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Passed on File
Cities and Towns, Pass 4-8

HOUSE FILE 562

By LAWSON
(Walsh)

Passed House, Date 4-14-69 Passed Senate, Date 4-18-69

Vote: Ayes 101 Nays 10 Vote: Ayes 50 Nays 1

Approved May 1, 1969

A BILL FOR

1 An Act authorizing cities and towns to create an urban renewal
2 fund from additional taxes produced by an urban renewal
3 area, and to issue revenue bonds secured by and payable
4 from such fund.

5 *Be It Enacted by the General Assembly of the State of Iowa:*

6 Section 1. Section four hundred three point nine (403.9),
7 Code 1966, is hereby amended as follows:

8 1. By striking subsection one (1) and inserting in lieu
9 thereof the following:

10 "1. A municipality shall have power to periodically issue
11 bonds in its discretion to pay the cost of carrying out the
12 purposes and provisions of this chapter, including, but not
13 limited to, the payment of principal and interest upon any
14 advances for surveys and planning, and the payment of inter-
15 est on bonds, herein authorized, not to exceed three years
16 from the date the bonds are issued. The municipality shall
17 have power to issue refunding bonds for the payment or retire-
18 ment of such bonds previously issued by it. Said bonds shall
19 be payable solely from the income and proceeds of the fund
20 and portion of taxes referred to in subsection two (2) of
21 section two (2) of this Act, and revenues and other funds
22 of the municipality derived from or held in connection with
23 the undertaking and carrying out of urban renewal projects
24 under this chapter. The municipality may pledge to the pay-
25 ment of the bonds the fund and portion of taxes referred to

1 in subsection two (2) of section two (2) of this Act, and
2 may further secure the bonds by a pledge of any loan, grant
3 or contribution from the federal government or other source
4 in aid of any urban renewal projects of the municipality
5 under this chapter, or by a mortgage of any such urban renewal
6 projects, or any part thereof, title which is vested in the
7 municipality.”

8 2. By striking from line seven (7) of subsection three
9 (3) the word “six” and inserting in lieu thereof the word
10 “seven”.

11 3. By striking subsection four (4) and inserting in lieu
12 thereof the following:

13 “4. Such bonds may be sold at not less than par at public
14 or private sale, or may be exchanged for other bonds on the
15 basis of par.”

16 Sec. 2. Chapter four hundred three (403), Code 1966, is
17 hereby amended by adding thereto the following new section:

18 “A municipality may provide by ordinance that taxes levied
19 on taxable property in an urban renewal project each year by
20 or for the benefit of the state, city or town, county, school
21 district, or other taxing district after the effective date
22 of such ordinance, shall be divided as follows:

23 1. That portion of the taxes which would be produced by
24 the rate upon which the tax is levied each year by or for
25 each of the taxing districts upon the total sum of the as-
26 sessed value of the taxable property in the urban renewal
27 project, as shown on the assessment roll used in connection
28 with the taxation of such property by such taxing district,
29 last equalized prior to the effective date of such ordinance,
30 shall be allocated to and when collected be paid into the fund
31 for the respective taxing district as taxes by or for said
32 taxing district into which all other property taxes are paid.
33 For the purpose of allocating taxes levied by or for any tax-
34 ing district which did not include the territory in an urban
35 renewal project on the effective date of such ordinance, but

1 to which such territory has been annexed or otherwise included
2 after such effective date, the assessment roll of the county
3 last equalized on the effective date of the ordinance shall
4 be used in determining the assessed valuation of the taxable
5 property in the project on the effective date; and

6 2. That portion of the taxes each year in excess of such
7 amount shall be allocated to and when collected be paid into
8 a special fund of the municipality to pay the principal of
9 and interest on loans, moneys advanced to, or indebtedness,
10 whether funded, refunded, assumed, or otherwise, including
11 bonds issued under the authority of section four hundred three
12 point nine (403.9), subsection one (1) of the Code, incurred
13 by such municipality to finance or refinance, in whole or in
14 part, such redevelopment project. Unless and until the total
15 assessed valuation of the taxable property in an urban re-
16 newal project exceeds the total assessed value of the taxable
17 property in such project as shown by the last equalized as-
18 sessment roll referred to in subsection one (1) of this sec-
19 tion, all of the taxes levied and collected upon the taxable
20 property in such urban renewal project shall be paid into the
21 funds for the respective taxing districts as taxes by or for
22 said taxing districts in the same manner as all other property
23 taxes. When such loans, advances, indebtedness, and bonds,
24 if any, and interest thereon, have been paid, all moneys
25 thereafter received from taxes upon the taxable property in
26 such urban renewal project shall be paid into the funds for
27 the respective taxing districts in the same manner as taxes
28 on all other property.

29 3. The portion of taxes mentioned in subsection two (2)
30 of this section and the special fund into which they shall
31 be paid, may be irrevocably pledged by a municipality for
32 the payment of the principal and interest on loans, advances,
33 bonds issued under the authority of section four hundred three
34 point nine (403.9), subsection one (1) of the Code, or indebt-
35 edness, incurred by a municipality to finance or refinance,

- 1 in whole or in part, the urban renewal project.
- 2 4. As used in this section the word 'taxes' includes,
- 3 but is not limited to, all levies on an ad valorem basis
- 4 upon land or real property."

EXPLANATION OF HOUSE FILE 562

This Act would authorize cities and towns to create an urban renewal fund from additional revenues produced by an urban renewal area. The Act also authorizes cities and towns to issue their revenue bonds secured by and payable from such urban renewal fund. Since the bonds involved are self-liquidating, the maximum permissible interest rate is increased from six percent to seven percent. This Act adds a new concept to the existing law enabling cities and towns to effectuate redevelopment projects without increasing general taxes.