

*Substituted for  
SF 2183  
4/18/94  
P 1338*

HOUSE FILE 2204  
BY COMMITTEE ON WAYS AND MEANS

FEB 15 1994

WAYS & MEANS CALENDAR

(SUCCESSOR TO HF 2082)

Passed House, <sup>(P.1836)</sup> Date 4/18/94 Passed Senate, <sup>(P.1366)</sup> Date 4/19/94  
Vote: Ayes 91 Nays 8 Vote: Ayes 49 Nays 1  
Approved May 16, 1994

A BILL FOR

1 An Act relating to the issuance of bonds by a county to fund an  
2 urban renewal project, the incremental taxes allowed to be  
3 levied by a county in an urban renewal area, and providing an  
4 effective date.

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

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*HF 2204*

1 Section 1. Section 331.441, subsection 2, paragraph b,  
2 Code Supplement 1993, is amended by adding the following new  
3 subparagraph:

4 NEW SUBPARAGRAPH. (14) The aiding of the planning,  
5 undertaking, and carrying out of urban renewal projects under  
6 the authority of chapter 403 and for the purposes set out in  
7 section 403.12. However, bonds issued for this purpose are  
8 subject to the right of petition for an election as provided  
9 in section 331.442, subsection 5, without limitation on the  
10 amount of the bond issue or the population of the county, and  
11 the board shall include notice of the right of petition in the  
12 notice of proposed action required under section 331.443,  
13 subsection 2.

14 Sec. 2. Section 403.12, subsection 5, Code 1993, is  
15 amended to read as follows:

16 5. For the purposes of this section, or for the purpose of  
17 aiding in the planning, undertaking, or carrying out of an  
18 urban renewal project of a municipality, the municipality may,  
19 in addition to any authority to issue bonds pursuant to  
20 section 403.9, issue and sell its general obligation bonds.  
21 Any bonds issued by a municipality pursuant to this section  
22 must be issued, in the case of a city, by resolution of the  
23 council in the manner and within the limitations prescribed by  
24 chapter 384, division III, or in the case of a county, by  
25 resolution of the board of supervisors in the manner and  
26 within the limitations prescribed by chapter 331, division IV,  
27 part 3. Bonds issued pursuant to the provisions of this  
28 subsection must be sold in the manner prescribed by chapter  
29 75. The additional power granted in this subsection for the  
30 financing of public improvements undertakings and activities  
31 by municipalities within an urban renewal project area shall  
32 not be construed as a limitation of the existing powers of  
33 cities municipalities.

34 Sec. 3. Section 403.19, subsection 7, Code 1993, is  
35 amended to read as follows:

1 7. For the purposes of this section, a county shall  
2 include taxes levied on industrial property within an urban  
3 renewal area only. However, a county shall include taxes  
4 levied on all taxable property within an urban renewal area if  
5 all or part of the area is inside the boundaries of a city or  
6 within two miles of a city's boundary and a joint agreement is  
7 entered into pursuant to section 403.17, subsection 2.

8 Sec. 4. EFFECTIVE DATE. This Act, being deemed of  
9 immediate importance, takes effect upon enactment.

10 EXPLANATION

11 This bill provides authorization to counties issuing bonds  
12 to finance urban renewal projects similar to the authorization  
13 provided to cities.

14 This bill also allows a county to levy incremental taxes on  
15 all taxable property within an urban renewal area if all or  
16 part of the area is inside the boundaries of a city or within  
17 two miles of a city's boundary and the city and county have  
18 entered a joint agreement. Presently, a county, when  
19 utilizing tax increment financing, may levy incremental taxes  
20 only on industrial property.

21 This bill is effective immediately upon enactment.

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## HOUSE FILE 2204

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1 Amend House File 2204 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. Section 260E.3, unnumbered paragraph  
5 1, and subsection 1, Code 1993, are amended to read as  
6 follows:

7 1. A community college may enter into an agreement  
8 to establish a project. If an agreement is entered  
9 into, the community college and the employer shall  
10 notify the department of revenue and finance as soon  
11 as possible. An agreement may shall provide, ~~but-is~~  
12 ~~not-limited-to:~~

13 ~~---1---~~ Program for program costs, including deferred  
14 costs, which may be paid from one or a combination of  
15 the following sources:

16 a. Incremental property taxes to be received or  
17 derived from an employer's business property where new  
18 jobs are created as a result of the project.

19 b. New jobs credit from withholding to be received  
20 or derived from new employment resulting from the  
21 project.

22 c. Tuition, student fees, or special charges fixed  
23 by the board of directors to defray program costs in  
24 whole or in part.

25 d. Guarantee of payments to be received under  
26 paragraph "a," "b," or "c".

27 Sec. 2. Section 260E.3, subsection 4, Code 1993,  
28 is amended to read as follows:

29 4. A An agreement shall include a provision which  
30 fixes the minimum amount of incremental property  
31 taxes, new jobs credit from withholding, or tuition  
32 and fee payments which shall be paid for program  
33 costs.

34 Sec. 3. Section 260F.3, unnumbered paragraph 1,  
35 and subsection 1, Code 1993, are amended to read as  
36 follows:

37 1. A community college may enter into an agreement  
38 to establish a project. If an agreement is entered  
39 into, the community college and the business shall  
40 notify the department of revenue and finance as soon  
41 as possible. An agreement may shall provide, ~~but-is~~  
42 ~~not-limited-to:~~

43 ~~---1---~~ Program for program costs, including deferred  
44 costs, for a project creating new jobs by providing  
45 education and training of workers for a new or  
46 expanding small business which may be paid from one or  
47 a combination of the following sources:

48 a. Incremental property taxes to be received or  
49 derived from the business' property where new jobs are  
50 created as a result of the project.

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1 b. New jobs credit from withholding to be received  
2 or derived from new employment resulting from the  
3 project.

4 c. Tuition, student fees, or special charges fixed  
5 by the board of directors to defray program costs in  
6 whole or in part.

7 d. Guarantee of payments to be received under  
8 paragraph "a", "b", or "c".

9 Sec. 4. Section 260F.3, subsections 5 and 7, Code  
10 1993, are amended to read as follows:

11 5. ~~A-provision, where~~ If applicable, an agreement  
12 shall include a provision which fixes the minimum  
13 amount of incremental property taxes, new jobs credit  
14 from withholding, or tuition and fee payments which  
15 shall be paid for program costs.

16 7. ~~Provisions~~ An agreement shall contain  
17 provisions relating to the type of financial  
18 assistance being provided which may be in the form of  
19 grants, loans, forgivable loans, or a combination of  
20 grants and loans according to guidelines adopted by  
21 the department of economic development. However, the  
22 amount of financial assistance provided for a project  
23 under this chapter shall not exceed fifty thousand  
24 dollars. Financial assistance for a new jobs project  
25 shall be limited to loans. Financial assistance for a  
26 retraining project shall not include a grant or  
27 forgivable loan unless the result of the retooling  
28 creates, at the business production site subject to  
29 the retooling, a net increase in the number of  
30 employment positions, a net increase in the quality of  
31 the employment positions held by participating  
32 workers, or a net increase in wages paid to  
33 participating workers. The financial assistance  
34 provided to a participating business must be based on  
35 the actual cost of training or retraining  
36 participating workers under the project.

37 Sec. 5. Section 331.441, subsection 2, paragraph  
38 b, Code Supplement 1993, is amended by adding the  
39 following new subparagraph:

40 NEW SUBPARAGRAPH. (14) The aiding of the  
41 planning, undertaking, and carrying out of urban  
42 renewal projects under the authority of chapter 403  
43 and for the purposes set out in section 403.12.  
44 However, bonds issued for this purpose are subject to  
45 the right of petition for an election as provided in  
46 section 331.442, subsection 5, without limitation on  
47 the amount of the bond issue or the population of the  
48 county, and the board shall include notice of the  
49 right of petition in the notice of proposed action  
50 required under section 331.443, subsection 2.

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1 Sec. 6. Section 403.5, subsections 2, 3, 4, 5, and  
2 7, Code 1993, are amended to read as follows:

3 2. The municipality may itself prepare or cause to  
4 be prepared an urban renewal plan; or any person or  
5 agency, public or private, may submit such a plan to a  
6 municipality. Prior to its approval of an urban  
7 renewal project plan, the local governing body shall  
8 submit such plan to the planning commission of the  
9 municipality, if any, for review and recommendations  
10 as to its conformity with the general plan for the  
11 development of the municipality as a whole. The  
12 planning commission shall submit its written  
13 recommendations with respect to the proposed urban  
14 renewal plan to the local governing body within thirty  
15 days after receipt of the plan for review. Upon  
16 receipt of the recommendations of the planning  
17 commission or, if no recommendations are received  
18 within ~~said~~ the thirty days, then, without such  
19 recommendations, the local governing body may proceed  
20 with the hearing on the proposed urban renewal project  
21 prescribed by subsection 3 hereof.

22 Prior to its approval of an urban renewal plan, the  
23 municipality shall mail the proposed plan by regular  
24 mail to the affected taxing entities. The  
25 municipality shall include with the proposed plan  
26 notification of a consultation to be held between the  
27 municipality and affected taxing entities prior to the  
28 public hearing on the urban renewal plan. Each  
29 affected taxing entity may appoint a representative to  
30 attend the consultation. The consultation may include  
31 a discussion of the estimated growth in valuation of  
32 taxable property included in the proposed urban  
33 renewal area, the fiscal impact of the division of  
34 revenue on the affected taxing entities, the estimated  
35 impact on the provision of services by each of the  
36 affected taxing entities in the proposed urban renewal  
37 area, and the duration of any bond issuance included  
38 in the plan. The designated representative of the  
39 affected taxing entity may make written  
40 recommendations for modification to the proposed  
41 division of revenue no later than seven days following  
42 the date of the consultation. The representative of  
43 the municipality shall, no later than seven days prior  
44 to the public hearing on the urban renewal plan,  
45 submit a written response to the affected taxing  
46 entity addressing the recommendations for modification  
47 to the proposed division of revenue.

48 3. The local governing body shall hold a public  
49 hearing on an urban renewal project after public  
50 notice thereof by publication in a newspaper having a

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1 general circulation in the area of operation of the  
2 municipality. The notice shall describe the time,  
3 date, place and purpose of the hearing, shall  
4 generally identify the urban renewal area covered by  
5 the plan, and shall outline the general scope of the  
6 urban renewal project under consideration. A copy of  
7 the notice shall be sent by ordinary mail to each  
8 affected taxing entity.

9 4. Following such hearing, the local governing  
10 body may approve an urban renewal project plan if it  
11 finds that:

12 a. A feasible method exists for the location of  
13 families who will be displaced from the urban renewal  
14 area into decent, safe and sanitary dwelling  
15 accommodations within their means and without undue  
16 hardship to such families;

17 b. The urban renewal plan conforms to the general  
18 plan of the municipality as a whole; provided, that if  
19 the urban renewal area consists of an area of open  
20 land to be acquired by the municipality, such area  
21 shall not be so acquired except:

22 (1) If it is to be developed for residential uses,  
23 the local governing body shall determine that a  
24 shortage of housing of sound standards and design with  
25 decency, safety and sanitation exists in the  
26 municipality; that the need for housing accommodations  
27 has been or will be increased as a result of the  
28 clearance of slums in other areas, including other  
29 portions of the urban renewal area; that the  
30 conditions of blight in the area and the shortage of  
31 decent, safe and sanitary housing cause or contribute  
32 to an increase in and spread of disease and crime, and  
33 constitute a menace to the public health, safety,  
34 morals, or welfare; and that the acquisition of the  
35 area for residential uses is an integral part of and  
36 essential to the program of the municipality.

37 (2) If it is to be developed for nonresidential  
38 uses, the local governing body shall determine that  
39 such nonresidential uses are necessary and appropriate  
40 to facilitate the proper growth and development of the  
41 community in accordance with sound planning standards  
42 and local community objectives. The acquisition may  
43 require the exercise of governmental action, as  
44 provided in this chapter, because of defective or  
45 unusual conditions of title, diversity of ownership,  
46 tax delinquency, improper subdivisions, outmoded  
47 street patterns, deterioration of site, economic  
48 disuse, unsuitable topography or faulty lot layouts,  
49 or because of the need for the correlation of the area  
50 with other areas of a municipality by streets and

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1 modern traffic requirements, or any combination of  
2 such factors or other conditions which retard  
3 development of the area.

4 5. An urban renewal plan may be modified at any  
5 time: Provided, that if modified after the lease or  
6 sale by the municipality of real property in the urban  
7 renewal project area, such modification may be  
8 conditioned upon such approval of the owner, lessee or  
9 successor in interest as the municipality may deem  
10 advisable, and in any event such modification shall be  
11 subject to such rights at law or in equity as a lessee  
12 or purchaser, or a lessee's or purchaser's successor  
13 or successors in interest, may be entitled to assert.  
14 The municipality shall comply with the notification  
15 and consultation process provided in this section  
16 prior to the approval of any amendment or modification  
17 to an adopted urban renewal plan if such amendment or  
18 modification provides for refunding bonds or  
19 refinancing resulting in an increase in indebtedness  
20 or provides for the issuance of bonds or other  
21 indebtedness to be funded primarily in the manner  
22 provided in section 403.19.

23 7. Notwithstanding any other provisions of this  
24 chapter, where the local governing body certifies that  
25 an area is in need of redevelopment or rehabilitation  
26 as a result of a flood, fire, hurricane, earthquake,  
27 storm, or other catastrophe respecting which the  
28 governor of the state has certified the need for  
29 disaster assistance under Public Law 875, Eighty-first  
30 Congress, 64 Stat. L. 1109; 42 U.S.C. §§ 1855-1855g or  
31 other federal law, the local governing body may  
32 approve an urban renewal plan and an urban renewal  
33 project with respect to such area without regard to  
34 the provisions of subsection 4 ~~of this section~~ and  
35 without regard to provisions of this section requiring  
36 notification and consultation, a general plan for the  
37 municipality, and a public hearing on the urban  
38 renewal plan or project.

39 Sec. 7. Section 403.12, subsection 5, Code 1993,  
40 is amended to read as follows:

41 5. For the purposes of this section, or for the  
42 purpose of aiding in the planning, undertaking, or  
43 carrying out of an urban renewal project of a  
44 municipality, ~~the~~ a municipality may, in addition to  
45 any authority to issue bonds pursuant to section  
46 403.9, issue and sell its general obligation bonds.  
47 Any bonds issued by a municipality pursuant to this  
48 section must be issued, in the case of a city, by  
49 resolution of the council in the manner and within the  
50 limitations prescribed by chapter 384, division III,

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1 or in the case of a county, by resolution of the board  
2 of supervisors in the manner and within the  
3 limitations prescribed by chapter 331, division IV,  
4 part 3. Bonds issued pursuant to the provisions of  
5 this subsection must be sold in the manner prescribed  
6 by chapter 75. The additional power granted in this-  
7 subsection for the financing of public improvements  
8 undertakings and activities by municipalities within  
9 an urban renewal project area shall not be construed  
10 as a limitation of the existing powers of cities  
11 municipalities.

12 Sec. 8. Section 403.17, subsections 2, 3, 8, 12,  
13 20, and 22, Code 1993, are amended to read as follows:

14 2. "Area of operation" of a city means the area  
15 within the corporate limits of the municipality city  
16 and, with the consent of the county, the area within  
17 two miles of such limits, except that it does not  
18 include any area which lies within the territorial  
19 boundaries of another incorporated city, unless a  
20 resolution has been adopted by the governing body of  
21 the city declaring a need to be included in the area.  
22 The "area of operation" of a county means an area  
23 outside the corporate limits of a city. However, in  
24 that area outside a city's boundary but within two  
25 miles of the city's boundary, a joint agreement  
26 between the city and the county is required allowing  
27 the county to proceed with the activities authorized  
28 under this chapter. In addition, a county may proceed  
29 with activities authorized under this chapter in an  
30 area inside the boundaries of a city, provided a joint  
31 agreement is entered into with respect to such  
32 activities between a city and a county.

33 3. "Blighted area" means an area of a municipality  
34 within which the local governing body of the  
35 municipality determines that the presence of a  
36 substantial number of slum, deteriorated, or  
37 deteriorating structures; defective or inadequate  
38 street layout; faulty lot layout in relation to size,  
39 adequacy, accessibility, or usefulness; insanitary or  
40 unsafe conditions; deterioration of site or other  
41 improvements; diversity of ownership, tax or special  
42 assessment delinquency exceeding the fair value of the  
43 land; defective or unusual conditions of title; or the  
44 existence of conditions which endanger life or  
45 property by fire and other causes; or any combination  
46 of these factors; substantially impairs or arrests the  
47 sound growth of a municipality, retards the provision  
48 of housing accommodations, or constitutes an economic  
49 or social liability and is a menace to the public  
50 health, safety, or welfare in its present condition

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1 and use. A disaster area referred to in section  
2 403.5, subsection 7, constitutes a "blighted area".  
3 "Blighted area" does not include real property  
4 assessed as agricultural property for purposes of  
5 property taxation.

6 8. "Economic development area" means an area of a  
7 municipality designated by the local governing body as  
8 appropriate for commercial and industrial enterprises  
9 or housing and residential development for low and  
10 moderate income families, including single or  
11 multifamily housing. If an urban renewal plan for an  
12 urban renewal area is based upon a finding that the  
13 area is an economic development area and that no part  
14 contains slum or blighted conditions, then the  
15 division of revenue provided in section 403.19 and  
16 stated in the plan shall be limited to twenty years  
17 from the calendar year following the calendar year in  
18 which the city first certifies to the county auditor  
19 the amount of any loans, advances, indebtedness, or  
20 bonds which qualify for payment from the division of  
21 revenue provided in section 403.19. Such designated  
22 area designated before July 1, 1994, shall not include  
23 land which is part of a century farm.

24 12. "Low or moderate income families" means ~~low or~~  
25 ~~moderate-income-families-as-defined-in-section-16-1~~  
26 those families, including single person households,  
27 earning no more than eighty percent of the higher of  
28 the median family income of the county or the  
29 statewide nonmetropolitan area as determined by the  
30 latest United States department of housing and urban  
31 development, section 8 income guidelines.

32 20. "Slum area" shall mean an area in which there  
33 is a predominance of buildings or improvements,  
34 whether residential or nonresidential, which: By  
35 reason of dilapidation, deterioration, age or  
36 obsolescence; by reason of inadequate provision for  
37 ventilation, light, air, sanitation, or open spaces;  
38 by reason of high density of population and  
39 overcrowding; by reason of the existence of conditions  
40 which endanger life or property by fire and other  
41 causes; or which by any combination of such factors,  
42 is conducive to ill health, transmission of disease,  
43 infant mortality, juvenile delinquency or crime, and  
44 which is detrimental to the public health, safety,  
45 morals or welfare. "Slum area" does not include real  
46 property assessed as agricultural property for  
47 purposes of property taxation.

48 22. "Urban renewal plan" means a plan for the  
49 development, redevelopment, improvement, or  
50 rehabilitation of a designated urban renewal area, as

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1 it exists from time to time, ~~for an urban renewal~~  
2 ~~project~~. The plan shall meet the following  
3 requirements:

4 a. Conform to the general plan for the  
5 municipality as a whole except as provided in section  
6 403.5, subsection 7.

7 b. Be sufficiently complete to indicate the ~~land~~  
8 ~~acquisition, demolition and removal of structures,~~  
9 ~~real property located in the urban renewal area to be~~  
10 ~~acquired for the proposed development, redevelopment,~~  
11 ~~development, improvements, and improvement, or~~  
12 ~~rehabilitation proposed to be carried out in the urban~~  
13 ~~renewal area,~~ and to indicate any zoning and planning  
14 district changes, if any, existing and future land  
15 uses, maximum densities, building requirements, and  
16 the plan's relationship to definite local objectives  
17 respecting appropriate development, redevelopment,  
18 improvement, or rehabilitation related to the future  
19 land uses plan, and need for improved traffic, public  
20 transportation, public utilities, recreational and  
21 community facilities, and other public improvements  
22 within the urban renewal area.

23 c. If the plan includes a provision for the  
24 division of taxes as provided in section 403.19, the  
25 plan shall also include a list of the current general  
26 obligation debt of the municipality, the current  
27 constitutional debt limit of the municipality, and the  
28 proposed amount of indebtedness to be incurred,  
29 including loans, advances, indebtedness, or bonds  
30 which qualify for payment from the special fund  
31 referred to in section 403.19, subsection 2.

32 Sec. 9. Section 403.17, Code 1993, is amended by  
33 adding the following new subsection:

34 NEW SUBSECTION. 1A. "Affected taxing entity"  
35 means a city, community college, county, or school  
36 district which levied or certified for levy a property  
37 tax on any portion of the taxable property located  
38 within the urban renewal area in the fiscal year  
39 beginning prior to the calendar year in which a  
40 proposed urban renewal plan is submitted to the local  
41 governing body for approval.

42 Sec. 10. Section 403.19, unnumbered paragraph 1,  
43 subsections 1, 2, and 3, Code 1993, are amended to  
44 read as follows:

45 A municipality may provide by ordinance that taxes  
46 levied on taxable property in an urban renewal project  
47 area each year by or for the benefit of the state,  
48 city, county, school district, or other taxing  
49 district after the effective date of such ordinance,  
50 shall be divided as follows:

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1 1. a. That Unless otherwise provided in this  
2 section, that portion of the taxes which would be  
3 produced by the rate at which the tax is levied each  
4 year by or for each of the taxing districts upon the  
5 total sum of the assessed value of the taxable  
6 property in the urban renewal project area, as shown  
7 on the assessment roll as of January 1 of the calendar  
8 year preceding the effective-date-of-the-ordinance  
9 first calendar year in which the municipality  
10 certifies to the county auditor the amount of loans,  
11 advances, indebtedness, or bonds payable from the  
12 division of property tax revenue, or on the assessment  
13 roll last equalized prior to the date of initial  
14 adoption of the urban renewal plan in-the-case-of  
15 projects-commenced if the plan was adopted prior to  
16 July 1, 1972, shall be allocated to and when collected  
17 be paid into the fund for the respective taxing  
18 district as taxes by or for said the taxing district  
19 into which all other property taxes are paid.  
20 However, the municipality may choose to divide that  
21 portion of the taxes which would be produced by  
22 levying the municipality's portion of the total tax  
23 rate levied by or for the municipality upon the total  
24 sum of the assessed value of the taxable property in  
25 the urban renewal area, as shown on the assessment  
26 roll as of January 1 of the calendar year preceding  
27 the effective date of the ordinance and if the  
28 municipality so chooses, an affected taxing entity may  
29 allow a municipality to divide that portion of the  
30 taxes which would be produced by levying the affected  
31 taxing district's portion of the total tax rate levied  
32 by or for the affected taxing entity upon the total  
33 sum of the assessed value of the taxable property in  
34 the urban renewal area, as shown on the assessment  
35 roll as of January 1 of the calendar year preceding  
36 the effective date of the ordinance.

37 b. For the purpose of allocating taxes levied by  
38 or for any taxing district which did not include the  
39 territory in an urban renewal project area on the  
40 effective date of the ordinance or initial adoption of  
41 the plan, but to which the territory has been annexed  
42 or otherwise included after the effective date, the  
43 assessment roll applicable to property in the annexed  
44 territory as of January 1 of the calendar year  
45 preceding the effective date of the ordinance, or  
46 initial-adoption-of-the-plan which amends the plan to  
47 include the annexed area, shall be used in determining  
48 the assessed valuation of the taxable property in the  
49 project-on-the-effective-date annexed area.

50 c. For the purposes of dividing taxes under

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1 sections 260E.4 and 260F.4, the community college  
2 shall notify the appropriate assessor of the approval  
3 of the first written agreement providing for a  
4 division of tax revenue. The assessor may, within  
5 fourteen days of being notified, physically inspect  
6 the applicable taxable business property. If upon  
7 such inspection the assessor determines that there has  
8 been a change in the value of the property from the  
9 value as shown on the assessment roll as of January 1  
10 of the calendar year preceding the approval of the  
11 first written agreement and such change in value is  
12 due to new construction, additions or improvements to  
13 existing structures, or remodeling of existing  
14 structures for which a building permit was required,  
15 the assessor shall promptly determine the value of the  
16 property as of the date of the approval of the first  
17 written agreement in the manner provided in chapter  
18 441 and that portion of the tax revenue which would be  
19 produced by levying against that assessed value shall  
20 not be included in the division of revenue for  
21 purposes of the jobs training project. The assessor,  
22 within thirty days of being notified of the approval  
23 of the first written agreement, shall notify the  
24 community college and the employer or business of that  
25 valuation which shall be excluded from the assessed  
26 valuation for purposes of this subsection and section  
27 260E.4 or 260F.4. The value determined by the  
28 assessor shall reflect the change in value due solely  
29 to new construction, additions or improvements to  
30 existing structures, or remodeling of existing  
31 structures for which a building permit was required.

32 2. That portion of the taxes each year in excess  
33 of such amount shall be allocated to and when  
34 collected be paid into a special fund of the  
35 municipality to pay the principal of and interest on  
36 loans, moneys advanced to, or indebtedness, whether  
37 funded, refunded, assumed, or otherwise, including  
38 bonds issued under the authority of section 403.9,  
39 subsection 1, incurred by the municipality to finance  
40 or refinance, in whole or in part, ~~the redevelopment~~  
41 an urban renewal project within the area, except that  
42 taxes for the payment of bonds and interest of each  
43 taxing district must be collected against all taxable  
44 property within the taxing district without limitation  
45 by the provisions of this subsection. Unless and  
46 until the total assessed valuation of the taxable  
47 property in an urban renewal project area exceeds the  
48 total assessed value of the taxable property in such  
49 project area as shown by the last equalized assessment  
50 roll referred to in subsection 1 of this section, all

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1 of the taxes levied and collected upon the taxable  
2 property in the urban renewal project area shall be  
3 paid into the funds for the respective taxing  
4 districts as taxes by or for said the taxing districts  
5 in the same manner as all other property taxes. When  
6 such loans, advances, indebtedness, and bonds, if any,  
7 and interest thereon, have been paid, all moneys  
8 thereafter received from taxes upon the taxable  
9 property in such urban renewal project area shall be  
10 paid into the funds for the respective taxing  
11 districts in the same manner as taxes on all other  
12 property.

13 3. The portion of taxes mentioned in subsection 2  
14 ~~of this section~~ and the special fund into which they  
15 shall be paid, may be irrevocably pledged by a  
16 municipality for the payment of the principal and  
17 interest on loans, advances, bonds issued under the  
18 authority of section 403.9, subsection 1, or  
19 indebtedness incurred by a municipality to finance or  
20 refinance, in whole or in part, the urban renewal  
21 project within the area.

22 Sec. 11. Section 403.19, subsection 5, Code 1993,  
23 is amended to read as follows:

24 5. A city municipality shall certify to the county  
25 auditor on or before December 31 the amount of loans,  
26 advances, indebtedness, or bonds which qualify for  
27 payment from the special fund referred to in  
28 subsection 2, and the filing of the certificate shall  
29 make it a duty of the auditor to provide for the  
30 division of taxes in each subsequent year until the  
31 amount of the loans, advances, indebtedness, or bond  
32 bonds is paid to the special fund. In any year, the  
33 county auditor shall, upon receipt of a certified  
34 request from a city municipality filed prior to  
35 January 1, increase the amount to be allocated under  
36 subsection 1 in order to reduce the amount to be  
37 allocated in the following fiscal year to the special  
38 fund, to the extent that the city municipality does  
39 not request allocation to the special fund of the full  
40 portion of taxes which could be collected. Upon  
41 receipt of a certificate by a municipality, the  
42 auditor shall mail a copy of the certificate to each  
43 affected taxing district.

44 Sec. 12. Section 403.19, subsection 7, Code 1993,  
45 is amended to read as follows:

46 7. For the purposes of this section, a county  
47 shall include taxes levied on industrial property  
48 within an urban renewal area only. However, a county  
49 shall include taxes levied on all taxable property  
50 within an urban renewal area if all or part of the

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1 area is inside the boundaries of a city or within two  
2 miles of a city's boundary and a joint agreement is  
3 entered into pursuant to section 403.17, subsection 2.

4 Sec. 13. Section 403.19, Code 1993, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 8. Beginning August 31, 1994,  
7 through January 1, 1997, no new jobs training  
8 agreements under section 260E.3 or 260F.3 shall be  
9 entered into for livestock production projects.

10 Sec. 14. NEW SECTION. 403.21 COMMUNICATION AND  
11 COOPERATION.

12 1. In order to promote communication and  
13 cooperation among cities, counties, and community  
14 colleges with respect to the allocation and division  
15 of taxes, no jobs training projects as defined in  
16 chapter 260E or 260F shall be undertaken within the  
17 area of operation of a municipality after July 1,  
18 1995, unless the municipality and the community  
19 college have entered into an agreement or have jointly  
20 adopted a plan relating to a community college's new  
21 jobs training program which shall provide for a  
22 procedure for advance notification to each affected  
23 municipality, for exchange of information, for mutual  
24 consultation, and for procedural guidelines for all  
25 such new jobs training projects, including related  
26 project financing to be undertaken within the area of  
27 operation of the municipality. The joint agreement or  
28 the plan shall state its precise duration and shall be  
29 binding on the community college and the municipality  
30 with respect to all new jobs training projects,  
31 including related project financing undertaken during  
32 its existence. The joint agreement or plan shall be  
33 effective upon adoption and shall be placed on file in  
34 the office of the secretary of the board of directors  
35 of the community college and such other location as  
36 may be stated in the joint agreement or plan. The  
37 joint agreement or plan shall also be sent to each  
38 school district which levied or certified for levy a  
39 property tax on any portion of the taxable property  
40 located in the area of operation of the municipality  
41 in the fiscal year beginning prior to the calendar  
42 year in which the plan is adopted or the agreement is  
43 reached. If no such agreement is reached or plan  
44 adopted, the community college shall not use  
45 incremental property tax revenues to fund jobs  
46 training projects within the area of operation of the  
47 municipality. Agreements entered into between a  
48 community college and a city or county pursuant to  
49 chapter 28E shall not apply.

50 2. The community college shall send a copy of the

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1 final agreement prepared pursuant to section 260E.3 to  
 2 the department of economic development. For each year  
 3 in which incremental property taxes are used to pay  
 4 job training certificates issued for a project  
 5 creating new jobs, the community college shall provide  
 6 to the department of economic development a report of  
 7 the incremental property taxes and new jobs credits  
 8 from withholding generated for that year, a specific  
 9 description of the training conducted, the number of  
 10 employees provided program services under the project,  
 11 the median wage of employees in the new jobs in the  
 12 project, and the administrative costs directly  
 13 attributable to the project.

14 3. The community college shall send a copy of the  
 15 final agreement prepared pursuant to section 260F.3 to  
 16 the department of economic development. For each year  
 17 in which incremental property taxes are used to retire  
 18 debt service on a jobs training advance issued for a  
 19 project creating new jobs, the community college shall  
 20 provide to the department of economic development a  
 21 report of the incremental property taxes and new jobs  
 22 credits from withholding generated for that year, a  
 23 specific description of the training conducted, the  
 24 number of employees provided program services under  
 25 the project, and the median wage of employees in the  
 26 new jobs in the project, and the administrative costs  
 27 directly attributable to the project.

28 Sec. 15. EFFECTIVE DATE. Sections 5, 7, and 12 of  
 29 this Act, amending Code sections 331.441, 403.12, and  
 30 403.19, subsection 7, being deemed of immediate  
 31 importance, take effect upon enactment.

32 Sec. 16. APPLICABILITY DATES. Sections 5, 7, and  
 33 12 of this Act are applicable to projects established  
 34 on or after the effective date of those sections.  
 35 Section 6 of this Act, amending Code section 403.5,  
 36 applies to urban renewal plans approved on or after  
 37 August 31, 1994. Section 14 of this Act, enacting new  
 38 section 403.21, applies to new jobs training project  
 39 agreements entered into on or after July 1, 1995. The  
 40 remaining sections of this Act apply to urban renewal  
 41 plans approved, or new jobs training project  
 42 agreements entered into, on or after January 1, 1995."

*adopted 4/18/94 (P. 1836)*

By HANSON of Delaware  
 NEUHAUSER of Johnson  
 CARPENTER of Polk

H-6215 FILED APRIL 15, 1994

HOUSE FILE 2204

H-6227

1 Amend the amendment, H-6215, to House File 2204, as  
 2 follows:

- 3 1. Page 12, by striking lines 4 through 9.
- 4 2. By renumbering as necessary.

By RUNNING of Linn

H-6227 FILED APRIL 15, 1994

*adopted 4/18/94 (P. 1836)*

## HOUSE FILE 2204

H-6238

1 Amend the amendment, H-6215, to House File 2204, as  
2 follows:

- 3 1. Page 12, by striking lines 4 through 9.  
4 2. By renumbering as necessary.

By WEIGEL of Chickasaw

H-6238 FILED APRIL 15, 1994

*out of Order 4/18/94 (P. 1836)*

## HOUSE FILE 2204

H-6240

1 Amend the amendment, H-6215, to House File 2204, as  
2 follows:

- 3 1. By striking page 9, line 50 through page 10,  
4 line 31 and inserting the following:  
5 c. For the purposes of dividing taxes under  
6 sections 260E.4 and 260F.4, the applicable assessment  
7 roll for purposes of paragraph "a" shall be the  
8 assessment roll as of January 1 of the calendar year  
9 preceding the first written agreement providing that  
10 all or a portion of program costs are to be paid for  
11 by incremental property taxes. The community college  
12 shall file a copy of the agreement with the  
13 appropriate assessor. The assessor may, within  
14 fourteen days of such filing, physically inspect the  
15 applicable taxable business property. If upon such  
16 inspection the assessor determines that there has been  
17 a change in the value of the property from the value  
18 as shown on the assessment roll as of January 1 of the  
19 calendar year preceding the filing of the agreement  
20 and such change in value is due to new construction,  
21 additions, or improvements to existing structures, or  
22 remodeling of existing structures for which a building  
23 permit was required, the assessor shall promptly  
24 determine the value of the property as of the  
25 inspection in the manner provided in chapter 441 and  
26 that value shall be included for purposes of the jobs  
27 training project in the assessed value of the  
28 employer's taxable business property as shown on the  
29 assessment roll as of January 1 of the calendar year  
30 preceding the filing of the agreement. The assessor,  
31 within thirty days of such filing, shall notify the  
32 community college and the employer or business of that  
33 valuation which shall be included in the assessed  
34 valuation for purposes of this subsection and section  
35 260E.4 or 260F.4. The value determined by the  
36 assessor shall reflect the change in value due solely  
37 to new construction, additions, or improvements to  
38 existing structures, or remodeling of existing  
39 structures for which a building permit was required."

By RUNNING of Linn

H-6240 FILED APRIL 15, 1994

*adopted 4/18/94*  
*(P. 1836)*

## HOUSE FILE 2204

H-6256

1 Amend the amendment, H-6215, to House File 2204 as  
2 follows:

3 1. Page 13, line 42, by inserting after the  
4 figure "1995" the following: ", except that the  
5 provision relating to century farms in section 403.17,  
6 subsection 8, as amended in this Act, applies to urban  
7 renewal plans for an economic development area  
8 approved on or after July 1, 1994".

By HANSON of Delaware

H-6256 FILED APRIL 15, 1994

*adopted 4-18-94 (P 1836)*

HOUSE FILE 2204

H-6271

1 Amend the amendment, H-6215, to House File 2204 as  
2 follows:

3 1. Page 3, line 22, by striking the word "plan,"  
4 and inserting the following: "plan which provides for  
5 a division of revenue pursuant to section 403.19,".

6 2. Page 5, line 19, by striking the word  
7 "indebtedness" and inserting the following: "debt  
8 service".

9 3. Page 5, line 21, by striking the word  
10 "indebtedness" and inserting the following:  
11 "indebtedness,".

12 4. Page 9, line 36, by inserting after the word  
13 "ordinance." the following: "This choice to divide a  
14 portion of the taxes shall not be construed to change  
15 the effective date of the division of property tax  
16 revenue with respect to an urban renewal plan in  
17 existence on July 1, 1994."

18 5. Page 11, line 41, by striking the word "by"  
19 and inserting the following: "from".

By HANSON of Delaware

H-6271 FILED APRIL 18, 1994

*adopted 4/18/94  
(P 1835)*

## HOUSE FILE 2204

S-5753

1 Amend House File 2204, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 13, line 18, by inserting after the word  
4 "subsection." the following: "In addition, for urban  
5 renewal areas designated on or after July 1, 1994, or  
6 amendments or modifications to urban renewal areas  
7 designated prior to July 1, 1994, if such amendment or  
8 modification provides for refunding bonds or  
9 refinancing resulting in an increase in debt service  
10 or provides for the issuance of bonds or other  
11 indebtedness, to be funded primarily by a division of  
12 property tax revenue, all the assessed valuation shall  
13 be included in the school district in which the urban  
14 renewal area is located and the taxes levied by the  
15 school district shall be collected against all taxable  
16 valuation within the school district without  
17 limitation by the provisions of this section.  
18 However, in the case where amendments or modifications  
19 made after July 1, 1994, to urban renewal areas  
20 designated prior to July 1, 1994, provide for  
21 refundng bonds or refinancing resulting in an  
22 increase in debt service or provides for the issuance  
23 of bonds or other indebtedness, to be funded primarily  
24 by a division of property tax revenue, the total  
25 assessed valuation of property, as of January 1 prior  
26 to enactment of such amendment or modification, in the  
27 urban renewal area shall be included in the county's  
28 base for purposes of the division of taxes under this  
29 section."

By BERL E. PRIEBE

S-5753 FILED APRIL 19, 1994

ADOPTED, MOTION TO RECONSIDER ADOPTED, WITHDRAWN

## HOUSE FILE 2204

S-5757

1 Amend House File 2204, as amended, passed, and re-  
2 printed by the House, as follows:  
3 1. Page 1, by inserting before line 1 the  
4 following:  
5 "Section 1. Section 260E.1, Code 1993, is amended  
6 to read as follows:  
7 260E.1 TITLE.  
8 This chapter shall be known and may be cited as the  
9 "Iowa ~~industrial~~ community college new jobs training  
10 Act".  
11 2. By renumbering as necessary.

By JIM RIORDAN

S-5757 FILED APRIL 19, 1994

WITHDRAWN

4-19-94

## HOUSE FILE 2204

S-5728

1 Amend House File 2204, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 13, line 18, by inserting after the word  
4 "subsection" the following: "and except that for  
5 urban renewal areas designated on or after July 1,  
6 1994, the foundation property tax levy under section  
7 257.3 of a school district must be collected against  
8 all taxable property within the school district  
9 without limitation by the provisions of this  
10 subsection".

By MIKE CONNOLLY  
AL STURGEON

WILLIAM D. PALMER  
JIM LIND

S-5728 FILED APRIL 18, 1994  
LOST

## HOUSE FILE 2204

S-5732

1 Amend House File 2204, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 13, by inserting after line 6 the  
4 following:

5 "d. A county or a school district may choose not  
6 to have its taxes divided as provided in this section  
7 and if it so chooses its taxes shall not be available  
8 for use of the municipality that designated the area  
9 an urban renewal area."

By AL STURGEON

S-5732 FILED APRIL 18, 1994  
LOST

HOUSE FILE 2204  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2082)

Passed House, <sup>(P. 1836)</sup> Date 4/18/94 Passed Senate, <sup>(P. 1366)</sup> Date 4/19/94  
Vote: Ayes 91 Nays 8 Vote: Ayes 49 Nays 1  
Approved May 16, 1994

A BILL FOR

1 An Act relating to the issuance of bonds by a county to fund an  
2 urban renewal project, the incremental taxes allowed to be  
3 levied by a county in an urban renewal area, and providing an  
4 effective date.

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

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All New Language by the House

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1 Section 1. Section 260E.3, unnumbered paragraph 1, and  
2 subsection 1, Code 1993, are amended to read as follows:

3 1. A community college may enter into an agreement to  
4 establish a project. If an agreement is entered into, the  
5 community college and the employer shall notify the department  
6 of revenue and finance as soon as possible. An agreement ~~may~~  
7 shall provide,--but-is-not-limited-to:

8 ~~±---~~Program for program costs, including deferred costs,  
9 which may be paid from one or a combination of the following  
10 sources:

11 a. Incremental property taxes to be received or derived  
12 from an employer's business property where new jobs are  
13 created as a result of the project.

14 b. New jobs credit from withholding to be received or  
15 derived from new employment resulting from the project.

16 c. Tuition, student fees, or special charges fixed by the  
17 board of directors to defray program costs in whole or in  
18 part.

19 d. Guarantee of payments to be received under paragraph  
20 "a," "b," or "c".

21 Sec. 2. Section 260E.3, subsection 4, Code 1993, is  
22 amended to read as follows:

23 4. A An agreement shall include a provision which fixes  
24 the minimum amount of incremental property taxes, new jobs  
25 credit from withholding, or tuition and fee payments which  
26 shall be paid for program costs.

27 Sec. 3. Section 260F.3, unnumbered paragraph 1, and  
28 subsection 1, Code 1993, are amended to read as follows:

29 1. A community college may enter into an agreement to  
30 establish a project. If an agreement is entered into, the  
31 community college and the business shall notify the department  
32 of revenue and finance as soon as possible. An agreement ~~may~~  
33 shall provide,--but-is-not-limited-to:

34 ~~±---~~Program for program costs, including deferred costs,  
35 for a project creating new jobs by providing education and

1 training of workers for a new or expanding small business  
2 which may be paid from one or a combination of the following  
3 sources:

4 a. Incremental property taxes to be received or derived  
5 from the business' property where new jobs are created as a  
6 result of the project.

7 b. New jobs credit from withholding to be received or  
8 derived from new employment resulting from the project.

9 c. Tuition, student fees, or special charges fixed by the  
10 board of directors to defray program costs in whole or in  
11 part.

12 d. Guarantee of payments to be received under paragraph  
13 "a", "b", or "c".

14 Sec. 4. Section 260F.3, subsections 5 and 7, Code 1993,  
15 are amended to read as follows:

16 5. ~~A-provision, where~~ If applicable, an agreement shall  
17 include a provision which fixes the minimum amount of  
18 incremental property taxes, new jobs credit from withholding,  
19 or tuition and fee payments which shall be paid for program  
20 costs.

21 7. Provisions An agreement shall contain provisions  
22 relating to the type of financial assistance being provided  
23 which may be in the form of grants, loans, forgivable loans,  
24 or a combination of grants and loans according to guidelines  
25 adopted by the department of economic development. However,  
26 the amount of financial assistance provided for a project  
27 under this chapter shall not exceed fifty thousand dollars.  
28 Financial assistance for a new jobs project shall be limited  
29 to loans. Financial assistance for a retraining project shall  
30 not include a grant or forgivable loan unless the result of  
31 the retooling creates, at the business production site subject  
32 to the retooling, a net increase in the number of employment  
33 positions, a net increase in the quality of the employment  
34 positions held by participating workers, or a net increase in  
35 wages paid to participating workers. The financial assistance

1 provided to a participating business must be based on the  
2 actual cost of training or retraining participating workers  
3 under the project.

4 Sec. 5. Section 331.441, subsection 2, paragraph b, Code  
5 Supplement 1993, is amended by adding the following new  
6 subparagraph:

7 NEW SUBPARAGRAPH. (14) The aiding of the planning,  
8 undertaking, and carrying out of urban renewal projects under  
9 the authority of chapter 403 and for the purposes set out in  
10 section 403.12. However, bonds issued for this purpose are  
11 subject to the right of petition for an election as provided  
12 in section 331.442, subsection 5, without limitation on the  
13 amount of the bond issue or the population of the county, and  
14 the board shall include notice of the right of petition in the  
15 notice of proposed action required under section 331.443,  
16 subsection 2.

17 Sec. 6. Section 403.5, subsections 2, 3, 4, 5, and 7, Code  
18 1993, are amended to read as follows:

19 2. The municipality may itself prepare or cause to be  
20 prepared an urban renewal plan; or any person or agency,  
21 public or private, may submit such a plan to a municipality.  
22 Prior to its approval of an urban renewal project plan, the  
23 local governing body shall submit such plan to the planning  
24 commission of the municipality, if any, for review and  
25 recommendations as to its conformity with the general plan for  
26 the development of the municipality as a whole. The planning  
27 commission shall submit its written recommendations with  
28 respect to the proposed urban renewal plan to the local  
29 governing body within thirty days after receipt of the plan  
30 for review. Upon receipt of the recommendations of the  
31 planning commission or, if no recommendations are received  
32 within ~~said~~ the thirty days, then, without such  
33 recommendations, the local governing body may proceed with the  
34 hearing on the proposed urban renewal project prescribed by  
35 subsection 3 hereof.

1 Prior to its approval of an urban renewal plan which  
2 provides for a division of revenue pursuant to section 403.19,  
3 the municipality shall mail the proposed plan by regular mail  
4 to the affected taxing entities. The municipality shall  
5 include with the proposed plan notification of a consultation  
6 to be held between the municipality and affected taxing  
7 entities prior to the public hearing on the urban renewal  
8 plan. Each affected taxing entity may appoint a  
9 representative to attend the consultation. The consultation  
10 may include a discussion of the estimated growth in valuation  
11 of taxable property included in the proposed urban renewal  
12 area, the fiscal impact of the division of revenue on the  
13 affected taxing entities, the estimated impact on the  
14 provision of services by each of the affected taxing entities  
15 in the proposed urban renewal area, and the duration of any  
16 bond issuance included in the plan. The designated  
17 representative of the affected taxing entity may make written  
18 recommendations for modification to the proposed division of  
19 revenue no later than seven days following the date of the  
20 consultation. The representative of the municipality shall,  
21 no later than seven days prior to the public hearing on the  
22 urban renewal plan, submit a written response to the affected  
23 taxing entity addressing the recommendations for modification  
24 to the proposed division of revenue.

25 3. The local governing body shall hold a public hearing on  
26 an urban renewal project after public notice thereof by  
27 publication in a newspaper having a general circulation in the  
28 area of operation of the municipality. The notice shall  
29 describe the time, date, place and purpose of the hearing,  
30 shall generally identify the urban renewal area covered by the  
31 plan, and shall outline the general scope of the urban renewal  
32 project under consideration. A copy of the notice shall be  
33 sent by ordinary mail to each affected taxing entity.

34 4. Following such hearing, the local governing body may  
35 approve an urban renewal project plan if it finds that:

1 a. A feasible method exists for the location of families  
2 who will be displaced from the urban renewal area into decent,  
3 safe and sanitary dwelling accommodations within their means  
4 and without undue hardship to such families;

5 b. The urban renewal plan conforms to the general plan of  
6 the municipality as a whole; provided, that if the urban  
7 renewal area consists of an area of open land to be acquired  
8 by the municipality, such area shall not be so acquired  
9 except:

10 (1) If it is to be developed for residential uses, the  
11 local governing body shall determine that a shortage of  
12 housing of sound standards and design with decency, safety and  
13 sanitation exists in the municipality; that the need for  
14 housing accommodations has been or will be increased as a  
15 result of the clearance of slums in other areas, including  
16 other portions of the urban renewal area; that the conditions  
17 of blight in the area and the shortage of decent, safe and  
18 sanitary housing cause or contribute to an increase in and  
19 spread of disease and crime, and constitute a menace to the  
20 public health, safety, morals, or welfare; and that the  
21 acquisition of the area for residential uses is an integral  
22 part of and essential to the program of the municipality.

23 (2) If it is to be developed for nonresidential uses, the  
24 local governing body shall determine that such nonresidential  
25 uses are necessary and appropriate to facilitate the proper  
26 growth and development of the community in accordance with  
27 sound planning standards and local community objectives. The  
28 acquisition may require the exercise of governmental action,  
29 as provided in this chapter, because of defective or unusual  
30 conditions of title, diversity of ownership, tax delinquency,  
31 improper subdivisions, outmoded street patterns, deterioration  
32 of site, economic disuse, unsuitable topography or faulty lot  
33 layouts, or because of the need for the correlation of the  
34 area with other areas of a municipality by streets and modern  
35 traffic requirements, or any combination of such factors or

1 other conditions which retard development of the area.

2 5. An urban renewal plan may be modified at any time:

3 Provided, that if modified after the lease or sale by the

4 municipality of real property in the urban renewal project

5 area, such modification may be conditioned upon such approval

6 of the owner, lessee or successor in interest as the

7 municipality may deem advisable, and in any event such

8 modification shall be subject to such rights at law or in

9 equity as a lessee or purchaser, or a lessee's or purchaser's

10 successor or successors in interest, may be entitled to

11 assert. The municipality shall comply with the notification

12 and consultation process provided in this section prior to the

13 approval of any amendment or modification to an adopted urban

14 renewal plan if such amendment or modification provides for

15 refunding bonds or refinancing resulting in an increase in

16 debt service or provides for the issuance of bonds or other

17 indebtedness, to be funded primarily in the manner provided in

18 section 403.19.

19 7. Notwithstanding any other provisions of this chapter,

20 where the local governing body certifies that an area is in

21 need of redevelopment or rehabilitation as a result of a

22 flood, fire, hurricane, earthquake, storm, or other

23 catastrophe respecting which the governor of the state has

24 certified the need for disaster assistance under Public Law

25 875, Eighty-first Congress, 64 Stat. L. 1109; 42 U.S.C. §§

26 1855-1855g or other federal law, the local governing body may

27 approve an urban renewal plan and an urban renewal project

28 with respect to such area without regard to the provisions of

29 subsection 4 ~~of this section~~ and without regard to provisions

30 of this section requiring notification and consultation, a

31 general plan for the municipality, and a public hearing on the

32 urban renewal plan or project.

33 Sec. 7. Section 403.12, subsection 5, Code 1993, is

34 amended to read as follows:

35 5. For the purposes of this section, or for the purpose of

1 aiding in the planning, undertaking, or carrying out of an  
2 urban renewal project of a municipality, ~~the~~ a municipality  
3 may, in addition to any authority to issue bonds pursuant to  
4 section 403.9, issue and sell its general obligation bonds.  
5 Any bonds issued by a municipality pursuant to this section  
6 must be issued, in the case of a city, by resolution of the  
7 council in the manner and within the limitations prescribed by  
8 chapter 384, division III, or in the case of a county, by  
9 resolution of the board of supervisors in the manner and  
10 within the limitations prescribed by chapter 331, division IV,  
11 part 3. Bonds issued pursuant to the provisions of this  
12 subsection must be sold in the manner prescribed by chapter  
13 75. The additional power granted in this subsection for the  
14 financing of public ~~improvements~~ undertakings and activities  
15 by municipalities within an urban renewal project area shall  
16 not be construed as a limitation of the existing powers of  
17 cities municipalities.

18 Sec. 8. Section 403.17, subsections 2, 3, 8, 12, 20, and  
19 22, Code 1993, are amended to read as follows:

20 2. "Area of operation" of a city means the area within the  
21 corporate limits of the ~~municipality~~ city and, with the  
22 consent of the county, the area within two miles of such  
23 limits, except that it does not include any area which lies  
24 within the territorial boundaries of another incorporated  
25 city, unless a resolution has been adopted by the governing  
26 body of the city declaring a need to be included in the area.  
27 The "area of operation" of a county means an area outside the  
28 corporate limits of a city. However, in that area outside a  
29 city's boundary but within two miles of the city's boundary, a  
30 joint agreement between the city and the county is required  
31 allowing the county to proceed with the activities authorized  
32 under this chapter. In addition, a county may proceed with  
33 activities authorized under this chapter in an area inside the  
34 boundaries of a city, provided a joint agreement is entered  
35 into with respect to such activities between a city and a

1 county.

2 3. "Blighted area" means an area of a municipality within  
3 which the local governing body of the municipality determines  
4 that the presence of a substantial number of slum,  
5 deteriorated, or deteriorating structures; defective or  
6 inadequate street layout; faulty lot layout in relation to  
7 size, adequacy, accessibility, or usefulness; insanitary or  
8 unsafe conditions; deterioration of site or other  
9 improvements; diversity of ownership, tax or special  
10 assessment delinquency exceeding the fair value of the land;  
11 defective or unusual conditions of title; or the existence of  
12 conditions which endanger life or property by fire and other  
13 causes; or any combination of these factors; substantially  
14 impairs or arrests the sound growth of a municipality, retards  
15 the provision of housing accommodations, or constitutes an  
16 economic or social liability and is a menace to the public  
17 health, safety, or welfare in its present condition and use.  
18 A disaster area referred to in section 403.5, subsection 7,  
19 constitutes a "blighted area". "Blighted area" does not  
20 include real property assessed as agricultural property for  
21 purposes of property taxation.

22 8. "Economic development area" means an area of a  
23 municipality designated by the local governing body as  
24 appropriate for commercial and industrial enterprises or  
25 housing and residential development for low and moderate  
26 income families, including single or multifamily housing. If  
27 an urban renewal plan for an urban renewal area is based upon  
28 a finding that the area is an economic development area and  
29 that no part contains slum or blighted conditions, then the  
30 division of revenue provided in section 403.19 and stated in  
31 the plan shall be limited to twenty years from the calendar  
32 year following the calendar year in which the city first  
33 certifies to the county auditor the amount of any loans,  
34 advances, indebtedness, or bonds which qualify for payment  
35 from the division of revenue provided in section 403.19. Such

1 designated area designated before July 1, 1994, shall not  
2 include land which is part of a century farm.

3 12. "Low or moderate income families" means ~~low-or~~  
4 ~~moderate-income-families-as-defined-in-section-16-1~~ those  
5 families, including single person households, earning no more  
6 than eighty percent of the higher of the median family income  
7 of the county or the statewide nonmetropolitan area as  
8 determined by the latest United States department of housing  
9 and urban development, section 8 income guidelines.

10 20. "Slum area" shall mean an area in which there is a  
11 predominance of buildings or improvements, whether residential  
12 or nonresidential, which: By reason of dilapidation,  
13 deterioration, age or obsolescence; by reason of inadequate  
14 provision for ventilation, light, air, sanitation, or open  
15 spaces; by reason of high density of population and  
16 overcrowding; by reason of the existence of conditions which  
17 endanger life or property by fire and other causes; or which  
18 by any combination of such factors, is conducive to ill  
19 health, transmission of disease, infant mortality, juvenile  
20 delinquency or crime, and which is detrimental to the public  
21 health, safety, morals or welfare. "Slum area" does not  
22 include real property assessed as agricultural property for  
23 purposes of property taxation.

24 22. "Urban renewal plan" means a plan for the development,  
25 redevelopment, improvement, or rehabilitation of a designated  
26 urban renewal area, as it exists from time to time,-for-an  
27 urban-renewal-project. The plan shall meet the following  
28 requirements:

29 a. Conform to the general plan for the municipality as a  
30 whole except as provided in section 403.5, subsection 7.

31 b. Be sufficiently complete to indicate the ~~land~~  
32 ~~acquisition,-demolition-and-removal-of-structures,~~ real  
33 property located in the urban renewal area to be acquired for  
34 the proposed development, redevelopment, development,  
35 improvements,-and improvement, or rehabilitation proposed-to

1 ~~be-carried-out-in-the-urban-renewal-area~~, and to indicate any  
2 ~~zoning and-planning~~ district changes, ~~if-any,~~ existing and  
3 future land uses, ~~maximum-densities,-building-requirements,~~  
4 and the ~~plan's-relationship-to-definite~~ local objectives  
5 respecting appropriate development, redevelopment,  
6 improvement, or rehabilitation related to the future land uses  
7 plan, and need for improved traffic, public transportation,  
8 public utilities, recreational and community facilities, and  
9 other public improvements within the urban renewal area.

10 c. If the plan includes a provision for the division of  
11 taxes as provided in section 403.19, the plan shall also  
12 include a list of the current general obligation debt of the  
13 municipality, the current constitutional debt limit of the  
14 municipality, and the proposed amount of indebtedness to be  
15 incurred, including loans, advances, indebtedness, or bonds  
16 which qualify for payment from the special fund referred to in  
17 section 403.19, subsection 2.

18 Sec. 9. Section 403.17, Code 1993, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. 1A. "Affected taxing entity" means a  
21 city, community college, county, or school district which  
22 levied or certified for levy a property tax on any portion of  
23 the taxable property located within the urban renewal area in  
24 the fiscal year beginning prior to the calendar year in which  
25 a proposed urban renewal plan is submitted to the local  
26 governing body for approval.

27 Sec. 10. Section 403.19, unnumbered paragraph 1,  
28 subsections 1, 2, and 3, Code 1993, are amended to read as  
29 follows:

30 A municipality may provide by ordinance that taxes levied  
31 on taxable property in an urban renewal project area each year  
32 by or for the benefit of the state, city, county, school  
33 district, or other taxing district ~~after-the-effective-date-of~~  
34 such-ordinance, shall be divided as follows:

35 1. a. That Unless otherwise provided in this section,

1 that portion of the taxes which would be produced by the rate  
2 at which the tax is levied each year by or for each of the  
3 taxing districts upon the total sum of the assessed value of  
4 the taxable property in the urban renewal project area, as  
5 shown on the assessment roll as of January 1 of the calendar  
6 year preceding the effective-date-of-the-ordinance first  
7 calendar year in which the municipality certifies to the  
8 county auditor the amount of loans, advances, indebtedness, or  
9 bonds payable from the division of property tax revenue, or on  
10 the assessment roll last equalized prior to the date of  
11 initial adoption of the urban renewal plan in-the-case-of  
12 projects-commenced if the plan was adopted prior to July 1,  
13 1972, shall be allocated to and when collected be paid into  
14 the fund for the respective taxing district as taxes by or for  
15 said the taxing district into which all other property taxes  
16 are paid. However, the municipality may choose to divide that  
17 portion of the taxes which would be produced by levying the  
18 municipality's portion of the total tax rate levied by or for  
19 the municipality upon the total sum of the assessed value of  
20 the taxable property in the urban renewal area, as shown on  
21 the assessment roll as of January 1 of the calendar year  
22 preceding the effective date of the ordinance and if the  
23 municipality so chooses, an affected taxing entity may allow a  
24 municipality to divide that portion of the taxes which would  
25 be produced by levying the affected taxing district's portion  
26 of the total tax rate levied by or for the affected taxing  
27 entity upon the total sum of the assessed value of the taxable  
28 property in the urban renewal area, as shown on the assessment  
29 roll as of January 1 of the calendar year preceding the  
30 effective date of the ordinance. This choice to divide a  
31 portion of the taxes shall not be construed to change the  
32 effective date of the division of property tax revenue with  
33 respect to an urban renewal plan in existence on July 1, 1994.  
34 b. For the purpose of allocating taxes levied by or for  
35 any taxing district which did not include the territory in an

1 urban renewal project area on the effective date of the  
2 ordinance or initial adoption of the plan, but to which the  
3 territory has been annexed or otherwise included after the  
4 effective date, the assessment roll applicable to property in  
5 the annexed territory as of January 1 of the calendar year  
6 preceding the effective date of the ordinance, ~~or initial~~  
7 ~~adoption of the plan~~ which amends the plan to include the  
8 annexed area, shall be used in determining the assessed  
9 valuation of the taxable property in the ~~project-on-the~~  
10 ~~effective-date~~ annexed area.

11 c. For the purposes of dividing taxes under sections  
12 260E.4 and 260F.4, the applicable assessment roll for purposes  
13 of paragraph "a" shall be the assessment roll as of January 1  
14 of the calendar year preceding the first written agreement  
15 providing that all or a portion of program costs are to be  
16 paid for by incremental property taxes. The community college  
17 shall file a copy of the agreement with the appropriate  
18 assessor. The assessor may, within fourteen days of such  
19 filing, physically inspect the applicable taxable business  
20 property. If upon such inspection the assessor determines  
21 that there has been a change in the value of the property from  
22 the value as shown on the assessment roll as of January 1 of  
23 the calendar year preceding the filing of the agreement and  
24 such change in value is due to new construction, additions, or  
25 improvements to existing structures, or remodeling of existing  
26 structures for which a building permit was required, the  
27 assessor shall promptly determine the value of the property as  
28 of the inspection in the manner provided in chapter 441 and  
29 that value shall be included for purposes of the jobs training  
30 project in the assessed value of the employer's taxable  
31 business property as shown on the assessment roll as of  
32 January 1 of the calendar year preceding the filing of the  
33 agreement. The assessor, within thirty days of such filing,  
34 shall notify the community college and the employer or  
35 business of that valuation which shall be included in the

1 assessed valuation for purposes of this subsection and section  
2 260E.4 or 260F.4. The value determined by the assessor shall  
3 reflect the change in value due solely to new construction,  
4 additions, or improvements to existing structures, or  
5 remodeling of existing structures for which a building permit  
6 was required.

7 2. That portion of the taxes each year in excess of such  
8 amount shall be allocated to and when collected be paid into a  
9 special fund of the municipality to pay the principal of and  
10 interest on loans, moneys advanced to, or indebtedness,  
11 whether funded, refunded, assumed, or otherwise, including  
12 bonds issued under the authority of section 403.9, subsection  
13 1, incurred by the municipality to finance or refinance, in  
14 whole or in part, ~~the-redevelopment~~ an urban renewal project  
15 within the area, except that taxes for the payment of bonds  
16 and interest of each taxing district must be collected against  
17 all taxable property within the taxing district without  
18 limitation by the provisions of this subsection. Unless and  
19 until the total assessed valuation of the taxable property in  
20 an urban renewal project area exceeds the total assessed value  
21 of the taxable property in such project area as shown by the  
22 last equalized assessment roll referred to in subsection 1 of  
23 ~~this-section~~, all of the taxes levied and collected upon the  
24 taxable property in the urban renewal project area shall be  
25 paid into the funds for the respective taxing districts as  
26 taxes by or for ~~said~~ the taxing districts in the same manner  
27 as all other property taxes. When such loans, advances,  
28 indebtedness, and bonds, if any, and interest thereon, have  
29 been paid, all moneys thereafter received from taxes upon the  
30 taxable property in such urban renewal project area shall be  
31 paid into the funds for the respective taxing districts in the  
32 same manner as taxes on all other property.

33 3. The portion of taxes mentioned in subsection 2 ~~of this~~  
34 ~~section~~ and the special fund into which they shall be paid,  
35 may be irrevocably pledged by a municipality for the payment

1 of the principal and interest on loans, advances, bonds issued  
2 under the authority of section 403.9, subsection 1, or  
3 indebtedness incurred by a municipality to finance or  
4 refinance, in whole or in part, the urban renewal project  
5 within the area.

6 Sec. 11. Section 403.19, subsection 5, Code 1993, is  
7 amended to read as follows:

8 5. A city municipality shall certify to the county auditor  
9 on or before December 31 the amount of loans, advances,  
10 indebtedness, or bonds which qualify for payment from the  
11 special fund referred to in subsection 2, and the filing of  
12 the certificate shall make it a duty of the auditor to provide  
13 for the division of taxes in each subsequent year until the  
14 amount of the loans, advances, indebtedness, or ~~bond~~ bonds is  
15 paid to the special fund. In any year, the county auditor  
16 shall, upon receipt of a certified request from a city  
17 municipality filed prior to January 1, increase the amount to  
18 be allocated under subsection 1 in order to reduce the amount  
19 to be allocated in the following fiscal year to the special  
20 fund, to the extent that the city municipality does not  
21 request allocation to the special fund of the full portion of  
22 taxes which could be collected. Upon receipt of a certificate  
23 from a municipality, the auditor shall mail a copy of the  
24 certificate to each affected taxing district.

25 Sec. 12. Section 403.19, subsection 7, Code 1993, is  
26 amended to read as follows:

27 7. For the purposes of this section, a county shall  
28 include taxes levied on industrial property within an urban  
29 renewal area only. However, a county shall include taxes  
30 levied on all taxable property within an urban renewal area if  
31 all or part of the area is inside the boundaries of a city or  
32 within two miles of a city's boundary and a joint agreement is  
33 entered into pursuant to section 403.17, subsection 2.

34 Sec. 13. NEW SECTION. 403.21 COMMUNICATION AND  
35 COOPERATION.

1 1. In order to promote communication and cooperation among  
2 cities, counties, and community colleges with respect to the  
3 allocation and division of taxes, no jobs training projects as  
4 defined in chapter 260E or 260F shall be undertaken within the  
5 area of operation of a municipality after July 1, 1995, unless  
6 the municipality and the community college have entered into  
7 an agreement or have jointly adopted a plan relating to a  
8 community college's new jobs training program which shall  
9 provide for a procedure for advance notification to each  
10 affected municipality, for exchange of information, for mutual  
11 consultation, and for procedural guidelines for all such new  
12 jobs training projects, including related project financing to  
13 be undertaken within the area of operation of the  
14 municipality. The joint agreement or the plan shall state its  
15 precise duration and shall be binding on the community college  
16 and the municipality with respect to all new jobs training  
17 projects, including related project financing undertaken  
18 during its existence. The joint agreement or plan shall be  
19 effective upon adoption and shall be placed on file in the  
20 office of the secretary of the board of directors of the  
21 community college and such other location as may be stated in  
22 the joint agreement or plan. The joint agreement or plan  
23 shall also be sent to each school district which levied or  
24 certified for levy a property tax on any portion of the  
25 taxable property located in the area of operation of the  
26 municipality in the fiscal year beginning prior to the  
27 calendar year in which the plan is adopted or the agreement is  
28 reached. If no such agreement is reached or plan adopted, the  
29 community college shall not use incremental property tax  
30 revenues to fund jobs training projects within the area of  
31 operation of the municipality. Agreements entered into  
32 between a community college and a city or county pursuant to  
33 chapter 28E shall not apply.

34 2. The community college shall send a copy of the final  
35 agreement prepared pursuant to section 260E.3 to the

1 department of economic development. For each year in which  
2 incremental property taxes are used to pay job training  
3 certificates issued for a project creating new jobs, the  
4 community college shall provide to the department of economic  
5 development a report of the incremental property taxes and new  
6 jobs credits from withholding generated for that year, a  
7 specific description of the training conducted, the number of  
8 employees provided program services under the project, the  
9 median wage of employees in the new jobs in the project, and  
10 the administrative costs directly attributable to the project.

11 3. The community college shall send a copy of the final  
12 agreement prepared pursuant to section 260F.3 to the  
13 department of economic development. For each year in which  
14 incremental property taxes are used to retire debt service on  
15 a jobs training advance issued for a project creating new  
16 jobs, the community college shall provide to the department of  
17 economic development a report of the incremental property  
18 taxes and new jobs credits from withholding generated for that  
19 year, a specific description of the training conducted, the  
20 number of employees provided program services under the  
21 project, and the median wage of employees in the new jobs in  
22 the project, and the administrative costs directly  
23 attributable to the project.

24 Sec. 14. EFFECTIVE DATE. Sections 5, 7, and 12 of this  
25 Act, amending Code sections 331.441, 403.12, and 403.19,  
26 subsection 7, being deemed of immediate importance, take  
27 effect upon enactment.

28 Sec. 15. APPLICABILITY DATES. Sections 5, 7, and 12 of  
29 this Act are applicable to projects established on or after  
30 the effective date of those sections. Section 6 of this Act,  
31 amending Code section 403.5, applies to urban renewal plans  
32 approved on or after August 31, 1994. Section 13 of this Act,  
33 enacting new section 403.21, applies to new jobs training  
34 project agreements entered into on or after July 1, 1995. The  
35 remaining sections of this Act apply to urban renewal plans

1 approved, or new jobs training project agreements entered  
2 into, on or after January 1, 1995, except that the provision  
3 relating to century farms in section 403.17, subsection 8, as  
4 amended in this Act, applies to urban renewal plans for an  
5 economic development area approved on or after July 1, 1994.

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HOUSE FILE 2204

AN ACT

RELATING TO THE ISSUANCE OF BONDS BY A COUNTY TO FUND AN URBAN RENEWAL PROJECT, THE INCREMENTAL TAXES ALLOWED TO BE LEVIED BY A COUNTY IN AN URBAN RENEWAL AREA, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 260E.3, unnumbered paragraph 1, and subsection 1, Code 1993, are amended to read as follows:

1. A community college may enter into an agreement to establish a project. If an agreement is entered into, the community college and the employer shall notify the department of revenue and finance as soon as possible. An agreement may ~~shall provide, but is not limited to:~~

~~1--Program for program~~ costs, including deferred costs, which may be paid from one or a combination of the following sources:

- a. Incremental property taxes to be received or derived from an employer's business property where new jobs are created as a result of the project.
- b. New jobs credit from withholding to be received or derived from new employment resulting from the project.
- c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.
- d. Guarantee of payments to be received under paragraph "a," "b," or "c".

Sec. 2. Section 260E.3, subsection 4, Code 1993, is amended to read as follows:

4. A An agreement shall include a provision which fixes the minimum amount of incremental property taxes, new jobs credit from withholding, or tuition and fee payments which shall be paid for program costs.

Sec. 3. Section 260F.3, unnumbered paragraph 1, and subsection 1, Code 1993, are amended to read as follows:

1. A community college may enter into an agreement to establish a project. If an agreement is entered into, the community college and the business shall notify the department of revenue and finance as soon as possible. An agreement may ~~shall provide, but is not limited to:~~

~~1--Program for program~~ costs, including deferred costs, for a project creating new jobs by providing education and training of workers for a new or expanding small business which may be paid from one or a combination of the following sources:

- a. Incremental property taxes to be received or derived from the business' property where new jobs are created as a result of the project.
- b. New jobs credit from withholding to be received or derived from new employment resulting from the project.
- c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.
- d. Guarantee of payments to be received under paragraph "a", "b", or "c".

Sec. 4. Section 260F.3, subsections 5 and 7, Code 1993, are amended to read as follows:

5. A ~~provision, where~~ If applicable, an agreement shall include a provision which fixes the minimum amount of incremental property taxes, new jobs credit from withholding, or tuition and fee payments which shall be paid for program costs.

7. Provisions An agreement shall contain provisions relating to the type of financial assistance being provided which may be in the form of grants, loans, forgivable loans, or a combination of grants and loans according to guidelines adopted by the department of economic development. However, the amount of financial assistance provided for a project under this chapter shall not exceed fifty thousand dollars. Financial assistance for a new jobs project shall be limited to loans. Financial assistance for a retraining project shall not include a grant or forgivable loan unless the result of the retooling creates, at the business production site subject to the retooling, a net increase in the number of employment positions, a net increase in the quality of the employment positions held by participating workers, or a net increase in wages paid to participating workers. The financial assistance provided to a participating business must be based on the actual cost of training or retraining participating workers under the project.

Sec. 5. Section 331.441, subsection 2, paragraph b, Code Supplement 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (14) The aiding of the planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 and for the purposes set out in section 403.12. However, bonds issued for this purpose are subject to the right of petition for an election as provided in section 331.442, subsection 5, without limitation on the amount of the bond issue or the population of the county, and the board shall include notice of the right of petition in the notice of proposed action required under section 331.443, subsection 2.

Sec. 6. Section 403.5, subsections 2, 3, 4, 5, and 7, Code Supplement 1993, are amended to read as follows:

2. The municipality may itself prepare or cause to be prepared an urban renewal plan; or any person or agency, public or private, may submit such a plan to a municipality.

Prior to its approval of an urban renewal project plan, the local governing body shall submit such plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. The planning commission shall submit its written recommendations with respect to the proposed urban renewal plan to the local governing body within thirty days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission or, if no recommendations are received within said the thirty days, then, without such recommendations, the local governing body may proceed with the hearing on the proposed urban renewal project prescribed by subsection 3 hereof.

Prior to its approval of an urban renewal plan which provides for a division of revenue pursuant to section 403.19, the municipality shall mail the proposed plan by regular mail to the affected taxing entities. The municipality shall include with the proposed plan notification of a consultation to be held between the municipality and affected taxing entities prior to the public hearing on the urban renewal plan. Each affected taxing entity may appoint a representative to attend the consultation. The consultation may include a discussion of the estimated growth in valuation of taxable property included in the proposed urban renewal area, the fiscal impact of the division of revenue on the affected taxing entities, the estimated impact on the provision of services by each of the affected taxing entities in the proposed urban renewal area, and the duration of any bond issuance included in the plan. The designated representative of the affected taxing entity may make written recommendations for modification to the proposed division of revenue no later than seven days following the date of the consultation. The representative of the municipality shall, no later than seven days prior to the public hearing on the urban renewal plan, submit a written response to the affected

taxing entity addressing the recommendations for modification to the proposed division of revenue.

3. The local governing body shall hold a public hearing on an urban renewal project after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice shall describe the time, date, place and purpose of the hearing, shall generally identify the urban renewal area covered by the plan, and shall outline the general scope of the urban renewal project under consideration. A copy of the notice shall be sent by ordinary mail to each affected taxing entity.

4. Following such hearing, the local governing body may approve an urban renewal project plan if it finds that:

a. A feasible method exists for the location of families who will be displaced from the urban renewal area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families;

b. The urban renewal plan conforms to the general plan of the municipality as a whole; provided, that if the urban renewal area consists of an area of open land to be acquired by the municipality, such area shall not be so acquired except:

(1) If it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design with decency, safety and sanitation exists in the municipality; that the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas, including other portions of the urban renewal area; that the conditions of blight in the area and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime, and constitute a menace to the public health, safety, morals, or welfare; and that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality.

(2) If it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives. The acquisition may require the exercise of governmental action, as provided in this chapter, because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, or because of the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area.

5. An urban renewal plan may be modified at any time: Provided, that if modified after the lease or sale by the municipality of real property in the urban renewal project area, such modification may be conditioned upon such approval of the owner, lessee or successor in interest as the municipality may deem advisable, and in any event such modification shall be subject to such rights at law or in equity as a lessee or purchaser, or a lessee's or purchaser's successor or successors in interest, may be entitled to assert. The municipality shall comply with the notification and consultation process provided in this section prior to the approval of any amendment or modification to an adopted urban renewal plan if such amendment or modification provides for refunding bonds or refinancing resulting in an increase in debt service or provides for the issuance of bonds or other indebtedness, to be funded primarily in the manner provided in section 403.19.

7. Notwithstanding any other provisions of this chapter, where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the governor of the state has

certified the need for disaster assistance under Public Law 875, Eighty-first Congress, 64 Stat. L. 1109; 42 U.S.C. §§ 1855-1855g or other federal law, the local governing body may approve an urban renewal plan and an urban renewal project with respect to such area without regard to the provisions of subsection 4 of this section and without regard to provisions of this section requiring notification and consultation, a general plan for the municipality, and a public hearing on the urban renewal plan or project.

Sec. 7. Section 403.12, subsection 5, Code 1993, is amended to read as follows:

5. For the purposes of this section, or for the purpose of aiding in the planning, undertaking, or carrying out of an urban renewal project of a municipality, the a municipality may, in addition to any authority to issue bonds pursuant to section 403.9, issue and sell its general obligation bonds. Any bonds issued by a municipality pursuant to this section must be issued, in the case of a city, by resolution of the council in the manner and within the limitations prescribed by chapter 384, division III, or in the case of a county, by resolution of the board of supervisors in the manner and within the limitations prescribed by chapter 331, division IV, part 3. Bonds issued pursuant to the provisions of this subsection must be sold in the manner prescribed by chapter 75. The additional power granted in this subsection for the financing of public improvements undertakings and activities by municipalities within an urban renewal project area shall not be construed as a limitation of the existing powers of cities municipalities.

Sec. 8. Section 403.17, subsections 2, 3, 8, 12, 20, and 22, Code 1993, are amended to read as follows:

2. "Area of operation" of a city means the area within the corporate limits of the municipality city and, with the consent of the county, the area within two miles of such limits, except that it does not include any area which lies within the territorial boundaries of another incorporated

city, unless a resolution has been adopted by the governing body of the city declaring a need to be included in the area. The "area of operation" of a county means an area outside the corporate limits of a city. However, in that area outside a city's boundary but within two miles of the city's boundary, a joint agreement between the city and the county is required allowing the county to proceed with the activities authorized under this chapter. In addition, a county may proceed with activities authorized under this chapter in an area inside the boundaries of a city, provided a joint agreement is entered into with respect to such activities between a city and a county.

3. "Blighted area" means an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated, or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; insanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; or the existence of conditions which endanger life or property by fire and other causes; or any combination of these factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use. A disaster area referred to in section 403.5, subsection 7, constitutes a "blighted area". "Blighted area" does not include real property assessed as agricultural property for purposes of property taxation.

8. "Economic development area" means an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises or housing and residential development for low and moderate

income families, including single or multifamily housing. If an urban renewal plan for an urban renewal area is based upon a finding that the area is an economic development area and that no part contains slum or blighted conditions, then the division of revenue provided in section 403.19 and stated in the plan shall be limited to twenty years from the calendar year following the calendar year in which the city first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in section 403.19. Such designated area designated before July 1, 1994, shall not include land which is part of a century farm.

12. "Low or moderate income families" means low or moderate-income families as defined in section 16; those families, including single person households, earning no more than eighty percent of the higher of the median family income of the county or the statewide nonmetropolitan area as determined by the latest United States department of housing and urban development, section 8 income guidelines.

20. "Slum area" shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which: By reason of dilapidation, deterioration, age or obsolescence; by reason of inadequate provision for ventilation, light, air, sanitation, or open spaces; by reason of high density of population and overcrowding; by reason of the existence of conditions which endanger life or property by fire and other causes; or which by any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety, morals or welfare. "Slum area" does not include real property assessed as agricultural property for purposes of property taxation.

22. "Urban renewal plan" means a plan for the development, redevelopment, improvement, or rehabilitation of a designated urban renewal area, as it exists from time to time for an

urban renewal project. The plan shall meet the following requirements:

a. Conform to the general plan for the municipality as a whole except as provided in section 403.5, subsection 7.

b. Be sufficiently complete to indicate the land acquisition, demolition and removal of structures, real property located in the urban renewal area to be acquired for the proposed development, redevelopment, development, improvements, and improvement, or rehabilitation proposed to be carried out in the urban renewal area, and to indicate any zoning and planning district changes, if any, existing and future land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate development, redevelopment, improvement, or rehabilitation related to the future land uses plan, and need for improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements within the urban renewal area.

c. If the plan includes a provision for the division of taxes as provided in section 403.19, the plan shall also include a list of the current general obligation debt of the municipality, the current constitutional debt limit of the municipality, and the proposed amount of indebtedness to be incurred, including loans, advances, indebtedness, or bonds which qualify for payment from the special fund referred to in section 403.19, subsection 2.

Sec. 9. Section 403.17, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. "Affected taxing entity" means a city, community college, county, or school district which levied or certified for levy a property tax on any portion of the taxable property located within the urban renewal area in the fiscal year beginning prior to the calendar year in which a proposed urban renewal plan is submitted to the local governing body for approval.

Sec. 10. Section 403.19, unnumbered paragraph 1, subsections 1, 2, and 3, Code 1993, are amended to read as follows:

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

1. a. That Unless otherwise provided in this section, that portion of the taxes which would be produced by the rate at which the tax is levied each year by or for each of the taxing districts upon the total sum of the assessed value of the taxable property in the urban renewal project area, as shown on the assessment roll as of January 1 of the calendar year preceding the effective date of the ordinance first calendar year in which the municipality certifies to the county auditor the amount of loans, advances, indebtedness, or bonds payable from the division of property tax revenue, or on the assessment roll last equalized prior to the date of initial adoption of the urban renewal plan in the case of projects commenced if the plan was adopted prior to July 1, 1972, shall be allocated to and when collected be paid into the fund for the respective taxing district as taxes by or for said the taxing district into which all other property taxes are paid. However, the municipality may choose to divide that portion of the taxes which would be produced by levying the municipality's portion of the total tax rate levied by or for the municipality upon the total sum of the assessed value of the taxable property in the urban renewal area, as shown on the assessment roll as of January 1 of the calendar year preceding the effective date of the ordinance and if the municipality so chooses, an affected taxing entity may allow a municipality to divide that portion of the taxes which would be produced by levying the affected taxing district's portion of the total tax rate levied by or for the affected taxing entity upon the total sum of the assessed value of the taxable

property in the urban renewal area, as shown on the assessment roll as of January 1 of the calendar year preceding the effective date of the ordinance. This choice to divide a portion of the taxes shall not be construed to change the effective date of the division of property tax revenue with respect to an urban renewal plan in existence on July 1, 1994.

b. For the purpose of allocating taxes levied by or for any taxing district which did not include the territory in an urban renewal project area on the effective date of the ordinance or initial adoption of the plan, but to which the territory has been annexed or otherwise included after the effective date, the assessment roll applicable to property in the annexed territory as of January 1 of the calendar year preceding the effective date of the ordinance, or initial adoption of the plan which amends the plan to include the annexed area, shall be used in determining the assessed valuation of the taxable property in the project on the effective date annexed area.

c. For the purposes of dividing taxes under sections 260E.4 and 260F.4, the applicable assessment roll for purposes of paragraph "a" shall be the assessment roll as of January 1 of the calendar year preceding the first written agreement providing that all or a portion of program costs are to be paid for by incremental property taxes. The community college shall file a copy of the agreement with the appropriate assessor. The assessor may, within fourteen days of such filing, physically inspect the applicable taxable business property. If upon such inspection the assessor determines that there has been a change in the value of the property from the value as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement and such change in value is due to new construction, additions, or improvements to existing structures, or remodeling of existing structures for which a building permit was required, the assessor shall promptly determine the value of the property as of the inspection in the manner provided in chapter 441 and

that value shall be included for purposes of the jobs training project in the assessed value of the employer's taxable business property as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement. The assessor, within thirty days of such filing, shall notify the community college and the employer or business of that valuation which shall be included in the assessed valuation for purposes of this subsection and section 260E.4 or 260F.4. The value determined by the assessor shall reflect the change in value due solely to new construction, additions, or improvements to existing structures, or remodeling of existing structures for which a building permit was required.

2. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in whole or in part, the redevelopment an urban renewal project within the area, except that taxes for the payment of bonds and interest of each taxing district must be collected against all taxable property within the taxing district without limitation by the provisions of this subsection. Unless and until the total assessed valuation of the taxable property in an urban renewal project area exceeds the total assessed value of the taxable property in such project area as shown by the last equalized assessment roll referred to in subsection 1 of this section, all of the taxes levied and collected upon the taxable property in the urban renewal project area shall be paid into the funds for the respective taxing districts as taxes by or for said the taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the

taxable property in such urban renewal project area shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property.

3. The portion of taxes mentioned in subsection 2 of this section and the special fund into which they shall be paid, may be irrevocably pledged by a municipality for the payment of the principal and interest on loans, advances, bonds issued under the authority of section 403.9, subsection 1, or indebtedness incurred by a municipality to finance or refinance, in whole or in part, the urban renewal project within the area.

Sec. 11. Section 403.19, subsection 5, Code 1993, is amended to read as follows:

5. A city municipality shall certify to the county auditor on or before December 31 the amount of loans, advances, indebtedness, or bonds which qualify for payment from the special fund referred to in subsection 2, and the filing of the certificate shall make it a duty of the auditor to provide for the division of taxes in each subsequent year until the amount of the loans, advances, indebtedness, or bond bonds is paid to the special fund. In any year, the county auditor shall, upon receipt of a certified request from a city municipality filed prior to January 1, increase the amount to be allocated under subsection 1 in order to reduce the amount to be allocated in the following fiscal year to the special fund, to the extent that the city municipality does not request allocation to the special fund of the full portion of taxes which could be collected. Upon receipt of a certificate from a municipality, the auditor shall mail a copy of the certificate to each affected taxing district.

Sec. 12. Section 403.19, subsection 7, Code 1993, is amended to read as follows:

7. For the purposes of this section, a county shall include taxes levied on industrial property within an urban renewal area only. However, a county shall include taxes levied on all taxable property within an urban renewal area if

all or part of the area is inside the boundaries of a city or within two miles of a city's boundary and a joint agreement is entered into pursuant to section 403.17, subsection 2.

Sec. 13. NEW SECTION. 403.21. COMMUNICATION AND COOPERATION.

1. In order to promote communication and cooperation among cities, counties, and community colleges with respect to the allocation and division of taxes, no jobs training projects as defined in chapter 260E or 260F shall be undertaken within the area of operation of a municipality after July 1, 1995, unless the municipality and the community college have entered into an agreement or have jointly adopted a plan relating to a community college's new jobs training program which shall provide for a procedure for advance notification to each affected municipality, for exchange of information, for mutual consultation, and for procedural guidelines for all such new jobs training projects, including related project financing to be undertaken within the area of operation of the municipality. The joint agreement or the plan shall state its precise duration and shall be binding on the community college and the municipality with respect to all new jobs training projects, including related project financing undertaken during its existence. The joint agreement or plan shall be effective upon adoption and shall be placed on file in the office of the secretary of the board of directors of the community college and such other location as may be stated in the joint agreement or plan. The joint agreement or plan shall also be sent to each school district which levied or certified for levy a property tax on any portion of the taxable property located in the area of operation of the municipality in the fiscal year beginning prior to the calendar year in which the plan is adopted or the agreement is reached. If no such agreement is reached or plan adopted, the community college shall not use incremental property tax revenues to fund jobs training projects within the area of operation of the municipality. Agreements entered into

between a community college and a city or county pursuant to chapter 28E shall not apply.

2. The community college shall send a copy of the final agreement prepared pursuant to section 260E.3 to the department of economic development. For each year in which incremental property taxes are used to pay job training certificates issued for a project creating new jobs, the community college shall provide to the department of economic development a report of the incremental property taxes and new jobs credits from withholding generated for that year, a specific description of the training conducted, the number of employees provided program services under the project, the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project.

3. The community college shall send a copy of the final agreement prepared pursuant to section 260F.3 to the department of economic development. For each year in which incremental property taxes are used to retire debt service on a jobs training advance issued for a project creating new jobs, the community college shall provide to the department of economic development a report of the incremental property taxes and new jobs credits from withholding generated for that year, a specific description of the training conducted, the number of employees provided program services under the project, and the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project.

Sec. 14. EFFECTIVE DATE. Sections 5, 7, and 12 of this Act, amending Code sections 331.441, 403.12, and 403.19, subsection 7, being deemed of immediate importance, take effect upon enactment.

Sec. 15. APPLICABILITY DATES. Sections 5, 7, and 12 of this Act are applicable to projects established on or after the effective date of those sections. Section 6 of this Act, amending Code section 403.5, applies to urban renewal plans approved on or after August 31, 1994. Section 13 of this Act,

enacting new section 403.21, applies to new jobs training project agreements entered into on or after July 1, 1995. The remaining sections of this Act apply to urban renewal plans approved, or new jobs training project agreements entered into, on or after January 1, 1995, except that the provision relating to century farms in section 403.17, subsection 8, as amended in this Act, applies to urban renewal plans for an economic development area approved on or after July 1, 1994.

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HAROLD VAN MAANEN  
Speaker of the House

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LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2204, Seventy-fifth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved May 16, 1994

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TERRY E. BRANSTAD  
Governor