

Waukeee's Business Incentive Package

The City of Waukeee principally uses **property tax-based** financial assistance to support businesses and developers building and expanding in the community, because incentives promote **investment** and **employment** in the City of Waukeee. Incentive packages are considered on a case-by-case basis and are designed to **meet the needs** of businesses **locating or expanding** in the City of Waukeee based primarily upon total capital investment, number of jobs created and the salary level of the jobs created.

Tax Increment Financing

The City of Waukeee uses **Tax Increment Financing (TIF)** by capturing a portion of the increased tax revenue created by improvements that result in new taxable property valuation. The new revenue may be redirected to reduce the cost of infrastructure improvements or as a tax rebate to a business.

Special Projects Fund

Business expansion and relocation decisions focus on **minimizing risk** and **maximizing success**. The Special Projects Fund provides a source of funding to ensure that businesses can get the information they need to evaluate a location in Waukeee.



The Special Projects Fund can be tapped for a wide variety of uses including **traffic studies, soil testing, environmental studies, expert consultations**, etc. The City of Waukeee Community and Economic Development Department will work with company leaders to

determine how the Special Projects Fund can bring the most value to **growing businesses**.

Industrial Property Tax Abatement

Waukeee has authorized the use of the State of Iowa's **industrial property tax abatement program** for qualifying new and expanded



building investments located anywhere in the City of Waukeee.

This program assists qualifying businesses by **reducing the property tax** paid on **new construction** and other taxable improvements to a property. To qualify for exemption, a project must be one of the following:

- Industrial Real Estate
- Research Facility
- Warehouse Distribution Center

The **Industrial Property Tax Exemption (Tax Abatement)** phases in the taxable valuation of a parcel and is offered on a sliding five-year scale:

Year 1	75% exemption of new valuation
Year 2	60% exemption of new valuation
Year 3	45% exemption of new valuation
Year 4	30% exemption of new valuation
Year 5	15% exemption of new valuation

Business Expansion and Location Policy

The purpose of the Business Expansion and Location Policy is to share in the success of businesses that invest in Waukee. Businesses that expand or locate in Waukee add value to the community through **career opportunities for residents, new payroll in the economy and additional commercial tax base**. The City is a partner with businesses in building their business and the community.

Through the Business Expansion and Location Policy, the City of Waukee offers a rebate of **up to five years of property taxes** generated from the new taxable valuation of the construction project. The rebate may be valued **up to 100% of the amount of incremental property taxes collected by the City utilizing the provisions of TIF**. The TIF rate for calculating a rebate under this policy currently excludes property tax revenues required to service public debt, certain school levies and joint city-county building taxes.



The incentive package offered to expanding or locating businesses will be developed on a case-by-case basis. The level of the incentives will be based primarily upon amount of **capital investment**, number of **jobs created** and **salary level** of the jobs created. The terms and conditions of each individual incentive package shall be pursuant to a development agreement between the City and the developer.

Business Park Development Policy

The Business Park Development Policy aims to increase the amount of development-ready land that is available to expanding or locating businesses. The foundation for economic development is the availability and attractiveness of **developable land** that businesses need to be successful. It has been determined that there is a need in Waukee for land for business growth.

Through the Business Park Development Policy, the City offers incentives to property owners to **prepare land for business growth**. The policy allows the property owner to receive a reimbursement of a portion of the cost of building the public infrastructure in the business park. The reimbursement is funded by the incremental property taxes generated by new commercial investment in the business park. The policy utilizes the provisions of TIF to generate the reimbursements, and reimbursements are limited to a five-year period.

State of Iowa Financial Assistance

Iowa provides valuable assistance to businesses seeking to locate or expand in the state. Waukee's Community and Economic Development staff will work with regional and state partners to identify and apply for assistance to support businesses making investment and creating jobs in Iowa. Several of the state incentive programs require a local match and our experienced staff can assist businesses with this aspect of the application process.

Iowa Corporate Income Tax

Iowa's single-factor, non-unitary tax is based only on the percentage of total sales income within the state— an Iowa manufacturer selling all its products outside Iowa would pay no Iowa corporate income tax. Iowa allows 50% deduction of federal taxes from Iowa corporate income tax, and Iowa corporate income tax may be reduced or eliminated by the New Jobs Tax Credit.

No Sales or Use Tax on Manufacturing Machinery and Equipment

The purchase of industrial machinery, equipment and computers assessed as real property are exempt from Iowa sales or use tax. No sales tax is due on purchases of electricity or natural gas used directly in the manufacturing process.

No Property Tax on New Industrial Machinery and Equipment

Manufacturing machinery and equipment, as well as computers used to process data by insurance companies and financial institutions, are exempt from property tax.

No Personal Property (Inventory) Tax

Personal property is not assessed for tax purposes. In Iowa, personal property includes corporate inventories of salable goods, raw materials and goods in process.

Iowa High Quality Jobs Program

The High Quality Jobs program provides qualifying businesses tax credits and direct financial assistance to offset some of the costs incurred to locate, expand or modernize an Iowa facility. To qualify for this very flexible assistance package that includes loans, forgivable loans, tax credits, exemptions and/or refunds, eligible businesses must meet certain wage threshold requirements.

New Jobs Tax Credit

A business entering into an agreement under the Iowa New Jobs Training Program (260 E), and increasing its Iowa workforce by at least 10%, will qualify for this Iowa corporate income tax credit. This tax credit is equal to up to 6% of the state's unemployment insurance taxable wage base. The credit may be taken only once; however, unused credits can be carried forward for up to 10 years.

Research and Development Tax Credit

Iowa companies can earn refundable tax credits for the company's allotted share of qualifying research expenditures in Iowa. A

company must meet the qualifications of the Federal Research Activities Credit in order to be eligible for the credit in Iowa. Supplemental Research Activities Credits are available through the High Quality Jobs programs.

State of Iowa Workforce Training Programs

The City of Waukee works with the State of Iowa and Des Moines Area Community College (DMACC) to support the needs of businesses for a well-trained workforce. Iowa has job training programs that support businesses adding new employees in Iowa and also provide training for current employees. Iowa's job training programs are delivered locally by staff at DMACC.

Iowa Industrial New Jobs Training Program (260E)

The Industrial New Jobs Training Program provides businesses that are expanding their Iowa workforce with new employee training. The program is delivered locally by staff at DMACC at no cost to businesses. In addition to increasing worker productivity and company profitability, businesses participating in the Iowa Industrial New Jobs Training Program may also be eligible for reimbursement up to 50% of the annual gross payroll costs expended for on-the-job training, as well as a corporate tax credit if Iowa employment is increased by at least 10%.

Iowa Jobs Training Program (260F)

The Iowa Jobs Training Program provides job training services to current employees of eligible businesses that are located in Iowa. Eligible businesses can work with their local Iowa community college, which will assess training needs, determine fund availability and provide training. For participating businesses, the advantages include valuable employee training at a reduced cost, or at no cost.

For more information, contact City of Waukee Community and Economic Development Director, Dan Dutcher, at ddutcher@waukee.org or (515) 978-7909.

www.waukee.org/economicdevelopment