



CITY OF INDIANOLA COUNCIL STUDY MEETING

September 8, 2025

6:00 PM

City Council Chambers

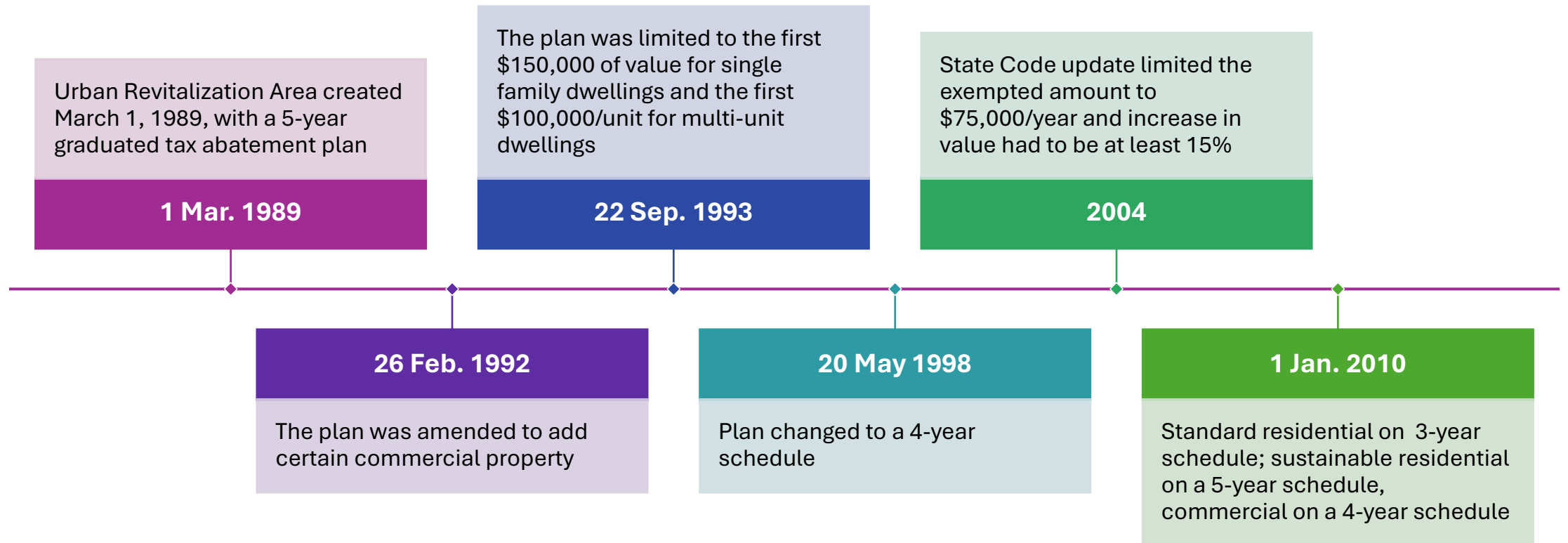
Agenda

- 1. Discussion and direction regarding the tax abatement program**
 - A. Presentation

Tax Abatement Program



Tax Abatement History



Current Program

- Amended in 2018
- Tax Abatement Eligibility Requirement:
Improved value is at least 10% of the prior assessed value.
 - New construction
 - Rehabilitations
 - Additions
- Abatement amounts are for a percentage of the actual value added by eligible improvements.



Current Program

- Sliding scale over the abatement years.
- Residential Abatement
 - 5 years
 - 100%, 80%, 60%, 40%, 20%
- Commercial Abatement
 - 4 years
 - 80%, 60%, 40%, 20%
- Industrial Abatement
 - 5 years
 - 75%, 60%, 45%, 30%, 15%

Current Program

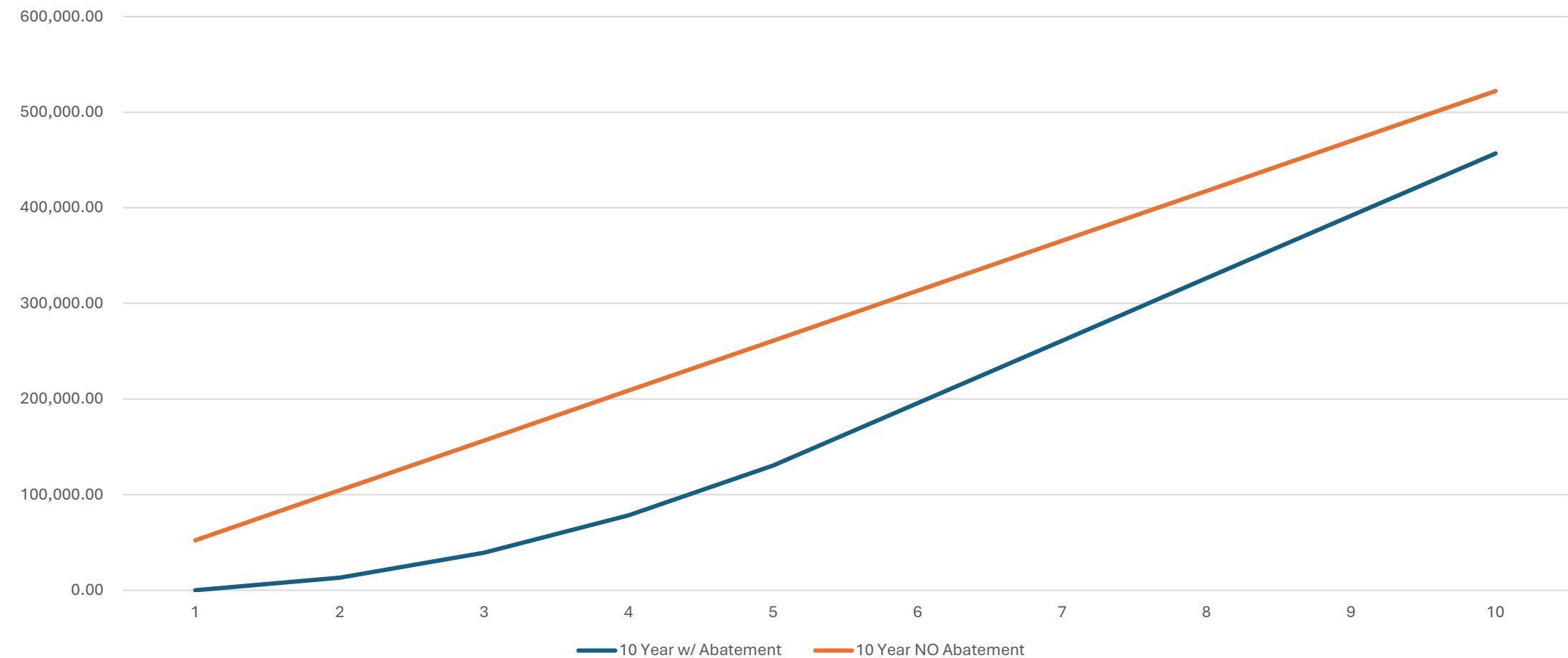
Encourages growth or rehabilitation which might not have otherwise occurred.

Increases tax base for all tax entities.

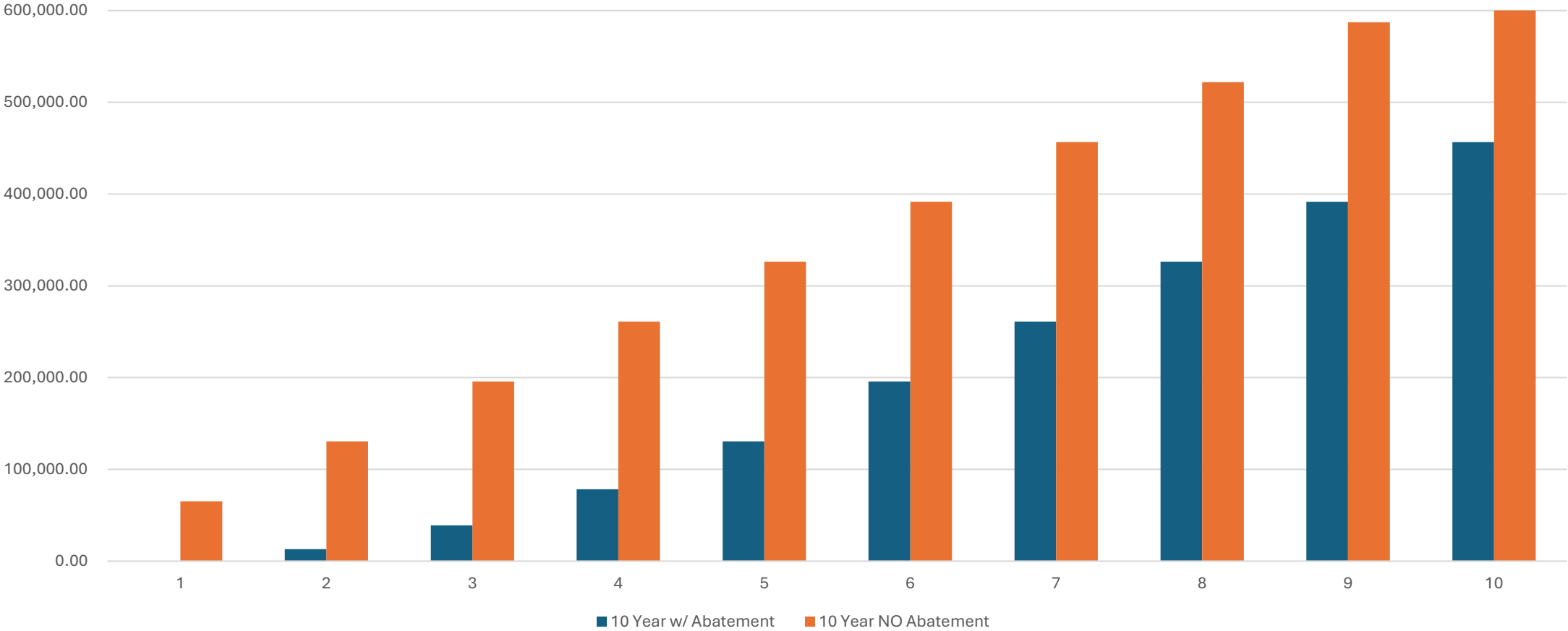
Helps stabilize or improve home values.

Stimulates investment from the private sector.

Tax Abatement Analysis



Tax Abatement Analysis





Tax Abatement Analysis – Single Family Home

\$350,000 home with abatement:
\$9,136.87 paid into the general fund
over ten years.

\$350,000 home without abatement:
\$13,052.67 paid into the general
fund over ten years.

Difference of \$3,915.80 over ten
years.

Metro Communities with residential abatement programs:

- Altoona
- Ames
- Carlisle (renovation and improvement only)
- Des Moines
- Perry
- Pleasant Hill
- Van Meter
- West Des Moines (only for annexed properties)
- Windsor Heights Mitchellville



Metro Communities without residential abatement programs:

Adel

Ankeny

Bondurant

Clive

Grimes

Huxley

Johnston

Norwalk

Pella

Polk City

Urbandale

Waukee

Industrial/Commercial Tax Abatements

Economic Development Tool

- Incentivizes development
- Encourages rehabilitation

Lowers TIF Usage

- Allows TIF to be used for large-scale projects

Metro Communities with Industrial and/or Commercial Tax Abatement

- Adel
- Ames
- Ankeny
- Bondurant
- Carlisle
- Norwalk
- Pleasant Hill



Tax Increment Financing

The increased tax revenue on developed land in a TIF district can be used by the city to pay for infrastructure improvements or as a rebate to the developer.

Indianola policy requires the owner/developer to waive other forms of property tax abatement.



Tax Abatement and TIF - Commercial Property

\$6,000,000 Commercial Property

- Property taxes collected over 10 years with abatement: \$339,638.40
- TIF revenues collected over 10 years: \$1,644,177.96
 - This revenue is used to pay back debt the City has incurred, either through a development agreement or paying a bond, for infrastructure work on or around the property.
 - Once debt is repaid, the property taxes are not collected through TIF; instead, they go into the general fund and to the other taxing entities.

Metro Communities Utilizing TIF

Adel – Used to support commercial and industrial development

Ames – For large-scale projects

Ankeny – TIF rebates for only targeted industries

Johnston – Commercial TIF incentives only

Norwalk – Used for economic development

Pella – Uses residential TIF tied to infrastructure

Waukee; Generally, no residential, only commercial/industrial

Staff Recommendation

1

End residential tax
abatement

2

Keep industrial and
commercial tax
abatements

3

Continue using TIF
to attract
businesses