357H.9 Incremental property taxes.

1. *a.* 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, except as provided in this section, 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.

b. (1) For fiscal years beginning on or after July 1, 2016, when calculating the amount of taxes subject to the division of taxes in a rural improvement zone established on or after July 1, 2004, if the assessed value of the taxable property in the rural improvement zone used to calculate the amount of taxes under section 403.19, subsection 1, is less than the greater of the base year taxable value and fifty percent of the assessed value of the taxable property in the rural improvement zone used to calculate the total amount of property taxes in the rural improvement zone for the fiscal year in which the taxes are due and payable, the assessed value used to calculate the amount of taxes under section 403.19, subsection 1, shall be increased for that fiscal year until the amount is equal to the greater of the base year taxable value and fifty percent of the assessed value used to calculate the total amount of property taxes in the rural improvement zone for the fiscal year in which the taxes are due and payable.

(2) However, for the period of ten consecutive fiscal years beginning with the first fiscal year in which the zone receives revenue from a division of taxes under this section, the division of taxes authorized under this section shall be calculated subject to the provisions of subparagraph (1), except that any references to fifty percent in subparagraph (1) shall be forty percent.

c. For fiscal years beginning on or after July 1, 2016, when calculating the amount of taxes subject to the division of taxes in a rural improvement zone established before July 1, 2004, if the assessed value of the taxable property in the rural improvement zone used to calculate the amount of taxes under section 403.19, subsection 1, is less than the greater of the base year taxable value and sixty percent of the assessed value of the taxable property in the rural improvement zone used to calculate the total amount of property taxes in the rural improvement zone for the fiscal year in which the taxes are due and payable, the assessed value used to calculate the amount of taxes under section 403.19, subsection 1, shall be increased for that fiscal year until the amount is equal to the greater of the base year taxable value and sixty percent of the assessed value used to calculate the total amount of property taxes in the rural improvement zone for the fiscal year in which the taxes are due and payable.

d. (1) In lieu of the valuation adjustments required under section 403.20, this paragraph *"d"* shall be used in determining the assessed value of property within a rural improvement zone that is subject to a division of taxes in the manner provided in section 403.19.

(2) The difference between the actual value of the property as determined by the assessor each year and the percentage of adjustment certified for that year by the director of revenue on or before November 1 pursuant to section 441.21, subsection 9, multiplied by the actual value of the property as determined by the assessor, shall be subtracted from the actual value of the property as determined pursuant to section 403.19, subsection 1.

(3) If the assessed value of the property as determined pursuant to section 403.19, subsection 1, is reduced to zero due to the reduction under subparagraph (2), or if the reduction in the assessed value is limited by operation of paragraph *"b"* or *"c"*, the additional valuation reduction shall be subtracted from the actual value of the property as determined by the assessor.

(4) If the actual value of the property as determined by the assessor is reduced to zero due to the reduction under subparagraph (3), the remaining valuation reduction, notwithstanding the limitation in paragraph *"b"* or *"c"*, shall be subtracted from the assessed value of the property as determined pursuant to section 403.19, subsection 1.

e. The board of trustees may enter into an agreement with the board that modifies the allocation of the taxes levied in the rural improvement zone. Such an agreement shall not, however, provide an allocation to the other taxing districts that is less than the amount of taxes resulting from application of paragraph *"b"* or *"c"*, as applicable.

f. As used in this section:

(1) *"Base year taxable value"* means the actual value of the property as determined in section 403.19, subsection 1, multiplied by the percentage of adjustment certified for the assessment year specified in section 403.19, subsection 1, by the director of revenue on or before November 1 pursuant to section 441.21, subsection 9.

(2) *"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 taxes 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; 2015 Acts, ch 97, §9, 10
Referred to in **§331.403**, **§357H.8**, **§357H.10**, **§357H.11**
Subsection 1 amended
Subsection 2, paragraph a amended