



# Impact of Tax Increment Financing (TIF) On School District Property Tax Rates

Tax Increment Financing (TIF) is a legislatively enacted economic development tool that provides public financing for special projects within a designated area in a local government jurisdiction (generally a city or county). In general, property taxes, generated from the incremental value (this is valuation growth due to project development above the base year assessed value) within the project area, are retained by the local jurisdiction for the specific project purposes. This includes a portion of school district property tax revenues from the uniform levy, additional levy, cash reserve levy, and management levy. It's important to note that while the school district doesn't lose revenue from these levies, the tax burden is shifted onto the taxpayers within the school district because the property tax rate for these specific levies is increased to generate the level of revenue required for the levies.

The following table provides information on the impact of TIF on the different school district levies. [See the TIF impact for individual school districts.](#)

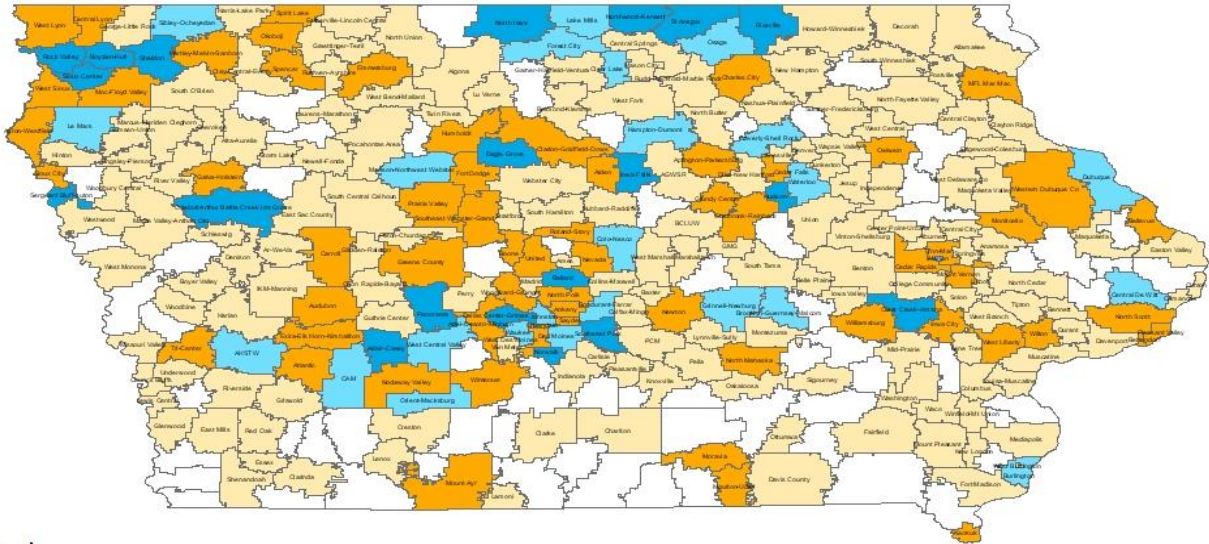
How Are School District Levies Impacted by TIF Projects Located in the School District:				
School District Levies	Does the TIF Project Keep This Revenue?	School's Revenue Amount Reduced?	Impact on Local Property Taxpayers?	Impact
Uniform Levy Rate	Yes	No	No	State replaces the revenue going to TIF
Additional Levy Rate	Yes	No	Yes - increase tax rate	Tax rate is increased to generate the level of school funding required
Cash Reserve Levy Rate	Yes	No	Yes - increase tax rate	Tax rate is increased to generate the level of school funding required
Instructional Support Levy Rate	No	No	No	No impact - all revenue to school district
Ed. Improvement Levy Rate	Yes	No	Yes - increase tax rate	Tax rate is increased to generate the level of school funding required
Public Ed. And Rec. Levy Rate	Yes	Yes	No	Full amount of revenue not received because the tax rate is capped
Management Levy Rate	Yes	No	Yes - increase tax rate	Tax rate is increased to generate the level of school funding required
Voter Approved PPEL Rate	No	No	No	No impact - all revenue to school district
Regular PPEL Rate	No	No	No	No impact - all revenue to school district
Debt Services Levy Rate	No	No	No	No impact - all revenue to school district

The following map provides the percentage of TIF valuation to total valuation for each school district in FY 2022 ([Click here for a larger map or click on the map](#)). The amounts range from a low of 0.0% (67 districts) to a high of 41.1%.



## Iowa Association of School Boards Tax Increment Financing (TIF) Valuations as a Percentage of Total Valuations FY 2022 Amounts by School District

[Click Here for District Specific TIF Data](#)



### Legend

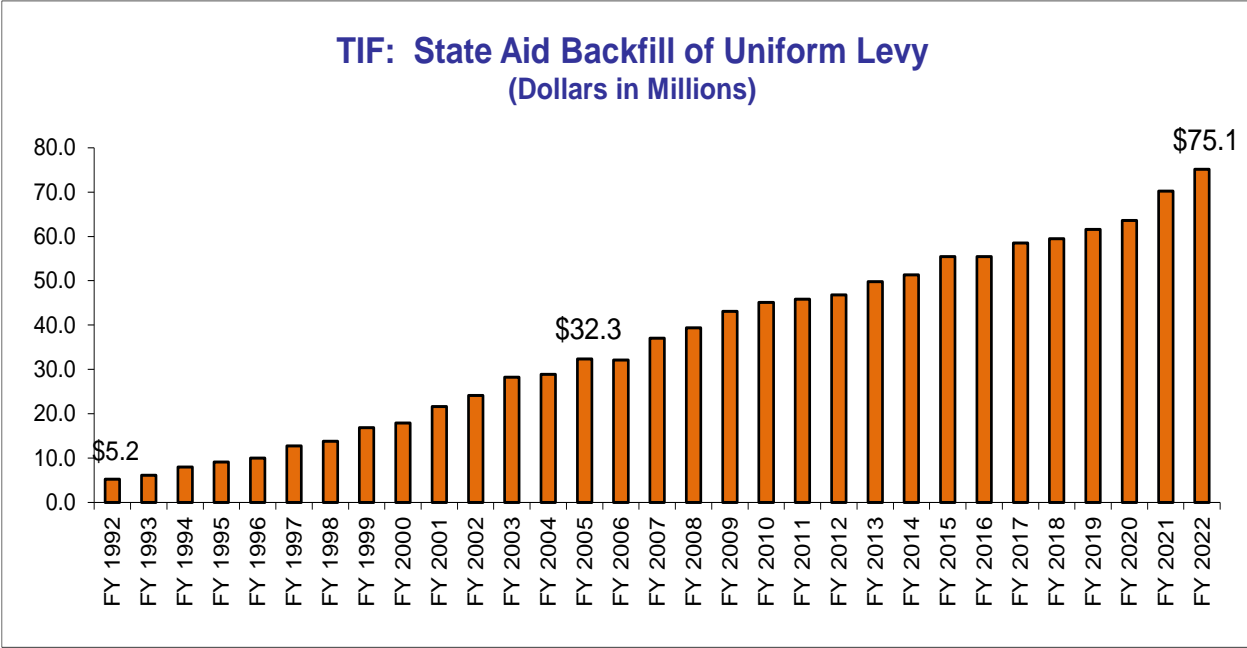
#### TIF Valuations as a % of Total VALUATIONS

- No TIF Valuations (67 Districts)
- 0.1% to 5.0% (152 Districts)
- 5.1% to 10.0% (63 Districts)
- 10.1% to 15.0% (25 Districts)
- 15.1% to 41.1% (20 Districts)

Tax Increment Financing (TIF) is a legislatively enacted economic development tool that provides public financing for special projects within a designated area in a local government jurisdiction (generally a city or county). In general, property taxes, generated from the incremental value (this is valuation growth due to project development above the base year assessed value) within the project area, are retained by the local jurisdiction for the specific project purposes. This includes a portion of school district property tax revenues from the uniform levy, additional levy, cash reserve levy, management levy, and the public education and recreational levy (PERL).

Sources:  
Iowa Department of Management, School Aid file  
IASB analysis and calculations

Based on the operation of the school finance formula, the uniform levy not captured by the school district is to be made up by state aid through the school aid formula – this is referred to as state aid backfilling the uniform levy. This amount has increased from \$5.2 million in FY 1992 to \$75.1 million statewide in FY 2022 (see the following chart). This provision increases the state’s commitment to funding state school aid without providing school districts additional new money.



### TIF Webinar from June 2021

In June of 2021, IASB provided a webinar on Tax Increment Financing and the impact on school districts. [Click here to access the webinar.](#)