIF program contemplates funding up to the equivalent of **60%** of the segregated incremental property taxes for up to **eight (8)** years.

The following factors may be considered in determining whether a project is eligible for Base TIF funding:

- The project is a new or existing business that is improving property with expanded infrastructure or building expansion.
- The project creates additional tax base for the community.
- The project creates or maintains quality employment in the community.
- The project is a new or existing business that is compatible with the community environment and maintains and promotes a strong sense of community.
- The project meets or exceeds the architectural standards established by the City and is compatible with the surrounding development.
- The project does not cause undue stress on city services or infrastructure and is sensitive to the environment.
- The project does not create an unfair advantage for the applicant over existing businesses in the community.
- The project will result in job growth of one to fifteen employees.
- Any other considerations determined by the City Council to be relevant.

EXPANDED TIF PROGRAM

The Expanded TIF program contemplates funding up to the equivalent of 90% of the segregated incremental property taxes for up to fifteen (15) years. The following factors will be considered in determining whether a project is eligible for Expanded TIF funding:

- The amount of tax base created - Does the project provide for a significant expansion of the property tax base?
- Number of new jobs - Does the project create a significant number of new jobs (more than 15)? If so, how many?
- Quality of jobs - Does the project create new jobs that pay at least 125% of the median income for Dubuque County and provide insurance benefits?
- Redevelopment - Does the project involve investment in the redevelopment of an existing structure or property?
- Leadership in Energy and Environmental Design (LEED) Certification – Will the building(s) be constructed to meet LEED Certification?
- Public Art – Does the project involve the creation and construction of public art or an amenity that would be unique to the project and of interest to the public?
- Other – Any other considerations determined by the City Council to be relevant.
- Existing business - Is the project an existing business in Peosta that is seeking to expand?