

# **“Polk County Water & Land Legacy Bond” Referendum**

## **Why the Taxpayers of Central Iowa gives its support.**

### **Summary**

In 2012, voters in Polk County passed a \$50.0 million Polk County “Water and Land Legacy Bond” referendum with a 72% approval. Specific areas targeted were water quality, trails, land acquisition, and park improvements. Now, nearly 10 years later, related projects have been identified and Polk County voters are being asked to approve a second \$65 million “Water and Land Legacy Bond” on the November 2<sup>nd</sup> ballot.

It is the opinion of the Taxpayers Association of Central Iowa that:

- The projects, as currently envisioned, are worthy, but taxpayers have an obligation to help shape specific future projects.
- Funding the projects through General Obligation bonds appears to be a reasonable, if not the only option.
- If the November 2 referendum is passed, an additional \$11.20 per year will be added to the current tax bill of the average Polk County homeowner, resulting in a total annual cost of \$24.49 for both the 2012 and proposed 2021 proposed projects.
- The Taxpayers Association strongly advocates that future annual property tax levy rates for debt are reduced to the extent actual tax valuation growth exceeds the 3% annual growth rate assumption utilized in the County’s projections, thus mitigating the cost impact on Polk County taxpayers.
- For purposes of transparency and accountability, the Association strongly encourages the County to complete one referendum before initiating (and combining it with) another.
- A full, annually audited accounting of the funds and projects has been provided for the 2012 projects and has been pledged for the new projects.

### **Rationale for Endorsement**

#### **Are the projects worthy?**

TACI believes they are, but the taxpayers will determine this on November 2<sup>nd</sup>. A 60% supermajority will be required for passage.

#### **Observations:**

The revenues targeted to water quality enhancements and flood mitigation are important. The Association has taken a leadership position and financially supported the Capital Crossroads regional collaboration on flood mitigation efforts. The bond issue revenues will assist, but in no way be sufficient, to fully address required county improvements in this area.

The contribution to the Central Iowa Water Trails project is supported by an economic impact statement that indicates “within the first five years of opening, it is conservatively projected to generate \$104.4 million in direct spending, which includes lodging, food and beverage, retail purchases, transportation, sightseeing and entertainment. Direct spending is projected at \$26-32 million annually once the venue matures.” Even if optimistic, the return on Polk County taxpayers’ investment appears very positive.

Quality of life issues, including parks and recreational opportunities, are increasingly important as individuals choose to remain in, or move to a region. Central Iowa municipalities have provided bike trail, parks, and other recreational opportunities for their communities. The bond issue will allow Polk County to do the same.

### **Is issuing General Obligation Bonds the best way?**

The Association has consistently expressed its concern regarding the impact of historic increases in property taxes on Central Iowans. Unfortunately, given current legislation, the sale of bonds (and the payment through property taxes) appears to be a reasonable, if not the only, option.

#### **Observations:**

In 2010, 63% of Iowans voted for a constitutional amendment to create the “Natural Resources and Outdoor Recreation Trust Fund,” a permanent and protected fund. The next time the state sales tax is raised, funds generated from the first 3/8 cent of that increase will, by constitutional requirement, get deposited into this fund. Although Iowans strongly supported establishment of the fund (and recent polling has shown increased support) there has been no support for an increase in sales tax to fund it.

Working the additional projects into future operating and capital budgets of Polk County is a possibility, but would require additional property tax support as well, unless offsets could be found. With interest rates at all-time lows, the additional interest cost to accelerate the completion of the projects may be offset by future increases of project costs. User fees to help fund certain projects should be considered, but at best would be de minimis.

As was the case with the 2012 referendum, related grants, public and private, will likely leverage the bond revenues and should be pursued once the projects become defined and more fully developed,

### **What is the projected cost to the taxpayer?**

Those supporting the referendum note, “If approved by the voters, it would cost the average homeowner in Polk County \$11 per year,” and, “Would you believe \$11 a year per taxpayer?”

#### **Observations:**

The average *assessed value* of a Polk County residence is approximately \$180,000. Annually, the state applies a “rollback” to the assessed value to determine the *taxable valuation* of the property. The assumption is being made is this will result in a *taxable valuation* of \$100,000 for the average Polk County residence.

Presently the average residential taxpayer is paying \$13.39 per year to retire the remaining 2012 “Water and Land Legacy” bonds. The \$11.20 per year referenced will be in addition to the \$13.39 currently being paid for bonds issued pursuant to the 2012 referendum. The 2012 authorized bonds will be fully paid in FY 28/29. The current \$13.39 tax rate levy does generate some surplus levy dollars annually which will be applied to debt service on the new bonds. The proposed new bonds are projected to be fully paid in FY 33/34. The total annual tax impact for all referendum debt is thus projected at \$24.49, with Polk County assuming a conservative 3% annual increase to total county taxable valuation.

Given the conservative assumptions for tax valuation growth, the Taxpayers Association advocates that the annual tax rate levied for this referendum debt be reduced if tax valuation growth exceeds the 3% projection. Polk County taxpayers would thereby realize the benefit of higher tax valuation growth.

## **Will there be transparency and accountability?**

Yes, but taxpayers have an obligation to help shape the projects. The bond referendum language provides a great deal of latitude.

### **Observations:**

As with the 2012 referendum:

- “All expenditures will be subject to full public disclosure and an annual independent audit.”
- “Proposed and completed projects will be available to the public on the Conservation Board’s website and included as part of their annual report.”
- Polk County Conservation also makes public disclosure of the PCWLL projects through their website.
- Additionally, bond updates are provided on a quarterly basis in Polk County’s Nature News publications.

*Note: Relevant documents may be found under the “Reference” tab of the T.A.C.I. Town Hall website:*  
<https://tacitownhall.org>