

Bond Case Briefs

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TAX INCREMENT FINANCING - IOWA

Acciona Windpower North America, LLC v. City of West Branch

United States District Court, N.D. Iowa, Cedar Rapids Division - September 4, 2015 - F.Supp.3d - 2015 WL 5189017

Wind turbine manufacturer brought action against city, alleging breach of tax increment development agreement for urban renewal project. Parties cross-moved for summary judgment.

The District Court held that:

- Manufacturer complied with agreement requiring it create approximately 110 new, full-time jobs within five-year period;
- Under terms of agreement, city did not have a legal obligation to appropriate funds for tax refund;
- City's cancellation of agreement was without legal excuse, and thus constituted anticipatory breach of contract;
- Manufacturer was not entitled, as award of damages for city's breach of agreement, to five years of unpaid tax rebates;
- Manufacturer was entitled to specific performance; and
- Genuine issue of material fact existed as to whether city had legal obligation to pay manufacturer a rebate obligated for appropriation in city resolution.

Under Iowa law, wind turbine manufacturer complied with terms of tax increment development agreement requiring it to create approximately 110 new, full-time jobs within a period of not to exceed five years, despite manufacturer's failure to maintain that number of jobs during entirety of five year period, where manufacturer created more than 110 new, full-time jobs almost immediately, and nothing in the agreement required manufacturer to maintain a certain number of jobs over any particular length of time.

Under Iowa law, terms of tax increment development agreement between city and wind turbine manufacturer, which stated tax rebate payment would be subject to annual appropriation of the city council, did not create a legal obligation to appropriate funds for a tax rebate in any given year, despite moral or practical reasons for doing so.

Under Iowa law, city's cancellation of tax increment development agreement, based on wind turbine manufacturer's alleged breach of contract, was without legal excuse, and thus constituted anticipatory breach of contract, where manufacturer had, in fact, complied with agreement.

Under Iowa law, wind turbine manufacturer was not entitled, as award of damages for city's breach of tax increment development agreement, to five years of unpaid tax rebates. Agreement required only that city consider whether tax rebate would be paid in any given year, and automatically awarding tax rebates for remaining five years of contract would place manufacturer in a better position than if the contract had not been breached.

Under Iowa law, wind turbine manufacturer was entitled to specific performance of tax increment

development agreement, which had been breached by city.

Genuine issue of material fact as to whether, under terms of tax increment development agreement, city had legal obligation to pay wind turbine manufacturer a percentage of incremental taxes paid by manufacturer to be rebated in later fiscal year, which had been approved by city resolution, precluded summary judgment on claim that failure to pay such amount constituted breach of agreement under Iowa law.