

CHAPTER 111**TAXATION OF PROPERTY ANNEXED BY CITIES***S.F. 78*

AN ACT relating to the exemption from city taxes of land included in an application for voluntary annexation or in a city's involuntary annexation petition and including effective and applicability date provisions.

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

Section 1. Section 368.7, subsection 1, paragraph d, Code 2005, is amended to read as follows:

d. The city shall provide for a public hearing on the application before approving or denying it. The city shall provide written notice at least fourteen business days prior to any action by the city council regarding the application, including a public hearing, by regular mail to the chairperson of the board of supervisors of each county which contains a portion of the territory proposed to be annexed, each public utility which serves the territory proposed to be annexed, each owner of property located within the territory to be annexed who is not a party to the application, and each owner of property that adjoins the territory to be annexed unless the adjoining property is in a city. The city shall publish notice of the application and public hearing on the application in an official county newspaper in each county which contains a portion of the territory proposed to be annexed. Both the written and published notice shall include the time and place of the public hearing and a legal description of the territory to be annexed. The city may not assess the costs of providing notice as required in this section to the applicants. The city council shall approve or deny the application by resolution of the council.

Sec. 2. Section 368.7, subsections 2 and 3, Code 2005, are amended to read as follows:

2. An application for annexation of territory not within an urbanized area of a city other than the city to which the annexation is directed must be approved by resolution of the council which receives the application. ~~In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 3, paragraph "m".~~ The city council shall mail a copy of the application by certified mail to the board of supervisors of each county which contains a portion of the territory at least fourteen business days prior to any action taken by the city council on the application. The council shall also publish notice of the application in an official county newspaper in each county which contains a portion of the territory at least fourteen days prior to any action taken by the council on the application. Upon receiving approval of the council, the city clerk shall file a copy of the resolution, map, and legal description of the territory involved with the secretary of state, the county board of supervisors of each county which contains a portion of the territory, each affected public utility, and the state department of transportation. The city clerk shall also record a copy of the legal description, map, and resolution with the county recorder of each county which contains a portion of the territory. The secretary of state shall not accept and acknowledge a copy of a legal description, map, and resolution of annexation which would create an island. The annexation is completed upon acknowledgment by the secretary of state that the secretary of state has received the legal description, map, and resolution.

3. An application for annexation of territory within an urbanized area of a city other than the city to which the annexation is directed must be approved both by resolution of the council which receives the application and by the board. The board shall not approve an application which creates an island. Notice of the application shall be mailed by certified mail, by the city to which the annexation is directed, at least fourteen business days prior to any action by the city council on the application to the council of each city whose boundary adjoins the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, each affected public utility, and to the regional planning authority

of the territory. Notice of the application shall be published in an official county newspaper in each county which contains a portion of the territory at least ten business days prior to any action by the city council on the application. ~~In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 3, paragraph "m".~~ The annexation is completed when the board has filed and recorded copies of applicable portions of the proceedings as required by section 368.20, subsection 2.

Sec. 3. Section 368.7, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 5. In the discretion of a city council, the resolution provided for in subsection 1, paragraph "d", or subsection 2 or 3, may include a provision for a transition for the imposition of city taxes against property within the annexation area as provided in section 368.11, subsection 3, paragraph "m".

Sec. 4. Section 368.11, subsection 3, paragraph m, Code 2005, is amended to read as follows:

m. In the discretion of a city council, a provision for a transition for the imposition of city taxes against property within an annexation area. The provision shall ~~not allow a greater for an exemption from taxation than the tax exemption formula of the following percentages of assessed valuation according to the following schedule provided under section 427B.3, subsections 1 through 5, and:~~

(1) For the first and second years, seventy-five percent.

(2) For the third and fourth years, sixty percent.

(3) For the fifth and sixth years, forty-five percent.

(4) For the seventh and eighth years, thirty percent.

(5) For the ninth and tenth years, fifteen percent.

An alternative schedule may be adopted by the city council. However, an alternative schedule shall not allow a greater exemption than that provided in this paragraph. The exemption shall be applied in the levy and collection of taxes. The provision may also allow for the partial provision of city services during the time in which the exemption from taxation is in effect.

Sec. 5. EFFECTIVE AND APPLICABILITY DATES. This Act, being deemed of immediate importance, takes effect upon enactment and applies to an application submitted to a city council and to petitions for involuntary annexation filed with the city development board on or after the effective date of this Act.

Approved May 5, 2005