

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) RESOLUTION

# 96

Date: October 13, 2015

Weekly Agenda Date: October 20, 2015

DEPARTMENT HEAD / CITIZEN: Supervisor Jeremy Taylor

SUBJECT: **Property Tax Relief Resolution**

**ACTION REQUIRED:**

Approve Ordinance   
Motion

Approve Resolution

Approve

Give Direction

Other: Informational

Attachments

**WORDING FOR AGENDA ITEM:** Property Tax Relief Resolution

**EXECUTIVE SUMMARY:** Based on the 2050 Vision, the Board was told that dedicated property tax relief could realize a range of 30-60% of total revenues from CF Industries. It is important for transparency to clarify what this means and for the Board to consider in the future what impact this will have on taxpayers. I have presented on two previous occasions on this topic and tonight's discussion is information only.

**BACKGROUND:** In a presentation that our Budget Analyst, Dennis Butler, gave with a document showing "50% of TIF Revenues," we have told the public that half of the monies may be dedicated to property tax relief. The reality is that TIF Revenues can be used 100% toward development because we do not release the increment to the other taxing bodies. However, when we use the term "property tax relief," we can only provide that for the County as a taxing body, e.g. 39-43.43%. This means that the reality of the model skews the property tax relief number down.

Per the previous recommendations, I have had Dennis Butler, our Budget Analyst, run numbers at 30%, 40%, 50%, and 60% of property tax relief. **I am recommending that the Board approve a resolution stating that 50% of CF Industries revenue be dedicated to property tax relief.**

"The county has made it clear from day one they want to see property tax relief and identify key infrastructure projects," [Terry] Lutz said, "working with all cities in the county to see if they can leverage their new ... revenues to grow the pie even greater." (*Sioux City Journal*, October 15, 2014)

Candidates on both sides of the aisle ran on platforms dedicating CF Industries Revenues to property tax relief. The Board Chair prior to 2015 made clear that some portion was to be used for property tax relief. While the Board has not formally adopted a percentage plan for dedicating tax increment financing, there is no need to set a minimum or maximum for TIF: the Iowa Code mandates without project obligations that taxes be released to the respective taxing bodies, e.g. Woodbury County, Sergeant Bluff School, WIT, the County Assessor, Ag Extension, and Liberty Township.

In previous discussions, Board members have had three counter-positions, which I do not take as opposition but as thoughtful: 1) What is the effect of such a resolution or stated percentage if it cannot bind a future board? 2) What if there is a large economic development opportunity that requires a greater investment of revenue that would further grow the tax base? 3) How much property tax relief will make a difference?

Response to #1: The point is well-taken that no current Board can bind a future Board, but the resolution is dedicated to set a goal, which is the point of all policy. No policy or guideline has the effect of law currently upon ourselves but is rather "a course or principle...adopted by a government."

Response to #2: Therefore, if some large economic development project presented itself before the Board, the public would weigh whether the Board's commitment was outweighed by the opportunity to further grow the tax base and could very well understand. If they did not agree, they would inevitably hold the Board accountable.

Response to #3: Taxes tend to go up as matter of course on the federal, state, and local level. Only government sees "incremental increases" and believes that it can better spend money than its own public can. This will also complement this last year's dedicated budget process of lowering tax askings for the first time in 15 years. In other words, it is a rarity to actually lower the levy rate *and* tax askings and this effort can be supplemented so that there are more in our local family budgets than in the county budget. The bonus is that as this is new growth, this will not come with a reduction in needed services.

The real key is the restraint and moderation by which the county dedicate first and foremost how much will be given back to taxpayers. Given that the Vision 2050 plan calls for 30-60% dedicated to property tax relief, it is reasonable to set 50% as the guideline. This will also clearly communicate to various entities, e.g. rural communities, who approach the Board with potential TIF projects to realistically gauge the available funding. For example, we recently had a request of \$8.2 million, which if this resolution was adopted, would mean that such a request would be 100% of all funding through FY 2025, which would not be reasonable for a single project request.

The attached and first document in the Board packet clearly details this. It should be noted that this is a stagnant model assuming no growth but one that is very valuable for the future in that it sets a baseline.

**FINANCIAL IMPACT:** See attached sheets

**RECOMMENDATION:** The Board consider the information presented.

**ACTION REQUIRED:** None at this time. I will bring back the resolution next week for approval.

**Resolution No. \_\_\_\_\_**

***Woodbury County's Taxpayers First Resolution***

Whereas CF Industries is the state of Iowa's largest capital investment to date of over \$2 billion and has acted as an invaluable partner for the growth of the County and,

Whereas tax rates are high relative to surrounding Iowa counties and to Nebraska and South Dakota for reasons outside of the County's control and this has a direct impact on competitiveness regarding property taxes and subsequent economic development decisions on where people live and do business and,

Whereas at the time of the 2050 Vision plan formulation, McClure Engineering listed Woodbury County as the second highest County level among Iowa counties within 100 miles and,

Whereas growth has come with county investment in infrastructure, increased traffic, and the support of law enforcement and,

Whereas as the general cost of living increases, taxpayers deserve to know that of approximately \$56 million in county revenue generated by CF Industries (\$130 million total), that \$1 out of every \$2 at minimum will go to property tax relief for families and,

Whereas sound fiscal restraint means that government increasingly ought to live within its means and,

Whereas CF industries revenue is not generated until FY 2019 and the County has four dedicated projects in the areas using tax increment financing (CF Industries Entrance Rd; CF Industries On Site Road; AGP Road Port Neal Circle; and Dogwood Trail in Sergeant Bluff) and,

Whereas limited government calls for restraint and asks that the electorate hold public officials accountable even though such a resolution as this cannot legally bind future boards but functions as guiding policy to show the intent of the current Board,

Now therefore be it resolved that the Board of Supervisors will set as a guideline that in FY 2020 and beyond, 50% of all CF Industries revenue be dedicated to property tax relief and a statement be delivered annually to property taxpayers explaining publicly whether such money was dedicated to lowering the levy rate, offsetting mandated costs without increasing the levy, or dedicated to reserves.

Chairman of the Board \_\_\_\_\_

Date \_\_\_\_\_

Attested by Auditor \_\_\_\_\_

Date \_\_\_\_\_

**Woodbury County Current and Projected TIF Financing Plans  
Liberty Park Urban Renewal Area Amended**

**Plan 1 - 50% TIF Release**

Urban Renewal District Revenues		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>Source</b>	<b>Business</b>														
TIF	CF Industries	-	-	-	549,236	1,235,780	1,785,016	2,471,561	3,020,796	3,570,032	4,256,577	4,805,812	5,492,357	6,041,593	6,590,828
TIF	Rail to Road	-	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295	33,295
TIF	Other TIF Revenues	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766	33,766
TIF	Reimbursement from Sergeant Bluff*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total TIF Revenues</b>		<b>33,766</b>	<b>67,061</b>	<b>67,061</b>	<b>616,297</b>	<b>1,302,841</b>	<b>1,852,077</b>	<b>2,538,622</b>	<b>3,087,857</b>	<b>3,637,093</b>	<b>4,323,638</b>	<b>4,872,873</b>	<b>5,559,418</b>	<b>6,108,654</b>	<b>6,657,889</b>

Urban Renewal District Expenditures		Est. Int. Rate	Length of Bond	Project Cost	Type	Payment Schedule												
CF Industries Entrance Road (Rise) Est.	800,000	3.50%	13 Years	TIF	28,000	28,000	28,000	109,000	105,200	102,400	99,600	95,800	94,000	91,200	88,400	85,600	82,800	-
CF Industries On-Site Road	800,000	-	-	Rebate	-	-	-	200,000	200,000	200,000	200,000	-	-	-	-	-	-	-
AGP Road (Port Neal Circle) Est.	750,000	3.50%	13 Years	TIF	26,250	26,250	26,250	101,250	98,624	96,000	93,374	90,156	88,125	85,500	82,875	80,250	77,526	-
Dogwood Trail (Sgt. Bluff) Est.	801,000	1.60%	13 Years	TIF	12,800	26,250	12,800	92,800	91,520	90,240	88,960	87,680	86,400	85,120	83,840	82,560	81,280	-
Attorney Fees	-	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Total TIF Expenditures</b>					<b>82,050</b>	<b>95,500</b>	<b>82,050</b>	<b>517,050</b>	<b>510,344</b>	<b>503,640</b>	<b>496,934</b>	<b>488,636</b>	<b>483,525</b>	<b>476,820</b>	<b>470,115</b>	<b>463,410</b>	<b>458,886</b>	<b>455,000</b>

<b>Revenues over Expenditures</b>	<b>(48,284)</b>	<b>(28,439)</b>	<b>(14,989)</b>	<b>99,247</b>	<b>792,497</b>	<b>1,348,437</b>	<b>2,041,688</b>	<b>2,799,221</b>	<b>3,353,568</b>	<b>4,046,818</b>	<b>4,602,758</b>	<b>5,296,008</b>	<b>5,849,768</b>	<b>6,642,889</b>
Possible Property Tax for Economic development - 50%	-	-	-	49,624	396,249	674,219	1,020,844	1,399,611	1,676,784	2,023,409	2,301,379	2,648,004	2,924,884	3,321,445
Possible Property Tax Increment Release - 50%	-	-	-	49,624	396,249	674,219	1,020,844	1,399,611	1,676,784	2,023,409	2,301,379	2,648,004	2,924,884	3,321,445

**Breakdown of Tax Entity FY 15-16**

Woodbury County	39.77%	-	-	19,735	157,588	268,137	405,990	556,625	666,857	804,710	915,258	1,053,111	1,163,226	1,320,938
Sergeant Bluff School	52.97%	-	-	26,286	209,893	357,134	540,741	741,374	888,192	1,071,800	1,219,040	1,402,648	1,549,311	1,759,369
WIT	2.89%	-	-	1,434	11,452	19,485	29,502	40,449	48,459	58,477	66,510	76,527	84,529	95,990
County Assessor	1.61%	-	-	799	6,380	10,855	16,436	22,534	26,996	32,577	37,052	42,633	47,091	53,475
Ag Extension	0.51%	-	-	253	2,021	3,439	5,206	7,138	8,552	10,319	11,737	13,505	14,917	16,939
Liberty Township	2.24%	-	-	1,112	8,876	15,102	22,867	31,351	37,560	45,324	51,551	59,315	65,517	74,400
State Levy	0.01%	-	-	5	40	67	102	140	168	202	230	265	292	332
<b>Total</b>	<b>100.00%</b>			<b>49,624</b>	<b>396,249</b>	<b>674,219</b>	<b>1,020,844</b>	<b>1,399,611</b>	<b>1,676,784</b>	<b>2,023,409</b>	<b>2,301,379</b>	<b>2,648,004</b>	<b>2,924,884</b>	<b>3,321,445</b>

**Woodbury County Only  
Breakdown of Tax Entity Tax Rates FY 15-16**

Fund	Tax Rate	% of Total												
General Basic	3.50000	32.898	6,493	51,843	88,212	133,562	183,119	219,383	264,733	301,102	346,453	382,678	434,562	
General Supplemental	2.82458	26.55	5,240	41,840	71,190	107,790	147,784	177,051	213,650	243,001	279,601	308,837	350,709	
County Services (Sioux Rivers)	0.97917	9.204	1,816	14,504	24,679	37,367	51,232	61,378	74,065	84,240	96,928	107,063	121,579	
Debt Service	0.21239	1.996	394	3,145	5,352	8,104	11,110	13,310	16,062	18,269	21,020	23,218	26,365.9	
Rural Basic	3.12277	29.352	5,793	46,255	78,703	119,166	163,381	195,736	236,198	268,647	309,109.2	341,430	387,722	
<b>Total</b>	<b>10.63891</b>	<b>100.000</b>	<b>19,735</b>	<b>157,588</b>	<b>268,137</b>	<b>405,990</b>	<b>556,625</b>	<b>666,857</b>	<b>804,710</b>	<b>915,258</b>	<b>1,053,111</b>	<b>1,163,226</b>	<b>1,320,938</b>	