

## **FINANCIAL & TECHNICAL ASSISTANCE**

The Iowa City Area Development Group will assist primary sector businesses throughout your site selection process – from the moment we receive your first contact until your application is reviewed by the state of Iowa.

Iowa City Area Development Group staff will act as the single point of contact for your business project. We will help you complete a financial application, assist your representatives with a site review to select the most appropriate location or building, and work with your representatives as you complete necessary paperwork and interact with community and state officials.

### **Local Assistance Programs**

Since 1984, the Iowa City Area Development Group has worked hand-in-hand with area communities to establish local economic development assistance programs targeted to the needs of business. With a focus of lowering up-front capital costs for existing and prospective companies, area communities have established a consistent track record of assisting businesses across all industry sectors: Biotechnology and Bioprocessing, Advanced Manufacturing, Consumer Products, Finance/Insurance/Software and Educational Services.

### **Tax Increment Financing (TIF)**

- The program utilizes future increases in property taxes to provide assistance to a company for private development
- The site must be located within an Urban Renewal/TIF District
- The development proposal must be manufacturing, warehousing, distribution, office complex, hotel/motel, or health care facilities
- Assistance is based on capital investment a company makes in a new facility, refurbishing an existing facility, number of new jobs created and wage rates
- TIF can be used as a rebate of taxes on an annual basis; cover costs to extend utilities, provide street improvements or acquire property; provide local match for state assistance; and lower construction or equipment costs
- The “TIF-able” amount of the property taxes is that less any rate dedicated to debt service by the taxing jurisdictions and the school district’s Physical Property and Equipment Levy (PPEL)
- Applications must be approved prior to the start of any part of the project

### **Industrial Property Tax Exemption (Cost Avoidance Program)**

- Under state law businesses qualify for an Industrial Property Tax Exemption as long as a community has adopted an Industrial Property Tax Exemption ordinance – there are no special districts in which a project must be located
- Value added to industrial, research and development, and certain warehouse/distribution real estate is eligible for partial exemption from property taxation for a period of five years
- The program provides 75 percent exemption in year one, 60 percent in year two, 45 percent in year three, 30 percent in year four and 15 percent in year five. The exemption averages approximately 45 percent throughout the five-year period
- The property owner must file for the exemption in January following each year that value is added to the property
- Unlike Tax Increment Financing (TIF), the Industrial Property Tax Exemption applies to the entire tax rate, including debt service and the school districts physical property and equipment levy. Industrial property tax exemption is not typically used with TIF

### **Urban Revitalization Property Tax Exemption (Cost Avoidance Program)**

- The site must be located in a designated Urban Revitalization District
- The program provides property tax exemptions for value added to property identified by the city as being qualified for assistance
- There are two exemption schedules from which an owner may choose: 100 percent for three years or a graduated schedule spread throughout 10 years:
  - 80 percent in year one
  - 70 percent in year two
  - 60 percent in year three
  - 50 percent in year four
  - 40 percent in years five and six
  - 30 percent in years seven and eight
  - 20 percent years nine and 10
- Unlike Tax Increment Financing, the Urban Revitalization Property Tax Exemption applies to the entire tax rate, including debt service and the school districts Physical Plant and Equipment Levy (PPEL)
- Applications must be approved prior to the start of any part of the project