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LOCAL GOVERNMENT

HOUSE FILE 2405
BY HEATON and FALLON

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to urban renewal and urban revitalization areas,
2 and certain property located in an urban renewal area,
3 certification of urban renewal debt, and improvements related
4 to urban renewal projects, and providing for the Act's
5 applicability.

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

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HF 2405

1 Section 1. Section 403.17, subsection 9, Code 1997, is
2 amended to read as follows:

3 9. "Economic development area" means an area of a
4 municipality designated by the local governing body as
5 appropriate for commercial and industrial enterprises, public
6 improvements related to housing and residential development,
7 or construction of housing and residential development for low
8 and moderate income families, including single or multifamily
9 housing. If an urban renewal plan for an urban renewal area
10 is based upon a finding that the area is an economic
11 development area and that no part contains slum or blighted
12 conditions, then the division of revenue provided in section
13 403.19 and stated in the plan shall be limited to twenty years
14 from the calendar year following the calendar year in which
15 the city first certifies to the county auditor the amount of
16 any loans, advances, indebtedness, or bonds which qualify for
17 payment from the division of revenue provided in section
18 403.19. Such designated area shall not include land which is
19 part of a century farm, unless the owner of the century farm
20 agrees to include the century farm in the urban renewal area.
21 For the purposes of this subsection, "century farm" means a
22 farm in which at least forty acres of such farm have been held
23 in continuous ownership by the same family for one hundred
24 years or more. "Economic development area" does not include
25 real property assessed as agricultural property for purposes
26 of property taxation if the agricultural property is located
27 within an agricultural area created pursuant to section 352.6.
28 If all or a portion of an agricultural area is located within
29 an urban renewal area, the governing body of the urban renewal
30 area shall amend the urban renewal plan to sever that portion
31 of the urban renewal area which contains the agricultural
32 area. The plan shall be amended to sever the area without
33 regard to when the agricultural area or the urban renewal area
34 was established.

35 Sec. 2. Section 403.17, subsection 22, Code 1997, is

1 amended to read as follows:

2 22. "Urban renewal area" means a slum area, blighted area,
3 economic development area, or combination of the areas, which
4 the local governing body designates as appropriate for an
5 urban renewal project. An urban renewal area shall not
6 include any part of an area designated by ordinance as an
7 urban revitalization area pursuant to chapter 404. An urban
8 renewal area shall not include any part of an area designated
9 by ordinance as an urban revitalization area pursuant to
10 chapter 404 until three years after expiration of the property
11 tax exemption granted to qualified real estate in the urban
12 revitalization area. As of July 1, 1998, an exemption from
13 taxation granted pursuant to chapter 404 shall not be allowed
14 in that portion of an urban revitalization area which is
15 located in an urban renewal area.

16 Sec. 3. Section 403.19, subsection 3, Code 1997, is
17 amended to read as follows:

18 3. The portion of taxes ~~mentioned-in-subsection-2-and~~
19 allocated to the special fund into which they shall be paid,
20 may be irrevocably pledged by a municipality for the payment
21 of the principal and interest on loans, advances, bonds issued
22 under the authority of section 403.9, subsection 1, or
23 indebtedness incurred by a municipality to finance or
24 refinance, in whole or in part, the urban renewal project
25 within the area. That portion of taxes allocable to the
26 special fund which exceeds the amount certified pursuant to
27 subsection 5 shall be treated as taxes collected under
28 subsection 1 and disbursed by the treasurer as regular taxes.

29 Sec. 4. Section 403.19, subsection 5, Code 1997, is
30 amended to read as follows:

31 5. A municipality shall certify to the county auditor on
32 or before December 1 of each year the amount of loans,
33 advances, indebtedness, or bonds which qualify for payment
34 during the next fiscal year from the special fund referred to
35 in subsection 2, and the filing of the certificate shall make

1 it a duty of the auditor to provide for the division of taxes
2 in the amount certified for each subsequent fiscal year until
3 the amount of the loans, advances, indebtedness, or bonds is
4 paid to the special fund or until such time as specified in
5 section 403.17, subsection 9, or section 403.22, subsection 5.
6 ~~In any year, the county auditor shall, upon receipt of a~~
7 ~~certified request from a municipality filed on or before~~
8 ~~December 1, increase the amount to be allocated under~~
9 ~~subsection 1 in order to reduce the amount to be allocated in~~
10 ~~the following fiscal year to the special fund, to the extent~~
11 ~~that the municipality does not request allocation to the~~
12 ~~special fund of the full portion of taxes which could be~~
13 ~~collected. The amount of loans, advances, indebtedness, or~~
14 ~~bonds certified to the county auditor for payment in the next~~
15 ~~fiscal year shall be only that amount due and payable in that~~
16 ~~fiscal year. In addition, the certificate shall list each~~
17 ~~project within an urban renewal area; the amount of loans,~~
18 ~~advances, indebtedness, or bonds which qualify for payment~~
19 ~~from the special fund for each project; the total of such~~
20 ~~amount for each urban renewal area located in the~~
21 ~~municipality; the expiration of the urban renewal area, if~~
22 ~~applicable, or otherwise, the term of the indebtedness; and~~
23 ~~any other information the auditor may require in order to~~
24 ~~determine the amount to be allocated to subsection 2.~~ Upon
25 receipt of a certificate from a municipality, the auditor
26 shall mail a copy of the certificate to each affected taxing
27 district.

28 Sec. 5. Section 403.19, subsection 6, Code 1997, is
29 amended by striking the subsection.

30 Sec. 6. Section 403.22, Code Supplement 1997, is amended
31 by adding the following new subsection:

32 NEW SUBSECTION. 7. For purposes of this section and
33 section 403.17, subsection 9, "public improvements" does not
34 include improvements that would otherwise be chargeable
35 against the property as a special assessment as provided in

1 sections 384.37 through 384.79 or sections 331.485 through
2 331.491. This subsection does not apply to construction of
3 housing and residential development for low and moderate
4 income families. This subsection does not apply to
5 improvements to property assessed as commercial or industrial
6 property.

7 Sec. 7. Section 404.2, subsection 2, paragraph a, Code
8 Supplement 1997, is amended to read as follows:

9 a. A legal description of the real estate forming the
10 boundaries of the proposed area along with a map depicting the
11 existing parcels of real estate. An urban revitalization area
12 shall not include any part of an area designated as an urban
13 renewal area pursuant to chapter 403.

14 Sec. 8. Section 404.3, subsection 6, Code 1997, is amended
15 to read as follows:

16 6. The tax exemption schedule specified in subsection 1,
17 2, 3, or 4 shall apply to every revitalization area within a
18 city or county unless a different schedule is adopted in the
19 city or county plan as provided in section 404.2. However, a
20 city or county shall not adopt a different schedule unless
21 every revitalization area within the city or county has the
22 same schedule applied to it, ~~except in areas of the city or~~
23 ~~county which have been designated as both urban renewal and~~
24 ~~urban revitalization areas. In an area designated for both~~
25 ~~urban renewal and urban revitalization, a city or county may~~
26 ~~adopt a different schedule than has been adopted for~~
27 ~~revitalization areas which have not been designated as urban~~
28 ~~renewal areas.~~ The different schedule adopted shall not
29 provide for a larger tax exemption in a particular year than
30 is provided for that year in the schedule specified in the
31 corresponding subsection of this section.

32 Sec. 9. This Act applies to urban renewal areas
33 established before, on, or after the effective date of this
34 Act.

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EXPLANATION

1 This bill makes several changes to the urban renewal law.
2 The bill prohibits the location of any part of an urban
3 revitalization area in an urban renewal area and provides that
4 an area formerly designated as an urban revitalization area
5 may not be included in an urban renewal area until three years
6 after the expiration of the urban revitalization property tax
7 exemptions. The bill requires that of property taxes
8 collected from the urban renewal area only that portion
9 necessary to pay the amount of indebtedness due in the
10 subsequent fiscal year as certified by the municipality to the
11 county auditor may be retained by the municipality and
12 expended for purposes of the urban renewal area. The bill
13 also requires that more detailed information be included on
14 the certificates of indebtedness filed by the municipality
15 with the county auditor.

16 The bill provides that agricultural property located in an
17 agricultural area shall not be included in an urban renewal
18 area established as an economic development area. The bill
19 requires that an urban renewal plan shall be amended to sever
20 from an urban renewal area any land located in an agricultural
21 area.

22 The bill provides that public improvements for residential
23 development in an economic development area do not include
24 improvements that are otherwise payable by special assessment.
25 However, this restriction does not apply to residential
26 development for low and moderate income housing or to property
27 assessed as commercial or industrial.

28 The bill provides that a revitalization area not include
29 any area designated as an urban renewal area.

30 The bill further provides that as of July 1, 1998, an urban
31 revitalization tax exemption shall not be allowed in that
32 portion of an urban revitalization area which is located in an
33 urban renewal area.

34 The bill applies to urban renewal areas established before,
35 on, or after the effective date of the bill.