

## COUNCIL ACTION FORM

**SUBJECT: ORDINANCE EXTENDING THE INDUSTRIAL TAX EXEMPTION  
AVAILABILITY TO YEAR 2020**

**BACKGROUND:**

Iowa Code Chapter 427B authorizes municipalities to provide for five-year declining scale property tax abatement as an incentive for new construction of property for manufacturing, research, and warehousing and distribution. The City of Ames first enacted an ordinance providing for industrial tax exemption in 1985 for an initial period of five years. The ordinance was subsequently amended to make the exemption available to 2010. The attached ordinance would amend the municipal code to further extend the availability of the exemption in Ames to 2020 unless sooner repealed by Council.

Nearly every City in Iowa has adopted an ordinance to provide abatement under Chapter 427B as a method to attract new construction that will also improve employment opportunities. Cities have been allowed to use the abated taxes as local match to various other economic development incentive programs managed by the state. The City of Ames would at a competitive disadvantage to other Iowa communities if the ordinance offering property tax abatement were not extended beyond 2010.

**ALTERNATIVES:**

1. Approve the ordinance extending the availability of the industrial tax exemption for an additional ten years to the year 2020.
2. Approve the ordinance in an amended form to extend the industrial tax exemption for a different number of years.
3. Take no action and allow the industrial tax exemption to expire.

**MANAGER'S RECOMMENDED ACTION:**

Availability of the Industrial Tax Exemption provides an important economic incentive to attract new industries to Ames. Abated taxes can be used to match other state economic development incentive programs managed by the state. In order to remain competitive with other communities, this form of property tax abatement should be continued. It is therefore the recommendation of the City Manager that the Council approve Alternative #1 and enact the ordinance extending the availability of the industrial tax exemption to the year 2020.

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING SECTION 24.9 AND ENACTING A NEW SECTION 24.9 FOR THE PURPOSE OF EXTENDING THE AVAILABILITY OF THE PARTIAL TAX EXEMPTION FOR QUALIFYING INDUSTRIAL REAL ESTATE; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.**

**BE IT ENACTED**, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by repealing Section 24.9 and re-enacting the same to state as follows:

**“Sec. 24.9. LENGTH OF TIME EXEMPTION IS AVAILABLE.**

The exemption provided in Section 24.8 shall be available for the period from June 1, 1985, until July 1, 2020, unless sooner repealed.”

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor