

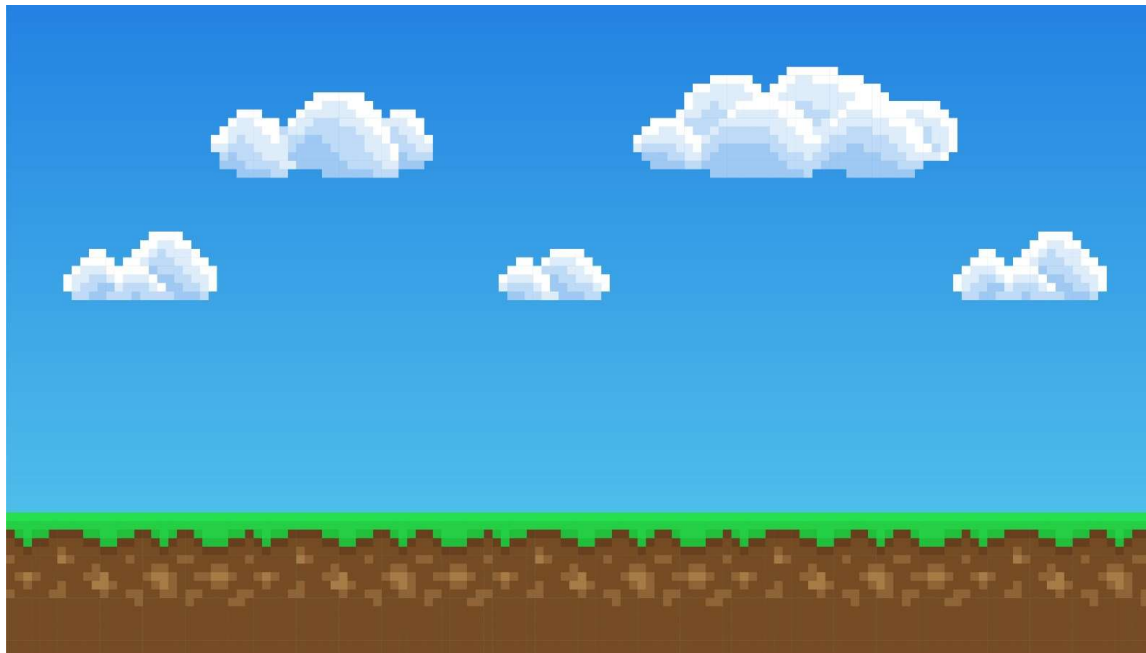


CITY OF INDIANOLA

**City Council Business Meeting
December 2, 2024**

*Indianola will be known for high-quality education,
a thriving business economy, enriching amenities,
and small-town character*

TAX INCREMENT FINANCING



Vacant Commercial Land

Estimated value \$100,000

\$3,000 in property taxes
are paid to the county,
school and city.



The developer and the City entered into a Development Agreement to add a business to the property. If it were not for this agreement, the land would have remained vacant indefinitely. The Agreement encouraged development to happen sooner than it would have.

The property is in an urban renewal area where the City can collect TIF revenue.

The value is now \$1,000,000. The base value is still \$100,000.

\$3,000 of property taxes goes to the county, school, and city. This is based off the base value of the land.

The increased taxable amount is \$900,000. The City can request that additional tax revenue of \$27,000 as TIF revenue.

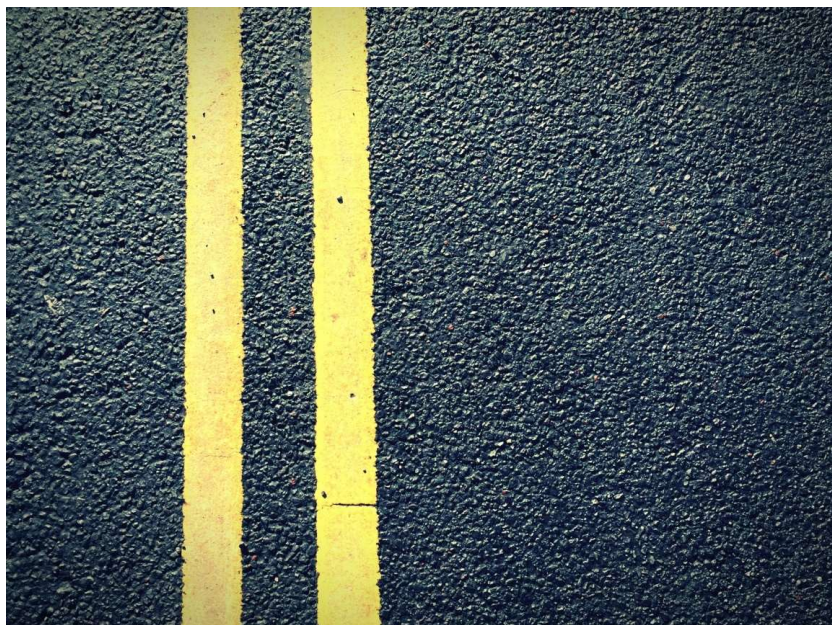


Before the building was built, the City entered into a Development Agreement with the Developer.

The increased tax revenue of \$27,000 goes to the City's TIF fund.

The Development Agreement states that a portion of the increased tax revenue will come back to the developer. It is a rebate to the developer.

The Development Agreement also has incentives so that as the developer adds more commercial properties and increases the value of the land, the amount of the rebate becomes higher. Bringing in more businesses is good for the city as it increases tourism, jobs, sales taxes, and possibly more commercial and residential development.



Some Development Agreements include work the City must do, such as adding infrastructure that will not only benefit the developing land, but the general area the development is in. The benefit also comes if it encourages future development in an area.

In these cases, some of the increased tax revenue is used by the City to pay off any indebtedness that may come from adding infrastructure. The City can use this increased tax revenue from this one development to pay off the infrastructure project instead of raising property taxes for the whole community.