# A Primer on Tax Increment Financing (TIF)

Tax increment financing (TIF)[1] is one of the techniques that cities and counties use to encourage businesses and industries to locate in the community, expand their operation, or upgrade their facilities.

Tax increment financing is a scheme whereby a developer of a building project, the owner of a business, industry, or an investor group are able to fund the project by diverting some of their property taxes to pay for the project. The project can be a remodeling project, a building addition, or a new building. It can be commercial property or housing units.

Generally communities go to the bond market to obtain the money to finance the TIF project. They do this by issuing TIF bonds. However it is not required that a TIF bond be extended; some projects can be handled via self-financing or pay-as-you-go. Sometimes a community uses general obligation bonds to finance TIF projects.

**Where your taxes go**

When you pay property taxes, those taxes fund:

1. the city
2. the county
3. public schools
4. community college
5. Agriculture Extension Service
6. Several other entities that receive tax funds, such as a state levy, county assessor, and basic rural services.

When property taxes are paid on TIF projects funded with TIF bonds, those taxes on the project go to pay for the TIF bond.

*A medical office building in Cedar Rapids that was granted TIF. As a result, the* project closed a major city street. What's more, the relocated business *had fewer employees. Additionally this project replaced housing in a low-income and minority neighborhood. Photo by Elwood Garlock*

**Loans and TIF bonds**

When a person goes to a bank and gets a loan, the person pays for the loan from his own funds. And the person pays for his property taxes with his own funds. The tax money is put in the general fund to pay for the services that the city provides.

When a developer goes to the city and gets tax increment financing, via a TIF bond the city borrows the money from the bond market in the form of a TIF bond. The borrowed money is given to the developer for the project. After the owner of the TIF'ed property pays the property tax on the TIF'ed portion of the property, the city uses that property tax to pay the loan (TIF bond). After the TIF bond is paid for, the

[1] Sometimes tax increment financing is called an urban renewal tax break.



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property owner continues to own the project. No money is ever repaid to the city to replace the property tax that was used to pay for the loan. In essence, TIF is a way for public officials to give a gift (a grant) to a developer.

**TIF agreements**

Cities and counties can enter into Tax Increment Financing agreements. If a project is located in the county, the developer would approach the Board of Supervisors. In the city, the city council decides to grant TIF.

When TIF is granted, there are legal documents that set up the terms, including what the tax increment will pay for and when the money is given to the developer.

When looking at TIF, the property is broken into 2 components:
1. the development -- building, addition, remodel to existing structure. Often the development is called an improvement.
2. the base – ground, any structure on the ground before the TIF was granted

**What happens to property taxes on TIF projects**

When a city approves a TIF agreement, the tax is broken into 2 parts
1. tax on the base (property before the development)
2. tax on the development, this is called the tax increment.

Tax on the base will be directed to the city, county, schools, as it would be directed before the TIF was created. It goes into the general fund and can be used to pay for employee wages, expenses in operating public buildings, parks and recreation areas, law enforcement vehicles, and the like.

Should a TIFed property be reassessed, increases of the value and the taxes on that increase are part of the improvement and are not part of the base.

Although you might hear proponents saying that no public money is used to finance TIF projects, the reality is that money that is used to pay for TIF projects is public money.

Taxes paid on the development will be directed to the projects and areas designated by the TIF agreement. Once a TIF is granted for a project, all of the property taxes paid on the increment will be directed to the project for the length of time the TIF is in effect.

Iowa Code sets the maximum period of time that TIF is in effect. The terms of the agreement with the developer also set the time period, which is generally based on the length of time to pay for the TIF bond. However Iowa laws says the maximum time frame for a TIF project for housing is 10 years and 20 years for other TIF projects. Housing built in an economic development area can be covered by TIF for 20 years.

Before TIF is actually authorized, the project must be in an area designated for urban renewal. It should also be noted that the city or county can declare that the urban renewal area is more than just the building project under consideration. It can include neighboring properties. When those neighboring properties make developments on their properties, the tax on those developments can be used to pay for the TIF



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bond. Those neighboring properties would not receive any of the TIF grant given to the original project. Even bare ground that is under cultivation can be designated as an urban renewal area.

**TIF Bonds**

In some cases the TIF money is used to widen streets, build sewers to the building, or to provide water lines to the building. In other cases, the TIF money is given outright to the developer, as a grant or rebate to pay for part of the building project.

Generally when a project is granted TIF, the developer is given a lump sum of money. Many times the city or county does not have enough money to pay the amount of money that is being granted to the TIF project. So in order to raise the money, the city or county will sell a TIF bond. These bonds are sold on the stock market. The public and mutual fund companies are free to purchase the bonds. A bond is similar to a loan – there is a set interest rate, there is money borrowed from the bond purchaser, there is a set payment scheduled. In the case of TIF bonds, the property taxes on the increment are used to pay for the bond and the interest. If the mutual funds own a large amount of a particular bond, you will see that item enumerated in the reports the fund publishes; otherwise the bonds will be lumped together and reported as bonds. If you own a bond outright, on your monthly statements from the brokerage firms, you will see a section for the payment that you get from the bonds – the principle and the interest.

As an aside, another kind of a bond that you often hear of cities and counties, and even schools, selling is a general obligation bond. Usually the money you pay in taxes goes to a general fund, which is a big pot of money. With a general obligation bond, the bond is paid for from the funds in this pot of money.

A TIF bond is not a general obligation bond; so the money to pay for the TIF bond comes strictly from the TIF increment. However some TIF projects are paid for by general obligation bonds.

Voters do not get a chance to approve or deny a TIF bond, unlike bonds used to fund civic projects such as school buildings.

**What happens to tax revenue on a TIF project**

Every 6 months when the property taxes are due, the property owner pays his taxes to the county just like any other property owner. The county then sends the property taxes to the appropriate jurisdiction. The jurisdiction that issued the TIF bond is responsible for paying the bond payments. When the TIF bond is paid for, the property tax revenue is then returned to the general fund.

During the time period that property taxes are diverted to pay for the TIF bonds, the schools are given funds from the state treasury to replace what they would have received in property taxes on the TIF increment. No other government entity is given money to replace what they had to give up to pay for the TIF property tax increment.

In fiscal year 2017, the state of Iowa reimbursed the school districts $7,167,232 for property taxes that were diverted to tax-increment financed projects. During that same time frame, 74 school districts in Iowa found their tax receipts reduced by $19,090,704, money which was diverted to TIF projects.[2]

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[2] "The New Math on School Finance", December, 2018, GoodJobsFirst.org



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**Increasing the tax base**

One of the comments you often hear said is "we have to offer TIF on a building project in order to increase the tax base". You never hear the rest of the story -- the general fund will be getting no additional money to spend on public needs.

After any building project is completed, the assessed value of the property increases, which means that the property taxes collected increases. However, in the case of TIF projects, the assessed value increases, that means the tax base increases. But the general fund will not increase for a number of years, until the bonds have been retired.

This is where the term "revenue neutral" comes into play. For the duration of the TIF agreement, while the property tax revenue on the development is diverted to the TIF bond, the taxing jurisdiction will receive no more property taxes on that property. In the case of projects where the TIF agreement is paying for widening streets or extending water and sewer, those are projects that cities often are called on to pay for.

However, there is a flip side to this – those projects where the TIF money is given to the developer or property owner as an outright grant. During the period of the TIF agreement, the property will still use public services such as snow removal, street repair, fire protection, and law enforcement. Yet the amount of property taxes the general fund recovers from the development will not increase. That means that the rest of the public is covering the share of the costs of those services through higher taxes. The TIF project is not paying its share of those costs. The net effect is revenue negative.

One can even argue that better incentives to promote economic development are good quality public schools, good roads and streets, good fire protection and police protection, and other public services. Those investments are also great in developing a well-educated productive work force.

**Are TIF projects good for the community?**

Much debate has occurred as to whether a TIF project will bring other development to the community and, thus, generate additional tax revenue for the community versus whether the developer is getting special preference that other property owners do not get because not everyone is granted TIF.

When a particular project is given TIF for a building, parking ramp, or an addition, the builder gets to keep the building his property tax paid for. That is clearly a form of welfare. These welfare payments clearly benefit the owners of the project.

An additional problem results in those jurisdictions where a project may cause other properties to be abandoned. For example, a big box store might want to replace a smaller store with a bigger store. The company might ask for TIF for its bigger store. When the project is completed, the smaller store is abandoned. If another company is not found to occupy the smaller store, real estate agents may be requested to reduce the price that the store is being offered for sale. With no bidders, the owner of the smaller store can ask the assessor to lower the assessed value of the property, leading to a reduction in the tax base which means a reduction in property taxes collected on the smaller store.



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What’s worse is that at this point, business owners and developers feel that they are entitled to TIF.

An example of a well-designed TIF project is the Cedar Rapids HyVee grocery store located in the inner city – an area that would have been without a grocery store. Without the grocery store, the nearest grocery stores would have been several miles away from the neighborhood and not very accessible to the residents.

*A successful TIF project in Cedar Rapids provided a grocery store to an inner city neighborhood. Photo by Pam Mackey Taylor*

One poorly designed TIF project in Cedar Rapids granted over 13 million dollars to construct a parking garage for a doctor’s office – the entire cost of constructing the garage; at the end of the TIF project, the parking garage would be owned by the doctors. The project was built in an inner city neighborhood. Before the project was built, the builders destroyed numerous homes, apartments, and historical buildings – buildings that were not blighted. Furthermore the project, which resulted in combining several free-standing doctors’ offices under one roof, resulted in fewer employees in the community after the consolidation and resulted in several empty buildings.

Another example of how TIF has a negative effect on a community is the Von Maur store that was granted TIF by the city of Coralville to move to a new commercial development. As a result of the TIF and other incentives, Von Maur decided to close its Iowa City store at Sycamore Mall. The metropolitan area did not benefit from this TIF project.

Furthermore granting TIF to one project can result in an unfair economic advantage to the recipient as compared to his or her competitors.

Although advocates of tax increment financing often state that granting TIF does not affect the credit rating of a community because TIF bonds are paid from the property taxes generated by the TIF project, the city of Coralville saw its bond rating decline due to its large diversion of public money into TIF projects. From April, 2012, to May, 2013, Moody’s reduced Coralville’s credit rating six notches, which affects the interest rates the city of Coralville pays for future bonds and loans.[3] Coralville’s bond ratings continued the downward slide into 2015, when Moody’s cited Coralville’s “elevated debt profile” and its “highly leveraged tax increment financing districts, which will require debt restructuring to meet debt service obligations in 2016”.[4]

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[3] Gregg Hennigan, “Coralville gets recommendations to improve bond rating”, Cedar Rapids Gazette, January 28, 2014

[4] “Moody’s lowers Coralville’s general obligation bond rating to lowest investment grade”, Corridor Business Journal, December 15, 2015

**Property tax shift**

When cities grant TIF and when the TIF money directly benefits the beneficiary, the other homeowners and businesses in the city must cover the property taxes that the beneficiary is not paying. This results in an increase in property taxes and a shift in who pays the property taxes.

The shift also happens to people who live outside of the city. For example, all property owners in the same county as the TIF project, will see their property taxes increase to cover the expenses paid through county tax funds, such as rural roads and county parks.

Likewise the public schools are not given their share of the property tax funds from TIF projects. Property owners in the school districts will see their property taxes increase to cover the property taxes not paid by the TIF project. Also some of the public school tax funds are ultimately refunded to the school districts through the state treasury, which affects the taxes paid by all Iowans.

*A TIF project in Cedar Rapids, Building developer Steve Emerson decided to ask for TIF after the building was already under construction. Photo credit: Elwood Garlock*

A TIF project ultimately shifts the burden of tax payments onto other property owners who see higher property taxes. TIF has resulted in a property tax system that is unfair to all but the beneficiaries of TIF projects.

Although originally designed to encourage developers to rejuvenate blighted properties[5], developers, city councils, and bond issuers have become quite creative in how TIF is used. Between 2000 and 2012, 8.1 billion dollars was spent in tax-increment financing in Iowa. Only 11 percent was for rejuvenating blighted areas, whereas the rest was spent on economic development.[6] In fiscal year 2017, "less than 20.0% of the TIF Taxing Districts were created with slum and/or blighted conditions as a reason for the need to create the District. The majority (64.1%) of TIF Taxing Districts in Iowa were created on the exclusive finding of economic development need."[7]

Some communities have declared TIF zones, with the intent that the increased taxes on those properties are used to pay for bonds that were used to build community-owned facilities, such as libraries, fire stations, city hall, and other infrastructure. For example, Asbury used TIF money for municipal golf course improvements, Algona diverted tax money to pay for the public library, DeWitt spent TIF money for a police facility and improvements for their fitness center, Hiawatha used the tax-increment financing money for a city hall, and Lake Mills expended TIF money for the maintenance and improvement of their swimming pool. Prior to TIF being co-opted for these purposes, voters would have been asked to approve general obligation bonds for these projects. What's more the property taxes that should have been paid to the county, schools, and other jurisdictions are being diverted to pay for these projects. That means

[5] The Iowa TIF law was originally authorized in 1969 to encourage projects in blighted areas.
[6] Jessie Hellmann, "Turning to TIF", Cedar Rapids Gazette, December 6, 2015
[7] "FY 2017 Annual Urban Renewal Report – Tax Increment Financing (TIF)", Iowa Legislative Services Agency, February 15, 2018, pages 17-18



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that taxpayers outside of the community are paying more in taxes to cover the lost tax revenue. Not only did the taxpayers in the community not get to vote on the project, the taxpayers who do not live in the community did not get to vote on the project and the diversion of the tax money to the TIF project. Furthermore, those living outside of the community that granted the TIF do not get to vote for or against the elected officials who made the decisions about the TIF project.

**Impact of TIF projects in Iowa**

In fiscal year 2019, 346.6 million dollars of property taxes in Iowa were swept away from the general fund and dedicated to TIF project financing. Details follow:[8]

| Class of property | Total property tax, in millions of dollars | Regular property tax (the base), in millions of dollars | TIF property tax (the increment), in millions of dollars | Percent of property tax dedicated to TIF |
|---|---|---|---|---|
| Industrial | 267.0 | 212.3 | 54.7 | 20.5 |
| Commercial | 1,252.3 | 1,059.7 | 192.6 | 15.4 |
| Multi residential | 164.2 | 153.5 | 10.7 | 6.5 |
| Residential | 3,119.0 | 3,037.2 | 81.8 | 2.6 |
| Agriculture | 832.9 | 831.9 | 1.0 | .1 |
| Other | 294.3 | 294.3 | 0 | 0 |
| Totals | 5,929.7 | 5,588.9 | 346.6 | 5.7 |

In the case of Cedar Rapids, TIF districts generated $3.3 million in tax revenue in fiscal year 2012.[9] At the same time, Cedar Rapids cut $30 million out of its budget over 10 years.[10]

In 2013 in Johnson County alone, $22,219,656 of property tax revenue was diverted from public government funds (Johnson County, Agriculture Extension, township cemeteries, school districts, cities, Area Education Agency) and given to tax-increment-financing projects.[11]

Each city in Iowa has to file an annual report with the Iowa Department of Management that includes a statement of the amount of tax increment financing indebtedness and the names of the business entities receiving tax increment financing and the amount received. The financial reports containing this information can be found at www.legis.iowa.gov/tif/public.[12]

A seldom-used tool can be used by County Supervisors to recover some of the property tax money that a city has diverted to tax increment financing – bonding to offset TIF. The County can levy debt repayment tax revenue on TIF projects which is then used to pay back the bonds. In 2013 Johnson County Supervisors faced a diversion of $4.5 million of property tax revenue to TIF projects. Using bonding to off-set TIF, the

[8] "FY 2019 Annual Urban Renewal Report – Tax Increment Financing (TIF)", Iowa Legislative Services Agency, February 14, 2020

[9] Councilman Kris Gullick, "Tax credit for businesses is better", opinion editorial, Cedar Rapids Gazette, January 22, 2012

[10] Mayor Ron Corbett and Mayor Matt Hayek, opinion editorial, "Shifting taxes doesn't solve problem", Cedar Rapids Gazette, January 22, 2012

[11] Gregg Hennigan, "Johnson fights TIF losses", Cedar Rapids Gazette, February 23, 2013

[12] In 2012, the Iowa legislature passed and the governor signed HF2460 that changed the reporting requirements for tax increment financed projects. A part of this legislation involved creating a searchable database.



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Supervisors planned to borrow $9.9 million for 90 days. That action was expected to fetch $1 million of property tax revenue from TIF projects. It also would mean the non-TIF property owners would not have to pay $19 for each $100,000 of valuation, simply by requiring the TIF projects to contribute toward repayment of the bond.[13]

Iowa has more tax-increment-financing districts than any other state in the United States – 3,340. The second highest state is Minnesota with 1,719 TIF districts.[14] Between 2000 and 2014, Iowa cities and counties borrowed $315 million to finance TIF projects. Iowa ranked thirteenth in the country in the amount of money borrowed to support TIF projects.[15]

In fiscal year 2020, 390 local governments held 3,243 debts with a total outstanding value of $3,521 billion. Over half of the debts extended beyond fiscal year 2030, some even beyond 2040.[16]

Since 2017, all state and local governments that prepare their financial statements following the Generally Accepted Accounting Principles (GAAP) must report the amount of revenue that is forgone due to economic development tax abatement programs. The disclosure is done via a Government Accounting Standards Board (GASB) 77 note.[17] A report with no amount means that there was no revenue diverted to those programs or that the amount was not material. Failure to show an amount could also mean that the entity is not complying with the reporting requirement. One way you can verify that by cross-checking the city disclosure notes with the county and school district reports.[18]

**TIF policy is ripe for reform**

TIF has become a finely honed dance where the requestors have learned to use the right words[19] to extract as much money as possible from the city or county, the city or county has learned to extend enough money to encourage or bribe the requestor to continue operating in the community or to locate in the community, and the taxpayers are treated to great promises of good-paying jobs while they are expected to shoulder the tab for the gifts that have been extended to the requestor. Developers have even threatened to take their development project to another city if they do not get the incentives that they are requesting. In some communities, the same set of developers come before the city council year after

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[13] Gregg Hennigan, "Johnson fights TIF losses", Cedar Rapids Gazette, February 23, 2013

[14] B. A. Morelli, "Iowa's use of Special tax areas leads nation – Research critical of TIF, but local officials say it's vital", *Cedar Rapids Gazette*, September 30, 2018

[15] B. A. Morelli, "Iowa's use of Special tax areas leads nation – Research critical of TIF, but local officials say it's vital", *Cedar Rapids Gazette*, September 30, 2018

[16] "FY 2020 Annual Urban Renewal Report – Tax Increment Financing (TIF)", Iowa Legislative Services Agency, February 15, 2021, page 6

[17] Christine Wen, "Disclosing Tax Revenue Lost to Corporate Welfare: Are Local Governments Backsliding on Compliance", Good Jobs First, May 29, 2020. See www.goodjobsfirst.org/blog/disclosing-tax-revenue-lost-corporate-welfare-are-local-governments-backsliding-compliance

[18] Christine Wen, "Nine Common Reasons Governments Decline to Provide Tax Abatement Disclosures", Good Jobs First, June 29, 2020. See www.goodjobsfirst.org/blog/nine-common-reasons-governments-decline-provide-tax-abatement-disclosures

[19] More recently the developers are using the words "upscale retail", "upscale warehouse", "state-of-the-art facility", "residential destination", "progressive development", "market rate", "signature quality", and "class A office space" to define their projects. They also are terming their developments as an ecosystem when they involve a mix of housing, commercial, and office space. They may claim that they meet or exceed industry standards.



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year, project after project, requesting TIF, each time saying that they need just a little support to finish each project.

There is no effective determination of whether the entity receiving the TIF really needs their TIF tax grant. In fact, some of the wealthiest corporations in the country are receiving TIF, including Microsoft, Wells Fargo, and Wellmark.[20]

The Iowa Chapter supports policies to reform Tax Increment Financing, as it is currently configured[21]. These policies include:

- At no point should undeveloped land be eligible for tax increment financing. Blighted inner city properties should be the only properties eligible for tax increment financing. The amount of money that is awarded in tax increment financing should be limited to a small percentage of the project. Once the TIF bond is paid-in-full, the tax diversion should end and the taxes should begin flowing into their normal taxing jurisdictions.
- No more than 25 percent of the property in the city or county should be diverted to tax increment financing at any point in time.
- At no point should one entity of government be able to divert property taxes from another entity of government, as is allowed today in the case of tax-increment financing. If a city grants TIF, then only the property tax funds paid to the city should be diverted to pay for the TIF bond, and not the funds allocated to the county, school district, or any other taxing jurisdiction.
- A developer given TIF for a project should not automatically be given the right of eminent domain, which could be used to condemn neighboring properties. Today a project given TIF can also be given the right of eminent domain.
- The Iowa Chapter opposes the use of TIF to remove usable lower-income and moderate-income housing stock.
- The Iowa Chapter opposes the use of TIF to locate incompatible industrial buildings and operations next to usable lower income housing stock.
- Public buildings should not be financed with TIF funds. The only public-owned infrastructure that should be financed with TIF funds should be roads, sewer, and water that connect the project with existing infrastructure.
- Buildings built or remodeled on speculation, with no tenant ready to occupy the structure and consequently no idea how many new jobs will be created by the project, should not be given tax-increment financing.
- Stringent criteria should be established for determining if a project is eligible for tax increment financing. In 2012 members of the Iowa House introduced HF2460 that had the following criteria (unfortunately later amendments removed these from the final approved version of the bill):
    - "The proposed or expected development within the urban renewal area would not otherwise occur without approval of the urban renewal plan and without the use of incremental tax revenues if the urban renewal plan provides for a division of revenue. . .

[20] "FY 2020 Annual Urban Renewal Report – Tax Increment Financing (TIF)", Iowa Legislative Services Agency, February 15, 2021, page 11

[21] Chapter 403 of the Iowa Code deals with tax increment financing, Chapter 404 deals with urban revitalization tax exemptions, and Chapter 427B deals with industrial property tax exemptions. These policy recommendations affect all three of these chapters.



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- The economic benefits of the urban renewal area, as measured by increased employment, business and personal income, and property value, are sufficient to compensate for the costs and indebtedness to be incurred by the municipality.
- If the proposed urban renewal plan provides for a division of revenue . . ., the benefits of the proposal outweigh the anticipated reduction in property tax revenues to each taxing district.
- Other alternative development options and funding for the proposed urban renewal area would be less effective than the proposed urban renewal plan and the division of revenue . . . "

- All TIF areas should have a sunset and should not be allowed to perpetually be designated as a TIF area.[22]
- Given the long-standing abuses and misuses of TIF and given that the state is now funding an economic development department with significant sums of money and that the economic development department operates with consistent procedures and public processes, the Chapter recommends that all TIF projects be funded by the Iowa Economic Development Authority.
- A revolving loan fund should be established so that ALL property owners can access the money for energy efficiency or renewable energy projects. This would not be a TIF fund.
- Once a project is presented to a city planning department and the city council for tax-increment financing and once the planning department agrees to forward a TIF request to the city council, some city planning departments actually make the presentations to the council and the requestor never speaks to the council about the project. In some cities, the name of the project is all that is made available to the public. Many developers have several limited liability companies involved in a given project, which makes the ultimate beneficiary of the TIF financing difficult to determine. The Chapter believes that any request for TIF funds must be accompanied by a list of the officers of the company and the board members. The Chapter also believes that for any company that is not publicly traded on the stock exchange, the investors should also be disclosed to the public as part of a TIF request.
- All government records related to the TIF proposals should be available for public inspection, prior to and after public meetings related to the project.
- A member of the public, media, or organizations should be able to sign up for advance notification of actions related to TIF projects.

**Case Study: Terex Minerals and The Fountains**

The Fountains is a mixed use development in Cedar Rapids, Iowa, that includes an office building. The developer was granted tax-increment financing (TIF) to assist in building the project. The five-year TIF grant was estimated to return $3.7 in property taxes to the developer.

In 2015 Terex Minerals was already occupying a building in Cedar Rapids, but wanted to move to a new facility. It was deciding between a building in Marion and The Fountains building in Cedar Rapids. Marion and Cedar Rapids are neighbors, sharing a border. Terex threatened that it would move its 50 employees to Marion if the City of Cedar Rapids did not provide $506,000 in additional TIF to The Fountains. The additional TIF was planned for the purchase of office furniture for the Terex employees and was also to be used to lower Terex's lease payments.

[22] As of 2021, 258 local governments in Iowa had perpetual TIF areas, without a sunset. See Fiscal Note for HF849, Legislative Services Agency. March 25, 2021



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Terex Minerals has a storied history in Cedar Rapids. It purchased Cedarrapids Inc in 1999, and then cut 440 employees in 2000. That same year, the City of Cedar Rapids repaid a $450,000 loan to the State of Iowa since jobs were not retained by Terex. In 2009 Terex ceased manufacturing in Cedar Rapids, reducing the labor force by another 170 employees.

To complicate matters, the City of Cedar Rapids had a surplus of office space at the time The Fountains was awarded the original TIF grant.

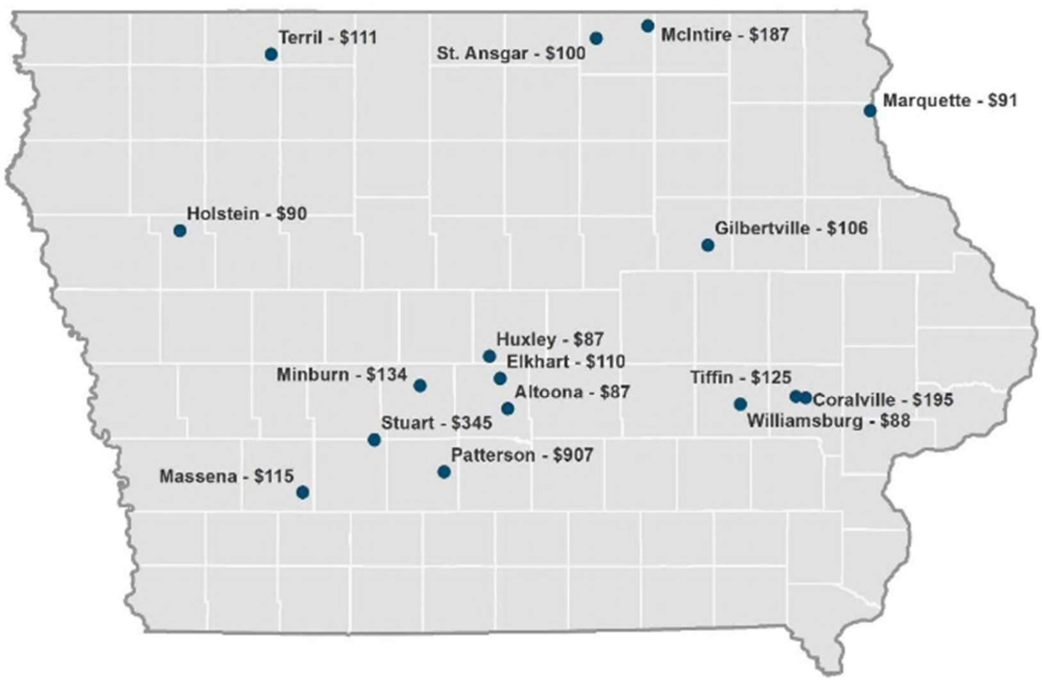
Obviously this project has several troubling aspects. TIF was provided to build more office space when there was a surplus of office space in the community. TIF was being used to lure a tenant into a building, even though the tenant was not creating new jobs. TIF has been traditionally used to pay for the building structure itself. Furniture does not increase the taxable value of the property.

Ultimately in 2018, Terex announced it was moving its 35 employees to The Fountains, but without using TIF to pay for its office furniture.

**Cities With More Than $80 TIF Debt per $1,000 Taxable Value, from the "FY 2020 Annual Urban Renewal Report – Tax Increment Financing (TIF)"**

For all cities with reported TIF debt, the debt amount (remaining principal and projected interest) averaged $30 per $1,000 of city FY 2020 taxable value. Sixteen Iowa cities with reported TIF debt of more than $80 per $1,000 of city taxable value are shown on the following map.

**Cities with More Than $80 TIF Debt per $1,000 Taxable Value**



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