

12 period of construction and for twelve months thereafter, or for twelve months
 13 after the acquisition date, *such reserve funds as the governing body may deem*
 14 *advisable in connection with the project and the issuance of revenue bonds and pledge*
 15 *orders*, and the cost of engineering, architectural, technical, and legal services,
 16 preliminary reports, surveys, property valuations, estimates, plans, specifications,
 17 notices, acquisition of real and personal property, consequential damages or costs,
 18 easements, rights of way, supervision, inspection, testing, publications, printing
 19 and sale of bonds and provisions for contingencies. A city may sell revenue bonds
 20 at public or private sale in the manner prescribed by chapter 75 and may deliver
 21 revenue bonds and pledge orders to the contractors, sellers, and other persons
 22 furnishing materials and services constituting a part of the cost of the project in
 23 payment therefor.

24 2. A city may issue revenue bonds to refund revenue bonds, pledge orders, and
 25 other obligations which are by their terms payable from the net revenues of the
 26 same city utility, combined utility system, city enterprise, or combined city
 27 enterprise, or from a city utility comprising a part of the combined utility system
 28 or a city enterprise comprising a part of the combined city enterprise, at lower,
 29 the same, or higher rates of interest. A city may sell refunding revenue bonds at
 30 public or private sale in the manner prescribed by chapter 75 and apply the
 31 proceeds thereof to the payment of the obligations being refunded, and may
 32 exchange refunding revenue bonds in payment and discharge of the obligations
 33 being refunded. The principal amount of any refunding revenue bonds may
 34 exceed the principal amount of the obligations being refunded to the extent
 35 necessary to pay any premium due on the call of the obligations being refunded
 36 and to fund interest accrued ~~on and prior to the delivery of the refunding revenue~~
 37 ~~bonds and to accrue on the obligations being refunded.~~

Approved May 28, 1976

CHAPTER 1187

MUNICIPAL IMPROVEMENT DISTRICTS

S. F. 356

AN ACT authorizing the establishment and funding of self-supported municipal improvement districts.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. NEW SECTION. **Definitions.** As used in this Act, unless the
 2 context requires otherwise:

3 1. "District" means a self-supported municipal improvement district which may
 4 be created and the property therein taxed in accordance with this Act.

5 2. "Improvement" means any of the following:

6 a. All or any part of a city enterprise as defined in section three hundred
 7 eighty-four point twenty-four (384.24), subsection two (2) of the Code.

8 b. Public improvements as defined in section three hundred eighty-four point
 9 thirty-seven (384.37), subsection one (1) of the Code.

10 c. Those structures, properties, facilities or actions, the acquisition,
 11 construction, improvement, installation, reconstruction, enlargement, repair,
 12 equipping, purchasing, or taking of which would constitute an essential corporate
 13 purpose or general corporate purpose as defined in subsections three (3) and four
 14 (4) of section three hundred eighty-four point twenty-four (384.24) of the Code.

15 3. "Self-liquidating improvement" means any facility or property proposed to
 16 be leased in whole or in part to any person or governmental body to further the
 17 corporate purposes of the city and:

- 18 a. To aid in the commercial development of the district.
 19 b. To further the purposes of the district; or
 20 c. Not substantially reduce the city's property tax base.

21 4. "Cost" of any improvement or self-liquidating improvement includes
 22 construction contracts and the cost of engineering, architectural, technical, and
 23 legal services, preliminary reports, property valuations, estimates, plans,
 24 specifications, notices, acquisition of real and personal property, consequential
 25 damages or costs, easements, rights-of-way, supervision, inspection, testing,
 26 publications, printing and sale of bonds, interest during construction and for not
 27 more than six months thereafter, and provisions for contingencies.

28 5. The use of the conjunctive "and" includes the disjunctive "or" and the use of
 29 the disjunctive "or" includes the conjunctive "and", unless the context clearly
 30 indicates otherwise.

31 6. All definitions in section three hundred sixty-two point two (362.2) of the
 32 Code are incorporated by reference as a part of this Act, except as provided in
 33 subsection seven (7) of this section.

34 7. "Property" means real property as defined in section four point one (4.1),
 35 subsection eight (8) of the Code.

36 8. "Property owner" or "owner" means the owner of property, as shown by the
 37 transfer books in the office of the county auditor of the county in which the
 38 property is located.

1 SEC. 2. NEW SECTION. **Authorization.** A city which proposes to create a
 2 district, to provide for its existence and operation, to provide for improvements or
 3 self-liquidating improvements for the district, to authorize and issue bonds for the
 4 purposes of the district, and to levy the taxes authorized by this Act must do so in
 5 accordance with the provisions of this Act.

1 SEC. 3. NEW SECTION. **Establishment of district.**

2 1. Districts may be created by action of the council in accordance with the
 3 provisions of this Act. A district shall:

4 a. Be comprised of contiguous property wholly within the boundaries of the
 5 city. A self-supported municipal improvement district shall not be comprised of
 6 any property in districts which are zoned for any use other than commercial or
 7 industrial.

8 b. Be given a descriptive name containing the words "self-supported municipal
 9 improvement district".

10 c. Be comprised of property related in some manner, including but not limited
 11 to present or potential use, physical location, condition, relationship to an area, or
 12 relationship to present or potential commercial or other activity in an area, so as
 13 to be benefited in any manner, including but not limited to a benefit from present
 14 or potential use or enjoyment of the property, by the condition, development or
 15 maintenance of the district or of any improvement or self-liquidating
 16 improvement of the district, or be comprised of property the owners of which
 17 have a present or potential benefit from the condition, development or
 18 maintenance of the district or of any improvement or self-liquidating
 19 improvement of the district.

20 2. The council shall initiate proceedings for establishing a district upon the
 21 filing with its clerk of a petition containing:

22 a. The signatures of at least twenty-five percent of all owners of property within
 23 the proposed district. These signatures must together represent ownership of
 24 property with an assessed value of twenty-five percent or more of the assessed
 25 value of all of the property in the proposed district.

26 b. A description of the boundaries of the proposed district or a consolidated
27 description of the property within the proposed district.

28 c. The name of the proposed district.

29 d. A statement of the maximum rate of tax that may be imposed upon property
30 within the district. The maximum rate of tax may be stated in terms of separate
31 maximum rates for the debt service tax, the capital improvement fund tax, and
32 the operation tax, or in terms of a maximum combined rate for all three.

33 e. The purpose of the establishment of the district, which may be stated
34 generally, or in terms of the relationship of the property within the district or the
35 interests of the owners of property within the district, or in terms of the
36 improvements or self-liquidating improvements proposed to be developed for the
37 purposes of the district, either specific improvements, self-liquidating
38 improvements, or general categories of improvements, or any combination of the
39 foregoing.

40 f. A statement that taxes levied for the self-supported improvement district
41 operation fund shall be used for the purpose of paying maintenance expenses of
42 improvements or self-liquidating improvements financed pursuant to this Act for
43 a specified length of time, along with any options to renew, if such taxes are to be
44 used for this maintenance purpose.

45 3. The council shall notify the city planning commission upon the receipt of a
46 petition. It shall be the duty of the city planning commission to make
47 recommendations to the council in regard to the proposed district. The city
48 planning commission shall, with due diligence, prepare an evaluative report for
49 the council on the merit and feasibility of the project. The council shall not hold
50 its public hearings or take further action on the establishment of the district until
51 it has received the report of the city planning commission. In addition to its
52 report, the commission may, from time to time, recommend to the council
53 amendments and changes relating to the project.

54 If no city planning commission exists, the council shall notify the metropolitan
55 or regional planning commission upon receipt of a petition, and such commission
56 shall have the same duties as the city planning commission set forth in this
57 subsection. If no planning commission exists, the council shall notify the zoning
58 commission upon receipt of a petition, and such commission shall have the same
59 duties as the city planning commission set forth in this subsection. If no planning
60 or zoning commission exists, the council shall call a hearing on the establishment
61 of a district upon receipt of a petition.

62 4. Upon the receipt of the commission's final report the council shall set a time
63 and place for a meeting at which the council proposes to take action for the
64 establishment of the district, and shall publish notice of the meeting as provided
65 in section three hundred sixty-two point three (362.3) of the Code, and the clerk
66 shall send a copy of the notice by certified mail not less than fifteen days before
67 the meeting to each owner of property within the proposed district at the owner's
68 address as shown by the records of the county auditor. If a property is shown to
69 be in the name of more than one owner at the same mailing address, a single
70 notice may be mailed addressed to all owners at that address. Failure to receive a
71 mailed notice is not grounds for objection to the council's taking any action
72 authorized in this Act.

73 5. In addition to the time and place of the meeting for hearing on the petition,
74 the notice must state:

75 a. That a petition has been filed with the council asking that a district be
76 established.

77 b. The name of the district.

78 c. The purpose of the district.

79 d. The property proposed to be included in the district.

80 e. The maximum rate of tax which may be imposed upon the property in the
81 district.

82 6. At the time and place set in the notice the council shall hear all owners of
83 property in the proposed district or residents of the city desiring to express their
84 views. The council must wait at least thirty days after the public hearing has been
85 held before it may adopt an ordinance establishing a district which must be
86 comprised of all the property which the council finds has the relationship or
87 whose owners have the interest described in section three (3), subsection one (1),
88 paragraph c of this Act. Property included in the proposed district need not be
89 included in the established district. However, no property may be included in the
90 district that was not included in the proposed district until the council has held
91 another hearing after it has published and mailed the same notice as required in
92 subsections four (4) and five (5) of this section on the original petition to the
93 owners of the additional property, or has caused a notice of the inclusion of the
94 property to be personally served upon each owner of the additional property, or
95 has received a written waiver of notice from each owner of the additional
96 property.

97 7. Adoption of the ordinance establishing a district requires the affirmative vote
98 of three-fourths of all of the members of the council, or in cities having but three
99 members of the council, the affirmative vote of two members. However if a
100 remonstrance has been filed with the clerk signed by at least twenty-five percent
101 of all owners of property within the proposed district representing ownership of
102 property with an assessed value of twenty-five percent or more of the assessed
103 value of all of the property in the proposed district, the adoption of the ordinance
104 requires a unanimous vote of the council.

105 8. The clerk shall cause a copy of the ordinance to be filed in the office of the
106 county recorder of each county in which any property within the district is
107 located.

108 9. At any time prior to adoption of an ordinance establishing a district, the
109 entire matter of establishing such district shall be withdrawn from council
110 consideration if a petition is filed with its clerk containing the signatures of at
111 least forty percent of all owners of property within the proposed district or
112 signatures which together represent ownership of property with an assessed value
113 of forty percent or more of the assessed value of all property within the proposed
114 district.

115 10. The adoption of an ordinance establishing a district is a legislative
116 determination that the property within the district has the relationship or its
117 owners have the interest required under section three (3), subsection one (1),
118 paragraph c of this Act and includes all of the property within the area which has
119 that relationship or the owners of which have that interest in the district.

120 11. Any resident or property owner of the city may appeal the action and the
121 decisions of the council, including the creation of the district and the levying of
122 the proposed taxes for the district, to the district court of the county in which any
123 part of the district is located, within thirty days after the date upon which the
124 ordinance creating the district becomes effective, but the action and decision of
125 the council are final and conclusive unless the court finds that the council
126 exceeded its authority. No action may be brought questioning the regularity of
127 the proceedings pertaining to the establishment of a district or the validity of the
128 district, or the propriety of the inclusion or exclusion of any property within or
129 from the district, or the ability of the city to levy taxes in accordance with the
130 ordinance establishing the district, after thirty days from the date on which the
131 ordinance creating the district becomes effective.

132 12. The procedural steps for the petitioning and creation of the district may be
133 combined with the procedural steps for the authorization of any improvement or
134 self-liquidating improvement, or the procedural steps for the authorization of any
135 tax, or any combination thereof.

136 13. The rate of debt service tax referred to in the petition and the ordinance
137 creating the district shall only restrict the amount of bonds which may be issued,
138 and shall not limit the ability of the city to levy as necessary in subsequent years

139 to pay interest and amortize the principal of that amount of bonds.
140 14. The ordinance creating the district may provide for the division of all of the
141 property within the district into two or more zones based upon a reasonable
142 difference in the relationship of the property or the interest of its owners, whether
143 the difference is qualitative or quantitative. The ordinance creating the district
144 and establishing the different zones may establish a different maximum rate of
145 tax for each zone, or may provide that the rate of tax for a zone shall be a certain
146 set percentage of the tax levied in the zone which is subject to the highest rate of
147 tax.

1 **SEC. 4. NEW SECTION. Amendments to district.**

2 1. The ordinance creating the district may be amended and property may be
3 added to the district and the maximum rate of taxes referred to in the ordinance
4 may be increased at any time in the same manner and by the same procedure as
5 for the establishment of a district. All property added to a district shall be subject
6 to all taxes currently and thereafter levied including debt service levies for bonds
7 previously or thereafter issued.

8 2. Action by the council amending the ordinance creating the district, including
9 adding any eligible property or deleting any property within the district or
10 changing any maximum rate of taxes, shall be by ordinance adopted by an
11 affirmative vote of three-fourths of all of the members of the council, or in cities
12 having but three members of the council, the affirmative vote of two members.
13 However, if a remonstrance has been filed with the clerk signed by at least
14 twenty-five percent of all owners of property within the district and all property
15 proposed to be included representing ownership of property with an assessed
16 value of twenty-five percent or more of the assessed value of all the property in
17 the district and all property proposed to be included, the amending ordinance
18 must be adopted by unanimous vote of the council.

19 3. The clerk shall cause a copy of the amending ordinance to be filed in the
20 office of the county recorder of each county in which any property within the
21 district as amended is located.

22 4. At any time prior to council amendment of the ordinance creating the
23 district, the entire matter of amending such ordinance shall be withdrawn from
24 council consideration if a petition is filed with its clerk containing either the
25 signatures of at least forty percent of all owners of property within the district
26 and all property proposed to be included or signatures which together represent
27 ownership of property with an assessed value of forty percent or more of the
28 assessed value of all property within the district and all property proposed to be
29 included.

30 5. Any resident or property owner of the city may appeal the action or
31 decisions of the council amending the ordinance creating the district, to the
32 district court of the county in which any part of the district, as amended, is
33 located, within fifteen days after the date upon which the ordinance amending the
34 ordinance creating the district becomes effective, but the action and decision of
35 the council are final and conclusive unless the court finds that the council
36 exceeded its authority. No action may be brought questioning the regularity of
37 the proceedings pertaining to the amended ordinance or the validity of the district
38 as amended, or the propriety of the inclusion or exclusion of any property within
39 or from the amended district, or the ability of the city to levy taxes in accordance
40 with the ordinance establishing the district, as amended, after thirty days from the
41 date upon which the amending ordinance becomes effective.

42 6. All other provisions in section three (3) of this Act shall apply to an
43 amended district and to the ordinance amending the ordinance creating the
44 district with the same effect as they apply to the original district and the
45 ordinance creating the original district.

1 SEC. 5. NEW SECTION. **Dissolution.** A district may be dissolved and
2 terminated by action of the council rescinding the ordinance creating the district,
3 and any subsequent ordinances amending the district, by an affirmative vote of
4 three-fourths of all members of the council, or in cities having but three members
5 of the council, the affirmative vote of two members. However, if a remonstrance
6 has been filed with the clerk signed by at least twenty-five percent of all owners
7 of property within the district representing ownership of property with an
8 assessed value of twenty-five percent or more of the assessed value of all the
9 property in the district, the rescission of the ordinance creating the district, and
10 any subsequent ordinances amending the district, requires a unanimous vote of
11 the council.

12 At any time prior to action of the council rescinding the ordinance creating the
13 district, and any subsequent ordinances amending the district, the entire matter of
14 dissolving a district shall be withdrawn from council consideration if a petition is
15 filed with its clerk containing the signatures of at least forty percent of all owners
16 of property within the district or signatures which together represent ownership of
17 property with an assessed value of forty percent or more of the assessed value of
18 all property within the district.

1 SEC. 6. NEW SECTION. **Improvements.** When a city proposes to construct
2 an improvement the cost of which is to be paid or financed under the provisions
3 of this Act, it must do so in accordance with the provisions of this section, as
4 follows:

5 1. The council shall initiate proceedings for a proposed improvement upon
6 receipt of a petition signed by at least twenty-five percent of all owners of
7 property within the district representing ownership of property with an assessed
8 value of twenty-five percent or more of the assessed value of all the property in
9 the district.

10 2. Upon the receipt of such a petition the council shall notify the city planning
11 commission, if one exists, the metropolitan or regional planning commission, if
12 one exists, or the zoning commission, if one exists, in the order set forth in
13 subsection three (3) of section three (3) of this Act. Upon notification by the
14 council, the commission shall prepare an evaluative report for the council on the
15 merit and feasibility of the improvement and carry out all other duties as set forth
16 in subsection three (3) of section three (3) of this Act. If no planning or zoning
17 commission exists, the council shall call a hearing on a proposed improvement
18 upon receipt of a petition.

19 3. Upon the receipt of the commission's report the council shall set a time and
20 place of meeting at which the council proposes to take action on the proposed
21 improvement and shall publish and mail notice as provided in subsections four
22 (4) and five (5) of section three (3) of this Act.

23 4. The notice must include a statement that an improvement has been
24 proposed, the nature of the improvement, the source of payment of the cost of the
25 improvement, and the time and place of hearing.

26 5. At the time and place set in the notice the council shall hear all owners of
27 property in the district or residents of the city desiring to express their views. The
28 council must wait at least thirty days after the public hearing has been held
29 before it may take action to order construction of the improvement. The
30 provisions of section three (3), subsections seven (7) and nine (9), of this Act
31 relating to the adoption of the ordinance establishing a district, the requisite vote
32 therefor, the remonstrance thereto and the withdrawal of the entire matter from
33 council consideration apply to the adoption of the resolution ordering the
34 construction of the improvement.

35 6. If the council orders the construction of the improvement, it shall proceed to
36 let contracts therefor in accordance with division six (VI) of chapter three
37 hundred eighty-four (384) of the Code.

38 7. The adoption of a resolution ordering the construction of an improvement is
 39 a legislative determination that the proposed improvement is in furtherance of the
 40 purposes of the district and that all property in the district will be affected by the
 41 construction of the improvement, or that all owners of property in the district
 42 have an interest in the construction of the improvement.

43 8. Any resident or property owner of the city may appeal the action or
 44 decisions of the council ordering the construction of the improvement to the
 45 district court of the county in which any part of the district is located within
 46 thirty days after the adoption of the resolution ordering construction of the
 47 improvement, but the action and decisions of the council are final and conclusive
 48 unless the court finds that the council exceeded its authority. No action may be
 49 brought questioning the regularity of the proceedings pertaining to the ordering of
 50 the construction of an improvement, or the right of the city to apply moneys in
 51 the capital improvement fund referred to in this Act to the payment of the costs
 52 of the improvement, or the right of the city to issue bonds referred to in this Act
 53 for the payment of the costs of the improvement, or the right of the city to levy
 54 taxes which with any other taxes authorized by this Act do not exceed the
 55 maximum rate of tax that may be imposed upon property within the district for
 56 the payment of principal of and interest on bonds issued to pay the costs of the
 57 improvement, after thirty days from the date of adoption of the resolution
 58 ordering construction of the improvement.

59 9. The procedural steps contained in this section may be combined with the
 60 procedural steps for the petitioning and creation of the district or the procedural
 61 steps for the authorization of any tax or any combination thereof.

1 SEC. 7. NEW SECTION. **Self-liquidating improvements.** When a city proposes
 2 to construct a self-liquidating improvement, the cost of which is to be paid or
 3 financed under the provisions of this Act, it must do so in accordance with the
 4 provisions of this section as follows:

5 1. Subsections one (1), through five (5) of section six (6) of this Act are
 6 applicable to a self-liquidating improvement to the same extent as they are
 7 applicable to an improvement and the proceedings initiating a self-liquidating
 8 improvement shall be governed thereby.

9 2. Before the council may order the construction of a self-liquidating
 10 improvement, and after hearing thereon, it must find that the self-liquidating
 11 improvement and the leasing of a part or the whole of it to any person or
 12 governmental body will further the corporate purposes of the city and will:

- 13 a. Aid in the commercial development of the district.
- 14 b. Further the interests of the district; or
- 15 c. Not substantially reduce the city's property tax base.

16 3. If the council orders the construction of the self-liquidating improvement,
 17 any contracts shall be let therefor in accordance with division six (VI) of chapter
 18 three hundred eighty-four (384) of the Code.

19 4. The adoption of a resolution ordering the construction of a self-liquidating
 20 improvement is a legislative determination that the proposed self-liquidating
 21 improvement and the leasing of a part or the whole of it to any person or
 22 governmental body will further the corporate purposes of the city and will:

- 23 a. Aid in the commercial development of the district.
- 24 b. Further the interests of the district; or
- 25 c. Not substantially reduce the city's property tax base.

26 5. A city may lease any or all of a self-liquidating improvement to any person
 27 or governmental body.

28 6. A city may issue revenue bonds payable from the income and receipts
 29 derived from the self-liquidated improvement. Division five (V) of chapter three
 30 hundred eighty-four (384) of the Code applies to revenue bonds for self-
 31 liquidating improvements and the term "city enterprise" as used in that division
 32 shall be deemed to include self-liquidating improvements authorized by this Act.

33 7. Any resident or property owner of the city may appeal a decision of the
 34 council to order the construction of a self-liquidating improvement or to lease any
 35 or all of a self-liquidating improvement to the district court of the county in
 36 which any part of the district is located, within thirty days after the adoption of
 37 the resolution ordering the self-liquidating improvement, but the action of the
 38 council is final and conclusive unless the court finds that the council exceeded its
 39 authority.

40 8. No action may be brought questioning the regularity of the proceedings
 41 pertaining to the ordering of the construction of a self-liquidating improvement
 42 after thirty days from the date of adoption of the resolution ordering construction
 43 of the self-liquidating improvement. No action may be brought questioning the
 44 regularity of the proceedings pertaining to the leasing of any or all of a self-
 45 liquidating improvement after thirty days from the date of the adoption of a
 46 resolution approving the proposed lease. In addition to the limitation contained in
 47 section three hundred eighty-four point ninety-two (384.92) of the Code, no
 48 action may be brought which questions the legality of revenue bonds or the power
 49 of the city to issue revenue bonds or the effectiveness of any proceedings relating
 50 to the authorization and issuance of revenue bonds relating to a self-liquidating
 51 improvement after thirty days from the time the bonds are ordered issued by the
 52 city.

53 9. The procedural steps contained in this section may be combined with the
 54 procedural steps for the petitioning and creation of the district.

1 SEC. 8. NEW SECTION. **Operation tax.** A city may establish a self-supported
 2 improvement district operation fund, and may certify taxes not to exceed the rate
 3 limitation as established in the ordinance creating the district, or any amendment
 4 thereto, each year to be levied for the fund against all of the property in the
 5 district, for the purpose of paying the administrative expenses of the district,
 6 which may include but are not limited to administrative personnel salaries, a
 7 separate administrative office, planning costs including consultation fees,
 8 engineering fees, architectural fees, and legal fees and all other expenses
 9 reasonably associated with the administration of the district and the fulfilling of
 10 the purposes of the district. The taxes levied for this fund may also be used for
 11 the purpose of paying maintenance expenses of improvements or self-liquidating
 12 improvements financed pursuant to this Act for a specified length of time with
 13 one or more options to renew if such is clearly stated in the petition which
 14 requests the council to authorize construction of the improvement or self-
 15 liquidating improvement, whether or not such petition is combined with the
 16 petition requesting creation of a district. Parcels of property which are assessed as
 17 residential property for property tax purposes are exempt from the tax levied
 18 under this section. A tax levied under this section is not subject to the levy
 19 limitation in section three hundred eighty-four point one (384.1) of the Code.

1 SEC. 9. NEW SECTION. **Capital improvement fund.** A city may establish a
 2 capital improvement fund for a district and may certify taxes, not to exceed the
 3 rate established by the ordinance creating the district, or any subsequent
 4 amendment thereto, each year to be levied for the fund against all of the property
 5 in the district, for the purpose of accumulating moneys for the financing or
 6 payment of a part or all of the costs of any improvement or self-liquidating
 7 improvement. However, parcels of property which are assessed as residential
 8 property for property tax purposes are exempt from the tax levied under this
 9 section. A tax levied under this section is not subject to the levy limitations in
 10 sections three hundred eighty-four point one (384.1) or three hundred eighty-four
 11 point seven (384.7) of the Code.

1 SEC. 10. NEW SECTION. **Debt service fund.** A city shall establish a self-
 2 supported municipal improvement district debt service fund whenever any self-
 3 supported municipal improvement district bonds are issued and outstanding,

4 other than revenue bonds, and shall certify taxes to be levied against all of the
 5 property in the district for the debt service fund in the amount necessary to pay
 6 interest as it becomes due and the amount necessary to pay, or to create a sinking
 7 fund to pay, the principal at maturity of all self-supported municipal
 8 improvement district bonds as authorized in section eleven (11) of this Act, issued
 9 by the city. However, parcels of property which are assessed as residential
 10 property for property tax purposes are exempt from the tax levied under this
 11 section.

1 **SEC. 11. NEW SECTION. Self-supported municipal improvement district bonds.**

2 1. A city may issue and sell self-supported municipal improvement district
 3 bonds at public or private sale payable from taxes which must be levied in
 4 accordance with chapter seventy-six (76) of the Code. The bonds are payable
 5 from the levy of unlimited ad valorem taxes on all the taxable property within the
 6 district through the district debt service fund authorized by section ten (10) of this
 7 Act. When self-supported municipal improvement district bonds are issued and
 8 taxes are levied in accordance with chapter seventy-six (76) of the Code, the taxes
 9 shall continue to be levied, until the bonds and interest thereon are paid in full,
 10 against all of the taxable property that was included in the district at the time of
 11 the issuance of the bonds, regardless of any subsequent removal of any property
 12 from the district or the dissolution of the district.

13 2. The proceeds of the sale of the bonds may be used to pay any or all of the
 14 costs of any improvement, or be used to pay any legal indebtedness incurred for
 15 the cost of any improvement including bonds or warrants previously issued to pay
 16 the costs of an improvement, or bonds may be exchanged for the evidences of
 17 such legal indebtedness.

18 3. Before the council may institute proceedings for the issuance of bonds, it
 19 shall proceed in the same manner as is required for the institution of proceedings
 20 for the issuance of bonds for an essential corporate purpose as provided in
 21 subsection two (2) of section three hundred eighty-four point twenty-five (384.25)
 22 of the Code, and all of the provisions of that subsection apply to bonds issued
 23 pursuant to this section.

24 4. A city may issue bonds authorized by this section pursuant to a resolution
 25 adopted at a regular or special meeting by an affirmative vote of a majority of the
 26 total members to which the council is entitled. The proceeds of a single bond
 27 issue may be used for various improvements.

28 5. The provisions of sections three hundred eighty-four point twenty-nine
 29 (384.29), three hundred eighty-four point thirty (384.30), and three hundred
 30 eighty-four point thirty-one (384.31) of the Code apply to bonds issued pursuant
 31 to this section, except that the bonds shall be designated "municipal improvement
 32 district bonds".

33 6. No action may be brought which questions the legality of bonds issued
 34 pursuant to this section or the power of a city to issue the bonds or the
 35 effectiveness of any proceedings relating to the authorization and issuance of the
 36 bonds after thirty days from the time the bonds are ordered issued by the city.

1 **SEC. 12. NEW SECTION. Payment for improvements.** The costs of
 2 improvements may be paid from any of the following sources or a combination
 3 thereof:

4 1. The capital improvement fund referred to in section nine (9) of this Act.

5 2. The proceeds of bonds referred to in section eleven (11) of this Act.

6 3. Any other funds of the city which are legally available to pay all or a portion
 7 of the cost of an improvement. The fact that an improvement is initiated under
 8 the provisions of this Act, or any of the costs of an improvement or any part of
 9 an improvement are being paid under the provisions of this Act, shall not
 10 preclude the city from paying any costs of an improvement from any fund from
 11 which it might otherwise have been able to pay such costs. In addition, and not in
 12 limitation of the foregoing, any improvement which constitutes an essential

13 corporate purpose or a general corporate purpose as defined in section three
 14 hundred eighty-four point twenty-four (384.24), subsections three (3) and four (4)
 15 of the Code, may be financed in whole or in part with the proceeds of the
 16 issuance of general obligation bonds of the city pursuant to the provisions of
 17 division three (III) of chapter three hundred eighty-four (384) of the Code.

18 4. Payment for the costs of an improvement may also be made in warrants
 19 drawn on any fund from which payment for the improvement may be made. The
 20 warrants, unless paid upon presentation, draw interest at a rate not to exceed
 21 seven percent per annum from the date of presentation for payment. If such
 22 funds are depleted, anticipatory warrants may be issued which do not constitute a
 23 violation of section three hundred eighty-four point ten (384.10) of the Code, even
 24 if the collection of taxes or income from the sale of bonds applicable to the
 25 improvement is after the end of the fiscal year in which the warrants are issued. If
 26 the city arranges for the private sale of anticipatory warrants, they may be sold
 27 and the proceeds used to pay the costs of the improvement. Such warrants may
 28 be used to pay other persons furnishing services constituting a part of the cost of
 29 the improvement.

1 SEC. 13. NEW SECTION. **Parking fee abatements.** A city may apply moneys
 2 in the operation fund of the district to prepay parking fees at any city parking
 3 facility located in or used in conjunction with the district but only after notice
 4 and hearing as required by section six (6) of this Act. The authority to prepay
 5 such fees shall exist only for the period of time set out in the notice to owners and
 6 in the resolution of the council authorizing the application of funds for that
 7 purpose. Upon the application of sufficient amounts of prepaid fees, the city need
 8 not charge individual users of the parking facility. Before adopting a resolution
 9 authorizing the application of funds for such purpose, the council must find that
 10 the application will further the purposes of the district, including but not limited
 11 to increasing the commercial activity in the district.

1 SEC. 14. NEW SECTION. **Independent provisions.** The provisions of this Act
 2 with respect to notice, hearing and appeal for the construction of improvements
 3 and self-liquidating improvements and the issuance and sale of bonds are in lieu
 4 of the provisions contained in chapters seventy-five (75) and twenty-three (23) of
 5 the Code, or any other law, unless specifically referred to and made applicable by
 6 this Act.

Approved June 28, 1976

CHAPTER 1188

JOINT ELECTRICAL UTILITIES

S. F. 1338

AN ACT providing that for the purposes of chapter three hundred ninety (390) of the Code, ownership of certain transmission facilities may include the right to the use of an amount of the capacity thereof.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section three hundred ninety point one (390.1), Code 1975, as
 2 amended by Acts of the Sixty-sixth General Assembly, 1975 Session, chapter one
 3 hundred ninety-nine (199), section one (1), is amended by adding the following
 4 new subsection: