

Reprinted 5/78

APR 27 1978

Ways and Means

HOUSE FILE 2448

By COMMITTEE ON CITIES

Passed House, Date 5-10-78 (p. 2293) Passed Senate, Date _____

Vote: Ayes 89 Nays 41 Vote: Ayes _____ Nays _____

Approved _____

Reconsidered & Repassed 5-10-78 (p. 2436)
74-2

A BILL FOR

1 An Act relating to property tax exemptions for property
2 in revitalization areas of a city on which improvements
6506-3 have been made.

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

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1 Section 1. NEW SECTION. The local governing body of a
2 city may, by ordinance, designate an area of the city as a
3 revitalization area, if that area is:

4 1. An area in which there is a predominance of buildings
5 or improvements, whether residential or nonresidential, which
6 by reason of dilapidation, deterioration, age or obsolescence;
7 or inadequate provision for ventilation, light, air,
8 sanitation, or open spaces; or high density of population
9 and overcrowding; or the existence of conditions which endanger
10 life or property by fire and other causes; or any combination
11 of such factors, is conducive to ill health, transmission
12 of disease, infant mortality, juvenile delinquency or crime,
13 and which is detrimental to the public health, safety, or
14 welfare, or

15 2. An area which by reason of the presence of a substan-
16 tial number of deteriorated or deteriorating structures,
17 predominance of defective or inadequate street layout, faulty
18 lot layout in relation to size, adequacy, accessibility or
19 usefulness, unsanitary or unsafe conditions, deterioration
20 of site or other improvements, diversity of ownership, tax
21 or special assessment delinquency exceeding the actual value
22 of the land, defective or unusual conditions of title, or
23 the existence of conditions which endanger life or property
24 by fire and other causes, or any combination of such factors,
25 substantially impairs or arrests the sound growth of a
26 municipality, retards the provision of housing accommodations
27 or constitutes an economic or social liability and is a menace
28 to the public health, safety, or welfare in its present
29 condition and use.

30 Sec. 2. NEW SECTION. A city shall not exercise the
31 authority herein conferred upon the city until the following
32 conditions have been met:

33 1. The local governing body shall have adopted a resolu-
34 tion finding that the rehabilitation, conservation, redevelop-
35 ment, or a combination thereof of such area or areas is neces-

1 sary in the interest of the public health, safety, or welfare
2 of the residents of such a municipality and such area or areas
6506-3 meet the criteria of section one (1) of this Act.

4 2. The city shall prepare or cause to be prepared a plan
5 for the designated revitalization area. The plan shall in-
6 clude:

7 a. A legal description of all real estate forming the
8 boundaries of the proposed area along with a map depicting
9 all existing parcels of real estate and their use within the
10 proposed area.

11 b. The existing assessed valuation of all real estate
12 in the area delineating land and improvement values.

6506-13 c. A list of names and addresses of all owners of real
14 estate within the area.

15 d. The existing and proposed zoning classifications and
6506-16 districts within the area. When a proposed zoning
17 classification or district involves specific development
18 projects there shall be an analysis of such projects which
19 shall include costs and cost estimates of the projects; a
20 schedule of the time anticipated for the completion of major
21 segments as well as the entire project; and evidence of the
6506-22 arrangement made by the developer for financing all costs
23 of the project.

24 e. Proposals for improving or expanding city services
25 within that area including but not limited to transportation
26 facilities, sewage, garbage collection, street maintenance,
27 park facilities and police and fire protection.

28 f. A statement specifying whether the revitalization shall
29 be applicable to residential, commercial or industrial property
30 within the designated area or any combination thereof and
31 whether the revitalization shall be for rehabilitation and
32 additions to existing buildings or new construction or both.
33 The city shall state how long it is estimated that the area
34 shall remain a designated revitalization area which time shall
6506-35 be longer than one year from the date of designation.

1 g. The provisions that have been made for the relocation
2 of persons, including families, business concerns and others,
3 whom the city anticipates will be displaced as a result of
4 any improvements to be made in the designated area.

5 3. The city has filed a copy of the plan for the designated
6 revitalization area with the city development board at least
7 thirty days before the scheduled public hearing.

8 4. The city has scheduled a public hearing and notified
- 9 all owners of property within the proposed area and the city
10 development board in accordance with section three hundred
11 sixty-two point three (362.3) of the Code. In addition to
12 notice by publication, notification shall also be given by
- 13 ordinary mail to the last known address of the owner.

14 5. The public hearing has been held.

15 6. The city development board has approved the plan for
16 the designated area. However, in lieu of the board's appro-
17 val the city may schedule a second public hearing with notice
18 as provided in subsection four (4) of this section no sooner
- 19 than sixty days after the first hearing. At this second
20 hearing, the city may offer an amended plan or consider the
21 specifics of the board's objection. After the second public
22 hearing, the city may by ordinance designate an area a
23 revitalization area without city development board approval
24 if all other requirements have been met.

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25 Sec. 3. NEW SECTION.

26 1. All real estate, excluding land, assessed as residential
27 property or as commercial property, consisting of three or
28 more separate living quarters, shall be eligible to receive
29 a one hundred percent exemption from taxation on the actual
30 value added to any building, not to exceed twenty-five thousand
31 dollars, by all improvements to that building. The exemptions
32 shall be for the first seven years following completion of
33 the improvements if such improvements increase the value of
34 such real estate, excluding land, by at least twenty-five
35 percent. To receive the exemption, the property must be

1 within a designated revitalization area.

2 2. All real estate, excluding land, except property re-
3 ceiving an exemption under subsection one (1) of this section
4 and utility property shall be eligible to receive a partial
5 exemption from taxation for a period of seven years if located
6 in a revitalization area established pursuant to section one
7 (1) of this Act. To receive the exemption, there shall have
8 been added to the real estate, excluding land, improvements
9 which increase the value of such real estate, excluding land,
10 by at least twenty-five percent. The amount of actual value
11 of existing buildings and the improvements which shall be
12 exempt from taxation shall be as follows:

- 13 a. For the first year, fifty percent.
- 14 b. For the second year, forty-five percent.
- 15 c. For the third year, forty percent.
- 16 d. For the fourth year, thirty-five percent.
- 17 e. For the fifth year, thirty percent.
- 18 f. For the sixth year, twenty-five percent.
- 19 g. For the seventh year, twenty percent.

20 However, the assessed value of the real estate, excluding
21 land, shall not be less during the seven-year exemption period
22 than it was in the year immediately preceding the year in
23 which an exemption is first granted adjusted by any value
24 added as a result of revaluations or equalization orders made
25 during the exemption period. Land shall be assessed at its
26 actual value and shall not be subject to the exemption granted
27 by this Act. The owners of all real estate, excluding land,
28 assessed as residential property or as commercial property
29 consisting of three or more separate living quarters may elect
30 to take the exemption provided in subsection one (1) or two
31 (2) of this section. Once such election has been made and
32 the exemption granted the owner shall not be permitted to
33 change the method of exemption.

34 The term "improvements" as used in this Act shall include
35 rehabilitation and additions to existing structures as well

1 as new construction.

2 Sec. 4. NEW SECTION. A person shall submit a proposal
3 for a construction project to the local governing body of
4 the city to seek prior approval for eligibility for a tax
5 exemption on such project. A city may, by resolution, give
6 its prior approval for a construction project if such a project
7 is in conformance with the plan for revitalization developed
8 by the city and if the city determines that such project will
9 increase the actual value of the real estate, excluding land,
10 by twenty-five percent. If a city approves a construction
11 project, the developer must submit his or her first-year
12 application for a tax exemption within three years to receive
13 the exemption. The council shall approve such a first-year
14 application for exemption if the construction project for
15 which an application is being sought is in conformance with
16 the proposal approved under the provisions of this section.
17 If the proposal is not approved, the developer may submit
18 an amended proposal for the local governing body to approve
19 or reject.

20 An annual application shall be filed for each new
21 construction project for which an exemption is claimed. The
22 first application for the exemption granted by this Act shall
23 be filed by the owner of the property by February first of
24 the assessment year for which the exemption is first claimed,
25 but not later than the year in which all improvements included
26 in the construction project are first assessed for taxation,
27 with the local governing body of the city in which the property
28 is located. The first-year application shall be made on forms
29 prescribed by the director of revenue, and shall contain
30 information pertaining to the nature of the improvement, its
31 cost, the completion date or estimated completion date of
32 construction of the improvement, and such other information
33 deemed necessary by the director of revenue. The local
34 governing body of the city shall not approve the applica-
35 tion unless the construction project had been previously ap-

1 proved by the local governing body as provided in this section.
2 The local governing body of the city shall forward all approved
3 first-year applications to the appropriate local assessor
4 by not later than March first of each year. Applications
5 for exemption for succeeding years shall be filed directly
6 with the local assessor by March first on claims prescribed
7 by the director of revenue.

8 Sec. 5. NEW SECTION. The local assessor shall review
9 each first-year application to determine if the improvements
10 made as of January first of that year increased the actual
11 value of the real estate by at least twenty-five percent over
12 the previous year's valuation. If the assessor determines
13 that the actual value of the real estate, excluding land,
14 has increased by at least twenty-five percent, the assessor
15 shall proceed to determine the actual value of the property
16 and certify the valuation determined pursuant to section three
17 (3) of this Act to the county auditor at the time of trans-
18 mitting the assessment rolls. The assessor shall notify the
19 applicant of his or her determination, and the assessor's
20 decision may be appealed to the local board of review at the
21 times specified in section four hundred forty-one point thirty-
22 seven (441.37) of the Code. If any application for exemption
23 is denied as a result of failure to sufficiently increase
24 the value of the real estate as provided in section three
25 (3) of this Act, the owner may file a first annual application
26 in a subsequent year when additional construction or
27 improvements are made to satisfy requirements of section three
28 (3) of this Act, and the provisions of section four (4) of
29 this Act shall apply. For applications for each succeeding
30 year, the local assessor shall determine the actual value
31 of the property and certify to the county auditor the valuation
32 of the property as determined pursuant to section three (3)
33 of this Act.

34 Sec. 6. NEW SECTION. Upon application to it and after
35 verification by it, the city shall provide relocation payments

1 to or with respect to those persons, including families,
2 business concerns and others displaced as a result of
3 improvements made in a designated revitalization area. These
4 payments shall be made for moving expenses and losses of
5 property for which reimbursement or compensation has not
6 otherwise been provided. In addition, the city shall provide
7 rent supplements to those families who are forced to relocate
8 because of improvements made within the area, provided it
9 is necessary to do so in order to house such family in decent,
10 safe and sanitary housing and that family does not have
11 sufficient means, as determined by the city, to pay the

6559-12 required rent for such housing. Any such rent supplement
13 for any family shall not continue for more than five years.

14 Sec. 7. NEW SECTION. When in the opinion of the local
15 governing body of a city the desired level of revitalization
16 has been attained or economic conditions are such that the
17 continuation of the exemption granted by this Act would cease
18 to be of benefit to the city, the local governing body may
19 repeal the ordinance establishing revitalization areas. In
20 such event, all existing exemptions shall continue until their
21 expiration.

22 Sec. 8. NEW SECTION. Residential real estate located
23 within an area designated as a revitalization area pursuant
24 to section one (1) of this Act, shall not be subject to the
25 additional tax imposed by Acts of the Sixty-seventh General
26 Assembly, 1977 Session, chapter forty-three (43), section
27 twenty-three (23).

6506> 28 Sec. 9. The provisions of this Act shall also apply to
29 all special charter cities located within the state.

6625- 30 Sec. 10. This Act is effective January 1, 1979.

31 EXPLANATION

32 The bill authorizes local governing body of each city to
33 designate revitalization areas of the city and grant special
34 property tax exemptions to improvements made in those areas
35 for a period of seven years. It is an exemption which must

1 be applied for and is allowable only if the improvements
 2 increase the value of the property, excluding the value of
 3 the land, by twenty-five percent.

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PAGE 28

FISCAL NOTE
 HOUSE FILE 2448
 FISCAL NOTE
 HOUSE FILE 2448

Requested by Representative Bina
 May 4, 1978

In compliance with a written request there is submitted a
 Fiscal Note for H.F. 2448, H-6506, pursuant to Joint Rule 16:

Amendment H-6506 to House File 2448 would permit a city to designate certain blighted areas and to grant special exemptions for seven years for improvements made in those areas. The exemption is allowable only when the improvement results in at least a twenty-five percent increase in the market value of the real estate. Under the bill, property owners may claim an exemption which would equal 100 percent of the value of the improvement applicable for a seven-year period. Alternatively, an owner of residential and certain commercial property would have the choice to claim an exemption for a percentage of the assessed value of the entire property. In the second instance, the percentage of the assessed value which would be exempt would decrease from 50 percent during the first year to 20 percent in the seventh year. However, in either case, the actual value used in computing the assessed value of the real estate, excluding land, shall not be less than it was in the year preceding when the exemption was first granted. Amendment H-6506 would also expand the authority of municipalities to issue revenue bonds for projects located within a designated revitalization area.

The program would have no direct effect on state revenues. Further, the exemption would not result in property valuations which are less than the year preceding the implementation of the program, and thus, would have no direct effect on current property tax rates. The long-range impact of the program would be an increase in a city's property tax base. However, a projection of the increase in property values which may result from the proposal cannot be given. The proposed expansion of eligibility for revenue bonds would also have no effect on state revenues.

Source: Department of Revenue

FILED

MAY 4, 1978

GERRY D. RANKIN

Legislative Fiscal Bureau

LSB 4215H

mg/rh/8A

FISCAL NOTE

DATE: MAY 12, 1978
REQUESTED BY: SENATOR RODGERS

In compliance with a written request received May 12, , 19 78 , there is hereby submitted a Fiscal Note for H.F. 2448-reprinted pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

House File 2448 would permit a city to designate certain blighted areas and to grant special exemptions for seven years for improvements made in those areas. The exemption is allowable only when the improvement results in at least a twenty-five percent increase in the market value of the real estate. Under the bill, property owners may claim an exemption which would equal 100 percent of the value of the improvement applicable for a seven-year period. Alternatively, an owner of residential and certain commercial property would have the choice to claim an exemption for a percentage of the assessed value of the entire property. In the second instance, the percentage of the assessed value which would be exempt would decrease from 50 percent during the first year to 20 percent in the seventh year. However, in either case, the actual value used in computing the assessed value of the real estate, excluding land, shall not be less than it was in the year proceeding when the exemption was first granted. The bill also expands the authority of municipalities to issue revenue bonds for projects located within a designated revitalization area.

The program would have no direct effect on state revenues. Further, the exemption would not result in property valuations which are less than the year preceding the implementation of the program, and thus, would have no direct effect on current property tax rates. The long-range impact of the program would be an increase in a city's property tax base. However, a projection of the increase in property values which may result from the proposal cannot be given. The proposed expansion of eligibility for revenue bonds would also have no effect on state revenues.

SOURCE: DEPARTMENT OF REVENUE

BY GERRY D. RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

FILED:
MAY 12, 1978

H-6536

- 1 Amend the Committee amendment, H-6506, to House
 2 File 2448 as follows:
 3 1. Page 1, by striking lines 4 through 6 and
 4 inserting in lieu thereof the following:
 5 "2. Page 2, line 22, by inserting after the word
 6 "by" the words "both the owner and".
 7 2. Page 1, lines 8 and 9, by striking the words
 8 "whether the city plans on issuing" and inserting
 9 in lieu thereof the words "shall state any plan by
 10 the city to issue".

H-6536 FILED *Adopted 5/10* BY BINA of Scott
 MAY 4, 1978 (*p. 2390*) KREWSON of Polk

HOUSE FILE 2448

H-6559

- 1 Amend House File 2448 as follows:
 2 1. Page 7, line 12, by inserting after the word
 3 "housing" the words "and for which reimbursement or
 4 compensation has not otherwise been provided".

H-6559 FILED *Adopted 5/10* BY NORLAND of Worth
 MAY 5, 1978 (*p. 2393*) WEST of Marshall

HOUSE FILE 2448

H-6610

- 1 Amend amendment H-6506 to House File 2448
 2 as follows:
 3 1. Page 1, by striking lines 23 and 24 and
 4 inserting in lieu the following: "to that real
 5 estate by all improvements to that real estate."

H-6610 FILED *Lost 5/10* BY LIPSKY of Linn
 MAY 10, 1978 (*p. 2390*)

HOUSE FILE 2448

H-6613

- 1 Amend amendment H-6606 to House File 2448 as
 2 follows:
 3 1. Page 1, line 5, by striking the words "commer-
 4 cial use for residential purposes" and by inserting
 5 in lieu thereof the words "mixed commercial and
 6 residential uses".
 7 2. Page 1, line 9, by adding after the word
 8 "rezoned." the following: "For purposes of this
 9 Act, zoning for "mixed commercial and residential
 10 uses" shall mean a zoning classification in which
 11 small scale commercial uses are permitted in an
 12 otherwise predominantly residential environment."
 13 3. Page 1, lines 19 and 20, by striking the words
 14 "commercial use for residential purposes" and by
 15 inserting in lieu thereof the words "mixed commercial
 16 and residential uses".

H-6613 FILED *Adopted, recon. BY* CONLON of Muscatine
 MAY 10, 1978 *amended by 6615 and adopted 5/10 (p. 2392)*

HOUSE FILE 2448

H-6625

- 1 Amend House File 2448 as follows:
 2 1. Page 7, by striking line 30.
 H-6625 FILED *Adopted 5/10* BY NORLAND of Worth
 MAY 10, 1978 (*p. 2436*) WEST of Marshall
 O'HALLORAN of Black Hawk
 CLARK of Lee
 BINA of Scott

H-6606

1 Amend House File 2448 as follows:

2 1. Page 2, line 3, by inserting after the word
3 "Act." the words "However, if on or after the effective
4 date of this Act an area zoned for residential use
6613-5 or commercial use for residential purposes has been
6 rezoned for any use other than these, the city shall
7 not adopt a resolution designating that area as a
8 part of a revitalization area for at least five years
6615 9 after the date on which that area was rezoned."

10 2. Page 2, line 15, by striking the words "and
11 proposed".

12 3. Page 2, lines 16 and 17, by striking the words
13 "a proposed zoning classification or district" and
14 inserting in lieu thereof the words "the plan".

15 4. Page 3, by inserting after line 24 the follow-
16 ing paragraphs:

17 "After the city designates an area a revitalization
18 area, the city shall not rezone any area zoned for
19 residential use or commercial use for residential
20 purposes to any use other than these within that
21 revitalization area during the time during which the
22 area remains designated a revitalization area or for
23 seven years from the date of the designation as a
24 revitalization area, whichever time is the lesser.

25 The provisions in this section restricting a city
26 from designating an area a revitalization area if
27 that area has been rezoned or restricting a city from
28 rezoning an area within a revitalization area shall
29 not apply to:

30 (a) The rezoning of an area consisting solely
31 of land on which no structure exists at the time of
32 rezoning except, where structures previously existing
33 on such land have been removed for the purpose of
34 qualifying for this exemption from the rezoning
35 restrictions of this section;

36 (b) The rezoning of an area if before the rezoning
37 the city has entered into agreements with all
38 developers and the persons and businesses involved
39 to insure that relocation payments or rent supplements
40 will be provided as required by section six (6) of
41 this Act; or

42 (c) The rezoning of an area for which an urban
43 renewal project has been approved pursuant to chapter
44 four hundred three (403) of the Code."

H-6606 FILED *Adopted* BY HARGRAVE of Johnson
MAY 10, 1978 *amended by* NORLAND of Worth
6613 5/10 (p. 2392) GARRISON of Black Hawk

HOUSE FILE 2448

H-6615

1 Amend amendment H-6613 to amendment H-6606 to
2 House File 2448 as follows:

3 1. Page 1, by striking lines 3 through 6 and
4 inserting in lieu thereof the following:

5 "1. Page 1, line 5, by inserting after the word
6 "purposes" the words "or mixed commercial and
7 residential uses".

8 2. Page 1, by striking lines 13 through 16 and
9 inserting in lieu thereof the following:

10 "3. Page 1, line 20, by inserting after the word
11 "purposes" the words "or mixed commercial and
12 residential uses".

H-6615 FILED *Adopted 5/10* BY SMALL of Johnson
MAY 10, 1978 *(p. 2392)*

H-6506

1 Amend House File 2448 as follows:

2 1. Page 2, line 13, by inserting after the word
3 "owners" the words "of record".

4 2. Page 2, line 22, by striking the word
5 "developer" and inserting in lieu thereof the word
6 "owner".

536 7 3. Page 2, line 35, by inserting after the word
8 "designation" the words "and whether the city plans
9 on issuing revenue bonds for revitalization projects
10 within the area".

11 4. Page 3, line 9, by inserting after the word
12 "owners" the words "of record".

13 5. Page 3, line 13, by inserting after the word
14 "owner" the words "of record".

15 6. Page 3, line 19, by inserting after the word
16 "days" the words "nor later than six months".

17 7. By striking page 3, line 25 through page 6,
18 line 33 and inserting in lieu thereof the following:

19 "Sec. 3. NEW SECTION.

20 1. All real estate, excluding land, shall be
21 eligible to receive a one hundred percent exemption
22 from assessment and taxation on the actual value added
23 to that real estate, not to exceed fifty thousand
24 dollars, by all improvements to that real estate.
25 The exemptions shall be for the first seven years
26 following any improvements if such improvements
27 increase the actual value of such real estate,
28 excluding land, by at least twenty-five percent.
29 To receive the exemption, the property must be within
30 a designated revitalization area.

31 2. All real estate, excluding land, assessed as
32 residential property or as commercial property
33 consisting of three or more separate living quarters,
34 with at least seventy-five percent of the space being
35 used for residential purposes, shall be eligible to
36 receive a partial exemption from assessment and
37 taxation for a period of seven years if located in
38 a revitalization area established pursuant to section
39 one (1) of this Act. To receive the exemption, there
40 shall have been added to the real estate, excluding
41 land, improvements which increase the actual value
42 of such real estate, excluding land, by at least
43 twenty-five percent. The amount of actual value of
44 existing buildings and the improvements which shall
45 be used in computing the assessed value of such
46 buildings and improvements shall be determined by
47 subtracting from the actual value an amount of the
48 actual value as follows:

49 a. For the first year, fifty percent.

50 b. For the second year, forty-five percent.

- 1 c. For the third year, forty percent.
- 2 d. For the fourth year, thirty-five percent.
- 3 e. For the fifth year, thirty percent.
- 4 f. For the sixth year, twenty-five percent.
- 5 g. For the seventh year, twenty percent.

6 However, the amount of actual value used in
7 computing the assessed value of the real estate,
8 excluding land, shall not be less during the seven-
9 year exemption period than it was in the year
10 immediately preceding the year in which an exemption
11 is first granted. Land shall be assessed at its
12 actual value and shall not be subject to the exemption
13 granted by this Act.

14 The owners of all real estate, excluding land,
15 assessed as residential property or as commercial
16 property consisting of three or more separate living
17 quarters, with at least seventy-five percent of the
18 space being used for residential purposes, may elect
19 to take the exemption provided in subsection one (1)
20 or two (2) of this section. Once such election has
21 been made and the exemption granted the owner shall
22 not be permitted to change the method of exemption.

23 The term "improvements" as used in this Act shall
24 include rehabilitation and additions to existing
25 structures as well as new construction. The
26 requirement in this section that the improvements
27 increase the actual value of real estate, excluding
28 land, by at least twenty-five percent to be eligible
29 for the tax exemption shall not apply to new
30 construction done on land upon which no structure
31 exists at the start of the construction project.

32 Sec. 4. NEW SECTION. A person may submit a
33 proposal for a construction project to the local
34 governing body of the city to seek prior approval
35 for eligibility for a tax exemption on such project.
36 A city shall, by resolution, give its prior approval
37 for a construction project if such a project is in
38 conformance with the plan for revitalization developed
39 by the city. If the proposal is not approved, the
40 person may submit an amended proposal for the local
41 governing body to approve or reject.

42 An application shall be filed for each exemption
43 claimed. The first application for the exemption
44 granted by this Act shall be filed by the owner of
45 the property by February first of the assessment year
46 for which the exemption is first claimed, but not
47 later than the year in which all improvements included
48 in the construction project are first assessed for
49 taxation, with the local governing body of the city
50 in which the property is located. The application

1 shall be made on forms prescribed by the director
2 of revenue, and shall contain information pertaining
3 to the nature of the improvement, its cost, the
4 completion date or estimated completion date of
5 construction of the improvement, and such other
6 information deemed necessary by the director of
7 revenue. The local governing body of the city shall
8 approve the application if the construction project
9 is in conformance with the plan for revitalization
10 developed by the city. The local governing body of
11 the city shall forward all approved applications to
12 the appropriate local assessor by not later than March
13 first of each year. Applications for exemption for
14 succeeding years on approved projects shall be filed
15 directly with the local assessor by March first on
16 claims prescribed by the director of revenue.

17 Sec. 5. NEW SECTION. The local assessor shall
18 review each first-year application to determine if
19 the improvements made increased the actual value of
20 the real estate, excluding land, by at least twenty-
21 five percent. If the assessor determines that the
22 actual value of the real estate, excluding land, has
23 increased by at least twenty-five percent, the assessor
24 shall proceed to determine the actual value of the
25 property and certify the valuation determined pursuant
26 to section three (3) of this Act to the county auditor
27 at the time of transmitting the assessment rolls.
28 However, if a new structure is erected on land upon
29 which no structure existed at the start of the
30 construction project, the new structure shall be
31 eligible for the tax exemption provided in this Act
32 and the assessor shall proceed to determine the actual
33 value of the property and certify the valuation
34 determined pursuant to section three (3) of this Act
35 to the county auditor at the time of transmitting
36 the assessment rolls. The assessor shall notify the
37 applicant of his or her determination, and the
38 assessor's decision may be appealed to the local board
39 of review at the times specified in section four
40 hundred forty-one point thirty-seven (441.37) of the
41 Code. If any application for exemption is denied
42 as a result of failure to sufficiently increase the
43 value of the real estate as provided in section three
44 (3) of this Act, the owner may file a first annual
45 application in a subsequent year when additional
46 improvements are made to satisfy requirements of
47 section three (3) of this Act, and the provisions
48 of section four (4) of this Act shall apply. For
49 applications for each succeeding year, the local
50 assessor shall determine the actual value of the

1 property and certify to the county auditor the
2 valuation of the property as determined pursuant to
3 section three (3) of this Act."

4 8. Page 7, by inserting after line 27 the following
5 new sections:

6 "Sec. _____. Section three hundred sixty-eight point
7 ten (368.10), unnumbered paragraph one (1), Code 1977,
8 is amended to read as follows:

9 The board shall conduct studies of city development,
10 and shall submit an annual report to the governor
11 and the general assembly. This report shall include
12 an analysis of all plans for designated revitalization
13 areas filed with the board pursuant to this Act since
14 the last annual report.

15 Sec. _____. Section four hundred three point nine
16 (403.9), Code 1977, is amended by adding the following
17 new subsection:

18 NEW SUBSECTION. Municipalities may also issue
19 revenue bonds for projects located within an urban
20 renewal area or an area designated a revitalization
21 area pursuant to this Act. These revenue bonds shall
22 be issued pursuant to the provisions of chapter four
23 hundred nineteen (419) of the Code and all provisions
24 of chapter four hundred nineteen (419) of the Code,
25 to the extent consistent with the provisions of this
26 chapter or of this Act, in the case of revitalization
27 areas, shall apply except that:

28 a. The term "project" as defined in section four
29 hundred nineteen point one (419.1) of the Code shall
30 also include land, buildings, or improvements which
31 shall be suitable for use as residential property
32 or for the use of any commercial enterprise or
33 nonprofit organization which the local governing body
34 finds is consistent with the urban renewal plan or
35 the revitalization plan, as the case may be; and

36 b. The provisions of sections four hundred nineteen
37 point eight (419.8) and four hundred nineteen point
38 fourteen (419.14) of the Code shall not be construed
39 to limit the powers of a municipality granted under
40 the provisions of this chapter or in the case of
41 revitalization areas powers granted under this Act.

42 The power to issue revenue bonds pursuant to this
43 subsection shall be in addition to any other powers
44 granted municipalities to aid urban renewal areas
45 and revitalization areas."

46 9. Amend the title, line 3, by inserting after
47 the word "made" the words "and authorizing cities
48 to issue revenue bonds for revitalization areas and
49 urban renewal areas".

H-6506 FILED BY COMMITTEE ON WAYS AND MEANS

MAJ. *deputed*
amended by 6536 5/10 (p. 2390)

Sen. Ways & Means 5/11 Do Pass 5/12 (p. 2008)

HOUSE FILE 2448

Ways and Means
Redmond, Chairperson
Noiting
Readinger

HOUSE FILE 2448

By COMMITTEE ON CITIES

(As Amended and Passed by the House)

Passed House, Date 5-12-78 (p. 2678) Passed Senate, Date 5-12-78 (p. 1516)

Vote: Ayes 57 Nays Vote: Ayes 42 Nays

Approved _____

House Rec'd: Failed to 5-12-78 (p. 2733)
Pass

Motion to reconsider p. 1516/d 1522

Motion to reconsider 48-47 p. 2767

A BILL FOR

1 An Act relating to property tax exemptions for property
2 in revitalization areas of a city on which improvements
3 have been made and authorizing cities to issue revenue
4 bonds for revitalization areas and urban renewal areas.

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

6 7/15/78
7 Motion to recede withdrawn p. 2913
8 Insisted on House amendment p. 2928

House Amendments _____

Conference Committee Appointed

Representatives Largrove, chair; Holland, Bina, Hunt, Krewson (p. 2931)

Mr. Speaker: I am directed to inform your honorable body inasmuch as the Senate has adjourned sine die, we are unable to accept your message regarding House File 2448, a bill for an act relating to property tax exemptions for property in revitalization areas of a city on which improvements have been made.

Also: That the Senate in accordance with past practice, and although the General Assembly has adjourned sine die, stands willing to receive any messages the House may wish to send.

7/16 (p. 2936)

KEVIN P. LIGHT, Acting Secretary

1 Section 1. NEW SECTION. The local governing body of a
2 city may, by ordinance, designate an area of the city as a
3 revitalization area, if that area is:

4 1. An area in which there is a predominance of buildings
5 or improvements, whether residential or nonresidential, which
6 by reason of dilapidation, deterioration, age or obsolescence;
7 or inadequate provision for ventilation, light, air,
8 sanitation, or open spaces; or high density of population
9 and overcrowding; or the existence of conditions which endanger
10 life or property by fire and other causes; or any combination
11 of such factors, is conducive to ill health, transmission
12 of disease, infant mortality, juvenile delinquency or crime,
13 and which is detrimental to the public health, safety, or
14 welfare, or

15 2. An area which by reason of the presence of a substan-
16 tial number of deteriorated or deteriorating structures,
17 predominance of defective or inadequate street layout, faulty
18 lot layout in relation to size, adequacy, accessibility or
19 usefulness, unsanitary or unsafe conditions, deterioration
20 of site or other improvements, diversity of ownership, tax
21 or special assessment delinquency exceeding the actual value
22 of the land, defective or unusual conditions of title, or
23 the existence of conditions which endanger life or property
24 by fire and other causes, or any combination of such factors,
25 substantially impairs or arrests the sound growth of a
26 municipality, retards the provision of housing accommodations
27 or constitutes an economic or social liability and is a menace
28 to the public health, safety, or welfare in its present
29 condition and use.

30 Sec. 2. NEW SECTION. A city shall not exercise the
31 authority herein conferred upon the city until the following
32 conditions have been met:

33 1. The local governing body shall have adopted a resolu-
34 tion finding that the rehabilitation, conservation, redevelop-
35 ment, or a combination thereof of such area or areas is neces-

1 sary in the interest of the public health, safety, or welfare
2 of the residents of such a municipality and such area or areas
3 meet the criteria of section one (1) of this Act. However,
4 if on or after the effective date of this Act an area zoned
5 for residential use or commercial use for residential purposes
6 or mixed commercial and residential uses has been rezoned
7 for any use other than these, the city shall not adopt a
8 resolution designating that area as a part of a revitalization
9 area for at least five years after the date on which that
10 area was rezoned. For purposes of this Act, zoning for "mixed
11 commercial and residential uses" shall mean a zoning
12 classification in which small scale commercial uses are
13 permitted in an otherwise predominantly residential
14 environment.

15 2. The city shall prepare or cause to be prepared a plan
16 for the designated revitalization area. The plan shall in-
17 clude:

18 a. A legal description of all real estate forming the
19 boundaries of the proposed area along with a map depicting
20 all existing parcels of real estate and their use within the
21 proposed area.

22 b. The existing assessed valuation of all real estate
23 in the area delineating land and improvement values.

24 c. A list of names and addresses of all owners of record
25 of real estate within the area.

26 d. The existing zoning classifications and districts
27 within the area. When the plan involves specific development
28 projects there shall be an analysis of such projects which
29 shall include costs and cost estimates of the projects; a
30 schedule of the time anticipated for the completion of major
31 segments as well as the entire project; and evidence of the
32 arrangement made by both the owner and the developer for
33 financing all costs of the project.

34 e. Proposals for improving or expanding city services
35 within that area including but not limited to transportation

1 facilities, sewage, garbage collection, street maintenance,
2 park facilities and police and fire protection.

3 f. A statement specifying whether the revitalization shall
4 be applicable to residential, commercial or industrial property
5 within the designated area or any combination thereof and
6 whether the revitalization shall be for rehabilitation and
7 additions to existing buildings or new construction or both.
8 The city shall state how long it is estimated that the area
9 shall remain a designated revitalization area which time shall
10 be longer than one year from the date of designation and shall
11 state any plan by the city to issue revenue bonds for
12 revitalization projects within the area.

13 g. The provisions that have been made for the relocation
14 of persons, including families, business concerns and others,
15 whom the city anticipates will be displaced as a result of
16 any improvements to be made in the designated area.

17 3. The city has filed a copy of the plan for the designated
18 revitalization area with the city development board at least
19 thirty days before the scheduled public hearing.

20 4. The city has scheduled a public hearing and notified
21 all owners of record of property within the proposed area
22 and the city development board in accordance with section
23 three hundred sixty-two point three (362.3) of the Code.
24 In addition to notice by publication, notification shall also
25 be given by ordinary mail to the last known address of the
26 owner of record.

27 5. The public hearing has been held.

28 6. The city development board has approved the plan for
29 the designated area. However, in lieu of the board's appro-
30 val the city may schedule a second public hearing with notice
31 as provided in subsection four (4) of this section no sooner
32 than sixty days nor later than six months after the first
33 hearing. At this second hearing, the city may offer an amended
34 plan or consider the specifics of the board's objection.
35 After the second public hearing, the city may by ordinance

1 designate an area a revitalization area without city
2 development board approval if all other requirements have
3 been met.

4 After the city designates an area a revitalization area,
5 the city shall not rezone any area zoned for residential use
6 or commercial use for residential purposes or mixed commercial
7 and residential uses to any use other than these within that
8 revitalization area during the time during which the area
9 remains designated a revitalization area or for seven years
10 from the date of the designation as a revitalization area,
11 whichever time is the lesser.

12 The provisions in this section restricting a city from
13 designating an area a revitalization area if that area has
14 been rezoned or restricting a city from rezoning an area
15 within a revitalization area shall not apply to:

16 (a) The rezoning of an area consisting solely of land
17 on which no structure exists at the time of rezoning except,
18 where structures previously existing on such land have been
19 removed for the purpose of qualifying for this exemption from
20 the rezoning restrictions of this section;

21 (b) The rezoning of an area if before the rezoning the
22 city has entered into agreements with all developers and the
23 persons and businesses involved to insure that relocation
24 payments or rent supplements will be provided as required
25 by section six (6) of this Act; or

26 (c) The rezoning of an area for which an urban renewal
27 project has been approved pursuant to chapter four hundred
28 three (403) of the Code.

29 Sec. 3. NEW SECTION.

30 1. All real estate, excluding land, shall be eligible
31 to receive a one hundred percent exemption from assessment
32 and taxation on the actual value added to that real estate,
33 not to exceed fifty thousand dollars, by all improvements
34 to that real estate. The exemptions shall be for the first
35 seven years following any improvements if such improvements

1 increase the actual value of such real estate, excluding land,
2 by at least twenty-five percent. To receive the exemption,
3 the property must be within a designated revitalization area.

4 2. All real estate, excluding land, assessed as residential
5 property or as commercial property consisting of three or
6 more separate living quarters, with at least seventy-five
7 percent of the space being used for residential purposes,
8 shall be eligible to receive a partial exemption from
9 assessment and taxation for a period of seven years if located
10 in a revitalization area established pursuant to section one
11 (1) of this Act. To receive the exemption, there shall have
12 been added to the real estate, excluding land, improvements
13 which increase the actual value of such real estate, excluding
14 land, by at least twenty-five percent. The amount of actual
15 value of existing buildings and the improvements which shall
16 be used in computing the assessed value of such buildings
17 and improvements shall be determined by subtracting from the
18 actual value an amount of the actual value as follows:

- 19 a. For the first year, fifty percent.
20 b. For the second year, forty-five percent.
21 c. For the third year, forty percent.
22 d. For the fourth year, thirty-five percent.
23 e. For the fifth year, thirty percent.
24 f. For the sixth year, twenty-five percent.
25 g. For the seventh year, twenty percent.

26 However, the amount of actual value used in computing the
27 assessed value of the real estate, excluding land, shall not
28 be less during the seven-year exemption period than it was
29 in the year immediately preceding the year in which an
30 exemption is first granted. Land shall be assessed at its
31 actual value and shall not be subject to the exemption granted
32 by this Act.

33 The owners of all real estate, excluding land, assessed
34 as residential property or as commercial property consisting
35 of three or more separate living quarters, with at least

5912

1 seventy-five percent of the space being used for residential
2 purposes, may elect to take the exemption provided in
3 subsection one (1) or two (2) of this section. Once such
4 election has been made and the exemption granted the owner
5 shall not be permitted to change the method of exemption.

6 The term "improvements" as used in this Act shall include
7 rehabilitation and additions to existing structures as well
8 as new construction. The requirement in this section that
9 the improvements increase the actual value of real estate,
10 excluding land, by at least twenty-five percent to be eligible
11 for the tax exemption shall not apply to new construction
12 done on land upon which no structure exists at the start of
13 the construction project.

14 Sec. 4. NEW SECTION. A person may submit a proposal for
15 a construction project to the local governing body of the
16 city to seek prior approval for eligibility for a tax exemption
17 on such project. A city shall, by resolution, give its prior
18 approval for a construction project if such a project is in
19 conformance with the plan for revitalization developed by
20 the city. If the proposal is not approved, the person may
21 submit an amended proposal for the local governing body to
22 approve or reject.

5916

23 An application shall be filed for each exemption claimed.
24 The first application for the exemption granted by this Act
25 shall be filed by the owner of the property by February first
26 of the assessment year for which the exemption is first
27 claimed, but not later than the year in which all improvements
28 included in the construction project are first assessed for
29 taxation, with the local governing body of the city in which
30 the property is located. The application shall be made on
31 forms prescribed by the director of revenue, and shall contain
32 information pertaining to the nature of the improvement, its
33 cost, the completion date or estimated completion date of
34 construction of the improvement, and such other information
35 deemed necessary by the director of revenue. The local

1 governing body of the city shall approve the application
2 if the construction project is in conformance with the plan
3 for revitalization developed by the city. The local governing
4 body of the city shall forward all approved applications to
5 the appropriate local assessor by not later than March first
6 of each year. Applications for exemption for succeeding years
7 on approved projects shall be filed directly with the local
8 assessor by March first on claims prescribed by the director
9 of revenue.

10 Sec. 5. NEW SECTION. The local assessor shall review
11 each first-year application to determine if the improvements
12 made increased the actual value of the real estate, excluding
13 land, by at least twenty-five percent. If the assessor
14 determines that the actual value of the real estate, excluding
15 land, has increased by at least twenty-five percent, the
16 assessor shall proceed to determine the actual value of the
17 property and certify the valuation determined pursuant to
18 section three (3) of this Act to the county auditor at the
19 time of transmitting the assessment rolls. However, if a
20 new structure is erected on land upon which no structure
21 existed at the start of the construction project, the new
22 structure shall be eligible for the tax exemption provided
23 in this Act and the assessor shall proceed to determine the
24 actual value of the property and certify the valuation
25 determined pursuant to section three (3) of this Act to the
26 county auditor at the time of transmitting the assessment
27 rolls. The assessor shall notify the applicant of his or
28 her determination, and the assessor's decision may be appealed
29 to the local board of review at the times specified in section
30 four hundred forty-one point thirty-seven (441.37) of the
31 Code. If any application for exemption is denied as a result
32 of failure to sufficiently increase the value of the real
33 estate as provided in section three (3) of this Act, the owner
34 may file a first annual application in a subsequent year when
35 additional improvements are made to satisfy requirements of

1 section three (3) of this Act, and the provisions of section
2 four (4) of this Act shall apply. For applications for each
3 succeeding year, the local assessor shall determine the actual
4 value of the property and certify to the county auditor the
5 valuation of the property as determined pursuant to section
6 three (3) of this Act.

7 Sec. 6. NEW SECTION. Upon application to it and after
8 verification by it, the city shall provide relocation payments
9 to or with respect to those persons, including families,
10 business concerns and others displaced as a result of
11 improvements made in a designated revitalization area. These
12 payments shall be made for moving expenses and losses of
13 property for which reimbursement or compensation has not
14 otherwise been provided. In addition, the city shall provide
15 rent supplements to those families who are forced to relocate
16 because of improvements made within the area, provided it
17 is necessary to do so in order to house such family in decent,
18 safe and sanitary housing and that family does not have
19 sufficient means, as determined by the city, to pay the
20 required rent for such housing and for which reimbursement
21 or compensation has not otherwise been provided. Any such
22 rent supplement for any family shall not continue for more
23 than five years.

24 Sec. 7. NEW SECTION. When in the opinion of the local
25 governing body of a city the desired level of revitalization
26 has been attained or economic conditions are such that the
27 continuation of the exemption granted by this Act would cease
28 to be of benefit to the city, the local governing body may
29 repeal the ordinance establishing revitalization areas. In
30 such event, all existing exemptions shall continue until their
31 expiration.

32 Sec. 8. NEW SECTION. Residential real estate located
33 within an area designated as a revitalization area pursuant
34 to section one (1) of this Act, shall not be subject to the
35 additional tax imposed by Acts of the Sixty-seventh General

1 Assembly, 1977 Session, chapter forty-three (43), section
2 twenty-three (23).

3 Sec. 9. Section three hundred sixty-eight point ten
4 (368.10), unnumbered paragraph one (1), Code 1977, is amended
5 to read as follows:

6 The board shall conduct studies of city development, and
7 shall submit an annual report to the governor and the general
8 assembly. This report shall include an analysis of all plans
9 for designated revitalization areas filed with the board
10 pursuant to this Act since the last annual report.

11 Sec. 10. Section four hundred three point nine (403.9),
12 Code 1977, is amended by adding the following new subsection:

13 NEW SUBSECTION. Municipalities may also issue revenue
14 bonds for projects located within an urban renewal area or
15 an area designated a revitalization area pursuant to this
16 Act. These revenue bonds shall be issued pursuant to the
17 provisions of chapter four hundred nineteen (419) of the Code
18 and all provisions of chapter four hundred nineteen (419)
19 of the Code, to the extent consistent with the provisions
20 of this chapter or of this Act, in the case of revitalization
21 areas, shall apply except that:

22 a. The term "project" as defined in section four hundred
23 nineteen point one (419.1) of the Code shall also include
24 land, buildings, or improvements which shall be suitable
25 for use as residential property or for the use of any
26 commercial enterprise or nonprofit organization which the
27 local governing body finds is consistent with the urban renewal
28 plan or the revitalization plan, as the case may be; and

29 b. The provisions of sections four hundred nineteen point
30 eight (419.8) and four hundred nineteen point fourteen (419.14)
31 of the Code shall not be construed to limit the powers of
32 a municipality granted under the provisions of this chapter
33 or in the case of revitalization areas powers granted under
34 this Act.

35 The power to issue revenue bonds pursuant to this subsection

1 shall be in addition to any other powers granted municipalities
2 to aid urban renewal areas and revitalization areas.

3 Sec. 11. The provisions of this Act shall also apply to
4 all special charter cities located within the state.

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HOUSE FILE 2448

S-5912

1 Amend House File 2448 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 5, by striking lines 4 through 7 and
4 inserting in lieu thereof the following:
5 "2. All real estate, excluding land,".
6 2. By striking page 5, line 33 through page 6,
7 line 2 and inserting in lieu thereof the following:
8 "The owners of all real estate, excluding land,
9 may elect to take the exemption provided in".

S-5912 FILED & ADOPTED (p. 155)
MAY 12, 1978

BY FRED NOLTING
CLOYD ROBINSON
WARREN CURTIS
CALVIN HULTMAN
FORREST ASHCRAFT
NORMAN RODGERS

HOUSE FILE 2448

S-5916

1 Amend House File 2448 as amended, passed and
2 reprinted by the House as follows:
3 1. Page 6, line 20, by inserting after the word
4 "city" the words "and the city finds that the owner
5 or developer has provided for the relocation payments
6 and rent supplements required under section six (6)
7 of this Act".
8 2. Page 7, line 3, by inserting after the word
9 "city" the words "and the city finds that the owner
10 or developer has provided for the relocation payments
11 and rent supplements required under section six (6)
12 of this Act".
13 3. Page 8, lines 7 and 8, by striking the words
14 "Upon application to it and after verification by it,
15 the city" and inserting in lieu thereof the words
16 "The owner or developer".
17 4. Page 8, line 11, by inserting after the word
18 "made" the words "by the owner or developer".
19 5. Page 8, line 14, by striking the word
20 "city" and inserting in lieu thereof the words
21 "owner or developer".
22 6. Page 8, line 16, by inserting after the word
23 "made" the words "by the owner or developer".
24 7. Page 8, line 23, by inserting after the word
25 "years." the words "The city shall deny
26 any exemption provided in this Act for any owner or
27 developer failing to comply with this section."

S-5916 FILED & ADOPTED (p. 157)
MAY 12, 1978

BY JAMES M. REDMOND

HOUSE AMENDMENT TO SENATE AMENDMENT
TO HOUSE FILE 2448

S-5928

- 1 Amend the Senate amendment, H-6707, to House
- 2 File 2448 as amended, passed and reprinted by the
- 3 House as follows:
- 4 1. Page 1, by striking lines 3 through 9.

S-5928 FILED
MAY 12, 1978

RECEIVED FROM THE HOUSE

*See also report to committee 5/12 (p 1575)
House record 5/12/78*

SENATE AMENDMENT TO
HOUSE FILE 2448

H-6707

- 1 Amend House File 2448 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 5, by striking lines 4 through 7 and
- 4 inserting in lieu thereof the following:
- 5 "All real estate, excluding land,".
- 6 2. Striking page 5, line 30 through page 6, line
- 7 2 and inserting in lieu thereof the following:
- 8 "The owners of all real estate, excluding land,
- 9 may elect to take the exemption provided in".
- 10 3. Page 6, line 20, by inserting after the word
- 11 "city" the words "and the city finds that the owner
- 12 or developer has provided for the relocation payments
- 13 and rent supplements required under section six (6)
- 14 of this Act".
- 15 4. Page 7, line 3, by inserting after the word
- 16 "city" the words "and the city finds that the owner
- 17 or developer has provided for the relocation payments
- 18 and rent supplements required under section six (6)
- 19 of this Act".
- 20 5. Page 8, lines 7 and 8, by striking the words
- 21 "Upon application to it and after verification by
- 22 it, the city" and inserting in lieu thereof the words
- 23 "The owner or developer".
- 24 6. Page 8, line 11, by inserting after the word
- 25 "made" the words "by the owner or developer".
- 26 7. Page 8, line 14, by striking the word "city"
- 27 and inserting in lieu thereof the words "owner or
- 28 developer".
- 29 8. Page 8, line 16, by inserting after the word
- 30 "made" the words "by the owner or developer".
- 31 9. Page 8, line 23, by inserting after the word
- 32 "years." the words "The city shall deny any exemption
- 33 provided in this Act for any owner or developer failing
- 34 to comply with this section."

H-6707 FILED
RECEIVED FROM SENATE
May 12, 1978

House amended concurred 5/12 (p. 2677)

HOUSE FILE 2448

H-6708

- 1 Amend the Senate amendment, H-6707, to House File
- 2 2448 as amended, passed and reprinted by the House as
- 3 follows:
- 4 1. Page 1, by striking lines 3 through 9.

H-6708 FILED *Adopted* BY NORLAND of Worth
May 12, 1978 *5/12 (2677)*

URBAN REVITALIZATION BILL

House File 2448 as amended, passed and reprinted by the House, provides:

Sections 1 and 2 authorize the city to designate an area a revitalization area if it meets certain criteria and then only if certain conditions have been met. These conditions include the preparation of a plan for that area, notification to the owners of record of property within the area, the holding of a public hearing, and the approval of the plan by the city development board or the holding of a second public hearing.

Provision is made prohibiting for 5 years the city from designating an area if the area has been rezoned after the effective date from residential use, commercial use for residential purposes or mixed residential and commercial use to any use other than these. The city is also prohibited from rezoning any area zoned for residential use, commercial use or mixed residential and commercial use for 7 years if the area is within a revitalization area. There are certain exceptions.

Section 3 provides for exemption from taxation with only buildings being eligible if the improvements increase the actual value of the buildings by 25% with no percentage requirement if no building previously existed. The first option, available to all classes of property, grants an exemption for 7 years of 100% of the actual value added by the improvement, not to exceed \$50,000. The second option, available only to property zoned for residential use or commercial use with 75% of area used for living space, provides for the reduction in the amount of actual value of building and improvement used to compute the assessed value but not to be reduced less than the actual value in the year previous to the first year. The rate of reduction varies from 50% in the first year to 20% in the seventh and last year. An election must be made as to which option is to apply and once the exemption is granted no change in method is allowed. (Amended by Senate)

Sections 4 and 5 authorize the city to grant prior approval for eligibility for an exemption before the project is started and provides the mechanics for the filing, granting and verification for the exemption. (Amended by Senate)

Section 6 requires the city to provide relocation and rent supplement payments, if not otherwise provided, to those forced to relocate because of revitalization. (Amended by Senate)

Section 7 allows for the repealing of the ordinance designating a revitalization area with existing exemptions to continue until expiration of the 7 years.

Section 8 exempts residential property located within a designated area from the recapture provision of House File 332.

Section 9 requires the city development board to annually

report to the governor and legislature on the submitted city plans for revitalization.

Section 10 allows the city to issue revenue bonds for projects located within an urban renewal area or a revitalization area with the issuance of the bonds and all the provisions of chapter 419 (Municipal Support of Industrial Projects), to the extent consistent with the provisions of the Act and the urban renewal chapter, being applicable.

SENATE AMENDMENT TO HOUSE FILE 2448

Lines 3 through 9 amend section 3 to permit all classes of property to apply for the exemption under either option. (Note: The House amendment to the Senate amendment struck these lines but the Senate refused to concur and the House then voted to recede but failed to pass the bill.)

Lines 10 through 19 amend section 4 to require that the city, before granting prior approval for eligibility for exemption or before approving the application for exemption, determine that the owner or developer has provided for any relocation or rent supplement payemnts to those forced to relocate because of the revitalization.

Lines 20 through 34 amend section 6 by requiring that the owner or developer, not the city, provide relocation or rent supplement payments and requires the city to deny any exemption for the failure of the owner or developer to so provide.