

FEB 15 1996

LOCAL GOVERNMENT

HOUSE FILE

2224

BY BELL

(COMPANION TO LSB 3071SS

BY BLACK)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the creation of self-supported neighborhood
2 improvement districts to acquire, construct, reconstruct,
3 improve, or repair residential property, authorizing the
4 imposition of property taxes and the issuance of bonds, and
5 providing for other properly related matters.

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

- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

keep 111

1 Section 1. Section 386.1, subsection 2, Code 1995, is
2 amended to read as follows:

3 2. "District" means a self-supported municipal improvement
4 district or a self-supported neighborhood improvement district
5 which may be created and the property therein in the district
6 taxed in accordance with this chapter.

7 Sec. 2. Section 386.1, subsection 6, paragraph a, Code
8 1995, is amended to read as follows:

9 a. To aid in the commercial or residential development of
10 the district.

11 Sec. 3. Section 386.3, subsection 1, paragraph a, Code
12 1995, is amended to read as follows:

13 a. Be comprised of contiguous property wholly within the
14 boundaries of the city. A self-supported municipal
15 improvement district shall be comprised only of property in
16 districts which are zoned for commercial or industrial uses
17 and properties within a duly designated historic district. A
18 self-supported neighborhood improvement district shall only
19 include property zoned for commercial, industrial, or
20 residential uses and properties within a duly designated
21 historic district; however, at least seventy-five percent of
22 the land area shall be zoned for residential uses or at least
23 seventy-five percent of the assessed value of all property in
24 the proposed district shall be residential property.

25 Sec. 4. Section 386.3, subsection 1, paragraph b, Code
26 1995, is amended to read as follows:

27 b. Be given a descriptive name containing the words "self-
28 supported municipal improvement district" or "self-supported
29 neighborhood improvement district".

30 Sec. 5. Section 386.3, subsection 1, paragraph c, Code
31 1995, is amended to read as follows:

32 c. Be comprised of property related in some manner,
33 including but not limited to present or potential use,
34 physical location, condition, relationship to an area, or
35 relationship to present or potential commercial, residential,

1 or other activity in an area, so as to be benefited in any
2 manner, including but not limited to a benefit from present or
3 potential use or enjoyment of the property, by the condition,
4 development or maintenance of the district or of any
5 improvement or self-liquidating improvement of the district,
6 or be comprised of property the owners of which have a present
7 or potential benefit from the condition, development or
8 maintenance of the district or of any improvement or self-
9 liquidating improvement of the district.

10 Sec. 6. Section 386.7, subsection 2, paragraph a, Code
11 1995, is amended to read as follows:

12 a. Aid in the commercial or residential development or a
13 combination of commercial and residential development of the
14 district.

15 Sec. 7. Section 386.7, subsection 4, paragraph a, Code
16 1995, is amended to read as follows:

17 a. Aid in the commercial or residential development or a
18 combination of commercial and residential development of the
19 district.

20 Sec. 8. Section 386.8, Code 1995, is amended to read as
21 follows:

22 386.8 OPERATION TAX -- MUNICIPAL AND NEIGHBORHOOD
23 IMPROVEMENT DISTRICT FUNDS.

24 1. A city may establish a self-supported improvement
25 district operation fund, and may certify taxes not to exceed
26 the rate limitation as established in the ordinance creating
27 the district, or any amendment thereto, each year to be levied
28 for the fund against all of the property in the district, for
29 the purpose of paying the administrative expenses of the
30 district, which may include but are not limited to
31 administrative personnel salaries, a separate administrative
32 office, planning costs including consultation fees,
33 engineering fees, architectural fees, and legal fees and all
34 other expenses reasonably associated with the administration
35 of the district and the fulfilling of the purposes of the

1 district. The taxes levied for this fund may also be used for
2 the purpose of paying maintenance expenses of improvements or
3 self-liquidating improvements for a specified length of time
4 with one or more options to renew if such is clearly stated in
5 the petition which requests the council to authorize
6 construction of the improvement or self-liquidating
7 improvement, whether or not such petition is combined with the
8 petition requesting creation of a district. Parcels of
9 property which are assessed as residential property for
10 property tax purposes are exempt from the tax levied under
11 this section except residential properties within a duly
12 designated historic district. A tax levied under this section
13 subsection is not subject to the levy limitation in section
14 384.1.

15 2. A city may establish a self-supported neighborhood
16 improvement district operation fund, and may certify taxes not
17 to exceed the rate limitation as established in the ordinance
18 creating the district, or any amendment to the ordinance, each
19 year to be levied for the funds against all of the property in
20 the district, for the purpose of paying the administrative
21 expenses of the district, which may include but are not
22 limited to administrative personnel salaries, a separate
23 administrative office, planning costs including consultation
24 fees, engineering fees, architectural fees, and legal fees and
25 all other expenses reasonably associated with the
26 administration of the district and the fulfilling of the
27 purposes of the district. The taxes levied for this fund may
28 also be used for the purpose of paying maintenance expenses of
29 improvements or self-liquidating improvements for a specified
30 length of time with one or more options to renew if renewal is
31 clearly in the petition which requests the council to
32 authorize construction of the improvement or self-liquidating
33 improvement, whether or not the petition is combined with the
34 petition requesting creation of the district. A tax levied
35 under this subsection is not subject to the levy limitation in

1 section 384.1.

2 Sec. 9. Section 386.9, Code 1995, is amended to read as
3 follows:

4 386.9 CAPITAL IMPROVEMENT TAX -- MUNICIPAL CAPITAL
5 IMPROVEMENT FUND OR NEIGHBORHOOD CAPITAL IMPROVEMENT FUND.

6 1. A city may establish a capital improvement fund for a
7 self-supported municipal improvement district and may certify
8 taxes, not to exceed the rate established by the ordinance
9 creating the district, or any subsequent amendment thereto to
10 the ordinance, each year to be levied for the fund against all
11 of the property in the district, for the purpose of
12 accumulating moneys for the financing or payment of a part or
13 all of the costs of any improvement or self-liquidating
14 improvement. However, parcels of property which are assessed
15 as residential property for property tax purposes are exempt
16 from the tax levied under this section except residential
17 properties within a duly designated historic district. A tax
18 levied under this section subsection is not subject to the
19 levy limitations in section 384.1 or 384.7.

20 2. A city may establish a capital improvement fund for a
21 self-supported neighborhood improvement district and may
22 certify taxes, not to exceed the rate established by the
23 ordinance creating the district, or any subsequent amendment
24 to the ordinance, each year to be levied for the fund against
25 all of the property in the district, for the purpose of
26 accumulating moneys for the financing or payment of all or
27 part of the costs of any improvements or self-liquidating
28 improvement. A tax levied under this subsection is not
29 subject to the levy limitations in section 384.1 or 384.7.

30 Sec. 10. Section 386.10, Code 1995, is amended to read as
31 follows:

32 386.10 DEBT SERVICE TAX -- MUNICIPAL IMPROVEMENT DISTRICTS
33 AND NEIGHBORHOOD IMPROVEMENT DISTRICTS.

34 1. A city shall establish a self-supported municipal
35 improvement district debt service fund whenever any self-

1 supported municipal improvement district bonds are issued and
2 outstanding, other than revenue bonds, and shall certify taxes
3 to be levied against all of the property in the district for
4 the debt service fund in the amount necessary to pay interest
5 as it becomes due and the amount necessary to pay, or to
6 create a sinking fund to pay, the principal at maturity of all
7 self-supported municipal improvement district bonds as
8 authorized in section 386.11, issued by the city. However,
9 parcels of property which are assessed as residential property
10 for property tax purposes at the time of the issuance of the
11 bonds are exempt from the tax levied under this section until
12 the parcels are no longer assessed as residential property or
13 until the residential properties are designated as a part of
14 an historic district.

15 2. A city shall establish a self-supported neighborhood
16 improvement district debt service fund when any self-supported
17 neighborhood improvement district bonds are issued and
18 outstanding, other than revenue bonds, and shall certify taxes
19 to be levied against all of the property in the district for
20 the debt service fund in the amount necessary to pay interest
21 as it becomes due and the amount necessary to pay, or to
22 create a sinking fund to pay, the principal at maturity of all
23 self-supported neighborhood improvement district bonds as
24 authorized in section 386.11, issued by the city.

25 Sec. 11. Section 386.11, Code 1995, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 1A. A city may issue and sell self-
28 supported neighborhood improvement district bonds at public or
29 private sale payable from taxes which must be levied in
30 accordance with chapter 76. The bonds are payable from the
31 levy of unlimited ad valorem taxes on all of the taxable
32 property within the district through the district debt service
33 fund authorized by section 386.10. When self-supported
34 neighborhood improvement district bonds are issued and taxes
35 are levied in accordance with chapter 76, the taxes shall

1 continue to be levied until the bonds and interest on the
2 bonds are paid in full, against all of the taxable property
3 that was included in the district at the time of the issuance
4 of the bonds, regardless of any subsequent removal of any
5 property from the district or the dissolution of the district.

6 Sec. 12. Section 386.11, subsection 2, Code 1995, is
7 amended to read as follows:

8 2. The proceeds of the sale of the bonds may be used to
9 pay any or all of the costs of any improvement, or be used to
10 pay any legal indebtedness incurred for the cost of any
11 improvement including bonds or warrants previously issued to
12 pay the costs of an improvement, or bonds may be exchanged for
13 the evidences of such legal indebtedness. The proceeds of the
14 sale of self-supported neighborhood improvement bonds may also
15 be used to establish a neighborhood rehabilitation loan fund
16 to make loans to property owners to rehabilitate housing units
17 in the self-supported neighborhood improvement district.

18 EXPLANATION

19 This bill amends chapter 386 which provides for the
20 creation of self-supported municipal improvement districts, to
21 allow for the creation of self-supported neighborhood
22 improvement districts using the same basic procedures. The
23 self-supported neighborhood improvement districts are created
24 to improve residential property within its boundaries while
25 the municipal improvement districts are created to improve
26 commercial and industrial properties. Another difference is
27 that the municipal improvement districts are prohibited from
28 taxing residential properties which are included in the
29 district. The neighborhood improvement districts may include
30 commercial and industrial property, but at least 75 percent of
31 the land area or total assessed valuation of the district must
32 be residential property or zoned for residential development.

33 Except for the differences noted above and the authority of
34 neighborhood improvement districts to loan moneys to property
35 owners to improve their housing units, the two improvement

1 districts have basically the same taxing and bonding
2 authority. The city council creates the district upon request
3 of at least 25 percent of all owners of property within the
4 proposed districts. The owners must also represent the
5 ownership of property with an assessed value of 25 percent or
6 more of the assessed value of all property in the proposed
7 district. There are a number of procedures required,
8 including review by planning and zoning bodies, public
9 hearings, and final approval of an ordinance, before the
10 district is operational. The city, on behalf of a district,
11 may levy an operation tax, a capital improvement tax, and a
12 debt service tax, at the rates specified in the ordinance
13 creating the district. A city may also issue and sell
14 neighborhood improvement district bonds to pay for
15 improvements.

16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35