

SPECIAL REVENUE FUNDS

TAX INCREMENT FINANCING (TIF) FUND – INDUSTRIAL URBAN RENEWAL AREA

GENERAL INFORMATION:

In June of 2010 the City entered into an agreement with H.J. Heinz Company LP to assist in their construction of new facilities at their Muscatine plant. The agreement provides for a rebate of 50% of the incremental taxes for a 15-year period up to a maximum total of \$425,000.

Fiscal year 2011/2012 was the first year for a rebate under this agreement. The incremental value for 2011/2012 was \$636,760. Based on that value, incremental taxes were \$22,724 and the 50% rebate was \$11,362. For 2012/2013 the incremental taxes are \$28,631 and the rebate is \$14,316. For both 2011/2012 and 2012/2013 the City claimed less than the total of incremental taxes available from this area which allows a portion of the incremental taxes to be considered regular taxable values for other taxing entities.

For the 2013/2014 year the taxable valuation for Heinz was reduced to an amount lower than the frozen base value used to compute the incremental value for this property. This resulted in no increment, incremental taxes, or rebate for 2013/2014. The reduction in valuation resulted from Heinz submitting an appeal of their taxable valuation to the County Assessor. According to the development agreement with Heinz, since Heinz appealed their taxable valuation, previous year rebates are required to be returned to the City. These will be credited to the City's General Fund.

Tax Increment Fund - Heinz

Fund Statement

	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014
Beginning Balance, July 1	\$ 0	\$ 0	\$ 2,298	\$ 2,318	\$ 3,872
Revenues					
Incremental Taxes	\$ 0	\$ 14,160	\$ 16,000	\$ 15,870	\$ 0 (2)
Interest	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 14,165</u>	<u>\$ 16,000</u>	<u>\$ 15,870</u>	<u>\$ 0</u>
Funds Available	\$ 0	\$ 14,165	\$ 18,298	\$ 18,188	\$ 3,872
Expenditures:					
Tax Rebate - Heinz	\$ 0	\$ 11,362 (1)	\$ 14,500	\$ 14,316	\$ 0 (2)
Transfer Out:					
Legal Services	<u>0</u>	<u>485</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 11,847</u>	<u>\$ 14,500</u>	<u>\$ 14,316</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 2,318</u></u>	<u><u>\$ 3,798</u></u>	<u><u>\$ 3,872</u></u>	<u><u>\$ 3,872</u></u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 2,318	\$ 1,500	\$ 1,554	\$ 0
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1. Fiscal year 2011/2012 was the first year of a 15-year, 50% TIF rebate agreement for Heinz.
2. Due to a revaluation downward by the County Assessor, there are no incremental taxes or TIF rebate for the 2013/2014 year.