



Agenda Item:

21

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 11-7-05
Agenda Item Type: Resolution

Communication No.: 05-613
Roll Call No.:

Submitted by: Larry Hulse, Community Development Director

SUBJECT—

Approval of two tax abatement applications for improvements to property which were completed in 2003, and denial of the requests to backdate the applications as if the applications had been filed prior to February 1, 2004.

SYNOPSIS—

The attached tax abatement applications are for improvements to the properties at 1231 Jerlynn Avenue and 2904 E 43rd Street completed in 2003. The applications are for improvements to property within designated abatement areas, meet the requirements for the area in which they are located, and were filed within the two-year grace period allowed by the State Law. The staff recommends that the City Council approve the applications.

The applicants are further requesting that the applications be "backdated" and given retroactive effect to apply to the property taxes that have already been levied. Staff recommends that the requests to "back date" the applications 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 values will be forthcoming when the new valuations come on the tax rolls after abatement ends.

RECOMMENDATION—

Approval of the applications to apply prospectively as provided by 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 applications are for projects that were completed in 2003, and were filed within the two-year grace period allowed by State Law. These projects are in designated abatement areas, and meet the area's requirements. The City Council may approve the applications 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 applicants have further requested that the City Council "back date" the applications and direct Polk County to apply the tax abatement retroactively to the taxes already levied, as if the applications had been filed prior to February 1st following completion of the improvement.

The City cannot change or misrepresent the date the applications were 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.

Application For Tax Abatement:

1. 1231 Jerlynn Avenue
2. 2904 E 43rd Street