

Reprinted 4/17

MAR 20 1980

HOUSE FILE 2567

WAYS & MEANS CALENDAR

By COMMITTEE ON WAYS AND MEANS

(Formerly Study Bill 722)

Passed House, Date 4/1/80 (S 1634) Passed Senate, Date \_\_\_\_\_

Vote: Ayes 98 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved May 26, 1980

### A BILL FOR

1 An Act relating to the determination of actual and assessed  
 2 value of property for tax purposes and defining that  
 3 property which may not be included within a tax  
 4 increment financing district established pursuant  
 5 to section four hundred three point nineteen (403.19)  
 6 of the Code and making the Act retroactive.

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

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2567

1 Section 1. Section four hundred three point nineteen  
2 (403.19), Code 1979, is amended by adding the following new  
3 subsection:

4 NEW SUBSECTION. A city shall certify to the county auditor  
5 the amount of loans, advances, indebtedness or bonds which  
6 qualify for payment from the special fund referred to in  
7 subsection two (2) of this section. In any year, the county  
8 auditor shall, upon receipt of a certified request from a  
9 city filed prior to the date for certification of city taxes  
10 specified in section three hundred eighty-four point two  
11 (384.2) of the Code, increase the amount to be allocated under  
12 subsection one (1) of this section in order to reduce the  
13 amount to be allocated in the following fiscal year to the  
14 special fund, to the extent that the city does not request  
15 allocation to the special fund of the full portion of taxes  
16 which could be collected.

17 Sec. 2. Section four hundred three point nineteen (403.19),  
18 Code 1979, is amended by adding the following new subsection:

19 NEW SUBSECTION. An urban renewal project established by  
20 the governing body of a city under this section shall not  
21 include under the project any property designated by the  
22 governing body of the city as a revitalization area and granted  
23 a partial tax exemption pursuant to Acts of the Sixty-eighth  
24 General Assembly, 1979 Session, chapter eighty-four (84).

25 Sec. 3. Chapter four hundred three (403), Code 1979, is  
26 amended by adding the following new section:

27 NEW SECTION. In determining the assessed value of property  
28 within an urban renewal area which is subject to a division  
29 of tax revenues pursuant to section four hundred three point  
30 nineteen (403.19) of the Code, the difference between the  
31 actual value of the property as determined by the assessor  
32 each year and the percentage of adjustment certified for that  
33 year by the director of revenue on or before November first  
34 pursuant to section four hundred forty-one point twenty-one  
35 (441.21), subsection twelve (12), of the Code multiplied by

1 the actual value of the property as determined by the assessor,  
2 shall be subtracted from the actual value of the property  
3 as determined pursuant to section four hundred three point  
4 nineteen (403.19), subsection one (1), of the Code. If the  
5 assessed value of the property as determined pursuant to  
6 section four hundred three point nineteen (403.19), subsection  
7 one (1), of the Code is reduced to zero, the additional valua-  
8 tion reduction shall be subtracted from the actual value of  
9 the property as determined by the assessor.

10 Sec. 4. Acts of the Sixty-eighth General Assembly, 1979  
11 Session, chapter eighty-four (84), section one (1), is amended  
12 by adding the following new unnumbered paragraph:

13 NEW UNNUMBERED PARAGRAPH. Any property within an urban  
14 renewal project which is financed under section four hundred  
15 three point nineteen (403.19) of the Code shall not be  
16 designated as a revitalization area by the governing body  
17 of a city under this section and shall not be eligible for  
18 a partial tax exemption under section three (3) of this Act.

19 Sec. 5. House File two thousand seventy-two (2072), section  
20 ten (10), enacted by the Sixty-eighth General Assembly, 1980  
21 Session, is repealed.

22 Sec. 6. The provisions of sections one (1) and three (3)  
23 of this Act are retroactive to January 1, 1979 for actual  
24 values determined as of January 1, 1979.

25 Sec. 7. This Act, being deemed of immediate importance,  
26 takes effect from and after its publication in the Lenox Time-  
27 Table, a newspaper published in Lenox, Iowa, and in The Record,  
28 a newspaper published in Cedar Falls, Iowa.

29 EXPLANATION

30 The bill provides that the percentage reduction of actual  
31 value shall be computed on the total value of the property  
32 within a tax increment financing district and that the amount  
33 of the reduction shall be applied to reduce the frozen tax  
34 base, provided that when the frozen base is reduced to zero  
35 any further reduction is against the increment. The bill

1 also provides that property within a tax increment financing  
2 district cannot be designated a revitalization area and  
3 property designated as a revitalization area cannot be included  
4 in a tax increment financing district.

5  
6 HOUSE FILE 2567  
7 FISCAL NOTE  
8 REQUESTED BY SENATOR CRAFT, APRIL 25, 1980

9 In compliance with a written request there is hereby submitted  
10 Fiscal Note for House File 2567 pursuant to Joint Rule 16.

11 H.F. 2567, An Act relating to the determination of actual and assessed  
12 value of property for tax purposes and defining that property which  
13 may be included within a tax increment financing district established  
14 pursuant to section four hundred three point nineteen (403.19) of the  
Code.

15 Section 1 of H.F. 2567 allows for tax revenues from the increment of  
16 urban renewal areas that are in excess of monies needed for debt or  
17 bond repayment to be transferred to the taxing authorities for general  
use.

18 Section 2 changes the method of calculating the rolled-back prop-  
19 values for the base and increment of the urban renewal areas. Current  
20 law requires that the base and increment be reduced by the same  
21 percentage, i.e., they are rolled-back so that the original proportions  
22 of value are maintained. House File 2567 requires that the dollar  
23 reduction resulting from the rollback that is calculated on the com-  
24 bined valuation of base and increment be applied to reduce only the  
base valuation. If the base is smaller than the dollar reduction,  
then the remainder of the reduction is applied to the increment.

25 H.F. 2567 results, each successive year, in a lower value of property  
26 available for general taxation and therefore has both state and local  
27 fiscal implications. It is estimated that the first year (1980)  
28 reduction in valuation would be \$14.8 million requiring an \$80,000  
29 increase in state school foundation costs. There are currently 10  
30 tax increment finance districts located in 6 counties. The reduction  
31 in taxable values is expected to affect these local areas by either  
increasing tax burdens or reducing services for other property within  
the same taxing authorities.

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34 FILED:  
35 APRIL 25, 1980

BY GERRY RANKIN, DIRECTOR  
LEGISLATIVE FISCAL BUREAU

LSB 4246H 68  
bk/jw/5.3

HOUSE FILE 2567

H-6087

- 1 Amend House File 2567 as follows:
- 2 1. Page 2, by striking lines 22 through 28.

H-6087 FILED  
APRIL 15, 1980

BY WEST of Marshall  
NORLAND of Worth

*(Adopted 4/16 (p. 1633))*

HOUSE FILE 2567

H-6091

- 1 Amend House File 2567 as follows:
- 2 1. Page 1, by striking lines 17 through 24.
- 3 2. Page 2, by striking lines 10 through 18.
- 4 3. By renumbering sections and correcting internal
- 5 references as necessary.

BY POPE of Polk  
THOMPSON of Polk  
BYERLY of Polk  
WOODS of Polk

H-6091 FILED  
APRIL 15, 1980

*(Adopted 4/16 (p. 1633))*

HOUSE FILE 2567

H-6099

- 1 Amend House File 2567 as follows:
- 2 1. Title page, line 3, by striking the word "not".
- 3 2. Title page, line 6, by striking the words "and
- 4 making the Act retroactive".

H-6099 FILED APRIL 16, 1980 BY DOYLE of Woodbury  
ADOPTED BY UNANIMOUS CONSENT *(p. 1633)*

Low. Ways Means 4/17  
S. Gen. 4/25 (g 1750)

HOUSE FILE 2567

By COMMITTEE ON WAYS AND MEANS  
(As Amended and Passed by the House)

Passed House, Date 4/16/80 (g 1634) Passed Senate, Date 4/26/80 (g 1642)

Vote: Ayes 98 Nays 0 Vote: Ayes 44 Nays 2

Approved May 26, 1980

## A BILL FOR

1 An Act relating to the determination of actual and assessed  
2 value of property for tax purposes and defining that  
\*3 property which may be included within a tax increment  
4 financing district established pursuant to section  
\*5 four hundred three point nineteen (403.19) of the Code.

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

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Stricken Language \*

1 Section 1. Section four hundred three point nineteen  
2 (403.19), Code 1979, is amended by adding the following new  
3 subsection:

4 NEW SUBSECTION. A city shall certify to the county auditor  
5 the amount of loans, advances, indebtedness or bonds which  
6 qualify for payment from the special fund referred to in  
7 subsection two (2) of this section. In any year, the county  
8 auditor shall, upon receipt of a certified request from a  
9 city filed prior to the date for certification of city taxes  
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11 (384.2) of the Code, increase the amount to be allocated under  
12 subsection one (1) of this section in order to reduce the  
13 amount to be allocated in the following fiscal year to the  
14 special fund, to the extent that the city does not request  
15 allocation to the special fund of the full portion of taxes  
16 which could be collected.

17 Sec. 2. Chapter four hundred three (403), Code 1979, is  
18 amended by adding the following new section:

19 NEW SECTION. In determining the assessed value of property  
20 within an urban renewal area which is subject to a division  
21 of tax revenues pursuant to section four hundred three point  
22 nineteen (403.19) of the Code, the difference between the  
23 actual value of the property as determined by the assessor  
24 each year and the percentage of adjustment certified for that  
25 year by the director of revenue on or before November first  
26 pursuant to section four hundred forty-one point twenty-one  
27 (441.21), subsection twelve (12), of the Code multiplied by  
28 the actual value of the property as determined by the assessor,  
29 shall be subtracted from the actual value of the property  
30 as determined pursuant to section four hundred three point  
31 nineteen (403.19), subsection one (1), of the Code. If the  
32 assessed value of the property as determined pursuant to  
33 section four hundred three point nineteen (403.19), subsection  
34 one (1), of the Code is reduced to zero, the additional valua-  
35 tion reduction shall be subtracted from the actual value of

1 the property as determined by the assessor.

2 Sec. 3. House File two thousand seventy-two (2072), section  
3 ten (10), enacted by the Sixty-eighth General Assembly, 1980  
4 Session, is repealed.

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HOUSE FILE 2567

AN ACT

RELATING TO THE DETERMINATION OF ACTUAL AND ASSESSED VALUE OF PROPERTY FOR TAX PURPOSES AND DEFINING THAT PROPERTY WHICH MAY BE INCLUDED WITHIN A TAX INCREMENT FINANCING DISTRICT ESTABLISHED PURSUANT TO SECTION FOUR HUNDRED THREE POINT NINETEEN (403.19) OF THE CODE.

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

Section 1. Section four hundred three point nineteen (403.19), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. A city shall certify to the county auditor the amount of loans, advances, indebtedness or bonds which qualify for payment from the special fund referred to in subsection two (2) of this section. In any year, the county auditor shall, upon receipt of a certified request from a city filed prior to the date for certification of city taxes specified in section three hundred eighty-four point two (384.2) of the Code, increase the amount to be allocated under subsection one (1) of this section in order to reduce the amount to be allocated in the following fiscal year to the special fund, to the extent that the city does not request allocation to the special fund of the full portion of taxes which could be collected.

Sec. 2. Chapter four hundred three (403), Code 1979, is amended by adding the following new section:

NEW SECTION. In determining the assessed value of property within an urban renewal area which is subject to a division of tax revenues pursuant to section four hundred three point nineteen (403.19) of the Code, the difference between the actual value of the property as determined by the assessor each year and the percentage of adjustment certified for that year by the director of revenue on or before November first

pursuant to section four hundred forty-one point twenty-one (441.21), subsection twelve (12), of the Code multiplied by the actual value of the property as determined by the assessor, shall be subtracted from the actual value of the property as determined pursuant to section four hundred three point nineteen (403.19), subsection one (1), of the Code. If the assessed value of the property as determined pursuant to section four hundred three point nineteen (403.19), subsection one (1), of the Code is reduced to zero, the additional valuation reduction shall be subtracted from the actual value of the property as determined by the assessor.

Sec. 3. House File two thousand seventy-two (2072), section ten (10), enacted by the Sixty-eighth General Assembly, 1980 Session, is repealed.

\_\_\_\_\_  
WILLIAM H. HARBOR  
Speaker of the House

\_\_\_\_\_  
TERRY E. BRANSTAD  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2567, Sixty-eighth General Assembly.

\_\_\_\_\_  
BRUCE GRAHAM  
Assistant Chief Clerk of the House

Approved *May 26* 1980

\_\_\_\_\_  
ROBERT D. RAY  
Governor