



Council Communication

Office of the City Manager

Date April 23, 2007

Agenda Item No. 15
Roll Call No. 07-
Communication No. 07-241
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Approval of one tax abatement application for property at 4411 SE 14th Street to apply prospectively only.

SYNOPSIS:

Recommend approval for the tax abatement application for 4411 SE 14th St. The application was timely filed prior to February 1, 2007, for the improvements to a commercial building that were substantially completed in 2006. However, improvements did not conform to the design requirements for the tax abatement area and therefore did not qualify for tax abatement until further improvements were recently completed. Staff recommends that the application now be approved.

The applicant further requests that the approval be "backdated" so that abatement may be effective retroactively and applied to property taxes on the value existing on January 1, 2007. Staff recommends that the request to "backdate" the application be denied because such action is contrary to the express provisions of Iowa Code §404.4.

FISCAL IMPACT:

Amount: \$1,200,000 in forthcoming taxable value.

Funding Source: Taxes are generated in the first year from the land value, but the improvement value will be forthcoming when the \$1,200,000 comes on the tax rolls after abatement ends.

ADDITIONAL INFORMATION:

The applicant chose **Schedule 2**. **Schedule 2** is for all qualified real estate and will receive a partial exemption for ten years. The exemption schedule is a declining schedule and starts with the first year at 80% and ends in year ten at 20%.

PREVIOUS COUNCIL ACTION(S):

Date: February 26, 2007

Roll Call Number: 07-335

Action: [Approving](#) Tax Abatement applications (711) for additional value added by improvements made during 2006. ([Council Communication No. 07-096](#)) Moved by Hensley to adopt. Motion Carried 6-1.

Date: December 18, 2006

Roll Call Number: 06-2451

Action: [Approving](#) Tax Abatement applications (194) for additional value added by improvements made during 2006. ([Council Communication No. 06-777](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

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.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The tax abatement program on new improvements currently ends on December 31, 2008, unless the City Council extends the program beyond that date. Any application received by February 1, 2009 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.