
CHAPTER 1. FINANCIAL STRATEGY

SERVICE MISSION

To develop and maintain responsible fiscal policies and practices that achieve fiscal stability while maintaining competitive tax rates and services.

There are six Financial Strategy goals:

1. Diversify the city’s revenue base.
2. Assure efficiency and economy in providing city services.
3. Lessen the financial impact of tax-exempt property on city tax rates.
4. Seek changes in state policies that are currently adversely affecting the city’s financial health.
5. Lessen the cost of debt financing and recapture and preserve top bond ratings for the city.
6. Assure fairness in policies that impact property tax throughout the metropolitan area.

RESULTS

The questions developed for this strategy addressed business incentives, tax abatement, and alternative ways to pay for city services.

As shown in Table 1-1, the majority of survey respondents support the use of incentives to attract and retain business. Forty percent of citizens indicated that tax abatement programs should be city-wide.

Table 1-1. Financial Policy Response

	Most Frequent Response	Percent
Business incentives	Des Moines should look for ways in addition to incentives to attract and retain businesses	64
Tax abatement	The program should include all areas of the city	40

When asked about financing the acquisition of long-term services, identified here as water, electricity, and heating supplies, 20 percent or more of the respondents were unsure about how these should be funded (Figure 1-1). This circumstance may suggest a citizenry not thinking of or preparing for the future, long-term needs of the city.

Finally, respondents were asked about alternative means to pay for city services. As Table 1-2 shows, the most frequent response was to pay for services through fees (63%). The least favored way was to finance services through the property tax, with approximately one of three respondents agreeing with that option. Survey comments clearly stated that property taxes were too high and that citizens would like to have property tax relief.

Figure 1-1. Financing Long-Term Services

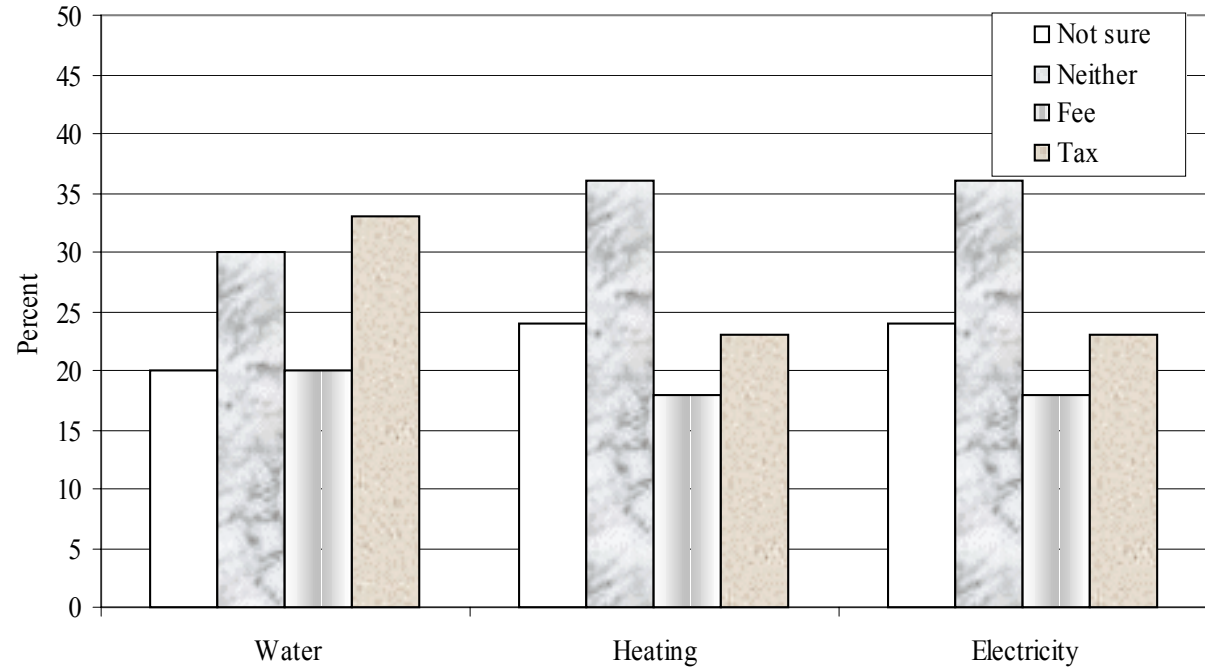


Table 1-2. Payment of Services by Payment Type

	Percent Yes
Fees rather than higher property tax	63
Local sales tax rather than higher property tax	60
Sales tax	52
Fees	44
Property tax	36

There were also several respondents who felt the city should eliminate tax abatement programs, as these programs were costing citizens money, and, in some cases, making it difficult to keep up with cost-of-living expenses. A few people suggested reducing the period for tax abatement from five to two years.

COMMENTS

Finance-related comments were received from 249 respondents. The majority of comments were related to the property tax. Except for one remark on increasing the property tax to pay for services, respondents felt that property taxes were too high and that the city should find another way to pay for services. The same sorts of comments were made about taxes in general – they were too high and should be reduced. Other general comments included tax relief (such as tax abatement) should be given to seniors, the property tax and sales tax should be limited, and the tax rate was making it hard to live in the city.