

**15J.4 District establishment — approval.**

1. A municipality that has an area suitable for development within the boundaries of the municipality is eligible to seek approval from the board to establish a reinvestment district under [this section](#) consisting of the area suitable for development. To be designated a reinvestment district, an area shall meet the following requirements:

a. The area consists only of parcels of real property that the governing body of the municipality determines will be directly and substantially benefited by development in the proposed district.

b. The area was in whole or in part a designated economic development enterprise zone under [chapter 15E, division XVIII](#), Code 2014, immediately prior to July 1, 2014, or the area is in whole or in part an urban renewal area established pursuant to [chapter 403](#).

c. The area consists of contiguous parcels and does not exceed twenty-five acres in total.

d. For a municipality that is a city, the area does not include the entire incorporated area of the city.

e. The area is not located in whole or in part within another district established under [this chapter](#).

2. Prior to submission to the board for approval under [subsection 3](#), a proposed district plan shall be developed and approved by resolution of the governing body of the municipality. The proposed district plan shall state the governing body's intent to establish a district. The proposed district plan shall also include all of the following:

a. A finding by the governing body that the area in the proposed district is an area suitable for development.

b. A legal description of the real estate forming the boundaries of the area to be included in the proposed district along with a map depicting the existing parcels of real estate located in the proposed district.

c. A list of the names and addresses of the owners of record of the parcels to be included in the proposed district.

d. A list of all projects proposed to be undertaken within the district, a detailed description of those projects, and a project plan for each proposed project. Each project plan shall clearly state the estimated cost of the proposed project, the anticipated funding sources for the proposed project, the amount of anticipated funding from each such source, and the amount and type of debt, if any, to be incurred by the municipality to fund the proposed project, and shall include a proposed project feasibility study conducted by an independent professional with expertise in economic development and public finance. The project plan for the project that proposes the largest amount of capital investment among all proposed projects within the district shall include an estimate of the date that construction of the project will be completed and of the date that operations will begin at the project. The feasibility study shall include projections and analysis of all of the following:

(1) The amount of gross revenues expected to be collected in the district as a result of the proposed project for each year that the district is in existence.

(2) A detailed explanation of the manner and extent to which the proposed project will contribute to the economic development of the state and the municipality, including an analysis of the proposed project's economic impact. The analysis shall include the same components and be conducted in the same manner as the economic impact study required under paragraph "e".

(3) An estimate of the number of visitors or customers the proposed project will generate during each year that the district exists.

(4) A description of the unique characteristics of the proposed project.

e. An economic impact study for the proposed district conducted by an independent economist retained by the municipality. The economic impact study shall, at a minimum, do all of the following:

(1) Contain a detailed analysis of the financial benefit of the proposed district to the economy of the state and the municipality.

(2) Identify one or more projected market areas in which the district can reasonably be expected to have a substantial economic impact.

(3) Assess the fiscal and financial impact of the proposed district on businesses or on other economic development projects within the projected market area.

3. a. The municipality shall submit a copy of the resolution, the proposed district plan, and all accompanying materials adopted pursuant to [this section](#) to the board for evaluation. The board shall not approve a proposed district plan on or after July 1, 2018.

b. The board shall evaluate each municipality's proposed district plan and accompanying materials and shall approve the district plan and establishment of the district if the board determines that, in addition to other criteria established by the board by rule, all of the following conditions are met:

(1) The area of the municipality proposed to be included in the district meets the requirements of [subsection 1](#).

(2) The projects proposed to be undertaken in the district are of a unique nature and will have a substantial beneficial impact on the economy of the state and the economy of the municipality.

(3) The proposed funding sources for each proposed project are feasible.

(4) At least one of the projects proposed to be undertaken in the district includes a capital investment of at least ten million dollars.

(5) The total amount of proposed funding from state sales tax revenues and state hotel and motel tax revenue to be remitted to the municipality from the state reinvestment district fund under [section 15J.6](#) for all proposed projects in the proposed district plan does not exceed thirty-five percent of the total cost of all proposed projects in the proposed district plan.

(6) The amount of proposed capital investment within the proposed district related to retail businesses in the proposed district does not exceed fifty percent of the total capital investment for all proposed projects in the proposed district plan. For the purposes of this subparagraph, "retail business" means any business engaged in the business of selling tangible personal property or taxable services at retail in this state that is obligated to collect state sales or use tax under [chapter 423](#). However, for the purposes of this subparagraph, "retail business" does not include a new lessor.

c. If the board denies a proposed district plan, the board shall state the reasons for the denial and the municipality may resubmit the application.

d. As part of its approval of a proposed district plan, the board shall establish a commencement date for the district. The commencement date established by the board shall be the first day of the first calendar quarter beginning after the later of the two dates identified for the project that proposed the largest amount of capital investment among all proposed projects in the district pursuant to [subsection 2](#), paragraph "d".

e. As part of its approval of a proposed district plan, the board shall, subject to the authorized amounts under [section 15J.5](#), establish maximum amounts of state sales tax revenues or state hotel and motel tax revenues, or both, that may be remitted to a municipality's reinvestment project fund. Such maximum amounts shall be determined based on the financing needs of the proposed project, the economic impact to the state, and the remittance limitations under paragraph "f".

f. The total aggregate amount of state sales tax revenues and state hotel and motel tax revenues that may be approved by the board for remittance to all municipalities and that may be transferred to the state reinvestment district fund under [section 423.2](#), [subsection 11](#), or [section 423A.6](#), and remitted to all municipalities having a reinvestment district under [this chapter](#) shall not exceed one hundred million dollars.

g. If a district plan is approved by the board, the district plan, along with the municipality's resolution and all accompanying materials, shall be posted on the economic development authority's internet site for public viewing within ten days of approval by the board.

4. Upon receiving the approval of the board, the municipality may adopt an ordinance establishing the district and shall notify the director of revenue of the district's commencement date established by the board no later than thirty days after adoption of the ordinance. The ordinance adopted by the municipality shall include the district's commencement date and a detailed statement of the manner in which the approved projects to be undertaken in the district will be financed, including but not limited to the financial information included in the project plan under [subsection 2](#), paragraph "d".

Following establishment of the district, a municipality may use the moneys deposited in the municipality's reinvestment project fund created pursuant to [section 15J.7](#) to fund the development of those projects included within the district plan.

5. A municipality may amend the district plan to add or modify projects. However, a proposed modification to a project and each project proposed to be added shall first be approved by the board in the same manner as provided for the original plan. In no case, however, shall an amendment to the district plan result in the extension of the commencement date established by the board. If a district plan is amended to add or modify a project, the municipality shall amend the ordinance, if necessary, to reflect any changes to the financial information required to be included under [subsection 4](#).

6. Following establishment of a district, the municipality shall on or before October 1 of each year submit a report to the board detailing all of the following:

- a. The status of each project undertaken within the district in the previous twelve months.
- b. An itemized list of expenditures from the municipality's reinvestment project fund in the previous twelve months that have been made related to each project being undertaken within the district.
- c. The amount of the total project cost remaining for each project being undertaken within the district as of the date the report is submitted.
- d. The amounts, types, and sources of funding used for each project described in paragraph "a".
- e. The amount of bonds issued or other indebtedness incurred for each project described in paragraph "a", including information related to the rate of interest, length of term, costs of issuance, and net proceeds. The report shall also include the amounts and types of moneys to be used for payment of such bonds or indebtedness.

7. All reports received by the board under [subsection 6](#) shall be posted on the economic development authority's internet site as soon as practicable following receipt of the report. The board shall submit a written report to the governor and the general assembly on or before January 15 of each year. The report shall summarize and analyze the information submitted by municipalities under [subsection 6](#).

[2013 Acts, ch 119, §4; 2014 Acts, ch 1130, §34; 2014 Acts, ch 1141, §18; 2015 Acts, ch 120, §11, 24, 25](#)

Referred to in [§15J.2, §15J.5, §423.2, §423A.6](#)

2015 amendment to subsection 3, paragraph a applies to reinvestment districts designated under chapter 15J in existence on or after July 1, 2014; 2015 Acts, ch 120, §25