

261—200.3(15J) Program overview.

200.3(1) General. The reinvestment districts program provides for new tax revenues generated by revenue-generating projects in certain districts to be “reinvested” within those districts. The program allows municipalities to designate areas within their corporate boundaries as reinvestment districts and to use new tax revenues collected within the district to finance the development of projects within the district. The authority and the board will take applications from municipalities for designation as a district and will consider and approve eligible applicants for funding under the program.

200.3(2) Preapplication, provisional decisions, and final approval. Each fiscal year in which funding is available, the authority will accept applications for assistance under the program. The program includes a preapplication process, a scoring process, a provisional funding decision, and a final board approval process.

200.3(3) District establishment and financing.

a. Upon final approval of a plan, a municipality shall establish a district and notify the department that new tax revenues may be deposited in a fund under the program as described in subrule 200.8(1). The collection and deposit of new tax revenues by the department begins only after final approval of the proposed district plan and the establishment of the district’s maximum benefit amount and commencement date.

b. For districts established before July 1, 2020, the department will deposit in a fund 4 percent of the amount of retail sales subject to the state sales tax collected by new retail establishments within the district and 5 percent of the amount of sales subject to the state hotel and motel tax collected by new lessors within the district.

c. For districts established after July 1, 2020, the department will deposit in a fund:

(1) Four percent of the remainder of amount of sales subject to the state sales tax in the district during the quarter from new retail establishments minus the sum of the sales from the corresponding quarter of the 12-month period preceding establishment of the district, for new retail establishments identified under subparagraph 200.8(1) “c”(3) that were in operation at the end of the quarter; and

(2) Five percent of the remainder of amount of sales subject to the state hotel and motel tax in the district during the quarter from new lessors minus the sum of the sales from the corresponding quarter of the 12-month period preceding establishment of the district, for new lessors identified under subparagraph 200.8(1) “c”(4) that were in operation at the end of the quarter.

200.3(4) Duration of funding and termination of district. The department will deposit new tax revenues in the fund until the maximum benefit is reached or the district is terminated, whichever is earlier. A district shall be terminated as of the date 20 years after the commencement date unless a municipality dissolves the district prior to that date or the board has approved an extension pursuant to subrule 200.10(3).

200.3(5) Use of funds. A municipality may use moneys remitted by the department to the municipality from its account for purposes of funding development in a district according to an approved district plan as described in subrule 200.8(2).

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