

Debt Limitations

General Obligation Debt Limitation

The Iowa Constitution states that no city may become indebted in any manner, or for any purpose, in an amount exceeding five percent of the value of taxable property in the city. The Iowa Supreme Court has ruled that this provision applies only to debt payable from property taxes. The Iowa General Assembly has enacted a statute which interprets this Constitutional provision to allow the calculation of a city's debt capacity against the 100% or actual valuation of property, rather than the taxable value which incorporates the "roll-back". Further this limit applies only to outstanding principal amounts of debt. Accordingly, a city's sum total of outstanding loans, bonds, notes, or other instruments payable from property taxes cannot exceed the principal amount of five percent of the actual valuation of the city.

Enterprise Debt Limitation

There is no legal limit on the amount of debt a city may have that is payable from city utility or enterprise revenues.

Current Outstanding GO Debt vs. Debt Limit

January 1, 2018 Valuation	\$2,897,061,032
Debt Limit Percentage	5%
Constitutional GO Debt Limit	<u>\$144,853,052</u>
Outstanding GO Debt at 08/31/2019	\$61,630,000
Outstanding GO Debt as % of Limit	42.55%
Outstanding GO Debt as % of Valuation	2.13%