February 23, 1961.
Passed on File.

Senate File 384
By O'MALLEY.

Passed Senate, Date 3-30-61 Passed House, Date .....
Vote: Ayes 48 Nays 0 Vote: Ayes ..... Nays .....
Approved .....

A BILL FOR

An Act to amend chapter four hundred three (403), Code 1958, relating to urban renewal.

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

1 Section 1. Section four hundred three point two (403.2),
2 Code 1958, is hereby amended by renumbering subsection three (3)
3 to subsection four (4), and adding the following subsection
4 three (3):
5 "3. It is further found and declared that in aid of these
6 activities and as an inducement to encourage the redevelopment
7 of certain areas which have been cleared of present structures,
8 it is necessary in the public interest to permit the
9 municipalities of this state to enter into agreements which
10 would provide a limited period after clearance during which the
11 assessed value of such improved areas for real property tax
12 purposes would reflect the land value only without ascribing any
13 additional assessed value to the improvements placed thereon.".
1 Sec. 2. Section four hundred three point six (403.6), Code
2 1958, is hereby amended by adding at the end thereof a new
3 subsection fourteen (14) as follows:
4 "14. To enter into agreements with private persons
5 acquiring real property pursuant to section four hundred three
6 point eight (403.8) relating to the assessment and taxation of
7 the real property so acquired in accordance with the terms and
8 conditions of section four hundred three point twenty (403.20,)".

1 Sec. 3. Chapter four hundred three (403), Code 1958, is
2 hereby amended by adding a new section as follows:
3 "1. A municipality which has duly approved an urban
4 renewal plan in accordance with the provisions of this chapter
5 and which has substantially begun to carry out such plan, shall
6 have the power and authority to enter into agreements with
7 private persons who acquire interests in real property pursuant
8 to section four hundred three point eight (403.8), relating to
9 the taxation of improvements placed on such real property, on
10 the terms and conditions provided in this section.
11 "2. No municipality shall enter any such agreement unless
12 and until the local governing body shall have adopted a
13 resolution finding:
14 "a. That it has been determined or is likely that such
15 urban renewal project, or any portion thereof, will not be
16 sufficiently attractive to private persons for redevelopment in
17 accordance with the re-use contemplated for such property as set
18 forth in the urban renewal plan, because of any one or a
19 combination of the following circumstances: the high resale
20 value demanded, the covenants and restrictions placed thereon,
21 the unusual redevelopment risks to be assumed by the acquiring
22 persons, the marketing factors which bear on successful operation
23 of the redeveloped property, the substandard conditions
24 prevailing adjacent to such property, the high property tax
25 burden placed on such property, or because of some similar
26 factors having the effect of hindering re-sale.
27 "b. That the successful completion of the entire urban
28 renewal project is likely to be endangered by the lack of private
29 redevelopment of such real property.

30 "c. That such real property when redeveloped as provided
31 in the urban renewal plan, will, when assessed for property tax
32 purposes in accordance with the regular tax laws, materially add
33 to the assessed valuation of taxable property in the municipality
34 in the future, notwithstanding any temporary arrangement for
35 non-assessment of newly constructed improvements on such
36 property.

37 "d. That the re-use of such property as provided in the
38 urban renewal plan is the most beneficial type of re-use in
39 developing the general plan of the municipality; and

40 "e. That the temporary postponement of the assessment
41 and collection of real property taxes on the improvements on
42 such land will serve the public interests, will ultimately
43 result in a beneficial and useful effect on the municipality as
44 a whole and on the revenues of all public bodies which are
45 permitted to tax such real property.

46 "3. If the provisions of subsections one (1) and two (2)
47 of this section have been complied with, the municipality shall
48 be permitted to enter into an agreement with the person
49 acquiring such property which postpones assessment and levy of
50 real property taxes by any public body, whether municipal,
51 school district, county or state, on the improvements placed on
52 any such real property in conformance with the urban renewal
53 plan and the redevelopment contract, for any period of years
54 but not to exceed five (5) years after the improvements
55 constructed on said real property in accordance with said
56 urban renewal plan shall have been certified by said local
57 governing body to be ready for occupancy, or specified date of
58 completion, whichever occurs first. Taxes on said improvements

59 shall be assessed, levied and collected for the year in which
60 such postponement terminates on an annual pro rata basis. The
61 land so acquired, exclusive of improvements, and personal
62 property not otherwise exempt, shall be subject to taxation
63 in the regular manner.

64 "4. The municipality may enter into such agreements only
65 with respect to that portion of an urban renewal area which has
66 been designated in the urban renewal plan for clearance and
67 redevelopment.

68 "5. Upon entering into any such agreement, the
69 municipality shall, within thirty (30) days thereafter, notify
70 the state tax commission, the city assessor or county assessor
71 and the county auditor of such action. No public officer, or
72 agency shall thereafter, during the term, referred to in
73 subsection three (3) above, assess, levy or collect real
74 property taxes on such improvements; nor shall the failure to
75 give such notice cause such property to be taxable during
76 such term.

77 "6. The postponement and collection of real property
78 taxes during the term referred to in subsection three (3)
79 above shall remain in effect notwithstanding the sale, lease
80 or other disposition of such improvements by the acquiring
81 person, or his successors in interest, as herein provided.
82 Such sale, lease or other disposition shall be first approved
83 in writing by the local governing body. The purchaser, lessee,
84 or other transferee shall agree to use the property in
85 conformance with the redevelopment plan as it relates to the
86 use of such property. No such approval need be acquired with
87 respect to any lease of less than fifty percent (50%) of the

88 floor space of such improvements to any one tenant.

89 "7. If the municipality has created an urban renewal

90 agency pursuant to section four hundred three point fifteen

91 (403.15), the local governing body shall obtain and consider

92 the recommendations of such agency in making the findings and

93 exercising the duties and powers provided in this section;

94 provided, however, the authority to enter into any agreement

95 as herein provided shall not be delegated to such agency,

96 and shall remain vested in the local governing body.".

SENATE FILE 384

adopted 3/30

1 Amend Senate File 384 as follows:
2 Amend Section 2, line 8, by striking the words and
3 figures "four hundred three point twenty (403.20)" and
4 inserting in lieu thereof the words and figures "three
5 (3) of this Act".

Filed
March 28, 1961.

By O'MALLEY.