

384.3A Franchise fee account — use of franchise fee revenues.

1. A city that assesses a franchise fee pursuant to an ordinance that is adopted or amended on or after May 26, 2009, to increase the percentage rate at which franchise fees are assessed under [section 364.2, subsection 4](#), paragraph “f”, shall establish a franchise fee account within the city’s general fund. All revenues collected by a city pursuant to such an ordinance shall be deposited in the account. Interest earned on revenues deposited in the account shall remain in the account and be used for the purposes specified in [this section](#). Moneys in the account are not subject to transfer to any other accounts in the city’s general fund or to any other funds established by a city unless such transfer is for a purpose specified in [this section](#).

2. Moneys in the account shall be used for the purposes of inspecting, supervising, and otherwise regulating each franchise approved by the city.

3. Moneys in the account in excess of the amount necessary for the purposes specified in [subsection 2](#) shall be expended for any of the following:

a. Property tax relief.

b. The repair, remediation, restoration, cleanup, replacement, and improvement of existing public improvements and other publicly owned property, buildings, and facilities.

c. Projects designed to prevent or mitigate future disasters as defined in [section 29C.2](#).

d. Energy conservation measures for low-income homeowners, low-income energy assistance programs, and weatherization programs.

e. Public safety, including the equipping of fire, police, emergency services, sanitation, street, and civil defense departments.

f. The establishment, construction, reconstruction, repair, equipping, remodeling, and extension of public works, public utilities, and public transportation systems.

g. The construction, reconstruction, or repair of streets, highways, bridges, sidewalks, pedestrian underpasses and overpasses, street lighting fixtures, and public grounds, and the acquisition of real estate needed for such purposes.

h. Property tax abatements, building permit fee abatements, and abatement of other fees for property damaged by a disaster as defined in [section 29C.2](#).

i. Economic development activities and projects.

j. For franchise fees assessed and collected by a city in excess of five percent of gross revenues generated from sales of the franchisee within the city pursuant to [section 364.2, subsection 4](#), paragraph “f”, subparagraph (1), subparagraph division (b), during fiscal years beginning on or after July 1, 2024, solely for the reduction of property tax levies that support the operation and maintenance of a municipal transit system or a regional transit district or to maintain transportation service levels of a municipal transit system or a regional transit district.

[2009 Acts, ch 179, §230, 231; 2013 Acts, ch 140, §149, 150; 2014 Acts, ch 1092, §88, 197, 198; 2023 Acts, ch 71, §61, 62](#)

Referred to in [§364.2](#)

2023 amendment to subsection 3, paragraph j, effective July 1, 2024; [2023 Acts, ch 71, §62](#)

Subsection 3, paragraph j amended