



Council Communication

Office of the City Manager

Date

September 25, 2006

Agenda Item No. 14
Roll Call No. 06-
Communication No. 06-599
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Approving one Tax Abatement Application for additional value added by improvements made during 2004, to apply prospectively (2721 Brockway Drive).

SYNOPSIS:

Recommend approval of application for tax abatement upon the value added by improvements to property at 2721 Brockway Drive completed in 2004. The application is for improvements to property within a designated abatement area, meets the requirements for the area, and was filed within the two-year grace period allowed by State Law.

Recommend denial of the applicant's request to "backdate" the application so that abatement may be effective retroactively and applied to property taxes that have already been levied. Approval of this request would be contrary to the express provisions of Iowa Code §404.4.

FISCAL IMPACT:

Amount: Tax abatement upon improvements with a combined assessed value of \$145,035.

Funding Source: Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$145,035 comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

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 improvements completed in 2004 and was filed within the two-year grace period allowed by State Law. This property is in a designated abatement area and meets the area's requirements. The City Council may approve the application and the owner will receive the full abatement schedule, but the scheduled abatement will commence with the taxes to be paid in fiscal year 2008-2009.

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.

The applicants chose **Schedule 4B**. **Schedule 4B** is for qualified real estate in all areas of the City not included in other tax abatement schedules. The abatement lasts for five years. Qualified real estate assessed as residential, or assessed as commercial and consisting of three 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 improvements. The exemption amount is 100% of the actual value added by the improvements.

PREVIOUS COUNCIL ACTION(S):

Date: September 11, 2006

Roll Call Number: 06-1804

Action: Approving late filed tax abatement applications for improvements to 2704 E. Titus Avenue and 5207 SE 31st Street). Approval applied prospectively only. The applicants' failure to timely file the applications were not due in any part to action or inaction by the City. ([Council Communication No. 06-567](#)) Moved by Hensley to adopt, with the tax abatement to be applied prospectively. Motion Carried 6-0.

Date: March 6, 2006

Roll Call Number: 06-432

Action: Approving one late filed tax abatement application for improvements made to 3430 South Union Street during 2005. Approval applied retroactively because the applicant's failure to timely file the application was due in part by a miscommunication by the City Staff to the applicant who does not speak English proficiently. ([Council Communication No. 06-117](#)) Moved by Brooks to adopt. Motion Carried 6-0. Absent: Hensley.

Date: February 20, 2006

Roll Call Number: 06-388

Action: Approving 435 tax abatement applications for improvements made to property during 2005. ([Council Communication No. 06-088](#)) Moved by Hensley to adopt. Motion Carried 6-1. Pass: Kiernan.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The tax abatement program on new improvements currently ends on December 31, 2008, with an additional year to complete improvements commenced prior to December 31, 2008, under a valid permit. It is expected that the City Council will be asked to extend the tax abatement program. Any application for tax abatement timely filed and approved by the City Council will receive abatement for the number of

years eligible and for which an application was submitted. It is anticipated that there will be numerous submittals of tax abatement applications on a yearly basis until the program ends.