

Agenda Item:
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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date:	02-23-04	Communication
No.:	04-077	
Agenda Item Type:	Resolution	Roll Call
No.:		

Submitted by: Larry Hulse
Community Development Director

SUBJECT—
5th Submittal of Tax Abatement Applications for 2003 that were timely filed – 718 applications

SYNOPSIS—
The attached 726 tax abatement applications are for improvements made to the property for the year 2003.

FISCAL IMPACT—
Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the new valuation comes on the tax rolls after abatement ends.

RECOMMENDATION—
Approval

BACKGROUND—

Seven Hundred twenty-six (726) applications for tax abatement are being submitted at this time with an estimated value by the applicants of \$94,000,000. Three hundred fifty-two (352) applications are for new construction of residential or commercial structures (with an estimated value of \$80,000,000) and three hundred seventy-four (374) applications are additions or renovations to existing structures (with an estimated value of \$14,000,000).

Three hundred seventeen (317) applicants chose **Schedule 1**. Schedule 1 is for qualified residentially assessed property to receive an exemption from taxation on the actual value of improvements not to exceed \$20,000. The exemption period is 10 years and the exemption amount is 115% of actual value added by the improvements.

Fourteen (14) applicants chose **Schedule 2**. Schedule 2 is for all qualified real estate and will receive a partial exemption for 10 years. The exemption schedule is a declining schedule and starts the first year at 80% and end in year 10 at 20%. One application in this submittal was for the construction of a new business.

Eleven (11) applications chose **Schedule 3**. All qualified real estate is eligible to receive an exemption from taxation on the actual value of added improvements of 100% of the actual value added by the improvements for three (3) years. This schedule also applies to commercial and industrial property in specified areas.

Forty (40) applicants chose **Schedule 4a**. Schedule 4a is for qualified real estate in specific areas (Model Cities, Logan, Woodland-Wilkie, Southeast Prime Service Area, Metro Center Urban Renewal Areas, and the Pioneer/Columbus CDBG Target Area) for 10 years at 100% of the actual value added by the improvements. Qualified real estate assessed as residential, or assessed as commercial consisting of 3 or more living quarters with at least 75% of the space used residentially, is eligible to receive an exemption from taxation on the actual value added by the improvements.

Three hundred forty-four (344) applicants chose **Schedule 4b**. Schedule 4b is for qualified real estate for the remainder of the City for a period of five years. Qualified rest estate assessed as residential, or assessed as commercial consisting of 3 or more living quarters with at least 75% of the space used residentially, is eligible to receive an exemption from taxation on the actual value added by the improvements. The exemption amount is 100% of the actual value added by the improvements.

In order to receive tax abatement on a property, one must increase the value of residential property by at least 5% or 15% for commercial or industrial property.

RUNNING TOTALS FOR 2003

Total Applications -	1330
TOTAL VALUE -	\$174,000,000

Total New construction -	694
Value -	\$151,000,000
Total Additions -	636
Value -	\$23,000,000
Total Choosing Schedule 1 -	558
Value -	\$10,000,000
Total Choosing Schedule 2 -	20
Value -	\$13,000,000
TOTAL CHOOSING SCHEDULE 3 -	14
Value -	\$10,000,000
Total Choosing Schedule 4a -	60
Value -	\$11,000,000
Total Choosing Schedule 4b -	678
Value -	\$130,000,000