

## CHAPTER 357H

### RURAL IMPROVEMENT ZONES

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#### **357H.1 Rural improvement zones.**

1. The board of supervisors of a county with less than twenty thousand residents, not counting persons admitted or committed to an institution enumerated in [section 218.1](#) or [904.102](#), based upon the 2000 certified federal census, and with a private lake development shall designate an area surrounding the lake, if it is an unincorporated area of the county, a rural improvement zone upon receipt of a petition pursuant to [section 357H.2](#), and upon the board's determination that the area is in need of improvements.

2. For purposes of [this chapter](#):

a. "Board" means the board of supervisors of the county.

b. "Improvements" means dredging, installation of erosion control measures, land acquisition, and related improvements, including soil conservation practices, within or outside of the boundaries of the zone.

[97 Acts, ch 152, §1; 98 Acts, ch 1168, §1; 2000 Acts, ch 1190, §1; 2005 Acts, ch 108, §1; 2010 Acts, ch 1069, §122](#)

#### **357H.2 Petition for public hearing.**

1. The board shall, on the petition of twenty-five percent of the residents of a proposed rural improvement zone, if the assessed valuation of the property owned by the petitioners represents at least twenty-five percent of the total assessed value of the proposed zone, hold a public hearing concerning the establishment of a proposed zone. The petition shall include a statement containing the following information:

a. The need for the proposed zone.

b. A description of the boundaries of the proposed zone.

c. The approximate number of families in the proposed zone.

2. The board may require the petitioners to post a bond conditioned upon the payment of all costs and expenses incurred in the proceedings if the zone is not established.

[97 Acts, ch 152, §2](#)

#### **357H.3 Time of public hearing.**

The public hearing required in [section 357H.2](#) shall be held within thirty days of the presentation of the petition. Notice of hearing shall be given by publication as provided in [section 331.305](#).

[97 Acts, ch 152, §3](#)

#### **357H.4 Hearing on petition — action by board.**

At the public hearing required in [section 357H.3](#), the board may consider the boundaries of a proposed rural improvement zone, whether the boundaries shall be as described in the petition or otherwise, and for that purpose may amend the petition and change the boundaries of the proposed zone as stated in the petition. The board may adjust the boundaries of a proposed zone as needed to exclude land that has no reasonable likelihood of benefit from inclusion in a rural improvement zone. However, the boundaries of a proposed zone shall not be changed to incorporate property which is not included in the original petition.

Within ten days after the hearing, the board shall establish the rural improvement zone by

resolution or disallow the petition. However, the zone shall not include any area which is part of an urban renewal area under [chapter 403](#).

[97 Acts, ch 152, §4](#)

#### **357H.5 Election of candidates for trustees.**

When a preliminary plat has been approved by the board, an election shall be held within the rural improvement zone within sixty days to choose candidates for the offices of trustees of the zone. Notice of the election shall be given as provided in [section 357H.3](#).

[97 Acts, ch 152, §5](#)

#### **357H.6 Trustees — terms and qualifications.**

The election of trustees of a rural improvement zone shall take place at a special election on ballots which shall not reflect a nominee's political affiliation. Nomination shall be made by petition in accordance with [chapter 45](#). The petition form shall be furnished by the county commissioner of elections, signed by eligible electors of the rural improvement zone equal in number to one percent of the vote cast within the zone for governor in the last previous general election, and shall be filed with the county commissioner of elections. A plurality shall be sufficient to elect the five trustees of the rural improvement zone, and no primary election for that office shall be held. At the original election, two trustees shall be elected for one year, two for two years, and one for three years. The terms of the succeeding trustees are for three years. The terms of the trustees shall begin immediately after their election and certification. The trustees must be residents of the zone. Vacancies on the board shall be filled by appointment by the remaining trustees.

[97 Acts, ch 152, §6; 98 Acts, ch 1168, §2](#)

Referred to in [§357H.7](#)

#### **357H.7 Board of trustees — power.**

The trustees of a rural improvement zone elected pursuant to [section 357H.6](#) shall constitute the board of trustees of the zone and shall manage and control the affairs, property, and facilities of the zone. The board of trustees shall elect a president, a clerk, and a treasurer from its membership. The trustees may authorize construction, reconstruction, or repair of improvements following procedures set out in [section 331.341](#). For these purposes, the trustees may purchase material, employ personnel, acquire real estate and interests in real estate, and perform all other acts necessary to properly maintain and operate the zone. The trustees are allowed necessary expenses in the discharge of their duties, but they shall not receive salaries.

[97 Acts, ch 152, §7; 2011 Acts, ch 128, §22, 60](#)

Referred to in [§357H.8](#)

#### **357H.8 Certificates, contracts, and other obligations — standby tax.**

To provide funds for the payment of the costs of improvement projects and for the payment of other activities authorized pursuant to [section 357H.7](#), the board of trustees may borrow money and issue and sell certificates or may enter into contracts or other obligations payable from a sufficient portion of the future receipts of tax revenue authorized pursuant to [section 357H.9](#) and the standby tax in [subsection 4 of this section](#). The receipts shall be pledged to the payment of principal of and interest on the certificates, contracts, or other obligations.

1. Certificates may be sold at public sale or at private sale at par, premium, or discount at the discretion of the board of trustees. [Chapter 75](#) does not apply to the issuance of these certificates.

2. Certificates may be issued with respect to a single improvement project or multiple projects and may contain terms or conditions as the board of trustees may provide by resolution authorizing the issuance of the certificates. However, certificates shall not be issued after January 1, 2007, except to refund other certificates as provided in [subsection 3](#).

3. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in [this section](#) with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times, or an entire

issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded, may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates, and may bear a rate of interest higher or lower than, or equivalent to, the rate of interest on certificates being renewed or refunded.

4. To further secure the payment of the certificates, the board of trustees shall, by resolution, provide for the assessment of an annual levy of a standby tax upon all taxable property within the rural improvement zone. The rate of the standby tax shall be not less than fifty cents per thousand dollars of the assessed value of the taxable property and not more than two dollars and fifty cents per thousand dollars of the assessed value of the taxable property. A copy of the resolution shall be sent to the county auditor. The revenues from the standby tax shall be deposited in a special fund and shall be expended only for the payment of principal of and interest on the certificates issued as provided in [this section](#), when the receipt of tax revenues pursuant to [section 357H.9](#) is insufficient. If payments are necessary and made from the special fund, the amount of the payments shall be promptly repaid into the special fund from the first available payments received which are not required for the payment of principal of or interest on certificates due. No reserves may be built up in the special fund in anticipation of a projected default. The board of trustees shall adjust the annual standby tax levy for each year to reflect the amount of revenues in the special fund and the amount of principal and interest which is due in that year.

5. Before certificates, contracts, or other obligations are issued or entered into, the board of trustees shall publish a notice of its intention, stating the amount, the purpose, and the improvement project or projects for which the certificates, contracts, or other obligations are to be issued or entered into. A person may, within fifteen days after the publication of the notice, appeal the decision of the board of trustees in proposing to issue the certificates or to enter into the contracts or other obligations to the district court in the county in which the rural improvement zone exists. The action of the board of trustees in determining to issue the certificates or to enter into the contracts or other obligations is final and conclusive unless the district court finds that the board of trustees has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, contracts, or other obligations, the power of the board of trustees to issue the certificates or to enter into the contracts or other obligations, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates or entrance into the contracts or other obligations after fifteen days from the publication of the notice of intention to issue certificates or enter into contracts or other obligations.

6. The board of trustees shall determine if revenues are sufficient to secure the faithful performance of obligations.

[97 Acts, ch 152, §8; 98 Acts, ch 1168, §3; 2000 Acts, ch 1190, §2](#)

### **357H.9 Incremental property taxes.**

1. The board of trustees shall provide by resolution that taxes levied on the taxable property in a rural improvement zone each year by or for the benefit of the state, city, county, school district, or other taxing district after the effective date of the resolution shall be divided as provided in [section 403.19, subsections 1 and 2](#), in the same manner as if the taxable property in the rural improvement zone was taxable property in an urban renewal area and the resolution was an ordinance within the meaning of those subsections. The taxes received by the board of trustees shall be allocated to, and when collected be paid into, a special fund and may be irrevocably pledged by the trustees to pay the principal of and interest on the certificates, contracts, or other obligations approved by the board of trustees to finance or refinance, in whole or in part, an improvement project. As used in [this section](#), “taxes” includes but is not limited to all levies on an ad valorem basis upon land or real property located in the rural improvement zone.

2. *a.* Each board of trustees that has by resolution provided for a division of revenue in the rural improvement zone during the most recently ended fiscal year shall complete and file with the department of management a tax increment financing report by December 1 following the end of such fiscal year. The report shall be approved by the affirmative vote of a

majority of the board of trustees and be prepared in the format and submitted electronically pursuant to the instructions prescribed by the department of management in consultation with the legislative services agency.

b. The report required under [this subsection](#) shall include substantially the same information required for counties under [section 331.403, subsection 3](#), as of June 30 of the most recently ended fiscal year or the information for such fiscal year, as applicable.

c. By December 1, 2012, the department of management shall make publicly available on an internet site a searchable database of all such information contained in the reports required under [this subsection](#). Reports from previous years shall be retained by the department and shall continue to be available and searchable on the internet site.

d. A board of trustees that fails to satisfy the requirements of [this subsection](#) shall have all future incremental taxes withheld from payment into the rural improvement zone's special fund until such requirements are met.

[97 Acts, ch 152, §9; 98 Acts, ch 1168, §4; 2012 Acts, ch 1124, §9, 25](#)

#### **357H.10 Dissolution of zone.**

The rural improvement zone shall be dissolved upon the adoption of a resolution of the board of trustees which specifies that all improvements have been made in the zone and all indebtedness has been paid. Upon dissolution of the zone, all assets shall be deeded to a nonprofit corporation whose members are property owners of the improvement zone.

[97 Acts, ch 152, §10](#)