

# Guide to Tax Abatement

## Welcome to Knoxville

The City has prepared this brochure to aid you in applying for tax abatement. Please ask questions and we will help you to the best of our ability.

## General Information

Pursuant to Chapter 404 and 427B of the Code of Iowa, tax abatement is available in Knoxville in conjunction with the improvement of Residential, Commercial, and Industrial property. Tax abatement allows new construction to be partially exempt from property taxation for a period of five (5) years.

Tax abatement is not a competitive process; it will be awarded to any applicant who meets the legal guidelines.

## What is Abated?

The program abates all property taxes you would otherwise pay to each taxing entity, including the City of Knoxville, Marion County, the Knoxville Community School District, the Des Moines Area Community College, and the like.

## Tax Abatement Schedule

The property tax abatement formula is graduated over a period of five (5) years. Once awarded, your level of tax abatement is as follows:

Class	Property Taxes Abated				
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Residential	100%	80%	60%	40%	20%
Commercial	100%	100%	100%	0%	0%
Industrial	75%	60%	45%	30%	15%

## Important

By State law, only improvements that increase the value of property by 10% or more will receive tax abatement, and only valuation growth *beyond* that 10% can be abated.

**Example 1:** A \$100,000 home improved by \$9,000 will not receive tax abatement because the improvement did not increase the property value by 10%.

**Example 2:** A \$100,000 home improved by \$18,000 will receive tax abatement because the improvement increased the property value by 10%. However, the abatement only applies to new values beyond 10%; in this case \$8,000.

## Filing the Application

The City's Zoning Administrator can provide you an application for tax abatement. The application should be submitted once you have obtained a construction estimate for your improvements.

Tax abatement applications are approved by the Knoxville City Council. Note, the City will not forward an approved package to the County Assessor's office for implementation until your improvements are entirely completed.

It is important to note, the tax abatement you *actually* receive is not based on your construction estimate; instead, all values are determined by the Marion County Assessor during the next property assessment cycle following your improvement

## Also Important:

City policy prohibits the simultaneous use of tax abatement and tax-increment-financing for the same project.

## Contact Information

If you have questions throughout any part of this process, please contact City Hall at (641) 828-0550.

## Purpose of Abatement

- Stimulate improvements to existing property
- Enhance neighborhoods
- Encourage new homebuilding in Knoxville
- Remove disincentives to improve or redevelop property
- Help enhance blighted areas
- Encourage migration into Knoxville
- Remain economically competitive in south-central Iowa



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