

# Senate File 2291

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## AN ACT

RELATING TO LOCAL GOVERNMENT AUTHORITY TO ENCOURAGE DEVELOPMENT AND REHABILITATION OF CERTAIN REAL PROPERTY AND INCLUDING EFFECTIVE DATE AND APPLICABILITY DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 404.2, subsection 2, paragraph h, unnumbered paragraph 1, Code 2003, is amended to read as follows:

~~Any tax exemption schedule authorized in section 404.3, subsection 4A, that shall be used in lieu of the schedule set out in section 404.3, subsection 1, 2, 3 or 4. This schedule shall not allow a greater exemption, but may allow a smaller exemption, than allowed in the schedule specified in the corresponding subsection of section 404.3.~~

Sec. 2. Section 404.3, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. A city or county may adopt a different tax exemption schedule than those allowed in subsection 1, 2, 3, or 4. The different schedule adopted shall not allow a greater exemption, but may allow a smaller exemption, in a particular year, than allowed in the schedule specified in the corresponding subsection of this section. A different schedule adopted by a city or county shall apply to every revitalization area within the city or county, unless the qualified property is eligible for an exemption pursuant to section 404.3A or 404.3B, and except in areas of the city or county which have been designated as both urban renewal and urban revitalization areas. In an area designated for both urban renewal and urban revitalization, a city or county may adopt a different schedule than has been adopted for revitalization areas which have not been designated as urban renewal areas.

Sec. 3. Section 404.3, subsections 5 and 6, Code 2003, are amended to read as follows:

~~5. The owners of qualified real estate eligible for the exemption provided in this section or section 404.3A or 404.3B shall elect to take the applicable exemption provided in subsection 1, 2, 3 or 4 or shall elect to take the applicable exemption provided in the different schedule authorized by subsection 4A and adopted in the city or county plan if a different schedule has been adopted. Once the election has been made and the exemption granted, the owner is not permitted to change the method of exemption.~~

~~6. The tax exemption schedule specified in subsection 1, 2, 3 or 4 shall apply to every revitalization area within a city or county unless a different schedule is adopted in the city or county plan as provided in section 404.2 and authorized by subsection 4A. However, a city or county shall not adopt a different schedule unless every revitalization area within the city or county has the same schedule applied to it, except in areas of the city or county which have been designated as both urban renewal and urban revitalization areas. In an area designated for both urban renewal and urban revitalization, a city or county may adopt a different schedule than has been adopted for revitalization areas which have not been designated as urban renewal areas. The different schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule specified in the corresponding subsection of this section.~~

Sec. 4. NEW SECTION. 404.3B ABANDONED REAL PROPERTY EXEMPTION.

1. Notwithstanding the schedules provided for in section 404.3, a city or county may provide that all qualified real estate that meets the definition of abandoned as stated in section 657A.1 is eligible to receive an exemption from

taxation based on the schedule set forth in subsection 2 or 3.  
2. All qualified real estate described in subsection 1 is eligible to receive a partial exemption from taxation on the actual value added by the improvements. The exemption is for a period of fifteen years. The amount of the partial

3 6 exemption is equal to a percent of the actual value added by  
3 7 the improvements, determined as follows:

- 3 8 a. For the first year, eighty percent.
- 3 9 b. For the second year, seventy-five percent.
- 3 10 c. For the third year, seventy percent.
- 3 11 d. For the fourth year, sixty-five percent.
- 3 12 e. For the fifth year, sixty percent.
- 3 13 f. For the sixth year, fifty-five percent.
- 3 14 g. For the seventh year, fifty percent.
- 3 15 h. For the eighth year, forty-five percent.
- 3 16 i. For the ninth year, forty percent.
- 3 17 j. For the tenth year, thirty-five percent.
- 3 18 k. For the eleventh year, thirty percent.
- 3 19 l. For the twelfth year, twenty-five percent.
- 3 20 m. For the thirteenth year, twenty percent.
- 3 21 n. For the fourteenth year, twenty percent.
- 3 22 o. For the fifteenth year, twenty percent.

3 23 3. All qualified real estate described in subsection 1 is  
3 24 eligible to receive a one hundred percent exemption from  
3 25 taxation on the actual value added by the improvements. The  
3 26 exemption is for a period of five years.

3 27 Sec. 5. Section 446.19A, subsection 2, Code 2003, is  
3 28 amended to read as follows:

3 29 2. On the day of the regular tax sale or any continuance  
3 30 or adjournment of the tax sale, the county or a city may bid  
3 31 for abandoned property assessed as residential property or as  
3 32 commercial multifamily housing property a sum equal to the  
3 33 total amount due. Money shall not be paid by the county or  
3 34 city for the purchase, but each of the tax-levying and tax=  
3 35 certifying bodies having any interest in the taxes shall be  
4 1 charged with the total amount due the tax-levying or tax=  
4 2 certifying body as its just share of the purchase price.  
4 3 Prior to the purchase, the county or city shall file with the  
4 4 county treasurer a verified statement that a parcel to be  
4 5 purchased is abandoned and deteriorating in condition or is,  
4 6 or is likely to become, a public nuisance, and that the parcel  
4 7 is suitable for use ~~for low or moderate income~~ as housing  
4 8 following rehabilitation.

4 9 Sec. 6. Section 446.19A, subsection 4, paragraph a, Code  
4 10 2003, is amended to read as follows:

4 11 a. The city or county may assign the tax sale certificate  
4 12 obtained pursuant to this section. ~~Preference shall be given~~  
~~4 13 to purchasers who are low or moderate income families or~~  
~~4 14 organizations which assist low or moderate income families to~~  
~~4 15 obtain housing.~~ Persons who purchase certificates from the  
4 16 city or county under this subsection are liable for the total  
4 17 amount due the certificate holder pursuant to section 447.1.

4 18 Sec. 7. Section 446.19A, subsection 5, Code 2003, is  
4 19 amended to read as follows:

4 20 5. For the purposes of this section, "abandoned" means the  
4 21 same as in section 657A.1. ~~For the purposes of this section,~~  
~~4 22 "low or moderate income families" has the same meaning as in~~  
~~4 23 section 403.17.~~

4 24 Sec. 8. Section 447.9, subsection 1, Code 2003, is amended  
4 25 to read as follows:

4 26 1. After one year and nine months from the date of sale,  
4 27 or after nine months from the date of a sale made under  
4 28 section 446.18, ~~446.19A~~, or 446.39, or after three months from  
~~4 29 the date of a sale made under section 446.19A~~, the holder of  
4 30 the certificate of purchase may cause to be served upon the  
4 31 person in possession of the parcel, and also upon the person  
4 32 in whose name the parcel is taxed, a notice signed by the  
4 33 certificate holder or the certificate holder's agent or  
4 34 attorney, stating the date of sale, the description of the  
4 35 parcel sold, the name of the purchaser, and that the right of  
5 1 redemption will expire and a deed for the parcel be made  
5 2 unless redemption is made within ninety days from the  
5 3 completed service of the notice. The notice shall be served  
5 4 by both regular mail and certified mail to the person's last  
5 5 known address and such service is deemed completed when the  
5 6 notice by certified mail is deposited in the mail and  
5 7 postmarked for delivery. The ninety-day redemption period  
5 8 begins as provided in section 447.12. When the notice is  
5 9 given by a county as a holder of a certificate of purchase the  
5 10 notice shall be signed by the county treasurer or the county  
5 11 attorney, and when given by a city, it shall be signed by the  
5 12 city officer designated by resolution of the council. When  
5 13 the notice is given by the Iowa finance authority or a city or  
5 14 county agency holding the parcel as part of an Iowa  
5 15 homesteading project, it shall be signed on behalf of the  
5 16 agency or authority by one of its officers, as authorized in

5 17 rules of the agency or authority.

5 18 Sec. 9. Section 657A.2, subsection 6, Code 2003, is  
5 19 amended by striking the subsection.

5 20 Sec. 10. NEW SECTION. 657A.10A PETITION BY CITY FOR  
5 21 TITLE TO ABANDONED PROPERTY.

5 22 1. In lieu of the procedures in sections 657A.2 through  
5 23 657A.10, a city in which an abandoned building is located may  
5 24 petition the court to enter judgment awarding title to the  
5 25 abandoned property to the city. If more than one abandoned  
5 26 building is located on a parcel of real estate, the city may  
5 27 combine the actions into one petition. The owner of the  
5 28 building and grounds, mortgagees of record, lienholders of  
5 29 record, or other known persons who hold an interest in the  
5 30 property shall be named as respondents on the petition.

5 31 The petition shall be filed in the district court of the  
5 32 county in which the property is located. Service on the owner  
5 33 and any other named respondents shall be by certified mail and  
5 34 by posting the notice in a conspicuous place on the building.  
5 35 The action shall be in equity.

6 1 2. Not sooner than sixty days after the filing of the  
6 2 petition, the city may request a hearing on the petition.

6 3 3. In determining whether a property has been abandoned,  
6 4 the court shall consider the following for each building that  
6 5 is located on the property and named in the petition and the  
6 6 building grounds:

6 7 a. Whether any property taxes or special assessments on  
6 8 the property were delinquent at the time the petition was  
6 9 filed.

6 10 b. Whether any utilities are currently being provided to  
6 11 the property.

6 12 c. Whether the building is unoccupied by the owner or  
6 13 lessees or licensees of the owner.

6 14 d. Whether the building meets the city's housing code for  
6 15 being fit for human habitation, occupancy, or use.

6 16 e. Whether the building is exposed to the elements such  
6 17 that deterioration of the building is occurring.

6 18 f. Whether the building is boarded up.

6 19 g. Past efforts to rehabilitate the building and grounds.

6 20 h. The presence of vermin, accumulation of debris, and  
6 21 uncut vegetation.

6 22 i. The effort expended by the petitioning city to maintain  
6 23 the building and grounds.

6 24 j. Past and current compliance with orders of the local  
6 25 housing official.

6 26 k. Any other evidence the court deems relevant.

6 27 4. In lieu of the considerations in subsection 3, if the  
6 28 city can establish to the court's satisfaction that all  
6 29 parties with an interest in the property have received proper  
6 30 notice and either consented to the entry of an order awarding  
6 31 title to the property to the city or did not make a good faith  
6 32 effort to comply with the order of the local housing official  
6 33 within sixty days after the filing of the petition, the court  
6 34 shall enter judgment against the respondents granting the city  
6 35 title to the property.

7 1 5. If the court determines that the property has been  
7 2 abandoned or that subsection 4 applies, the court shall enter  
7 3 judgment awarding title to the city. The title awarded to the  
7 4 city shall be free and clear of any claims, liens, or  
7 5 encumbrances held by the respondents.

7 6 Sec. 11. IMMEDIATE EFFECTIVE DATE. This Act, being deemed  
7 7 of immediate importance, takes effect upon enactment.

7 8 Sec. 12. APPLICABILITY DATE.

7 9 1. The sections of this Act amending sections 404.2 and  
7 10 404.3 and enacting section 404.3B apply to urban  
7 11 revitalization property tax exemptions allowed on or after the  
7 12 effective date of this Act.

7 13 2. The sections of this Act amending sections 446.19A and  
7 14 447.9 apply to delinquent property taxes sold at a tax sale  
7 15 held on or after the effective date of this Act.

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JEFFREY M. LAMBERTI  
President of the Senate

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CHRISTOPHER C. RANTS  
Speaker of the House

I hereby certify that this bill originated in the Senate and

7 28 is known as Senate File 2291, Eightieth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

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7 34 Approved \_\_\_\_\_, 2004

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8 3 THOMAS J. VILSACK

8 4 Governor