

## **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 is first year of the rebate under this agreement. The incremental value for 2011/2012 is \$636,760. Based on that value, incremental taxes are \$22,724 for the first year and the 50% rebate is \$11,362. For 2012/2013 the incremental taxes are estimated at \$29,000 and the rebate at \$14,500. For both 2011/2012 and 2012/2013 the City is claiming 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.

## Tax Increment Fund - Heinz

### Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,298
Revenues					
Incremental Taxes	\$ 0	\$ 0	\$ 14,000	\$ 14,160	\$ 16,000
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,000</u>	<u>\$ 14,160</u>	<u>\$ 16,000</u>
Funds Available	\$ 0	\$ 0	\$ 14,000	\$ 14,160	\$ 18,298
Expenditures:					
Tax Rebate - Heinz	\$ 0	\$ 0	\$ 11,300	\$ 11,362 (1)	\$ 14,500
Transfer Out:					
Legal Services	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,800</u>	<u>\$ 11,862</u>	<u>\$ 14,500</u>
Ending Balance, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,200</u></u>	<u><u>\$ 2,298</u></u>	<u><u>\$ 3,798</u></u>

<b>Increase (Decrease) in</b>					
<b>Fund Balance</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,200</b>	<b>\$ 2,298</b>	<b>\$ 1,500</b>

1. Fiscal year 2011/2012 is the first year of a 15-year, 50% TIF rebate agreement for Heinz.