



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 09/26/05
Agenda Item Type: Resolution

Communication No.: 05-530
Roll Call No.:

Submitted by: Larry Hulse, Community Development Director

SUBJECT—

Approval of one tax abatement application and request to backdate for improvements to property, which were completed in 2003 and not filed until this year.

SYNOPSIS—

The attached tax abatement application is for improvements to the property at 4305 Hull Avenue in 2003. The property is within a designated abatement area, meets the requirements for the area, and the application for improvements was filed within the two-year grace period allowed by the State Law. Staff recommends that the City Council approve the application.

The applicants are further requesting that the application be "backdated" and given retroactive effect to apply to the property taxes that have already been levied. Staff recommends that the request to "back date" the application be denied because such action is contrary to the express provisions of Iowa Code §404.4.

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 of the application and denial of subsequent request for "backdating" in accordance with Iowa Law.

BACKGROUND—

Applications for tax abatement are to be filed by February 1st following the calendar year in which the improvement is completed, or within a two-year grace period thereafter. The attached application is for a project that was completed in 2003, and was filed within the two-year grace period allowed by State Law. The City Council may approve the application and the owners will receive the full abatement schedule, but the scheduled abatement will commence with the taxes to be paid in fiscal year 07/08.

The applicant has further requested that the City Council "backdate" the application and direct Polk County to apply the tax abatement retroactively to the taxes already levied, as if the application had been filed prior to February 1st following completion of the improvement.

The City cannot change or misrepresent the date the application was actually filed. The City Council has previously asked Polk County to apply tax abatement retroactively only when there were extraordinary circumstances, such as when there is evidence the application was timely filed but lost by the City. In those circumstances Polk County has honored the City Council's request for retroactive application. However, the retroactive application of tax abatement is contrary to the provisions in Iowa Code §404.4, and should be reserved for extraordinary circumstances.

Late Filed Application For Tax Abatement:

1. 4305 Hull Avenue