

Cities 3/25, Pass 5/22

Senate File 356
Cities
Schwengels, Chairman
Redmond
Carr

FILED MAR 24 1975

Reprinted

SENATE FILE 356

Senate File 356
Ways and Means
Schwengels, Chairman
Nolting
Gluba

5/27, Pass 6/12

By SHAW, GLUBA, HANSEN, GRIFFIN,
WILLITS, SOVERN and CARR
(Reader, Lipsky and Cusack)

Revised Cities 7/12/76, Pass 1/21

Failed to pass

Passed Senate, Date 1-28-76 (157)

Passed House, Date _____

Vote: Ayes 25 Nays 20

Vote: Ayes _____ Nays _____

Approved _____

Motion to reconsider filed 1-29 (p. 173)

Prevailed 3/17 (896)

Repassed Senate 3-17-76 (p. 4)
29-16

A BILL FOR

1 An Act authorizing the establishment and funding of self-
2 supported municipal improvement districts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4 Motion to reconsider filed 3/17 (907)

5 " withdrawn

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

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

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

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

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

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

20 3. "Self-liquidating improvement" means any facility or
21 property proposed to be leased in whole or in part to any
22 person or governmental body to aid in the commercial
23 development of the district, to further the purposes of the
24 district, to further the interests of the owners of property
25 in the district, or to further the corporate purposes of the
26 city.

27 4. "Cost" of any improvement or self-liquidating im-
28 provement includes construction contracts and the cost of
29 engineering, architectural, technical, and legal services,
30 preliminary reports, property valuations, estimates, plans,
31 specifications, notices, acquisition of real and personal
32 property, consequential damages or costs, easements, rights-
33 of-way, supervision, inspection, testing, publications,
34 printing and sale of bonds, interest during construction and
35 for not more than six months thereafter, and provisions for

1 contingencies.

2 5. The use of the conjunctive "and" includes the dis-
3 junctive "or" and the use of the disjunctive "or" includes
4 the conjunctive "and", unless the context clearly indicates
5 otherwise.

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

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

12 8. "Property owner" or "owner" means the owner of property,
13 as shown by the transfer books in the office of the county
14 auditor of the county in which the property is located.

15 Sec. 2. NEW SECTION. AUTHORIZATION. A city which proposes
16 to create a district, to provide for its existence and
17 operation, to provide for improvements or self-liquidating
18 improvements for the district, to authorize and issue bonds
19 for the purposes of the district, and to levy the taxes
20 authorized by this Act must do so in accordance with the
21 provisions of this Act.

22 Sec. 3. NFW SECTION. ESTABLISHMENT OF DISTRICT.

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

25 a. Be comprised of contiguous property wholly within the
26 boundaries of the city.

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

29 c. Be comprised of property related in some manner, in-
30 cluding but not limited to present or potential use, physical
31 location, condition, relationship to an area, or relationship
32 to present or potential commercial or other activity in an
33 area, so as to be affected in any manner, including but not
34 limited to an affect on present or potential use or enjoy-
35 ment of the property, by the condition, development or main-

1 tenance of the district or of any improvement or self-
2 liquidating improvement of the district, or be comprised of
3 property the owners of which have a present or potential
4 interest in the condition, development or maintenance of the
5 district or of any improvement or self-liquidating improvement
6 of the district.

7 2. The council shall call a hearing on the establishment
8 of a district upon the filing with its clerk of a petition
9 containing:

10 a. The signatures of owners of property within the pro-
11 posed district which has an assessed value of twenty-five
12 percent or more of the assessed value of all of the property
13 in the proposed district.

14 b. A description of the boundaries of the proposed dis-
15 trict or a consolidated description of the property within
16 the proposed district.

17 c. The name of the proposed district.

18 d. A statement of the maximum rate of tax that may be
19 imposed upon property within the district. The maximum rate
20 of tax may be stated in terms of separate maximum rates for
21 the debt service tax, the capital improvement fund tax, and
22 the operation tax, or in terms of a maximum combined rate
23 for all three.

24 e. The purpose of the establishment of the district, which
25 may be stated generally, or in terms of the relationship of
26 the property within the district or the interests of the
27 owners of property within the district, or in terms of the
28 improvements or self-liquidating improvements proposed to
29 be developed for the purposes of the district, either specific
30 improvements, self-liquidating improvements, or general cate-
31 gories of improvements, or any combination of the foregoing.

32 3. Upon the receipt of a petition the council shall set
33 a time and place for a meeting at which the council proposes
34 to take action for the establishment of the district, and
35 shall publish notice of the meeting as provided in section

1 three hundred sixty-two point three (362.3) of the Code, and
2 the clerk shall send a copy of the notice by certified mail
3 on or before the date of publication of the notice, to each
4 owner of property within the proposed district at the owner's
5 address as shown by the records of the county auditor. If
6 a property is shown to be in the name of more than one owner
7 at the same mailing address, a single notice may be mailed
8 addressed to all owners at that address. Failure to receive
9 a mailed notice is not grounds for objection to the council's
10 taking any action authorized in this Act.

11 4. In addition to the time and place of the meeting for
12 hearing on the petition, the notice must state:

- 13 a. That a petition has been filed with the council ask-
14 ing that a district be established.
- 15 b. The name of the district.
- 16 c. The purpose of the district.
- 17 d. The property proposed to be included in the district.
- 18 e. The maximum rate of tax which may be imposed upon the
19 property in the district.

20 5. At the time and place set in the notice the council
21 shall hear all owners of property in the proposed district
22 or residents of the city desiring to express their views.
23 At that meeting the council may take action to create the
24 district or may defer action to a subsequent meeting. At
25 that meeting, or any subsequent meeting to which action has
26 been deferred, or successively deferred, the council may adopt
27 an ordinance establishing a district which must be comprised
28 of all the property which the council finds has the
29 relationship or whose owners have the interest described in
30 section three (3), subsection one (1), paragraph c of this
31 Act. Property included in the proposed district need not
32 be included in the established district. However, no property
33 may be included in the district that was not included in the
34 proposed district until the council has held another hearing
35 after it has published and mailed the same notice as required

1 on the original petition to the owners of the additional
2 property, or has caused a notice of the inclusion of the
3 property to be personally served upon each owner of the
4 additional property, or has received a written waiver of
5 notice from each owner of the additional property.

6 6. Adoption of the ordinance establishing a district
7 requires the affirmative vote of three-fourths of all of the
8 members of the council, or in cities having but three members
9 of the council, the affirmative vote of two members. However
10 if a remonstrance has been filed with the clerk signed by
11 the owners of property within the proposed district having
12 a total assessed value equal to or greater than fifty percent
13 of the total assessed value of all of the property within
14 the district, the adoption of the ordinance requires a
15 unanimous vote of the council.

16 7. The clerk shall cause a copy of the ordinance to be
17 filed in the office of the county recorder of each county
18 in which any property within the district is located.

19 8. The adoption of an ordinance establishing a district
20 is a legislative determination that the property within the
21 district has the relationship or its owners have the interest
22 required under section three (3), subsection one (1), paragraph
23 c of this Act and includes all of the property within the
24 area which has that relationship or the owners of which have
25 that interest in the district.

26 9. Any resident or property owner of the city may appeal
27 the action and the decisions of the council, including the
28 creation of the district and the levying of the proposed taxes
29 for the district, to the district court of the county in which
30 any part of the district is located, within thirty days after
31 the date upon which the ordinance creating the district be-
32 comes effective, but the action and decision of the council
33 are final and conclusive unless the court finds that the coun-
34 cil exceeded its authority. No action may be brought question-
35 ing the regularity of the proceedings pertaining to the estab-

1 lishment of a district or the validity of the district, or
2 the propriety of the inclusion or exclusion of any property
3 within or from the district, or the ability of the city to
4 levy taxes in accordance with the ordinance establishing the
5 district, after thirty days from the date on which the or-
6 dinance creating the district becomes effective.

7 10. The procedural steps for the petitioning and creation
8 of the district may be combined with the procedural steps
9 for the authorization of any improvement or self-liquidating
10 improvement, or the procedural steps for the authorization
11 of any tax, or any combination thereof.

12 11. The rate of debt service tax referred to in the peti-
13 tion and the ordinance creating the district shall only re-
14 strict the amount of bonds which may be issued, and shall
15 not limit the ability of the city to levy as necessary in
16 subsequent years to pay interest and amortize the principal
17 of that amount of bonds.

18 12. The ordinance creating the district may provide for
19 the division of all of the property within the district into
20 two or more zones based upon a reasonable difference in the
21 relationship of the property or the interest of its owners,
22 whether the difference is qualitative or quantitative. The
23 ordinance creating the district and establishing the different
24 zones may establish a different maximum rate of tax for each
25 zone, or may provide that the rate of tax for a zone shall
26 be a certain set percentage of the tax levied in the zone
27 which is subject to the highest rate of tax.

28 Sec. 4. NFW SECTION. AMENDMENTS TO DISTRICT.

29 1. No property may be removed from the district or be
30 exempted from the levy of taxes referred to in the ordinance
31 creating the district, nor may the maximum rates of taxes
32 referred to in the ordinance creating the district be reduced,
33 once a commitment has been made for an improvement and until
34 the costs of the improvement are paid and all bonds issued
35 or to be issued for the improvement are paid.

1 2. Except as limited in subsection one (1) of this sec-
2 tion, the ordinance creating the district may be amended and
3 property may be added to the district and the maximum rate
4 of taxes referred to in the ordinance may be increased at
5 any time in the same manner and by the same procedure as for
6 the establishment of a district. All property added to a
7 district shall be subject to all taxes currently and thereafter
8 levied including debt service levies for bonds previously
9 or thereafter issued.

10 3. Action by the council amending the ordinance creat-
11 ing the district, including adding or deleting any property
12 within the district or changing any maximum rate of taxes,
13 shall be by ordinance adopted by an affirmative vote of three-
14 fourths of all of the members of the council, or in cities
15 having but three members of the council, the affirmative
16 vote of two members, and where a remonstrance has been filed
17 with the clerk signed by the owners of property having an
18 assessed value of fifty percent or more of the total assessed
19 value of all property within the district and all property
20 proposed to be included, the amending ordinance must be adopted
21 by unanimous vote of the council.

22 4. The clerk shall cause a copy of the amending ordinance
23 to be filed in the office of the county recorder of each
24 county in which any property within the district as amended
25 is located.

26 5. Any resident or property owner of the city may appeal
27 the action or decisions of the council amending the ordinance
28 creating the district, to the district court of the county
29 in which any part of the district, as amended, is located,
30 within fifteen days after the date upon which the ordinance
31 creating the district becomes effective, but the action and
32 decision of the council are final and conclusive unless the
33 court finds that the council exceeded its authority. No
34 action may be brought questioning the regularity of the
35 proceedings pertaining to the amended ordinance or the validity

1 of the district as amended, or the propriety of the inclusion
2 or exclusion of any property within or from the amended
3 district, or the ability of the city to levy taxes in
4 accordance with the ordinance establishing the district, as
5 amended, after thirty days from the date upon which the
6 amending ordinance becomes effective.

7 6. All other provisions in section three (3) of this Act
8 shall apply to an amended district and to the ordinance amend-
9 ing the ordinance creating the district with the same effect
10 as they apply to the original district and the ordinance
11 creating the original district.

12 Sec. 5. NEW SECTION. DISSOLUTION. A district may be
13 dissolved and terminated by action of the council rescinding
14 the ordinance creating the district, and any subsequent
15 ordinances amending the district, by an affirmative vote of
16 three-fourths of all members of the council, or in cities
17 having but three members of the council, the affirmative vote
18 of two members, but no district may be dissolved or terminated
19 so long as any bonds issued for improvements for the district
20 are unpaid, or so long as there are commitments for any
21 improvements or self-liquidating improvements, or so long
22 as the costs of any improvements or self-liquidating
23 improvements are not paid, or so long as any obligations are
24 outstanding. Upon dissolution any funds of the district,
25 including the capital improvement fund, will be held as a
26 segregated fund by the city for use only with respect to
27 improvements within the area of the district.

28 Sec. 6. NEW SECTION. IMPROVEMENTS. When a city pro-
29 poses to construct an improvement the cost of which is to
30 be paid or financed under the provisions of this Act, it must
31 do so in accordance with the provisions of this section, as
32 follows:

33 1. The council may initiate proceedings to order the con-
34 struction of an improvement on its motion, and shall initiate
35 proceedings for a proposed improvement upon receipt of a peti-

1 tion signed by owners of property within the district which
2 has an assessed value of twenty-five percent or more of the
3 assessed value of all of the property within the district.

4 2. Upon the receipt of such a petition or upon the
5 council's motion to initiate proceedings, the council shall
6 set a time and place of meeting at which the council proposes
7 to take action on the proposed improvement and shall publish
8 and mail notice as provided in section three (3), subsection
9 three (3) of this Act.

10 3. The notice must include a statement that an improve-
11 ment has been proposed, the nature of the improvement, the
12 source of payment of the cost of the improvement, and the
13 time and place of hearing.

14 4. At the time and place set in the notice the council
15 shall hear all owners of property in the district or residents
16 of the city desiring to express their views. At the meeting
17 the council may take action to order the construction of the
18 improvement or may defer action to a subsequent meeting.
19 The provisions of section three (3), subsection six (6) of
20 this Act relating to the adoption of the ordinance establishing
21 a district, the requisite vote therefor and remonstrance
22 thereto apply to the adoption of the resolution ordering the
23 construction of the improvement.

24 5. If the council orders the construction of the improve-
25 ment, it shall proceed to let contracts therefor in accordance
26 with division six (VI) of chapter three hundred eighty-four
27 (384) of the Code.

28 6. The adoption of a resolution ordering the construc-
29 tion of an improvement is a legislative determination that
30 the proposed improvement is in furtherance of the purposes
31 of the district and that all property in the district will
32 be affected by the construction of the improvement, or that
33 all owners of property in the district have an interest in
34 the construction of the improvement.

35 7. Any resident or property owner of the city may appeal

1 the action or decisions of the council ordering the construc-
2 tion of the improvement to the district court of the county
3 in which any part of the district is located within thirty
4 days after the adoption of the resolution ordering construc-
5 tion of the improvement, but the action and decisions of the
6 council are final and conclusive unless the court finds that
7 the council exceeded its authority. No action may be brought
8 questioning the regularity of the proceedings pertaining to
9 the ordering of the construction of an improvement, or the
10 right of the city to apply moneys in the capital improvement
11 fund referred to in this Act to the payment of the costs of
12 the improvement, or the right of the city to issue bonds re-
13 ferred to in this Act for the payment of the costs of the
14 improvement, or the right of the city to levy taxes which
15 with any other taxes authorized by this Act do not exceed
16 the maximum rate of tax that may be imposed upon property
17 within the district for the payment of principal of and
18 interest on bonds issued to pay the costs of the improvement,
19 after thirty days from the date of adoption of the resolution
20 ordering construction of the improvement.

21 8. The procedural steps contained in this section may
22 be combined with the procedural steps for the petitioning
23 and creation of the district or the procedural steps for the
24 authorization of any tax or any combination thereof.

25 Sec. 7. NEW SECTION. SELF-LIQUIDATING IMPROVEMENTS.

26 When a city proposes to construct a self-liquidating
27 improvement, the cost of which is to be paid or financed under
28 the provisions of this Act, it must do so in accordance with
29 the provisions of this section as follows:

30 1. Subsections one (1), two (2), three (3), and four (4)
31 of section six (6) of this Act are applicable to a self-
32 liquidating improvement to the same extent as they are
33 applicable to an improvement and the proceedings initiating
34 a self-liquidating improvement shall be governed thereby.

35 2. Before the council may order the construction of a

1 self-liquidating improvement, and after hearing thereon, it
2 must find that the self-liquidating improvement, and the leas-
3 ing of a part or the whole of it, will aid in the commercial
4 development of the district, or further the interests of the
5 district, or further the corporate purposes of the city.

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

10 4. The adoption of a resolution ordering the construc-
11 tion of a self-liquidating improvement is a legislative de-
12 termination that the proposed improvement and the leasing
13 of it will aid in the commercial development of the district,
14 further the purposes of the district, further the interests
15 of property owners in the district, or further the corporate
16 purposes of the city, and is for a public purpose.

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

19 6. A city may issue revenue bonds payable from the in-
20 come and receipts derived from the self-liquidated improve-
21 ment. Division five (V) of chapter three hundred eighty-four
22 (384) of the Code applies to revenue bonds for self-liquidating
23 improvements and the term "city enterprise" as used in that
24 division shall be deemed to include self-liquidating improve-
25 ments authorized by this Act.

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

35 8. No action may be brought questioning the regularity

1 of the proceedings pertaining to the ordering of the con-
2 struction of a self-liquidating improvement after thirty days
3 from the date of adoption of the resolution ordering construc-
4 tion of the self-liquidating improvement. No action may be
5 brought questioning the regularity of the proceedings per-
6 taining to the leasing of any or all of a self-liquidating
7 improvement after thirty days from the date of the adoption
8 of a resolution approving the proposed lease. In addition
9 to the limitation contained in section three hundred eighty-
10 four point ninety-two (384.92) of the Code, no action may
11 be brought which questions the legality of revenue bonds or
12 the power of the city to issue revenue bonds or the
13 effectiveness of any proceedings relating to the authorization
14 and issuance of revenue bonds relating to a self-liquidating
15 improvement after thirty days from the time the bonds are
16 ordered issued by the city.

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

20 Sec. 8. NEW SECTION. OPERATION TAX. A city may establish
21 a self-supported improvement district operation fund, and
22 may certify taxes not to exceed the rate limitation as
23 established in the ordinance creating the district, or any
24 amendment thereto, each year to be levied for the fund against
25 all of the property in the district, for the purpose of paying
26 the administrative expenses of the district, which may include
27 but are not limited to administrative personnel salaries,
28 a separate administrative office, planning costs including
29 consultation fees, engineering fees, architectural fees, and
30 legal fees and all other expenses reasonably associated with
31 the administration of the district and the fulfilling of the
32 purposes of the district. A tax levied under this section
33 is not subject to the levy limitation in section three hundred
34 eighty-four point one (384.1) of the Code.

35 Sec. 9. NEW SECTION. CAPITAL IMPROVEMENT FUND. A city

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

12 Sec. 10. NEW SECTION. DEBT SERVICE FUND. A city shall
13 establish a self-supported municipal improvement district
14 debt service fund whenever any self-supported municipal im-
15 provement district bonds are issued and outstanding, other
16 than revenue bonds, and shall certify taxes to be levied
17 against all of the property in the district for the debt
18 service fund in the amount necessary to pay interest as it
19 becomes due and the amount necessary to pay, or to create
20 a sinking fund to pay, the principal at maturity of all self-
21 supported municipal improvement district bonds as authorized
22 in section eleven (11) of this Act, issued by the city.

23 Sec. 11. NEW SECTION. SELF-SUPPORTED MUNICIPAL IM-
24 PROVEMENT DISTRICT BONDS.

25 1. A city may issue and sell self-supported municipal
26 improvement district bonds at public or private sale payable
27 from taxes which must be levied in accordance with chapter
28 seventy-six (76) of the Code. The bonds are payable from
29 the levy of unlimited ad valorem taxes on all the taxable
30 property within the district through the district debt ser-
31 vice fund authorized by section ten (10) of this Act.

32 2. The proceeds of the sale of the bonds may be used to
33 pay any or all of the costs of any improvement, or be used
34 to pay any legal indebtedness incurred for the cost of any
35 improvement including bonds or warrants previously issued

1 to pay the costs of an improvement, or bonds may be exchanged
2 for the evidences of such legal indebtedness.

3 3. Before the council may institute proceedings for the
4 issuance of bonds, it shall proceed in the same manner as
5 is required for the institution of proceedings for the is-
6 suance of bonds for an essential corporate purpose as pro-
7 vided in subsection two (2) of section three hundred eighty-
8 four point twenty-five (384.25) of the Code, and all of the
9 provisions of that subsection apply to bonds issued pursuant
10 to this section.

11 4. A city may issue bonds authorized by this section pur-
12 suant to a resolution adopted at a regular or special meeting
13 by an affirmative vote of a majority of the total members
14 to which the council is entitled. The proceeds of a single
15 bond issue may be used for various improvements.

16 5. The provisions of sections three hundred eighty-four
17 point twenty-nine (384.29), three hundred eighty-four point
18 thirty (384.30), and three hundred eighty-four point thirty-
19 one (384.31) of the Code apply to bonds issued pursuant to
20 this section, except that the bonds shall be designated
21 "municipal improvement district bonds".

22 6. No action may be brought which questions the legality
23 of bonds issued pursuant to this section or the power of a
24 city to issue the bonds or the effectiveness of any proceed-
25 ings relating to the authorization and issuance of the bonds
26 after thirty days from the time the bonds are ordered issued
27 by the city.

28 Sec. 12. NEW SECTION. PAYMENT FOR IMPROVEMENTS. The
29 costs of improvements may be paid from any of the following
30 sources or a combination thereof:

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

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

35 3. Any other funds of the city which are legally avail-

1 able to pay all or a portion of the cost of an improvement.
2 The fact that an improvement is initiated under the provi-
3 sions of this Act, or any of the costs of an improvement or
4 any part of an improvement are being paid under the provi-
5 sions of this Act, shall not preclude the city from paying
6 any costs of an improvement from any fund from which it might
7 otherwise have been able to pay such costs. In addition,
8 and not in limitation of the foregoing, any improvement which
9 constitutes an essential corporate purpose or a general
10 corporate purpose as defined in section three hundred eighty-
11 four point twenty-four (384.24), subsections three (3) and
12 four (4) of the Code, may be financed in whole or in part
13 with the proceeds of the issuance of general obligation bonds
14 of the city pursuant to the provisions of division three (III)
15 of chapter three hundred eighty-four (384) of the Code.

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

31 Sec. 13. NEW SECTION. PARKING FEE ABATEMENTS. A city
32 may apply moneys in the operation fund of the district to
33 prepay parking fees at any city parking facility located in
34 or used in conjunction with the district but only after notice
35 and hearing as required by section six (6) of this Act. The

1 authority to prepay such fees shall exist only for the period
2 of time set out in the notice to owners and in the resolution
3 of the council authorizing the application of funds for that
4 purpose. Upon the application of sufficient amounts of prepaid
5 fees, the city need not charge individual users of the parking
6 facility. Before adopting a resolution authorizing the
7 application of funds for such purpose, the council must find
8 that the application will further the purposes of the district,
9 including but not limited to increasing the commercial activity
10 in the district.

11 Sec. 14. NEW SECTION. INDEPENDENT PROVISIONS. The pro-
12 visions of this Act with respect to notice, hearing and ap-
13 peal for the construction of improvements and self-liquidating
14 improvements and the issuance and sale of bonds are in lieu
15 of the provisions contained in chapters seventy-five (75)
16 and twenty-three (23) of the Code, or any other law, unless
17 specifically referred to and made applicable by this Act.

18 EXPLANATION

19 This bill authorizes cities to establish special taxing
20 districts, called self-supported municipal improvement dis-
21 tricts, which can construct improvements which affect the
22 property in the district, or are of interest to the owners
23 of property in the district.

24 A district may only be established upon petition of the
25 owners of twenty-five percent of the property in the dis-
26 trict. The petition must show the maximum rate of tax which
27 may be levied upon property in the district for the district's
28 debt service fund, operating fund, and capital improvement
29 reserve fund. These levies within the district will be in
30 addition to the usual levy limitations applicable to the rest
31 of the city. The city council must hold a hearing and three-
32 fourths of the council members must vote in favor of the
33 district. Any resident or property owner of the city may
34 appeal.

35 Regular improvements or self-liquidating improvements which

1 will be leased to another person may be constructed. Self-
2 liquidating improvements will be paid for from revenues, and
3 regular improvements may be paid for from the capital
4 improvements reserve fund of the district, from the sale of
5 district bonds, or from other city funds or city bonds. The
6 district may also use its operating fund to prepay parking
7 fees.

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SENATE FILE 356
FISCAL NOTE

Date Prepared: March 19, 1975
Requested by: Senator Shaw, Representative Readinger
Prepared in regard to Senate File 356, An Act
authorizing the establishment and funding of self-
supported municipal improvement districts. Following
is the fiscal effect in dollars of the legislative
proposal as required by Joint Rule 16.

No estimate is available.

Because it is not known how many self-supported
municipal improvement districts might be created, and
what the tax levy would be for any such district, an
accurate estimate cannot be completed.

FILED
MARCH 26, 1975

BY GERRY D. RANKIN
LEGISLATIVE FISCAL DIRECTOR

LSB 594
jb/jw/5

Senate File 356

Her 1 Ways and Means
Bina, Chair
Hines
Walter
Junker
Clark

4/15, Pass per 6592 5/10

SENATE FILE 356

By SHAW, GLUBA, HANSEN, GRIFFIN,
WILLITS, SOVERN and CARR
(Readerger, Lipsky and Cusack)

(As Amended and Passed by the Senate March 17, 1976)

Passed Senate, Date 5-24-76 (2709) Passed House, Date 5-13-76 (2740)

Vote: Ayes 40 Nays 4 Vote: Ayes 73 Nays 10

Approved June 28, 1976

Motion to reconsider (2743) w.d. 5/19 (2905)

A BILL FOR

1 An Act authorizing the establishment and funding of self-
2 supported municipal improvement districts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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15 _____ = New Language
16 by the Senate
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1 Section 1. NEW SECTION. DEFINITIONS. As used in this
2 Act, unless the context requires otherwise:

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

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

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

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

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

20 3. "Self-liquidating improvement" means any facility or
21 property proposed to be leased in whole or in part to any
22 person or governmental body to aid in the commercial
23 development of the district, to further the purposes of the
24 district, to further the interests of the owners of property
25 in the district, or to further the corporate purposes of the
26 city.

27 4. "Cost" of any improvement or self-liquidating im-
28 provement includes construction contracts and the cost of
29 engineering, architectural, technical, and legal services,
30 preliminary reports, property valuations, estimates, plans,
31 specifications, notices, acquisition of real and personal
32 property, consequential damages or costs, easements, rights-
33 of-way, supervision, inspection, testing, publications,
34 printing and sale of bonds, interest during construction and
35 for not more than six months thereafter, and provisions for

1 contingencies.

2 5. The use of the conjunctive "and" includes the dis-
3 junctive "or" and the use of the disjunctive "or" includes
4 the conjunctive "and", unless the context clearly indicates
5 otherwise.

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

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

12 8. "Property owner" or "owner" means the owner of property,
13 as shown by the transfer books in the office of the county
14 auditor of the county in which the property is located.

15 Sec. 2. NEW SECTION. AUTHORIZATION. A city which proposes
16 to create a district, to provide for its existence and
17 operation, to provide for improvements or self-liquidating
18 improvements for the district, to authorize and issue bonds
19 for the purposes of the district, and to levy the taxes
20 authorized by this Act must do so in accordance with the
21 provisions of this Act.

22 Sec. 3. NEW SECTION. ESTABLISHMENT OF DISTRICT.

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

25 a. Be comprised of contiguous property wholly within the
26 boundaries of the city. A self-supported municipal improve-
27 ment district shall not be comprised of any property in
28 districts which are zoned for any use other than commercial
29 or industrial.

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

32 c. Be comprised of property related in some manner, in-
33 cluding but not limited to present or potential use, physical
34 location, condition, relationship to an area, or relationship
35 to present or potential commercial or other activity in an

1 area, so as to be benefited in any manner, including but not
2 limited to a benefit from present or potential use or enjoy-
3 ment of the property, by the condition, development or main-
4 tenance of the district or of any improvement or self-
5 liquidating improvement of the district, or be comprised of
6 property the owners of which have a present or potential
7 benefit from the condition, development or maintenance of
8 the district or of any improvement or self-liquidating
9 improvement of the district.

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

13 a. The signatures of at least twenty-five percent of all
14 owners of property within the proposed district. These
15 signatures must together represent ownership of property with
16 an assessed value of twenty-five percent or more of the
17 assessed value of all of the property in the proposed district.

18 b. A description of the boundaries of the proposed dis-
19 trict or a consolidated description of the property within
20 the proposed district.

21 c. The name of the proposed district.

22 d. A statement of the maximum rate of tax that may be
23 imposed upon property within the district. The maximum rate
24 of tax may be stated in terms of separate maximum rates for
25 the debt service tax, the capital improvement fund tax, and
26 the operation tax, or in terms of a maximum combined rate
27 for all three.

28 e. The purpose of the establishment of the district, which
29 may be stated generally, or in terms of the relationship of
30 the property within the district or the interests of the
31 owners of property within the district, or in terms of the
32 improvements or self-liquidating improvements proposed to
33 be developed for the purposes of the district, either specific
34 improvements, self-liquidating improvements, or general cate-
35 gories of improvements, or any combination of the foregoing.

1 3. The council shall notify the city planning commission
2 upon the receipt of a petition. It shall be the duty of the
3 city planning commission to make recommendations to the council
4 in regard to the proposed district. The city planning
5 commission shall, with due diligence, prepare an evaluative
6 report for the council on the merit and feasibility of the
7 project. The council shall not hold its public hearings or
8 take further action on the establishment of the district until
9 it has received the report of the city planning commission.
10 In addition to its report, the commission may, from time to
11 time, recommend to the council amendments and changes relating
12 to the project.

13 If no city planning commission exists, the council shall
14 notify the metropolitan or regional planning commission upon
15 receipt of a petition, and such commission shall have the
16 same duties as the city planning commission set forth in this
17 subsection. If no planning commission exists, the council
18 shall notify the zoning commission upon receipt of a petition,
19 and such commission shall have the same duties as the city
20 planning commission set forth in this subsection. If no
21 planning or zoning commission exists, the council shall call
22 a hearing on the establishment of a district upon receipt
23 of a petition.

24 4. Upon the receipt of the commission's report the
25 council shall set a time and place for a meeting at which
26 the council proposes to take action for the establishment
27 of the district, and shall publish notice of the meeting as
28 provided in section three hundred sixty-two point three (362.3)
29 of the Code, and the clerk shall send a copy of the notice
30 by certified mail on or before the date of publication of
31 the notice, to each owner of property within the proposed
32 district at the owner's address as shown by the records of
33 the county auditor. If a property is shown to be in the name
34 of more than one owner at the same mailing address, a single
35 notice may be mailed addressed to all owners at that address.

1 Failure to receive a mailed notice is not grounds for objection
2 to the council's taking any action authorized in this Act.

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

5 a. That a petition has been filed with the council ask-
6 ing that a district be established.

7 b. The name of the district.

8 c. The purpose of the district.

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

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

12 6. At the time and place set in the notice the council
13 shall hear all owners of property in the proposed district
14 or residents of the city desiring to express their views.
15 At that meeting the council may take action to create the
16 district or may defer action to a subsequent meeting. At
17 that meeting, or any subsequent meeting to which action has
18 been deferred, or successively deferred, the council may adopt
19 an ordinance establishing a district which must be comprised
20 of all the property which the council finds has the
21 relationship or whose owners have the interest described in
22 section three (3), subsection one (1), paragraph c of this
23 Act. Property included in the proposed district need not
24 be included in the established district. However, no property
25 may be included in the district that was not included in the
26 proposed district until the council has held another hearing
27 after it has published and mailed the same notice as required
28 on the original petition to the owners of the additional
29 property, or has caused a notice of the inclusion of the
30 property to be personally served upon each owner of the
31 additional property, or has received a written waiver of
32 notice from each owner of the additional property.

33 7. Adoption of the ordinance establishing a district
34 requires the affirmative vote of three-fourths of all of the
35 members of the council, or in cities having but three members

1 of the council, the affirmative vote of two members. However
2 if a remonstrance has been filed with the clerk signed by
3 at least twenty-five percent of all owners of property within
4 the proposed district representing ownership of property with
5 an assessed value of twenty-five percent or more of the
6 assessed value of all of the property in the proposed district,
7 the adoption of the ordinance requires a unanimous vote of
8 the council.

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

12 9. At any time prior to adoption of an ordinance
13 establishing a district, the entire matter of establishing
14 such district shall be withdrawn from council consideration
15 if a petition is filed with its clerk containing the signatures
16 of owners of property within the proposed district which has
17 an assessed value of fifty percent or more of the assessed
18 value of all of the property in the proposed district.

19 10. The adoption of an ordinance establishing a district
20 is a legislative determination that the property within the
21 district has the relationship or its owners have the interest
22 required under section three (3), subsection one (1), paragraph
23 c of this Act and includes all of the property within the
24 area which has that relationship or the owners of which have
25 that interest in the district.

26 11. Any resident or property owner of the city may appeal
27 the action and the decisions of the council, including the
28 creation of the district and the levying of the proposed taxes
29 for the district, to the district court of the county in which
30 any part of the district is located, within thirty days after
31 the date upon which the ordinance creating the district be-
32 comes effective, but the action and decision of the council
33 are final and conclusive unless the court finds that the coun-
34 cil exceeded its authority. No action may be brought question-
35 ing the regularity of the proceedings pertaining to the estab-

1 lishment of a district or the validity of the district, or
2 the propriety of the inclusion or exclusion of any property
3 within or from the district, or the ability of the city to
4 levy taxes in accordance with the ordinance establishing the
5 district, after thirty days from the date on which the or-
6 dinance creating the district becomes effective.

7 12. The procedural steps for the petitioning and creation
8 of the district may be combined with the procedural steps
9 for the authorization of any improvement or self-liquidating
10 improvement, or the procedural steps for the authorization
11 of any tax, or any combination thereof.

12 13. The rate of debt service tax referred to in the peti-
13 tion and the ordinance creating the district shall only re-
14 strict the amount of bonds which may be issued, and shall
15 not limit the ability of the city to levy as necessary in
16 subsequent years to pay interest and amortize the principal
17 of that amount of bonds.

18 14. The ordinance creating the district may provide for
19 the division of all of the property within the district into
20 two or more zones based upon a reasonable difference in the
21 relationship of the property or the interest of its owners,
22 whether the difference is qualitative or quantitative. The
23 ordinance creating the district and establishing the different
24 zones may establish a different maximum rate of tax for each
25 zone, or may provide that the rate of tax for a zone shall
26 be a certain set percentage of the tax levied in the zone
27 which is subject to the highest rate of tax.

28 Sec. 4. NEW SECTION. AMENDMENTS TO DISTRICT.

29 1. No property may be removed from the district or be
30 exempted from the levy of taxes referred to in the ordinance
31 creating the district, nor may the maximum rates of taxes
32 referred to in the ordinance creating the district be reduced,
33 once a commitment has been made for an improvement and until
34 the costs of the improvement are paid and all bonds issued
35 or to be issued for the improvement are paid.

1 2. Except as limited in subsection one (1) of this sec-
2 tion, the ordinance creating the district may be amended and
3 property may be added to the district and the maximum rate
4 of taxes referred to in the ordinance may be increased at
5 any time in the same manner and by the same procedure as for
6 the establishment of a district. All property added to a
7 district shall be subject to all taxes currently and thereafter
8 levied including debt service levies for bonds previously
9 or thereafter issued.

10 3. Action by the council amending the ordinance creat-
11 ing the district, including adding any eligible property or
12 deleting any property within the district or changing any
13 maximum rate of taxes, shall be by ordinance adopted by an
14 affirmative vote of threefourths of all of the members of
15 the council, or in cities having but three members of the
16 council, the affirmative vote of two members, and where a
17 remonstrance has been filed with the clerk signed by the
18 owners of property having an assessed value of fifty percent
19 or more of the total assessed value of all property within
20 the district and all property proposed to be included, the
21 amending ordinance must be adopted by unanimous vote of the
22 council.

23 4. The clerk shall cause a copy of the amending ordinance
24 to be filed in the office of the county recorder of each
25 county in which any property within the district as amended
26 is located.

27 5. Any resident or property owner of the city may appeal
28 the action or decisions of the council amending the ordinance
29 creating the district, to the district court of the county
30 in which any part of the district, as amended, is located,
31 within fifteen days after the date upon which the ordinance
32 creating the district becomes effective, but the action and
33 decision of the council are final and conclusive unless the
34 court finds that the council exceeded its authority. No
35 action may be brought questioning the regularity of the

1 proceedings pertaining to the amended ordinance or the validity
2 of the district as amended, or the propriety of the inclusion
3 or exclusion of any property within or from the amended
4 district, or the ability of the city to levy taxes in
5 accordance with the ordinance establishing the district, as
6 amended, after thirty days from the date upon which the
7 amending ordinance becomes effective.

8 6. All other provisions in section three (3) of this Act
9 shall apply to an amended district and to the ordinance amend-
10 ing the ordinance creating the district with the same effect
11 as they apply to the original district and the ordinance
12 creating the original district.

13 Sec. 5. NEW SECTION. DISSOLUTION. A district may be
14 dissolved and terminated by action of the council rescinding
15 the ordinance creating the district, and any subsequent
16 ordinances amending the district, by an affirmative vote of
17 three-fourths of all members of the council, or in cities
18 having but three members of the council, the affirmative vote
19 of two members, but no district may be dissolved or terminated
20 so long as any bonds issued for improvements for the district
21 are unpaid, or so long as there are commitments for any
22 improvements or self-liquidating improvements, or so long
23 as the costs of any improvements or self-liquidating
24 improvements are not paid, or so long as any obligations are
25 outstanding.

26 Sec. 6. NEW SECTION. IMPROVEMENTS. When a city pro-
27 poses to construct an improvement the cost of which is to
28 be paid or financed under the provisions of this Act, it must
29 do so in accordance with the provisions of this section, as
30 follows:

31 1. The council shall initiate proceedings for a proposed
32 improvement upon receipt of a petition signed by owners of
33 property within the district which has an assessed value of
34 twenty-five percent or more of the assessed value of all of
35 the property within the district.

1 2. Upon the receipt of such a petition the council shall
2 notify the city planning commission, if one exists, the
3 metropolitan or regional planning commission, if one exists,
4 or the zoning commission, if one exists, in the order set
5 forth in subsection three (3) of section three (3) of this
6 Act. Upon notification by the council, the commission shall
7 prepare an evaluative report for the council on the merit
8 and feasibility of the improvement and carry out all other
9 duties as set forth in subsection three (3) of section three
10 (3) of this Act.

11 3. Upon the receipt of the commission's report the council
12 shall set a time and place of meeting at which the council
13 proposes to take action on the proposed improvement and shall
14 publish and mail notice as provided in section three (3) of
15 this Act.

16 4. The notice must include a statement that an improve-
17 ment has been proposed, the nature of the improvement, the
18 source of payment of the cost of the improvement, and the
19 time and place of hearing.

20 5. At the time and place set in the notice the council
21 shall hear all owners of property in the district or residents
22 of the city desiring to express their views. At the meeting
23 the council may take action to order the construction of the
24 improvement or may defer action to a subsequent meeting.
25 The provisions of section three (3), subsection seven (7) of
26 this Act relating to the adoption of the ordinance establishing
27 a district, the requisite vote therefor and remonstrance
28 thereto apply to the adoption of the resolution ordering the
29 construction of the improvement.

30 6. If the council orders the construction of the improve-
31 ment, it shall proceed to let contracts therefor in accordance
32 with division six (VI) of chapter three hundred eighty-four
33 (384) of the Code, provided that "improvement" as used in
34 this section means an improvement as defined in section one
35 (1), subsection two (2) of this Act, not a "public improvement"

1 as defined in section three hundred eighty-four point ninety-
2 five (384.95) of the Code.

3 7. The adoption of a resolution ordering the construc-
4 tion of an improvement is a legislative determination that
5 the proposed improvement is in furtherance of the purposes
6 of the district and that all property in the district will
7 be affected by the construction of the improvement, or that
8 all owners of property in the district have an interest in
9 the construction of the improvement.

10 8. Any resident or property owner of the city may appeal
11 the action or decisions of the council ordering the construc-
12 tion of the improvement to the district court of the county
13 in which any part of the district is located within thirty
14 days after the adoption of the resolution ordering construc-
15 tion of the improvement, but the action and decisions of the
16 council are final and conclusive unless the court finds that
17 the council exceeded its authority. No action may be brought
18 questioning the regularity of the proceedings pertaining to
19 the ordering of the construction of an improvement, or the
20 right of the city to apply moneys in the capital improvement
21 fund referred to in this Act to the payment of the costs of
22 the improvement, or the right of the city to issue bonds re-
23 ferred to in this Act for the payment of the costs of the
24 improvement, or the right of the city to levy taxes which
25 with any other taxes authorized by this Act do not exceed
26 the maximum rate of tax that may be imposed upon property
27 within the district for the payment of principal of and
28 interest on bonds issued to pay the costs of the improvement,
29 after thirty days from the date of adoption of the resolution
30 ordering construction of the improvement.

31 9. The procedural steps contained in this section may
32 be combined with the procedural steps for the petitioning
33 and creation of the district or the procedural steps for the
34 authorization of any tax or any combination thereof.

35 Sec. 7. NEW SECTION. SELF-LIQUIDATING IMPROVEMENTS.

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

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

10 2. Before the council may order the construction of a
11 self-liquidating improvement, and after hearing thereon, it
12 must find that the self-liquidating improvement, and the leas-
13 ing of a part or the whole of it, will aid in the commercial
14 development of the district, or further the interests of the
15 district, or further the corporate purposes of the city.

16 3. If the council orders the construction of the self-
17 liquidating improvement, any contracts shall be let therefor
18 in accordance with division six (VI) of chapter three hundred
19 eighty-four (384) of the Code, provided that "improvement"
20 as used in this section means an improvement as defined in
21 section one (1), subsection two (2) of this Act, not a "public
22 improvement" as defined in section three hundred eighty-four
23 point ninety-five (384.95) of the Code.

24 4. The adoption of a resolution ordering the construc-
25 tion of a self-liquidating improvement is a legislative de-
26 termination that the proposed improvement and the leasing
27 of it will aid in the commercial development of the district,
28 further the purposes of the district, further the interests
29 of property owners in the district, or further the corporate
30 purposes of the city, and is for a public purpose.

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

33 6. A city may issue revenue bonds payable from the in-
34 come and receipts derived from the self-liquidated improve-
35 ment. Division five (V) of chapter three hundred eighty-four

1 (384) of the Code applies to revenue bonds for self-liquidating
2 improvements and the term "city enterprise" as used in that
3 division shall be deemed to include self-liquidating improve-
4 ments authorized by this Act.

5 7. Any resident or property owner of the city may appeal
6 a decision of the council to order the construction of a self-
7 liquidating improvement or to lease any or all of a self-
8 liquidating improvement to the district court of the county
9 in which any part of the city is located, within thirty days
10 after the adoption of the resolution ordering the self-
11 liquidating improvement, but the action of the council is
12 final and conclusive unless the court finds that the council
13 exceeded its authority.

14 8. No action may be brought questioning the regularity
15 of the proceedings pertaining to the ordering of the con-
16 struction of a self-liquidating improvement after thirty days
17 from the date of adoption of the resolution ordering construc-
18 tion of the self-liquidating improvement. No action may be
19 brought questioning the regularity of the proceedings per-
20 taining to the leasing of any or all of a self-liquidating
21 improvement after thirty days from the date of the adoption
22 of a resolution approving the proposed lease. In addition
23 to the limitation contained in section three hundred eighty-
24 four point ninety-two (384.92) of the Code, no action may
25 be brought which questions the legality of revenue bonds or
26 the power of the city to issue revenue bonds or the
27 effectiveness of any proceedings relating to the authorization
28 and issuance of revenue bonds relating to a self-liquidating
29 improvement after thirty days from the time the bonds are
30 ordered issued by the city.

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

34 Sec. 8. NEW SECTION. OPERATION TAX. A city may establish
35 a self-supported improvement district operation fund, and

1 may certify taxes not to exceed the rate limitation as
2 established in the ordinance creating the district, or any
3 amendment thereto, each year to be levied for the fund against
4 all of the property in the district, for the purpose of paying
5 the administrative expenses of the district, which may include
6 but are not limited to administrative personnel salaries,
7 a separate administrative office, planning costs including
8 consultation fees, engineering fees, architectural fees, and
9 legal fees and all other expenses reasonably associated with
10 the administration of the district and the fulfilling of the
11 purposes of the district. A tax levied under this section
12 is not subject to the levy limitation in section three hundred
13 eighty-four point one (384.1) of the Code. However, a property
14 owner whose income during the last preceding calendar year
15 does not exceed that prescribed for lower income families
16 in Acts of the Sixty-sixth General Assembly, House File eight
17 hundred twenty-three (823), section one (1), subsection three
18 (3), and rules promulgated pursuant thereto by the Iowa housing
19 finance authority, is entitled to have his or her property
20 within the district exempted from the tax levied under this
21 section, by applying annually for the exemption at the office
22 of the city clerk on forms to be provided by the city, not
23 later than July first for taxes due in the year beginning
24 July first.

25 Sec. 9. NEW SECTION. CAPITAL IMPROVEMENT FUND. A city
26 may establish a capital improvement fund for a district and
27 may certify taxes, not to exceed the rate established by the
28 ordinance creating the district or any subsequent amendment
29 thereto, each year to be levied for the fund against all of
30 the property in the district, for the purpose of accumulating
31 moneys for the financing or payment of a part or all of the
32 costs of any improvement or self-liquidating improvement.
33 A tax levied under this section is not subject to the levy
34 limitations in sections three hundred eighty-four point one
35 (384.1) or three hundred eighty-four point seven (384.7) of

1 the Code. However, a property owner whose income during the
2 last preceding calendar year does not exceed that prescribed
3 for lower income families in Acts of the Sixty-sixth General
4 Assembly, House File eight hundred twenty-three (823), section
5 one (1), subsection three (3), and rules promulgated pursuant
6 thereto by the Iowa housing finance authority, is entitled
7 to have his or her property within the district exempted from
8 the tax levied under this section, by applying annually for
9 the exemption at the office of the city clerk on forms to
10 be provided by the city, not later than July first for taxes
11 due in the year beginning July first.

12 Sec. 10. NEW SECTION. DEBT SERVICE FUND. A city shall
13 establish a self-supported municipal improvement district
14 debt service fund whenever any self-supported municipal im-
15 provement district bonds are issued and outstanding, other
16 than revenue bonds, and shall certify taxes to be levied
17 against all of the property in the district for the debt
18 service fund in the amount necessary to pay interest as it
19 becomes due and the amount necessary to pay, or to create
20 a sinking fund to pay, the principal at maturity of all self-
21 supported municipal improvement district bonds as authorized
22 in section eleven (11) of this Act, issued by the city.
23 However, a property owner whose income during the last
24 preceding calendar year does not exceed that prescribed for
25 lower income families in Acts of the Sixty-sixth General
26 Assembly, House File eight hundred twenty-three (823), section
27 one (1), subsection (3) and rules promulgated pursuant thereto
28 by the Iowa housing finance authority, is entitled to have
29 his or her property within the district exempted from the
30 tax levied under this section, by applying annually for the
31 exemption at the office of the city clerk on forms to be
32 provided by the city, not later than July first for taxes
33 due in the year beginning July first. A city shall establish
34 a reserve fund, either from proceeds of self-supported
35 municipal improvement district bonds or from the district's

1 operation fund or capital improvement fund, from which it
2 shall pay into the debt service fund each fiscal year an
3 amount equal to the total amount of taxes levied for the year
4 for which taxpayers claim exemptions under this section.

5 Sec. 11. NEW SECTION. SELF-SUPPORTED MUNICIPAL IM-
6 PROVEDMENT DISTRICT BONDS.

7 1. A city may issue and sell self-supported municipal
8 improvement district bonds at public or private sale payable
9 from taxes which must be levied in accordance with chapter
10 seventy-six (76) of the Code. The bonds are payable from
11 the levy of unlimited ad valorem taxes on all the taxable
12 property within the district through the district debt ser-
13 vice fund authorized by section ten (10) of this Act.

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

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

28 4. A city may issue bonds authorized by this section pur-
29 suant to a resolution adopted at a regular or special meeting
30 by an affirmative vote of a majority of the total members
31 to which the council is entitled. The proceeds of a single
32 bond issue may be used for various improvements.

33 5. The provisions of sections three hundred eighty-four
34 point twenty-nine (384.29), three hundred eighty-four point
35 thirty (384.30), and three hundred eighty-four point thirty-

1 one (384.31) of the Code apply to bonds issued pursuant to
2 this section, except that the bonds shall be designated
3 "municipal improvement district bonds".

4 6. No action may be brought which questions the legality
5 of bonds issued pursuant to this section or the power of a
6 city to issue the bonds or the effectiveness of any proceed-
7 ings relating to the authorization and issuance of the bonds
8 after thirty days from the time the bonds are ordered issued
9 by the city.

10 Sec. 12. NEW SECTION. PAYMENT FOR IMPROVEMENTS. The
11 costs of improvements may be paid from any of the following
12 sources or a combination thereof:

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

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

17 3. Any other funds of the city which are legally avail-
18 able to pay all or a portion of the cost of an improvement.
19 The fact that an improvement is initiated under the provi-
20 sions of this Act, or any of the costs of an improvement or
21 any part of an improvement are being paid under the provi-
22 sions of this Act, shall not preclude the city from paying
23 any costs of an improvement from any fund from which it might
24 otherwise have been able to pay such costs. In addition,
25 and not in limitation of the foregoing, any improvement which
26 constitutes an essential corporate purpose or a general
27 corporate purpose as defined in section three hundred eighty-
28 four point twenty-four (384.24), subsections three (3) and
29 four (4) of the Code, may be financed in whole or in part
30 with the proceeds of the issuance of general obligation bonds
31 of the city pursuant to the provisions of division three (III)
32 of chapter three hundred eighty-four (384) of the Code.

33 4. Payment for the costs of an improvement may also be
34 made in warrants drawn on any fund from which payment for
35 the improvement may be made. The warrants, unless paid upon

1 presentation, draw interest at a rate not to exceed seven
2 percent per annum from the date of presentation for payment.
3 If such funds are depleted, anticipatory warrants may be
4 issued which do not constitute a violation of section three
5 hundred eighty-four point ten (384.10) of the Code, even if
6 the collection of taxes or income from the sale of bonds
7 applicable to the improvement is after the end of the fiscal
8 year in which the warrants are issued. If the city arranges
9 for the private sale of anticipatory warrants, they may be
10 sold and the proceeds used to pay the costs of the improvement.
11 Such warrants may be used to pay other persons furnishing
12 services constituting a part of the cost of the improvement.

13 Sec. 13. NEW SECTION. PARKING FEE ABATEMENTS. A city
14 may apply moneys in the operation fund of the district to
15 prepay parking fees at any city parking facility located in
16 or used in conjunction with the district but only after notice
17 and hearing as required by section six (6) of this Act. The
18 authority to prepay such fees shall exist only for the period
19 of time set out in the notice to owners and in the resolution
20 of the council authorizing the application of funds for that
21 purpose. Upon the application of sufficient amounts of prepaid
22 fees, the city need not charge individual users of the parking
23 facility. Before adopting a resolution authorizing the
24 application of funds for such purpose, the council must find
25 that the application will further the purposes of the district,
26 including but not limited to increasing the commercial activity
27 in the district.

28 Sec. 14. NEW SECTION. INDEPENDENT PROVISIONS. The pro-
29 visions of this Act with respect to notice, hearing and ap-
30 peal for the construction of improvements and self-liquidating
31 improvements and the issuance and sale of bonds are in lieu
32 of the provisions contained in chapters seventy-five (75)
33 and twenty-three (23) of the Code, or any other law, unless
34 specifically referred to and made applicable by this Act.

35 EXPLANATION

1 This bill authorizes cities to establish special taxing
2 districts, called self-supported municipal improvement dis-
3 tricts, which can construct improvements which affect the
4 property in the district, or are of interest to the owners
5 of property in the district.

6 A district may only be established upon petition of the
7 owners of twenty-five percent of the property in the dis-
8 trict. The petition must show the maximum rate of tax which
9 may be levied upon property in the district for the district's
10 debt service fund, operating fund, and capital improvement
11 reserve fund. These levies within the district will be in
12 addition to the usual levy limitations applicable to the rest
13 of the city. The city council must hold a hearing and three-
14 fourths of the council members must vote in favor of the
15 district. Any resident or property owner of the city may
16 appeal.

17 Regular improvements or self-liquidating improvements which
18 will be leased to another person may be constructed. Self-
19 liquidating improvements will be paid for from revenues, and
20 regular improvements may be paid for from the capital
21 improvements reserve fund of the district, from the sale of
22 district bonds, or from other city funds or city bonds. The
23 district may also use its operating fund to prepay parking
24 fees.

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SF 356
jb/slc/83
LSB 594/5

S-5875

Amend Senate File 356 as amended, passed, and reprinted by the Senate, as follows:

1. Page 1, by striking lines 20 through 26 and inserting in lieu thereof the following subsection:

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

a. To aid in the commercial development of the district.

b. To further the purposes of the district; or

c. Not substantially reduce the city's property tax base."

2. Page 3, by inserting after line 35 the following lettered paragraph:

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

3. Page 4, lines 30 and 31, by striking the words "on or before the date of publication of the notice," and inserting in lieu thereof the words "not less than fifteen days before the meeting".

4. Page 5, by striking lines 15 through 18 and inserting in lieu thereof the words "The council must wait at least thirty days after the public hearing has been held before it may adopt".

5. Page 5, line 27, by inserting after the word "required" the words "in subsections four (4) and five (5) of this section".

6. Page 6, by striking lines 16 through 18 and inserting in lieu thereof the words "of at least forty percent of all owners of property within the proposed district or signatures which together represent ownership of property with an assessed value of forty percent or more of the assessed value of all property within the proposed district."

7. Page 7, by striking lines 29 through 35.

8. Page 8, lines 1 and 2, by striking the words "Except as limited in subsection one (1) of this section, the" and inserting in lieu thereof the word "The".

9. Page 8, line 14, by striking the word "threefourths" and inserting in lieu thereof the word "three-fourths".

10. Page 8, line 16, by striking the words ", and where a".

1 11. Page 8, by striking lines 17 through 22 and
2 inserting in lieu thereof the words ". However, if
3 a remonstrance has been filed with the clerk signed
4 by at least twenty-five percent of all owners of
5 property within the district and all property proposed
6 to be included representing ownership of property
7 with an assessed value of twenty-five percent or more
8 of the assessed value of all the property in the
9 district and all property proposed to be included,
10 the amending ordinance must be adopted by unanimous
11 vote of the council."

12 12. Page 8, by inserting after line 26 the
13 following subsection:

14 "____. At any time prior to council amendment
15 of the ordinance creating the district, the entire
16 matter of amending such ordinance shall be withdrawn
17 from council consideration if a petition is filed
18 with its clerk containing either the signatures of at least
19 forty percent of all owners of property within the
20 district and all property proposed to be included
21 or signatures which together represent ownership of
22 property with an assessed value of forty percent or
23 more of the assessed value of all property within
24 the district and all property proposed to be included."

25 13. Page 8, line 31, by inserting after the word
26 "ordinance" the words "amending the ordinance".

27 14. Page 9, by striking lines 19 through 25 and
28 inserting in lieu thereof the words "of two members.
29 However, if a remonstrance has been filed with the
30 clerk signed by at least twenty-five percent of all
31 owners of property within the district representing
32 ownership of property with an assessed value of twenty-
33 five percent or more of the assessed value of all
34 the property in the district, the rescission of the
35 ordinance creating the district, and any subsequent
36 ordinances amending the district, requires a unani-
37 mous vote of the council.

38 At any time prior to action of the council rescind-
39 ing the ordinance creating the district, and any
40 subsequent ordinances amending the district, the
41 entire matter of dissolving a district shall be with-
42 drawn from council consideration if a petition is
43 filed with its clerk containing the signatures of
44 at least forty percent of all owners of property
45 within the district or signatures which together
46 represent ownership of property with an assessed value
47 of forty percent or more of the assessed value of
48 all property within the district."

49 15. Page 9, line 32, by striking the words "owners
50 of".

16. Page 9, by striking lines 33 through 35 and inserting in lieu thereof the words "at least twenty-five percent of all owners of property within the district representing ownership of property with an assessed value of twenty-five percent or more of the assessed value of all the property in the district".

17. Page 10, line 10, by inserting after the word "Act." the words "If no planning or zoning commission exists, the council shall call a hearing on a proposed improvement upon receipt of a petition."

18. Page 10, line 14, by inserting after the word "in" the words "subsections four (4) and five (5) of".

19. Page 10, line 22, by striking the words "At the meeting".

20. Page 10, by striking lines 23 through 29 and inserting in lieu thereof the words "The council must wait at least thirty days after the public hearing has been held before it may take action to order construction of the improvement. The provisions of section three (3), subsections seven (7) and nine (9), of this Act relating to the adoption of the ordinance establishing a district, the requisite vote therefor, the remonstrance thereto and the withdrawal of the entire matter from council consideration apply to the adoption of the resolution ordering the construction of the improvement."

21. Page 10, line 33, by striking the words "Code, provided that "improvement" as used in" and inserting in lieu thereof the word "Code."

22. Page 10, by striking lines 34 and 35.

23. Page 11, by striking lines 1 and 2.

24. Page 12, by striking lines 10 through 15 and inserting in lieu thereof the following subsection:

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

a. Aid in the commercial development of the district.

b. Further the interests of the district; or

c. Not substantially reduce the city's property tax base."

25. Page 12, line 19, by striking the words "Code, provided that "improvement"" and inserting in lieu thereof the word "Code."

26. Page 12, by striking lines 20 through 30 and inserting in lieu thereof the following subsection:

"_____. The adoption of a resolution ordering the construction of a self-liquidating improvement is a legislative determination that the proposed self-liquidating improvement and the leasing of a part

4 or the whole of it to any person or governmental body
5 will further the corporate purposes of the city and
6 will:

7 a. Aid in the commercial development of the
8 district.

9 b. Further the interests of the district; or

10 c. Not substantially reduce the city's property
11 tax base."

12 27. Page 13, line 9, by striking the word "city"
13 and inserting in lieu thereof the word "district".

14 28. Page 14, line 11, by inserting after the word
15 "district." the words "The taxes levied for this fund
16 may also be used for the purpose of paying maintenance
17 expenses of improvements or self-liquidating
18 improvements financed pursuant to this Act for a
19 specified length of time with one or more options
20 to renew if such is clearly stated in the petition
21 which requests the council to authorize construction
22 of the improvement or self-liquidating improvement,
23 whether or not such petition is combined with the
24 petition requesting creation of a district. Parcels
25 of property which are assessed as residential property
26 for property tax purposes are exempt from the tax
27 levied under this section."

28 29. Page 14, line 13, by striking the words
29 "However, a property".

30 30. Page 14, by striking lines 14 through 24.

31 31. Page 14, line 28, by striking the word "dis-
32 trict" and inserting in lieu thereof the word "dis-
33 trict,".

34 32. Page 14, line 32, by inserting after the words
35 "self-liquidating improvement." the words "However,
36 parcels of property which are assessed as residential
37 property for property tax purposes are exempt from
38 the tax levied under this section."

39 33. Page 15, line 1, by striking the words
40 "However, a property owner whose income during the".

41 34. Page 15, by striking lines 2 through 11.

42 35. Page 15, by striking lines 23 through 35.

43 36. Page 16, by striking lines 1 through 4 and
44 inserting in lieu thereof the words "However, parcels
45 of property which are assessed as residential property
46 for property tax purposes are exempt from the tax
47 levied under this section."

48 37. Page 16, line 13, by inserting after the word
49 "Act." the words "When self-supported municipal
50

PAGE 5

1 improvement district bonds are issued and taxes are
2 levied in accordance with chapter seventy-six (76)
3 of the Code, the taxes shall continue to be levied,
4 until the bonds and interest thereon are paid in full,
5 against all of the taxable property that was included
6 in the district at the time of the issuance of the
7 bonds, regardless of any subsequent removal of any
8 property from the district or the dissolution of the
9 district."

S-5875 FILED
MAY 21, 1976

RECEIVED FROM THE HOUSE

Senate concurred 5/24 (2209)

H-6592

1 Amend Senate File 356 as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, by striking lines 20 through 26 and
4 inserting in lieu thereof the following subsection:

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

9 a. To aid in the commercial development of the
10 district.

11 b. To further the purposes of the district; or

12 c. Not substantially reduce the city's property
13 tax base."

14 2. Page 3, by inserting after line 35 the following
15 lettered paragraph:

16 "___". A statement that taxes levied for the self-
17 supported improvement district operation fund shall
18 be used for the purpose of paying maintenance expenses
19 of improvements or self-liquidating improvements
20 financed pursuant to this Act for a specified length
21 of time, along with any options to renew, if such
22 taxes are to be used for this maintenance purpose."

23 3. Page 4, lines 30 and 31, by striking the words
24 "on or before the date of publication of the notice,"
25 and inserting in lieu thereof the words "not less
26 than fifteen days before the meeting".

27 4. Page 5, by striking lines 15 through 18 and
28 inserting in lieu thereof the words "The council must
29 wait at least thirty days after the public hearing
30 has been held before it may adopt".

31 5. Page 5, line 27, by inserting after the word
32 "required" the words "in subsections four (4) and
33 five (5) of this section".

34 6. Page 6, by striking lines 16 through 18 and
35 inserting in lieu thereof the words "of at least forty
36 percent of all owners of property within the proposed
37 district or signatures which together represent
38 ownership of property with an assessed value of forty
39 percent or more of the assessed value of all property
40 within the proposed district."

41 7. Page 7, by striking lines 29 through 35.

42 8. Page 8, lines 1 and 2, by striking the words
43 "Except as limited in subsection one (1) of this
44 section, the" and inserting in lieu thereof the word
45 "The".

46 9. Page 8, line 16, by striking the words ", and
47 where a".

48 10. Page 8, by striking lines 17 through 22 and
49 inserting in lieu thereof the words ". However, if
50 a remonstrance has been filed with the clerk signed

1 by at least twenty-five percent of all owners of
2 property within the district and all property proposed
3 to be included representing ownership of property
4 with an assessed value of twenty-five percent or more
5 of the assessed value of all the property in the
6 district and all property proposed to be included,
7 the amending ordinance must be adopted by unanimous
8 vote of the council."

9 11. Page 8, by inserting after line 26 the
10 following subsection:

11 "____. At any time prior to council amendment
12 of the ordinance creating the district, the entire
13 matter of amending such ordinance shall be withdrawn
14 from council consideration if a petition is filed
15 with its clerk containing the signatures of at least
16 forty percent of all owners of property within the
17 district and all property proposed to be included
18 or signatures which together represent ownership of
19 property with an assessed value of forty percent or
20 more of the assessed value of all property within
21 the district and all property proposed to be included."

22 12. Page 9, by striking lines 19 through 25 and
23 inserting in lieu thereof the words "of two members.
24 However, if a remonstrance has been filed with the
25 clerk signed by at least twenty-five percent of all
26 owners of property within the district representing
27 ownership of property with an assessed value of twenty-
28 five percent or more of the assessed value of all
29 the property in the district, the rescission of the
30 ordinance creating the district, and any subsequent
31 ordinances amending the district, requires a unani-
32 mous vote of the council.

33 At any time prior to action of the council rescind-
34 ing the ordinance creating the district, and any
35 subsequent ordinances amending the district, the
36 entire matter of dissolving a district shall be with-
37 drawn from council consideration if a petition is
38 filed with its clerk containing the signatures of
39 at least forty percent of all owners of property
40 within the district or signatures which together
41 represent ownership of property with an assessed value
42 of forty percent or more of the assessed value of
43 all property within the district."

44 13. Page 9, line 32, by striking the words "owners
45 of".

46 14. Page 9, by striking lines 33 through 35 and
47 inserting in lieu thereof the words "at least twenty-
48 five percent of all owners of property within the
49 district representing ownership of property with an
50 assessed value of twenty-five percent or more of the

- 1 assessed value of all the property in the district".
2 15. Page 10, line 10, by inserting after the word
3 "Act." the words "If no planning or zoning commission
4 exists, the council shall call a hearing on a proposed
5 improvement upon receipt of a petition."
6 16. Page 10, line 14, by inserting after the word
7 "in" the words "subsections four (4) and five (5)
8 of".
9 17. Page 10, line 22, by striking the words "At
10 the meeting".
11 18. Page 10, by striking lines 23 through 29 and
12 inserting in lieu thereof the words "The council must
13 wait at least thirty days after the public hearing
14 has been held before it may take action to order
15 construction of the improvement. The provisions of
16 section three (3), subsections seven (7) and nine
17 (9), of this Act relating to the adoption of the
18 ordinance establishing a district, the requisite vote
19 therefor, the remonstrance thereto and the withdrawal
20 of the entire matter from council consideration apply
21 to the adoption of the resolution ordering the
22 construction of the improvement."
23 19. Page 10, line 33, by striking the words "Code,
24 provided that "improvement" as used in" and inserting
25 in lieu thereof the word "Code."
26 20. Page 10, by striking lines 34 and 35.
27 21. Page 11, by striking lines 1 and 2.
28 22. Page 12, by striking lines 10 through 15 and
29 inserting in lieu thereof the following subsection:
30 "2. Before the council may order the construction
31 of a self-liquidating improvement, and after hearing
32 thereon, it must find that the self-liquidating
33 improvement and the leasing of a part or the whole
34 of it to any person or governmental body will further
35 the corporate purposes of the city and will:
36 a. Aid in the commercial development of the
37 district.
38 b. Further the interests of the district; or
39 c. Not substantially reduce the city's property
40 tax base."
41 23. Page 12, line 19, by striking the words "Code,
42 provided that "improvement"" and inserting in lieu
43 thereof the word "Code."
44 24. Page 12, by striking lines 20 through 30 and
45 inserting in lieu thereof the following subsection:
46 "____. The adoption of a resolution ordering the
47 construction of a self-liquidating improvement is
48 a legislative determination that the proposed self-
49 liquidating improvement and the leasing of a part
50 or the whole of it to any person or governmental body

- 1 will further the corporate purposes of the city and
- 2 will:
- 3 a. Aid in the commercial development of the
- 4 district.
- 5 b. Further the interests of the district; or
- 6 c. Not substantially reduce the city's property
- 7 tax base."
- 8 25. Page 13, line 9, by striking the word "city"
- 9 and inserting in lieu thereof the word "district".
- 10 26. Page 14, line 11, by inserting after the word
- 11 "district." the words "The taxes levied for this fund
- 12 may also be used for the purpose of paying maintenance
- 13 expenses of improvements or self-liquidating
- 14 improvements financed pursuant to this Act for a
- 15 specified length of time with one or more options
- 16 to renew if such is clearly stated in the petition
- 17 which requests the council to authorize construction
- 18 of the improvement or self-liquidating improvement,
- 19 whether or not such petition is combined with the
- 20 petition requesting creation of a district. Parcels
- 21 of property which are assessed as residential property
- 22 for property tax purposes are exempt from the tax
- 23 levied under this section."
- 24 27. Page 14, line 13, by striking the words
- 25 "However, a property".
- 26 28. Page 14, by striking lines 14 through 24.
- 27 29. Page 14, line 28, by striking the word "dis-
- 28 trict" and inserting in lieu thereof the word "dis-
- 29 trict,".
- 30 30. Page 14, line 32, by inserting after the words
- 31 "self-liquidating improvement." the words "However,
- 32 parcels of property which are assessed as residential
- 33 property for property tax purposes are exempt from
- 34 the tax levied under this section."
- 35 31. Page 15, line 1, by striking the words
- 36 "However, a property owner whose income during the".
- 37 32. Page 15, by striking lines 2 through 11.
- 38 33. Page 15, by striking lines 23 through 35.
- 39 34. Page 16, by striking lines 1 through 4 and
- 40 inserting in lieu thereof the words "However, parcels
- 41 of property which are assessed as residential property
- 42 for property tax purposes are exempt from the tax
- 43 levied under this section."
- 44 35. Page 16, line 13, by inserting after the word
- 45 "Act." the words "When self-supported municipal
- 46 improvement district bonds are issued and taxes are
- 47 levied in accordance with chapter seventy-six (76)
- 48 of the Code, the taxes shall continue to be levied,
- 49 until the bonds and interest thereon are paid in full,
- 50 against all of the taxable property that was included

Page 5

- 1 in the district at the time of the issuance of the
- 2 bonds, regardless of any subsequent removal of any
- 3 property from the district or the dissolution of the
- 4 district."

H-5960

- 1 Amend Senate File 356, as passed by the
- 2 Senate and reprinted, as follows: A
- 3 1. Page 2, lines 8 and 9, by striking the
- 4 following: ", except as provided in subsection
- 5 seven (7) of this section".
- 6 2. Page 8, line 14, by striking the word B
- 7 "threefourths" and inserting in lieu thereof
- 8 the word "three-fourths".

H-5960 FILED BY RINAS of Linn
MARCH 24, 1976 *A. Withdrawn; B. Adopted 5/13 (2739)*

H-5995

- 1 Amend Senate File 356 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 8, line 31, by inserting after the
- 4 word "ordinance" the words "amending the
- 5 ordinance".

H-5995 FILED - *Adopted* BY LIPSKY of Linn
MARCH 25, 1976 *5/13 (2739)*

SENATE FILE 356

H-6683

- 1 Amend amendment H-6592, appearing on page 8
- 2 of Senate File 356, as follows:
- 3 1. Page 2, line 15, by inserting after the
- 4 word "containing" the word "either".

H-6683 FILED - *Adopted (2739)* BY RINAS of Linn
MAY 13, 1976

SENATE FILE 356

H-6366

- 1 Amend Senate File 356, as amended, passed, and
- 2 reprinted by the Senate, page 2, lines 26 through
- 3 29, by striking the words "A self-supported municipal
- 4 improvement district shall not be comprised of any
- 5 property in districts which are zoned for any use
- 6 other than commercial or industrial." and inserting
- 7 in lieu thereof the words "A self-supported municipal
- 8 improvement district shall only include property in
- 9 districts which are zoned commercial or industrial.
- 10 A self-supported municipal improvement district shall
- 11 not include any parcels of property which qualify
- 12 for the homestead tax credit as claimed pursuant to
- 13 chapter four hundred twenty-five (425) of the Code."

H-6366 FILED - *Withdrawn 5/13* BY BINA of Scott
APRIL 21, 1976

SENATE FILE 356

S-5907

- 1 Amend the House amendment, S-5875, to Senate File
- 2 356 as amended, passed and reprinted as follows:
- 3 1. Page 3, line 49, by striking the word "and"
- 4 and inserting in lieu thereof the figure ".".
- 5 2. Page 3, by striking line 50, through page
- 6 4, line 12.

S-5907 FILED & LOST (2209)
MAY 24, 1976

BY JAMES M. REDMOND

Senate

S-5117

Amend Senate File 356 as follows:

1. Page 2, by inserting after line 14 the following:

"9. "Contiguous" means touching along a boundary or boundaries for a considerable distance; connected; in actual contact and not just near; meeting or joining along a border or borders beyond a mere touching of corners. It is intended that parcels of land composing a self-supported municipal improvement district shall together constitute one undivided body of land where the parcels are more than slightly or tenuously joined."

A
Lover 3/17 (898)

2. Page 2, line 26, by inserting after the word "city." the words "A self-supported municipal improvement district shall not be comprised of any property in districts which are zoned for any use other than commercial or industrial."

B
Adopted 3/17 (899)

3. Page 3, line 6, by inserting after the word "district." the words "Only property which is or will be specially benefited shall be included in the district."

C
Withdrawn 3/17 (899)

4. Page 3, lines 7 and 8, by striking the words "call a hearing on the establishment of" and inserting in lieu thereof the words "initiate proceedings for establishing".

D
Adopted as amended by 5134 3/17 (899)

5. Page 3, by inserting after line 31 the following subsection:

"3. The council shall notify the city planning commission upon the receipt of a petition. It shall be the duty of the city planning commission to make recommendations to the council in regard to the proposed district. The city planning commission shall, with due diligence, prepare a preliminary report and hold public hearings thereon, publishing notice of a hearing as provided in section three hundred sixty-two point three (362.3) of the Code, before submitting its final report to the council. The council shall not hold its public hearings or take further action on the establishment of the district until it has received the final report of the city planning commission. In addition to its final report, the commission may, from time to time, recommend to the council amendments and changes relating to the district.

If no city planning commission exists, the council shall notify the metropolitan or regional planning commission upon receipt of a petition, and such commission shall have the same duties as the city planning commission set forth in this subsection. If no planning commission exists, the council shall notify

Adopted

1 the zoning commission upon receipt of a petition,
2 and such commission shall have the same duties as
3 the city planning commission set forth in this
4 subsection. If no planning or zoning commission
5 exists, the council shall call a hearing on the
6 establishment of a district upon receipt of a
7 petition."

8 6. Page 3, line 32, by striking the words "a
9 petition" and inserting in lieu thereof the words
10 "the commission's final report".

11 7. Page 7, line 11, by inserting after the word
12 "adding" the words "any eligible property".

13 8. Page 9, by striking lines 6 through 9 and in-
14 serring in lieu thereof the words "notify the city
15 planning commission, if one exists, the metropolitan
16 or regional planning commission, if one exists, or
17 the zoning commission, if one exists, in the order
18 set forth in subsection three (3) of section three
19 (3) of this Act. Upon notification by the council,
20 the commission shall prepare a preliminary report,
21 hold public hearings, submit a final report, and carry
22 out all other duties as set forth in subsection three
23 (3) of section three (3) of this Act.

24 3. Upon the receipt of the commission's final
25 report the council shall set a time and place of
26 meeting at which the council proposes to take action
27 on the proposed improvement and shall publish and
28 mail notice as provided in section three (3) of this
29 Act."

30 9. Page 10, by striking line 30 and inserting
31 in lieu thereof the words:

32 "1. Subsections one (1) through five (5)".

33 10. Renumber the sections, subsections, and
34 internal references to conform to this amendment.

Adopted 3/17 (699)

S-5117 FILED *B, D, E - Adopted 3/17*
FEBRUARY 11, 1976

BY JAMES M. REDMOND
STEVE SOVERN

S-5347

1 Amend the Redmond amendment S-5117 to Senate
2 File 356, page 1, line 20, by striking the word
3 "specially".

S-5347 FILED & RULED OUT OF ORDER BY ELIZABETH SHAW
MARCH 17, 1976 *with withdrawal of 5117c (899)*

S-5134

- 1 Amend the Redmond amendment S-~~511~~⁵¹⁷ to Senate File
2 356 as follows:
3 1. Page 1, line 33, by striking the words "a
4 preliminary".
5 2. Page 1, by striking lines 34 through 37 and
6 inserting in lieu thereof the words "an evaluative
7 report for the council on the merit and feasibility
8 of the project."
9 3. Page 1, line 40, by striking the word "final".
10 4. Page 1, line 42, by striking the word "final".
11 5. Page 1, line 44, by striking the word "district"
12 and inserting in lieu thereof the word "project".
13 6. Page 2, line 10, by striking the word "final".
14 7. Page 2, lines 20 and 21, by striking the words
15 "a preliminary report, hold public hearings, submit
16 a final report," and insert in lieu thereof the words
17 "an evaluative report for the council on the merit
18 and feasibility of the improvement".
19 8. Page 2, line 24, by striking the word "final".

S-5134 FILED - *Adopted 3/17 26-17 (899)*
FEBRUARY 12, 1976

BY ELIZABETH SHAW

S-5121

- 1 Amend Senate File 356 as follows:
2 1. Page 2, line 33 by striking the word
3 "affected" and inserting in lieu thereof the
4 words "specially benefited".
5 2. Page 2, line 34 by striking the words
6 "an affect" and inserting in lieu thereof the
7 words "a special benefit".
8 3. Page 3, line 4 by striking the word
9 "interest" and inserting in lieu thereof the
10 words "special benefit from".

S-5121 FILED - *Adopted as amended by 5323*
FEBRUARY 11, 1976 *3/17 (903)*

BY JAMES M. REDMOND
STEVE SOVERN

S-5281

- 1 Amend Senate File 356 as follows:
2 1. Page 2, line 26, by inserting after the word
3 "city." the words "A self-supported municipal
4 improvement district shall not be comprised of the
5 line on which railroad tracks are located or twenty
6 feet on either side."
7 2. Page 7, line 30, by inserting after the word
8 "ordinance" the words "amending the ordinance".

S-5281 FILED - *Last 3/17 20-23 (902)*
MARCH 3, 1976

BY ELIZABETH SHAW

S-5348

1 Amend Senate File 356 as follows:

2 1. Page 3, by striking lines 10 through 13 and
3 inserting in lieu thereof the following:

4 "a. The signatures of at least twenty-five per-
5 cent of all owners of property within the proposed
6 district. These signatures must together represent
7 ownership of property with an assessed value of
8 twenty-five percent or more of the assessed value
9 of all of the property in the proposed district."

10 2. Page 5, by striking lines 11 through 15 and
11 inserting in lieu thereof the words "at least twenty-
12 five percent of all owners of property within the
13 proposed district representing ownership of property
14 with an assessed value of twenty-five percent or more
15 of the assessed value of all of the property in
16 the proposed district, the adoption of the ordinance
17 requires a unanimous vote of the council."

18 3. Page 5, by inserting after line 18 the
19 following subsection:

20 "____. At any time prior to adoption of an or-
21 dinance establishing a district, the entire matter
22 of establishing such district shall be withdrawn from
23 council consideration if a petition is filed with
24 its clerk containing the signatures of owners of
25 property within the proposed district which has an
26 assessed value of fifty percent or more of the
27 assessed value of all of the property in the proposed
28 district."

S-5348 FILED & ADOPTED (904)
MARCH 17, 1976

BY JAMES M. REDMOND

S-5351

1 Amend Senate File 356 as follows:

2 1. Page 16, after line 17, by adding the follow-
3 ing:

4 "Sec. _____. The provisions of this Act shall apply
5 to special charter cities having a population of
6 seventy-five thousand persons or more."

S-5351 FILED & WITHDRAWN (905)
MARCH 17, 1976

BY C. JOSEPH COLEMAN

S-5352

1 Amend Senate File 356 as follows:

2 1. Page 16, after line 17, by adding the fol-
3 lowing:

4 "Sec. _____. The provisions of this Act shall apply
5 only to special charter cities or cities having a
6 population of seventy-five thousand persons or more."

S-5352 FILED & LOST 11-31 (906)
MARCH 17, 1976

BY C. JOSEPH COLEMAN

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Amend Senate File 356 as follows:

1. Page 8, lines 24 through 27, by striking the words "Upon dissolution any funds of the district, including the capital improvement fund, will be held as a segregated fund by the city for use only with respect to improvements within the area of the district."

a
adopted 3/17
24-21 (905)

2. Page 8, lines 33 and 34, by striking the words "may initiate proceedings to order the construction of an improvement on its motion, and".

B
adopted 3/17
(905)

3. Page 9, lines 4 and 5, by striking the words "or upon the council's motion to initiate proceedings,"

4. Page 14, by striking line 35.

5. Page 15, by striking lines 1 through 15.

C
Last 3/17
19-26 (905)

S-5148 FILED - *A and B Adopted 3/17*
FEBRUARY 16, 1976

BY JAMES M. REDMOND

S-5179

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Amend Senate File 356 as follows:

1. Page 9, line 27, by inserting after the word "Code" the following: ", provided that "improvement" as used in this section means an improvement as defined in section one (1), subsection two (2) of this Act, not a "public improvement" as defined in section three hundred eighty-four point ninety-five (384.95) of the Code".

2. Page 11, line 9 by inserting after the word "Code" the following: ", provided that "improvement" as used in this section means an improvement as defined in section one (1), subsection two (2) of this Act, not a "public improvement" as defined in section three hundred eighty-four point ninety-five (384.95) of the Code".

S-5179 FILED - *Adopted 3/17 23-20 (905)*
FEBRUARY 19, 1976

BY JAMES W. GRIFFIN, SR.

S-5285

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Amend the Shaw amendment, S-5281, to Senate File 356, page 1, line 4, by striking the words "be comprised of" and insert in lieu thereof the word "include".

S-5285 FILED - *Adopted 3/17 (902)*
MARCH 4, 1976

BY ELIZABETH SHAW

S-5016

SENATE FILE 356

- 1 Amend Senate File 356 as follows:
- 2 1. Page 3, line 11, by striking the words
- 3 "twenty-five" and inserting in lieu thereof the
- 4 word "fifty".

S-5016 FILED - *Withdrawn 1/27 (143)*
JANUARY 22, 1976

BY RICHARD J. NORPEL SR.

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S-5031

- 1 Amend the Gluba amendment, S-4235, to Senate File
- 2 356 as follows:
- 3 1. Page 1, line 12, by inserting after the word
- 4 "applying" the word "annually".
- 5 2. Page 1, line 26, by inserting after the word
- 6 "applying" the word "annually".
- 7 3. Page 1, line 40, by inserting after the word
- 8 "applying" the word "annually".

S-5031

FILED - *Adopted 1/28*
JANUARY 27, 1976

BY WILLIAM E. GLUBA
ELIZABETH SHAW

S-5032

- 1 Amend Senate File 356, as follows:
- 2 1. Page 11, line 9, by inserting after the word
- 3 "Code" the words ", providing no such proposed con-
- 4 struction is completed by public employees".

S-5032 - *Last 1/28*
FILED
JANUARY 27, 1976

BY E. KEVIN KELLY

S-5035

- 1 Amend the Kelly amendment S-5032, to Senate
- 2 File 356 as follows:
- 3 1. Page 1, line 4, by inserting after the word
- 4 "employees" the words "; however, consultation and
- 5 planning with, or supervision by, city planners and
- 6 engineers is not precluded by the foregoing restric-
- 7 tion".

S-5035 FILED & ADOPTED *1/28*
JANUARY 28, 1976

BY ELIZABETH SHAW

S-4235

1 Amend Senate File 356 as follows:

2 1. Page 12, line 34, by inserting after the period
3 the words "However, a property owner whose income
4 during the last preceding calendar year does not
5 exceed that prescribed for lower income families in
6 Acts of the Sixty-sixth General Assembly, House File
7 eight hundred twenty-three (823), section one (1),
8 subsection three (3), and rules promulgated pursuant
9 thereto by the Iowa housing finance authority, is
10 entitled to have his or her property within the
11 district exempted from the tax levied under this
12 section, by applying, for the exemption, at the office
13 of the city clerk on forms to be provided by the city,
14 not later than July first for taxes due in the year
15 beginning July first."

16 2. Page 13, line 11, by inserting after the period
17 the words "However, a property owner whose income
18 during the last preceding calendar year does not
19 exceed that prescribed for lower income families in
20 Acts of the Sixty-sixth General Assembly, House File
21 eight hundred twenty-three (823), section one (1),
22 subsection three (3), and rules promulgated pursuant
23 thereto by the Iowa housing finance authority, is
24 entitled to have his or her property within the
25 district exempted from the tax levied under this
26 section, by applying, for the exemption at the office
27 of the city clerk on forms to be provided by the city,
28 not later than July first for taxes due in the year
29 beginning July first."

30 3. Page 13, line 22, by inserting after the period
31 the words "However, a property owner whose income
32 during the last preceding calendar year does not
33 exceed that prescribed for lower income families in
34 Acts of the Sixty-sixth General Assembly, House File
35 eight hundred twenty-three (823), section one (1),
36 subsection (3) and rules promulgated pursuant thereto
37 by the Iowa housing finance authority, is entitled
38 to have his or her property within the district
39 exempted from the tax levied under this section, by
40 applying, for the exemption at the office of the city
41 clerk on forms to be provided by the city, not later
42 than July first for taxes due in the year beginning
43 July first. A city shall establish a reserve fund,
44 either from proceeds of self-supported municipal
45 improvement district bonds or from the district's
46 operation fund or capital improvement fund, from which
47 it shall pay into the debt service fund each fiscal
48 year an amount equal to the total amount of taxes
49 levied for the year for which taxpayers claim
50 exemptions under this section."

S-4235 FILED *Adopted as amended* BY WILLIAM E. GLUBA
JUNE 14, 1975 *By 5031 1/28*

1 Amend the amendment, S-5121, to Senate File 356,
2 page 1, by striking lines 1 through 10 and inserting
3 in lieu thereof the following:
4 "Amend Senate File 356 as follows:
5 1. Page 2, line 33, by striking the word "affected"
6 and inserting in lieu thereof the word "benefited".
7 2. Page 2, line 34, by striking the words "an
8 affect on" and inserting in lieu thereof the words
9 "a benefit from".
10 3. Page 3, line 4, by striking the words "interest
11 in" and inserting in lieu thereof the words "benefit
12 from"."

S-5333 FILED - *Adopted 3/17 29-14(903)*
MARCH 16, 1976

BY ELIZABETH SHAW

SENATE FILE 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:

Section 1. NEW SECTION. DEFINITIONS. As used in this Act, unless the context requires otherwise:

1. "District" means a self-supported municipal improvement district which may be created and the property therein taxed in accordance with this Act.
2. "Improvement" means any of the following:
 - a. All or any part of a city enterprise as defined in section three hundred eighty-four point twenty-four (384.24), subsection two (2) of the Code.
 - b. Public improvements as defined in section three hundred eighty-four point thirty-seven (384.37), subsection one (1) of the Code.
 - c. Those structures, properties, facilities or actions, the acquisition, construction, improvement, installation, reconstruction, enlargement, repair, equipping, purchasing, or taking of which would constitute an essential corporate purpose or general corporate purpose as defined in subsections three (3) and four (4) of section three hundred eighty-four point twenty-four (384.24) of the Code.
3. "Self-liquidating improvement" means any facility or property proposed to be leased in whole or in part to any person or governmental body to further the corporate purposes of the city and:
 - a. To aid in the commercial development of the district.
 - b. To further the purposes of the district; or
 - c. Not substantially reduce the city's property tax base.
4. "Cost" of any improvement or self-liquidating improvement includes construction contracts and the cost of engineering, architectural, technical, and legal services,

preliminary reports, property valuations, estimates, plans, specifications, notices, acquisition of real and personal property, consequential damages or costs, easements, rights-of-way, supervision, inspection, testing, publications, printing and sale of bonds, interest during construction and for not more than six months thereafter, and provisions for contingencies.

5. The use of the conjunctive "and" includes the disjunctive "or" and the use of the disjunctive "or" includes the conjunctive "and", unless the context clearly indicates otherwise.
6. All definitions in section three hundred sixty-two point two (362.2) of the Code are incorporated by reference as a part of this Act, except as provided in subsection seven (7) of this section.
7. "Property" means real property as defined in section four point one (4.1), subsection eight (8) of the Code.
8. "Property owner" or "owner" means the owner of property, as shown by the transfer books in the office of the county auditor of the county in which the property is located.

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

Sec. 3. NEW SECTION. ESTABLISHMENT OF DISTRICT.

1. Districts may be created by action of the council in accordance with the provisions of this Act. A district shall:
 - a. Be comprised of contiguous property wholly within the boundaries of the city. A self-supported municipal improvement district shall not be comprised of any property in districts which are zoned for any use other than commercial or industrial.
 - b. Be given a descriptive name containing the words "self-supported municipal improvement district".

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

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

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

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

c. The name of the proposed district.

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

e. The purpose of the establishment of the district, which may be stated generally, or in terms of the relationship of the property within the district or the interests of the owners of property within the district, or in terms of the improvements or self-liquidating improvements proposed to be developed for the purposes of the district, either specific

improvements, self-liquidating improvements, or general categories of improvements, or any combination of the foregoing.

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

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

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

4. Upon the receipt of the commission's final report the council shall set a time and place for a meeting at which the council proposes to take action for the establishment of the district, and shall publish notice of the meeting as provided in section three hundred sixty-two point three (362.3)

of the Code, and the clerk shall send a copy of the notice by certified mail not less than fifteen days before the meeting to each owner of property within the proposed district at the owner's address as shown by the records of the county auditor. If a property is shown to be in the name of more than one owner at the same mailing address, a single notice may be mailed addressed to all owners at that address. Failure to receive a mailed notice is not grounds for objection to the council's taking any action authorized in this Act.

5. In addition to the time and place of the meeting for hearing on the petition, the notice must state:
- a. That a petition has been filed with the council asking that a district be established.
 - b. The name of the district.
 - c. The purpose of the district.
 - d. The property proposed to be included in the district.
 - e. The maximum rate of tax which may be imposed upon the property in the district.

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

additional property.

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

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

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

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

11. Any resident or property owner of the city may appeal the action and the decisions of the council, including the creation of the district and the levying of the proposed taxes for the district, to the district court of the county in which any part of the district is located, within thirty days after the date upon which the ordinance creating the district be-

comes effective, but the action and decision of the council are final and conclusive unless the court finds that the council exceeded its authority. No action may be brought questioning the regularity of the proceedings pertaining to the establishment of a district or the validity of the district, or the propriety of the inclusion or exclusion of any property within or from the district, or the ability of the city to levy taxes in accordance with the ordinance establishing the district, after thirty days from the date on which the ordinance creating the district becomes effective.

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

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

14. The ordinance creating the district may provide for the division of all of the property within the district into two or more zones based upon a reasonable difference in the relationship of the property or the interest of its owners, whether the difference is qualitative or quantitative. The ordinance creating the district and establishing the different zones may establish a different maximum rate of tax for each zone, or may provide that the rate of tax for a zone shall be a certain set percentage of the tax levied in the zone which is subject to the highest rate of tax.

Sec. 4. NEW SECTION. AMENDMENTS TO DISTRICT.

1. The ordinance creating the district may be amended and property may be added to the district and the maximum rate of taxes referred to in the ordinance may be increased at any time in the same manner and by the same procedure as for the establishment of a district. All property added to

a district shall be subject to all taxes currently and thereafter levied including debt service levies for bonds previously or thereafter issued.

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

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

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

5. Any resident or property owner of the city may appeal the action or decisions of the council amending the ordinance creating the district, to the district court of the county in which any part of the district, as amended, is located, within fifteen days after the date upon which the ordinance

amending the ordinance creating the district becomes effective, but the action and decision of the council are final and conclusive unless the court finds that the council exceeded its authority. No action may be brought questioning the regularity of the proceedings pertaining to the amended ordinance or the validity of the district as amended, or the propriety of the inclusion or exclusion of any property within or from the amended district, or the ability of the city to levy taxes in accordance with the ordinance establishing the district, as amended, after thirty days from the date upon which the amending ordinance becomes effective.

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

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

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

of property with an assessed value of forty percent or more of the assessed value of all property within the district.

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

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

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

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

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

5. At the time and place set in the notice the council shall hear all owners of property in the district or residents of the city desiring to express their views. The council

must wait at least thirty days after the public hearing has been held before it may take action to order construction of the improvement. The provisions of section three (3), subsections seven (7) and nine (9), of this Act relating to the adoption of the ordinance establishing a district, the requisite vote therefor, the remonstrance thereto and the withdrawal of the entire matter from council consideration apply to the adoption of the resolution ordering the construction of the improvement.

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

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

8. Any resident or property owner of the city may appeal the action or decisions of the council ordering the construction of the improvement to the district court of the county in which any part of the district is located within thirty days after the adoption of the resolution ordering construction of the improvement, but the action and decisions of the council are final and conclusive unless the court finds that the council exceeded its authority. No action may be brought questioning the regularity of the proceedings pertaining to the ordering of the construction of an improvement, or the right of the city to apply moneys in the capital improvement fund referred to in this Act to the payment of the costs of the improvement, or the right of the city to issue bonds referred to in this Act for the payment of the costs of the improvement, or the right of the city to levy taxes which with any other taxes authorized by this Act do not exceed the maximum rate of tax that may be imposed upon property

within the district for the payment of principal of and interest on bonds issued to pay the costs of the improvement, after thirty days from the date of adoption of the resolution ordering construction of the improvement.

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

Sec. 7. NEW SECTION. SELF-LIQUIDATING IMPROVEMENTS. When a city proposes to construct a self-liquidating improvement, the cost of which is to be paid or financed under the provisions of this Act, it must do so in accordance with the provisions of this section as follows:

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

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

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

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

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

- a. Aid in the commercial development of the district.

- b. Further the interests of the district; or
 - c. Not substantially reduce the city's property tax base.
5. A city may lease any or all of a self-liquidating improvement to any person or governmental body.
6. A city may issue revenue bonds payable from the income and receipts derived from the self-liquidated improvement. Division five (V) of chapter three hundred eighty-four (384) of the Code applies to revenue bonds for self-liquidating improvements and the term "city enterprise" as used in that division shall be deemed to include self-liquidating improvements authorized by this Act.
7. Any resident or property owner of the city may appeal a decision of the council to order the construction of a self-liquidating improvement or to lease any or all of a self-liquidating improvement to the district court of the county in which any part of the district is located, within thirty days after the adoption of the resolution ordering the self-liquidating improvement, but the action of the council is final and conclusive unless the court finds that the council exceeded its authority.
8. No action may be brought questioning the regularity of the proceedings pertaining to the ordering of the construction of a self-liquidating improvement after thirty days from the date of adoption of the resolution ordering construction of the self-liquidating improvement. No action may be brought questioning the regularity of the proceedings pertaining to the leasing of any or all of a self-liquidating improvement after thirty days from the date of the adoption of a resolution approving the proposed lease. In addition to the limitation contained in section three hundred eighty-four point ninety-two (384.92) of the Code, no action may be brought which questions the legality of revenue bonds or the power of the city to issue revenue bonds or the effectiveness of any proceedings relating to the authorization and issuance of revenue bonds relating to a self-liquidating improvement after thirty days from the time the bonds are ordered issued by the city.

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

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

Sec. 9. NEW SECTION. CAPITAL IMPROVEMENT FUND. A city may establish a capital improvement fund for a district and may certify taxes, not to exceed the rate established by the ordinance creating the district, or any subsequent amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of accumulating moneys for the financing or payment of a part or all of the costs of any improvement or self-liquidating improvement. However, parcels of property which are assessed as residential

property for property tax purposes are exempt from the tax levied under this section. A tax levied under this section is not subject to the levy limitations in sections three hundred eighty-four point one (384.1) or three hundred eighty-four point seven (384.7) of the Code.

Sec. 10. NEW SECTION. DEBT SERVICE FUND. A city shall establish a self-supported municipal improvement district debt service fund whenever any self-supported municipal improvement district bonds are issued and outstanding, other than revenue bonds, and shall certify taxes to be levied against all of the property in the district for the debt service fund in the amount necessary to pay interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all self-supported municipal improvement district bonds as authorized in section eleven (11) of this Act, issued by the city. However, parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under this section.

Sec. 11. NEW SECTION. SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT BONDS.

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

2. The proceeds of the sale of the bonds may be used to

pay any or all of the costs of any improvement, or be used to pay any legal indebtedness incurred for the cost of any improvement including bonds or warrants previously issued to pay the costs of an improvement, or bonds may be exchanged for the evidences of such legal indebtedness.

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

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

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

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

Sec. 12. NEW SECTION. PAYMENT FOR IMPROVEMENTS. The costs of improvements may be paid from any of the following sources or a combination thereof:

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

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

3. Any other funds of the city which are legally available to pay all or a portion of the cost of an improvement. The fact that an improvement is initiated under the provisions of this Act, or any of the costs of an improvement or any part of an improvement are being paid under the provisions of this Act, shall not preclude the city from paying any costs of an improvement from any fund from which it might otherwise have been able to pay such costs. In addition, and not in limitation of the foregoing, any improvement which constitutes an essential corporate purpose or a general corporate purpose as defined in section three hundred eighty-four point twenty-four (384.24), subsections three (3) and four (4) of the Code, may be financed in whole or in part with the proceeds of the issuance of general obligation bonds of the city pursuant to the provisions of division three (III) of chapter three hundred eighty-four (384) of the Code.

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

Sec. 13. NEW SECTION. PARKING FEE ABATEMENTS. A city may apply moneys in the operation fund of the district to prepay parking fees at any city parking facility located in or used in conjunction with the district but only after notice and hearing as required by section six (6) of this Act. The authority to prepay such fees shall exist only for the period

of time set out in the notice to owners and in the resolution of the council authorizing the application of funds for that purpose. Upon the application of sufficient amounts of prepaid fees, the city need not charge individual users of the parking facility. Before adopting a resolution authorizing the application of funds for such purpose, the council must find that the application will further the purposes of the district, including but not limited to increasing the commercial activity in the district.

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

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 356, Sixty-sixth General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved June 28, 1976

ROBERT D. RAY
Governor