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4/16/97 W. & M. Calendar

FILED APR 16 1997

4/24/97 motion to R/C by Judge and Maddox

SENATE FILE 544 4/24/97 motion to R/C by Judge & Maddox
BY COMMITTEE ON WAYS AND MEANS W/D

(SUCCESSOR TO SSB 259)

Passed Senate, Date 4-24-97

Passed House, Date 4/29/97 (P.1702)

Vote: Ayes 40 Nays 9

Vote: Ayes 86 Nays 10

Approved May 19, 1997

A BILL FOR

1 An Act relating to the designation of unincorporated areas of a
2 county as rural improvement zones, providing for improvement
3 projects in the zones, authorizing the issuance of
4 certificates of indebtedness, and payment of the indebtedness
5 by tax increment financing and an annual standby tax by such
6 zones.

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

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S.F. 544

1 Section 1. NEW SECTION. 357H.1 RURAL IMPROVEMENT ZONES.

2 The board of supervisors of a county, with less than twenty
3 thousand residents and with a private lake development, shall
4 designate an area surrounding the lake, if it is an
5 unincorporated area of the county, a rural improvement zone
6 upon receipt of a petition pursuant to section 357H.2, and
7 upon the board's determination that the area is in need of
8 improvements. For purposes of this chapter, "improvements"
9 means dredging, installation of erosion control measures, land
10 acquisition, and related improvements.

11 For purposes of this chapter, "board" means the board of
12 supervisors of the county.

13 Sec. 2. NEW SECTION. 357H.2 PETITION FOR PUBLIC HEARING.

14 1. The board shall, on the petition of twenty-five percent
15 of the residents of a proposed rural improvement zone, if the
16 assessed valuation of the property owned by the petitioners
17 represents at least twenty-five percent of the total assessed
18 value of the proposed zone, hold a public hearing concerning
19 the establishment of a proposed zone. The petition shall
20 include a statement containing the following information:

- 21 a. The need for the proposed zone.
- 22 b. A description of the boundaries of the proposed zone.
- 23 c. The approximate number of families in the proposed
24 zone.

25 2. The board may require the petitioners to post a bond
26 conditioned upon the payment of all costs and expenses
27 incurred in the proceedings if the zone is not established.

28 Sec. 3. NEW SECTION. 357H.3 TIME OF PUBLIC HEARING.

29 The public hearing required in section 357H.2 shall be held
30 within thirty days of the presentation of the petition.
31 Notice of hearing shall be given by publication as provided in
32 section 331.305.

33 Sec. 4. NEW SECTION. 357H.4 HEARING ON PETITION --
34 ACTION BY BOARD.

35 At the public hearing required in section 357H.3, the board

1 may consider the boundaries of a proposed rural improvement
2 zone, whether the boundaries shall be as described in the
3 petition or otherwise, and for that purpose may amend the
4 petition and change the boundaries of the proposed zone as
5 stated in the petition. The board may adjust the boundaries
6 of a proposed zone as needed to exclude land that has no
7 reasonable likelihood of benefit from inclusion in a rural
8 improvement zone. However, the boundaries of a proposed zone
9 shall not be changed to incorporate property which is not
10 included in the original petition.

11 Within ten days after the hearing, the board shall
12 establish the rural improvement zone by resolution or disallow
13 the petition. However, the zone shall not include any area
14 which is part of an urban renewal area under chapter 403.

15 Sec. 5. NEW SECTION. 357H.5 ELECTION OF CANDIDATES FOR
16 TRUSTEES.

17 When a preliminary plat has been approved by the board, an
18 election shall be held within the rural improvement zone
19 within sixty days to choose candidates for the offices of
20 trustees of the zone. Notice of the election shall be given
21 as provided in section 357H.3.

22 Sec. 6. NEW SECTION. 357H.6 TRUSTEES -- TERM AND
23 QUALIFICATION.

24 The election of trustees of a rural improvement zone shall
25 take place at a special election on ballots which shall not
26 reflect a nominee's political affiliation. Nomination shall
27 be made by petition in accordance with chapter 45. The
28 petition form shall be furnished by the county commissioner of
29 elections, signed by eligible electors of the rural
30 improvement zone equal in number to one percent of the vote
31 cast within the zone for governor in the last previous general
32 election, and shall be filed with the county commissioner of
33 elections. A plurality shall be sufficient to elect the three
34 trustees of the rural improvement zone, and no primary
35 election for that office shall be held. At the original

1 election, one trustee shall be elected for one year, one for
2 two years, and one for three years. The terms of the
3 succeeding trustees are for three years. The trustees must be
4 residents of the zone. Vacancies on the board shall be filled
5 by appointment by the remaining trustees.

6 Sec. 7. NEW SECTION. 357H.7 BOARD OF TRUSTEES -- POWER.

7 The trustees of a rural improvement zone elected pursuant
8 to section 357H.6 shall constitute the board of trustees of
9 the zone and shall manage and control the affairs, property,
10 and facilities of the zone. The board of trustees shall elect
11 a president, a clerk, and a treasurer from its membership.
12 The trustees may authorize construction, reconstruction, or
13 repair of improvements within the zone following procedures
14 set out in section 331.341. For these purposes, the trustees
15 may purchase material, employ personnel, acquire real estate
16 and interests in real estate, and perform all other acts
17 necessary to properly maintain and operate the zone. The
18 trustees are allowed necessary expenses in the discharge of
19 their duties, but they shall not receive a salary.

20 Sec. 8. NEW SECTION. 357H.8 CERTIFICATES.

21 To provide funds for the payment of the costs of
22 improvement projects, the board of trustees may borrow money
23 and issue and sell certificates payable from a sufficient
24 portion of the future receipts of tax revenue authorized
25 pursuant to section 357H.9 and the standby tax in subsection 4
26 of this section. The receipts shall be pledged to the payment
27 of principal of and interest on the certificates.

28 1. Certificates may be sold at public sale or at private
29 sale at par, premium, or discount at the discretion of the
30 board of trustees. Chapter 75 does not apply to the issuance
31 of these certificates.

32 2. Certificates may be issued with respect to a single
33 improvement project or multiple projects and may contain terms
34 or conditions as the board of trustees may provide by
35 resolution authorizing the issuance of the certificates.

1 3. Certificates issued to refund other certificates may be
2 sold at public sale or at private sale as provided in this
3 section with the proceeds from the sale to be used for the
4 payment of the certificates being refunded. The refunding
5 certificates may be exchanged in payment and discharge of the
6 certificates being refunded, in installments at different
7 times, or an entire issue or series at one time. Refunding
8 certificates may be sold or exchanged at any time on, before,
9 or after the maturity of the outstanding certificates to be
10 refunded, may be issued for the purpose of refunding a like,
11 greater, or lesser principal amount of certificates, and may
12 bear a rate of interest higher or lower than, or equivalent to
13 the rate of interest on certificates being renewed or
14 refunded.

15 4. To further secure the payment of the certificates, the
16 board of trustees shall, by resolution, provide for the
17 assessment of an annual levy of a standby tax upon all taxable
18 property within the rural improvement zone. A copy of the
19 resolution shall be sent to the county auditor. The revenues
20 from the standby tax shall be deposited in a special fund and
21 shall be expended only for the payment of principal of and
22 interest on the certificates issued as provided in this
23 section, when the receipt of tax revenues pursuant to section
24 357H.9 is insufficient. If payments are necessary and made
25 from the special fund, the amount of the payments shall be
26 promptly repaid into the special fund from the first available
27 payments received which are not required for the payment of
28 principal of or interest on certificates due. No reserves may
29 be built up in the special fund in anticipation of a projected
30 default. The board of trustees shall adjust the annual
31 standby tax levy for each year to reflect the amount of
32 revenues in the special fund and the amount of principal and
33 interest which is due in that year.

34 5. Before certificates are issued, the board of trustees
35 shall publish a notice of its intention to issue the

1 certificates, stating the amount, the purpose, and the
2 improvement project or projects for which the certificates are
3 to be issued. A person may, within fifteen days after the
4 publication of the notice, appeal the decision of the board of
5 trustees in proposing to issue the certificates to the
6 district court in the county in which the rural improvement
7 zone exists. The action of the board of trustees in
8 determining to issue the certificates is final and conclusive
9 unless the district court finds that the board of trustees has
10 exceeded its legal authority. An action shall not be brought
11 which questions the legality of the certificates, the power of
12 the board of trustees to issue the certificates, the
13 effectiveness of any proceedings relating to the authorization
14 of the project, or the authorization and issuance of the
15 certificates after fifteen days from the publication of the
16 notice of intention to issue.

17 6. The board of trustees shall determine if revenues are
18 sufficient to secure the faithful performance of obligations.

19 Sec. 9. NEW SECTION. 357H.9 INCREMENTAL PROPERTY TAXES.

20 The board of trustees shall provide by resolution that
21 taxes levied on the taxable property in a rural improvement
22 zone each year by or for the benefit of the state, city,
23 county, school district, or other taxing district after the
24 effective date of the resolution shall be divided as provided
25 in section 403.19, subsections 1 and 2, in the same manner as
26 if the taxable property in the rural improvement zone was
27 taxable property in an urban renewal area and the resolution
28 was an ordinance within the meaning of those subsections. The
29 taxes received by the board of trustees shall be allocated to,
30 and when collected be paid into, a special fund and may be
31 irrevocably pledged by the trustees to pay the principal of
32 and interest on the certificates issued by the trustees to
33 finance or refinance, in whole or in part, an improvement
34 project. As used in this section, "taxes" includes, but is
35 not limited to, all levies on an ad valorem basis upon land or

1 real property located in the rural improvement zone.

2 For the purposes of dividing taxes under this section in
3 order to finance an improvement project, the board of trustees
4 may declare that the applicable assessment roll for purposes
5 of paragraph "a" of section 403.19, subsection 1, shall be the
6 assessment roll as of January 1, 1995. If this declaration is
7 made for an improvement project, the division of revenue under
8 section 403.19 for the improvement project shall be limited to
9 tax collections for five fiscal years beginning with the first
10 fiscal year after the year in which the board of trustees
11 first certifies to the county auditor the amount of any loans,
12 advances, indebtedness, or bonds which qualify for payment
13 from the division of the revenue in connection with the
14 improvement project.

15 Sec. 10. NEW SECTION. 357H.10 DISSOLUTION OF ZONE.

16 The rural improvement zone shall be dissolved upon the
17 adoption of a resolution of the board of trustees which
18 specifies that all improvements have been made in the zone and
19 all indebtedness has been paid. Upon dissolution of the zone,
20 all assets shall be deeded to a nonprofit corporation whose
21 members are property owners of the improvement zone.

22 EXPLANATION

23 The bill allows a county with a population of less than
24 20,000 residents and with a private lake development to
25 designate an unincorporated area of the county as a rural
26 improvement zone upon petition of 25 percent of the residents
27 who represent at least 25 percent of the taxable value of
28 property to be located in the proposed zone and upon
29 determination of a need for improvements in the proposed zone.
30 Improvements include dredging, installation of erosion control
31 measures, land acquisition, and related improvements. The
32 bill provides that a hearing shall be held on the designation
33 of the proposed area as a rural improvement zone. Upon
34 approval by the county of the area as a rural improvement
35 zone, an election shall be held to choose a board of trustees

1 who have the authority to act in the zone. The trustees will
2 determine the improvement projects and are authorized to issue
3 certificates of indebtedness to pay for the projects' costs.
4 The principal and interest of the certificates will be paid in
5 the same manner as projects are paid for in tax increment
6 financing districts, i.e., the city, county, or school
7 district taxes imposed on the increase in taxable valuations
8 in the zone will be paid to the board of trustees. However,
9 the trustees have an option under the tax increment financing
10 provision of using valuations established as of January 1,
11 1995, for the tax base. This option could only be done for
12 five years. The board of trustees also has an annual standby
13 tax that it may levy if needed. A rural improvement zone
14 shall cease upon passage of a resolution by the trustees that
15 all improvements needed have been made and all indebtedness
16 has been paid. The assets shall then be deeded to a nonprofit
17 corporation whose members are property owners of the
18 improvement zone.

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SENATE FILE 544

S-3721

- 1 Amend Senate File 544 as follows:
2 1. Page 2, line 33, by striking the word "three"
3 and inserting the following: "five".
4 2. Page 3, by striking line 1 and inserting the
5 following: "election, two trustees shall be elected
6 for one year, two for".
7 3. Page 3, line 35, by inserting after the word
8 "certificates." the following: "However, certificates
9 shall not be issued after January 1, 2007, except to
10 refund other certificates as provided in subsection
11 3."
12 4. Page 6, by striking lines 2 through 14.
By O. GENE MADDOX

S-3721 FILED APRIL 23, 1997

Adopted 4/24/97 (P.1413)

SENATE FILE 544

S-3697

- 1 Amend Senate File 544 as follows:
2 1. Page 1, line 2, by striking the word "twenty"
3 and inserting the following: "eleven thousand five
4 hundred residents but more than ten".
5 2. Page 1, line 3, by striking the word
6 "residents" and inserting the following: "five
7 hundred residents, based upon the 1990 certified
8 federal census,".

By H. KAY HEDGE

S-3697 FILED APRIL 23, 1997

Adopted
4/24/97
P.1413

1 Section 1. NEW SECTION. 357H.1 RURAL IMPROVEMENT ZONES.

2 The board of supervisors of a county, with less than eleven
3 thousand five hundred residents but more than ten thousand
4 five hundred residents, based upon the 1990 certified federal
5 census, and with a private lake development, shall designate
6 an area surrounding the lake, if it is an unincorporated area
7 of the county, a rural improvement zone upon receipt of a
8 petition pursuant to section 357H.2, and upon the board's
9 determination that the area is in need of improvements. For
10 purposes of this chapter, "improvements" means dredging,
11 installation of erosion control measures, land acquisition,
12 and related improvements.

13 For purposes of this chapter, "board" means the board of
14 supervisors of the county.

15 Sec. 2. NEW SECTION. 357H.2 PETITION FOR PUBLIC HEARING.

16 1. The board shall, on the petition of twenty-five percent
17 of the residents of a proposed rural improvement zone, if the
18 assessed valuation of the property owned by the petitioners
19 represents at least twenty-five percent of the total assessed
20 value of the proposed zone, hold a public hearing concerning
21 the establishment of a proposed zone. The petition shall
22 include a statement containing the following information:

- 23 a. The need for the proposed zone.
24 b. A description of the boundaries of the proposed zone.
25 c. The approximate number of families in the proposed
26 zone.

27 2. The board may require the petitioners to post a bond
28 conditioned upon the payment of all costs and expenses
29 incurred in the proceedings if the zone is not established.

30 Sec. 3. NEW SECTION. 357H.3 TIME OF PUBLIC HEARING.

31 The public hearing required in section 357H.2 shall be held
32 within thirty days of the presentation of the petition.

33 Notice of hearing shall be given by publication as provided in
34 section 331.305.

35 Sec. 4. NEW SECTION. 357H.4 HEARING ON PETITION --

1 ACTION BY BOARD.

2 At the public hearing required in section 357H.3, the board
3 may consider the boundaries of a proposed rural improvement
4 zone, whether the boundaries shall be as described in the
5 petition or otherwise, and for that purpose may amend the
6 petition and change the boundaries of the proposed zone as
7 stated in the petition. The board may adjust the boundaries
8 of a proposed zone as needed to exclude land that has no
9 reasonable likelihood of benefit from inclusion in a rural
10 improvement zone. However, the boundaries of a proposed zone
11 shall not be changed to incorporate property which is not
12 included in the original petition.

13 Within ten days after the hearing, the board shall
14 establish the rural improvement zone by resolution or disallow
15 the petition. However, the zone shall not include any area
16 which is part of an urban renewal area under chapter 403.

17 Sec. 5. NEW SECTION. 357H.5 ELECTION OF CANDIDATES FOR
18 TRUSTEES.

19 When a preliminary plat has been approved by the board, an
20 election shall be held within the rural improvement zone
21 within sixty days to choose candidates for the offices of
22 trustees of the zone. Notice of the election shall be given
23 as provided in section 357H.3.

24 Sec. 6. NEW SECTION. 357H.6 TRUSTEES -- TERM AND
25 QUALIFICATION.

26 The election of trustees of a rural improvement zone shall
27 take place at a special election on ballots which shall not
28 reflect a nominee's political affiliation. Nomination shall
29 be made by petition in accordance with chapter 45. The
30 petition form shall be furnished by the county commissioner of
31 elections, signed by eligible electors of the rural
32 improvement zone equal in number to one percent of the vote
33 cast within the zone for governor in the last previous general
34 election, and shall be filed with the county commissioner of
35 elections. A plurality shall be sufficient to elect the five

1 trustees of the rural improvement zone, and no primary
2 election for that office shall be held. At the original
3 election, two trustees shall be elected for one year, two for
4 two years, and one for three years. The terms of the
5 succeeding trustees are for three years. The trustees must be
6 residents of the zone. Vacancies on the board shall be filled
7 by appointment by the remaining trustees.

8 Sec. 7. NEW SECTION. 357H.7 BOARD OF TRUSTEES -- POWER.

9 The trustees of a rural improvement zone elected pursuant
10 to section 357H.6 shall constitute the board of trustees of
11 the zone and shall manage and control the affairs, property,
12 and facilities of the zone. The board of trustees shall elect
13 a president, a clerk, and a treasurer from its membership.
14 The trustees may authorize construction, reconstruction, or
15 repair of improvements within the zone following procedures
16 set out in section 331.341. For these purposes, the trustees
17 may purchase material, employ personnel, acquire real estate
18 and interests in real estate, and perform all other acts
19 necessary to properly maintain and operate the zone. The
20 trustees are allowed necessary expenses in the discharge of
21 their duties, but they shall not receive a salary.

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23 To provide funds for the payment of the costs of
24 improvement projects, the board of trustees may borrow money
25 and issue and sell certificates payable from a sufficient
26 portion of the future receipts of tax revenue authorized
27 pursuant to section 357H.9 and the standby tax in subsection 4
28 of this section. The receipts shall be pledged to the payment
29 of principal of and interest on the certificates.

30 1. Certificates may be sold at public sale or at private
31 sale at par, premium, or discount at the discretion of the
32 board of trustees. Chapter 75 does not apply to the issuance
33 of these certificates.

34 2. Certificates may be issued with respect to a single
35 improvement project or multiple projects and may contain terms

1 or conditions as the board of trustees may provide by
2 resolution authorizing the issuance of the certificates.
3 However, certificates shall not be issued after January 1,
4 2007, except to refund other certificates as provided in
5 subsection 3.

6 3. Certificates issued to refund other certificates may be
7 sold at public sale or at private sale as provided in this
8 section with the proceeds from the sale to be used for the
9 payment of the certificates being refunded. The refunding
10 certificates may be exchanged in payment and discharge of the
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12 times, or an entire issue or series at one time. Refunding
13 certificates may be sold or exchanged at any time on, before,
14 or after the maturity of the outstanding certificates to be
15 refunded, may be issued for the purpose of refunding a like,
16 greater, or lesser principal amount of certificates, and may
17 bear a rate of interest higher or lower than, or equivalent to
18 the rate of interest on certificates being renewed or
19 refunded.

20 4. To further secure the payment of the certificates, the
21 board of trustees shall, by resolution, provide for the
22 assessment of an annual levy of a standby tax upon all taxable
23 property within the rural improvement zone. A copy of the
24 resolution shall be sent to the county auditor. The revenues
25 from the standby tax shall be deposited in a special fund and
26 shall be expended only for the payment of principal of and
27 interest on the certificates issued as provided in this
28 section, when the receipt of tax revenues pursuant to section
29 357H.9 is insufficient. If payments are necessary and made
30 from the special fund, the amount of the payments shall be
31 promptly repaid into the special fund from the first available
32 payments received which are not required for the payment of
33 principal of or interest on certificates due. No reserves may
34 be built up in the special fund in anticipation of a projected
35 default. The board of trustees shall adjust the annual

1 standby tax levy for each year to reflect the amount of
2 revenues in the special fund and the amount of principal and
3 interest which is due in that year.

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8 to be issued. A person may, within fifteen days after the
9 publication of the notice, appeal the decision of the board of
10 trustees in proposing to issue the certificates to the
11 district court in the county in which the rural improvement
12 zone exists. The action of the board of trustees in
13 determining to issue the certificates is final and conclusive
14 unless the district court finds that the board of trustees has
15 exceeded its legal authority. An action shall not be brought
16 which questions the legality of the certificates, the power of
17 the board of trustees to issue the certificates, the
18 effectiveness of any proceedings relating to the authorization
19 of the project, or the authorization and issuance of the
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21 notice of intention to issue.

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31 if the taxable property in the rural improvement zone was
32 taxable property in an urban renewal area and the resolution
33 was an ordinance within the meaning of those subsections. The
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8 The rural improvement zone shall be dissolved upon the
9 adoption of a resolution of the board of trustees which
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13 members are property owners of the improvement zone.

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Maddox, chair
McKibben
Judge

SSB 259

Ways & Means

Succeeded By

SENATE FILE ~~SE~~ HF 544
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
DOUGLAS)

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

A BILL FOR

1 An Act relating to the designation of unincorporated areas of a
2 county as rural improvement zones, providing for improvement
3 projects in the zones, authorizing the issuance of
4 certificates of indebtedness, and payment of the indebtedness
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6 zones.

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

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1 Section 1. NEW SECTION. 357H.1 RURAL IMPROVEMENT ZONES.

2 The board of supervisors of a county shall designate an
3 unincorporated area of the county a rural improvement zone
4 upon receipt of a petition pursuant to section 357H.2 and upon
5 the board's determination that the area is in need of
6 improvements. For purposes of this chapter, "improvements"
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16 trustees are allowed necessary expenses in the discharge of
17 their duties, but they shall not receive a salary.

18 Sec. 8. NEW SECTION. 357H.8 CERTIFICATES.

19 To provide funds for the payment of the costs of
20 improvement projects, the board of trustees may borrow money
21 and issue and sell certificates payable from a sufficient
22 portion of the future receipts of tax revenue authorized
23 pursuant to section 357H.9 and the standby tax in subsection 4
24 of this section. The receipts shall be pledged to the payment
25 of principal of and interest on the certificates.

26 1. Certificates may be sold at public sale or at private
27 sale at par, premium, or discount at the discretion of the
28 board of trustees. Chapter 75 does not apply to the issuance
29 of these certificates.

30 2. Certificates may be issued with respect to a single
31 improvement project or multiple projects and may contain terms
32 or conditions as the board of trustees may provide by
33 resolution authorizing the issuance of the certificates.

34 3. Certificates issued to refund other certificates may be
35 sold at public sale or at private sale as provided in this

1 section with the proceeds from the sale to be used for the
 2 payment of the certificates being refunded. The refunding
 3 certificates may be exchanged in payment and discharge of the
 4 certificates being refunded, in installments at different
 5 times, or an entire issue or series at one time. Refunding
 6 certificates may be sold or exchanged at any time on, before,
 7 or after the maturity of the outstanding certificates to be
 8 refunded, may be issued for the purpose of refunding a like,
 9 greater, or lesser principal amount of certificates, and may
 10 bear a rate of interest higher or lower than, or equivalent to
 11 the rate of interest on certificates being renewed or
 12 refunded.

13 4. To further secure the payment of the certificates, the
 14 board of trustees shall, by resolution, provide for the
 15 assessment of an annual levy of a standby tax upon all taxable
 16 property within the rural improvement zone. A copy of the
 17 resolution shall be sent to the county auditor. The revenues
 18 from the standby tax shall be deposited in a special fund and
 19 shall be expended only for the payment of principal of and
 20 interest on the certificates issued as provided in this
 21 section, when the receipt of tax revenues pursuant to section
 22 357H.9 is insufficient. If payments are necessary and made
 23 from the special fund, the amount of the payments shall be
 24 promptly repaid into the special fund from the first available
 25 payments received which are not required for the payment of
 26 principal of or interest on certificates due. No reserves may
 27 be built up in the special fund in anticipation of a projected
 28 default. The board of trustees shall adjust the annual
 29 standby tax levy for each year to reflect the amount of
 30 revenues in the special fund and the amount of principal and
 31 interest which is due in that year.

32 5. Before certificates are issued, the board of trustees
 33 shall publish a notice of its intention to issue the
 34 certificates, stating the amount, the purpose, and the
 35 improvement project or projects for which the certificates are

1 to be issued. A person may, within fifteen days after the
2 publication of the notice, appeal the decision of the board of
3 trustees in proposing to issue the certificates to the
4 district court in the county in which the rural improvement
5 zone exists. The action of the board of trustees in
6 determining to issue the certificates is final and conclusive
7 unless the district court finds that the board of trustees has
8 exceeded its legal authority. An action shall not be brought
9 which questions the legality of the certificates, the power of
10 the board of trustees to issue the certificates, the
11 effectiveness of any proceedings relating to the authorization
12 of the project, or the authorization and issuance of the
13 certificates after fifteen days from the publication of the
14 notice of intention to issue.

15 6. The board of trustees shall determine if revenues are
16 sufficient to secure the faithful performance of obligations.

17 Sec. 9. NEW SECTION. 357H.9 INCREMENTAL PROPERTY TAXES.

18 The board of trustees shall provide by resolution that
19 taxes levied on the taxable property in a rural improvement
20 zone each year by or for the benefit of the state, city,
21 county, school district, or other taxing district after the
22 effective date of the resolution shall be divided as provided
23 in section 403.19, subsections 1 and 2, in the same manner as
24 if the taxable property in the rural improvement zone was
25 taxable property in an urban renewal area and the resolution
26 was an ordinance within the meaning of those subsections. The
27 taxes received by the board of trustees shall be allocated to,
28 and when collected be paid into, a special fund and may be
29 irrevocably pledged by the trustees to pay the principal of
30 and interest on the certificates issued by the trustees to
31 finance or refinance, in whole or in part, an improvement
32 project. As used in this section, "taxes" includes, but is
33 not limited to, all levies on an ad valorem basis upon land or
34 real property located in the rural improvement zone.

35 For the purposes of dividing taxes under this section in

1 order to finance an improvement project, the board of trustees
 2 may declare that the applicable assessment roll for purposes
 3 of paragraph "a" of section 403.19, subsection 1, shall be the
 4 assessment roll as of January 1, 1995. If this declaration is
 5 made for an improvement project, the division of revenue under
 6 section 403.19 for the improvement project shall be limited to
 7 tax collections for five fiscal years beginning with the first
 8 fiscal year after the year in which the board of trustees
 9 first certifies to the county auditor the amount of any loans,
 10 advances, indebtedness, or bonds which qualify for payment
 11 from the division of the revenue in connection with the
 12 improvement project.

13 Sec. 10. NEW SECTION. 357H.10 DISSOLUTION OF ZONE.

14 The rural improvement zone shall be dissolved upon the
 15 adoption of a resolution of the board of trustees which
 16 specifies that all improvements have been made in the zone and
 17 all indebtedness has been paid. Upon dissolution of the zone,
 18 all assets shall be returned to the property owners. Any
 19 improvements and real property purchased shall be transferred
 20 by the trustees to the property owners. Any excess tax
 21 revenues shall be redistributed to the taxing districts by
 22 which the taxes were imposed, if raised pursuant to section
 23 357H.9. If the tax revenues were raised pursuant to section
 24 357H.8, subsection 4, the revenues shall be applied as a tax
 25 credit for property owners of the zone.

26 EXPLANATION

27 The bill allows a county to designate an unincorporated
 28 area of the county as a rural improvement zone upon petition
 29 of 25 percent of the residents who represent at least 25
 30 percent of the taxable value of property to be located in the
 31 proposed zone and upon determination of a need for
 32 improvements in the proposed zone. Improvements include
 33 dredging, sewer installation, water quality systems, land
 34 acquisition, installations, and related improvements. The
 35 bill provides that a hearing shall be held on the designation

1 of the proposed area as a rural improvement zone. Upon
2 approval by the county of the area as a rural improvement
3 zone, an election shall be held to choose a board of trustees
4 who have the authority to act in the zone. The trustees will
5 determine the improvement projects and are authorized to issue
6 certificates of indebtedness to pay for the projects' costs.
7 The principal and interest of the certificates will be paid in
8 the same manner as projects are paid for in tax increment
9 financing districts, i.e., the city, county, or school
10 district taxes imposed on the increase in taxable valuations
11 in the zone will be paid to the board of trustees. However,
12 the trustees have an option under the tax increment financing
13 provision of using valuations established as of January 1,
14 1995, for the tax base. This option could only be done for
15 five years. The board of trustees also has an annual standby
16 tax that it may levy if needed. A rural improvement zone
17 shall cease upon passage of a resolution by the trustees that
18 all improvements needed have been made and all indebtedness
19 has been paid.

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SENATE FILE 544

AN ACT

RELATING TO THE DESIGNATION OF UNINCORPORATED AREAS OF A COUNTY AS RURAL IMPROVEMENT ZONES, PROVIDING FOR IMPROVEMENT PROJECTS IN THE ZONES, AUTHORIZING THE ISSUANCE OF CERTIFICATES OF INDEBTEDNESS, AND PAYMENT OF THE INDEBTEDNESS BY TAX INCREMENT FINANCING AND AN ANNUAL STANDBY TAX BY SUCH ZONES.

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

Section 1. NEW SECTION. 357H.1 RURAL IMPROVEMENT ZONES.

The board of supervisors of a county, with less than eleven thousand five hundred residents but more than ten thousand five hundred residents, based upon the 1990 certified federal census, and with a private lake development, shall designate an area surrounding the lake, if it is an unincorporated area of the county, a rural improvement zone upon receipt of a petition pursuant to section 357H.2, and upon the board's determination that the area is in need of improvements. For purposes of this chapter, "improvements" means dredging,

installation of erosion control measures, land acquisition, and related improvements.

For purposes of this chapter, "board" means the board of supervisors of the county.

Sec. 2. NEW SECTION. 357H.2 PETITION FOR PUBLIC HEARING.

1. The board shall, on the petition of twenty-five percent of the residents of a proposed rural improvement zone, if the assessed valuation of the property owned by the petitioners represents at least twenty-five percent of the total assessed value of the proposed zone, hold a public hearing concerning the establishment of a proposed zone. The petition shall include a statement containing the following information:

- a. The need for the proposed zone.
- b. A description of the boundaries of the proposed zone.
- c. The approximate number of families in the proposed zone.

2. The board may require the petitioners to post a bond conditioned upon the payment of all costs and expenses incurred in the proceedings if the zone is not established.

Sec. 3. NEW SECTION. 357H.3 TIME OF PUBLIC HEARING.

The public hearing required in section 357H.2 shall be held within thirty days of the presentation of the petition. Notice of hearing shall be given by publication as provided in section 331.305.

Sec. 4. NEW SECTION. 357H.4 HEARING ON PETITION -- ACTION BY BOARD.

At the public hearing required in section 357H.3, the board may consider the boundaries of a proposed rural improvement zone, whether the boundaries shall be as described in the petition or otherwise, and for that purpose may amend the petition and change the boundaries of the proposed zone as stated in the petition. The board may adjust the boundaries of a proposed zone as needed to exclude land that has no reasonable likelihood of benefit from inclusion in a rural improvement zone. However, the boundaries of a proposed zone

shall not be changed to incorporate property which is not included in the original petition.

Within ten days after the hearing, the board shall establish the rural improvement zone by resolution or disallow the petition. However, the zone shall not include any area which is part of an urban renewal area under chapter 403.

Sec. 5. NEW SECTION. 357H.5 ELECTION OF CANDIDATES FOR TRUSTEES.

When a preliminary plat has been approved by the board, an election shall be held within the rural improvement zone within sixty days to choose candidates for the offices of trustees of the zone. Notice of the election shall be given as provided in section 357H.3.

Sec. 6. NEW SECTION. 357H.6 TRUSTEES -- TERM AND QUALIFICATION.

The election of trustees of a rural improvement zone shall take place at a special election on ballots which shall not reflect a nominee's political affiliation. Nomination shall be made by petition in accordance with chapter 45. The petition form shall be furnished by the county commissioner of elections, signed by eligible electors of the rural improvement zone equal in number to one percent of the vote cast within the zone for governor in the last previous general election, and shall be filed with the county commissioner of elections. A plurality shall be sufficient to elect the five trustees of the rural improvement zone, and no primary election for that office shall be held. At the original election, two trustees shall be elected for one year, two for two years, and one for three years. The terms of the succeeding trustees are for three years. The trustees must be residents of the zone. Vacancies on the board shall be filled by appointment by the remaining trustees.

Sec. 7. NEW SECTION. 357H.7 BOARD OF TRUSTEES -- POWER.

The trustees of a rural improvement zone elected pursuant to section 357H.6 shall constitute the board of trustees of

the zone and shall manage and control the affairs, property, and facilities of the zone. The board of trustees shall elect a president, a clerk, and a treasurer from its membership. The trustees may authorize construction, reconstruction, or repair of improvements within the zone following procedures set out in section 331.341. For these purposes, the trustees may purchase material, employ personnel, acquire real estate and interests in real estate, and perform all other acts necessary to properly maintain and operate the zone. The trustees are allowed necessary expenses in the discharge of their duties, but they shall not receive a salary.

Sec. 8. NEW SECTION. 357H.8 CERTIFICATES.

To provide funds for the payment of the costs of improvement projects, the board of trustees may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of tax revenue authorized pursuant to section 357H.9 and the standby tax in subsection 4 of this section. The receipts shall be pledged to the payment of principal of and interest on the certificates.

1. Certificates may be sold at public sale or at private sale at par, premium, or discount at the discretion of the board of trustees. Chapter 75 does not apply to the issuance of these certificates.

2. Certificates may be issued with respect to a single improvement project or multiple projects and may contain terms or conditions as the board of trustees may provide by resolution authorizing the issuance of the certificates. However, certificates shall not be issued after January 1, 2007, except to refund other certificates as provided in subsection 3.

3. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in this section with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the

certificates being refunded, in installments at different times, or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded, may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates, and may bear a rate of interest higher or lower than, or equivalent to the rate of interest on certificates being renewed or refunded.

4. To further secure the payment of the certificates, the board of trustees shall, by resolution, provide for the assessment of an annual levy of a standby tax upon all taxable property within the rural improvement zone. A copy of the resolution shall be sent to the county auditor. The revenues from the standby tax shall be deposited in a special fund and shall be expended only for the payment of principal of and interest on the certificates issued as provided in this section, when the receipt of tax revenues pursuant to section 357H.9 is insufficient. If payments are necessary and made from the special fund, the amount of the payments shall be promptly repaid into the special fund from the first available payments received which are not required for the payment of principal of or interest on certificates due. No reserves may be built up in the special fund in anticipation of a projected default. The board of trustees shall adjust the annual standby tax levy for each year to reflect the amount of revenues in the special fund and the amount of principal and interest which is due in that year.

5. Before certificates are issued, the board of trustees shall publish a notice of its intention to issue the certificates, stating the amount, the purpose, and the improvement project or projects for which the certificates are to be issued. A person may, within fifteen days after the publication of the notice, appeal the decision of the board of trustees in proposing to issue the certificates to the

district court in the county in which the rural improvement zone exists. The action of the board of trustees in determining to issue the certificates is final and conclusive unless the district court finds that the board of trustees has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, the power of the board of trustees to issue the certificates, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates after fifteen days from the publication of the notice of intention to issue.

6. The board of trustees shall determine if revenues are sufficient to secure the faithful performance of obligations.

Sec. 9. NEW SECTION. 357H.9 INCREMENTAL PROPERTY TAXES.

The board of trustees shall provide by resolution that taxes levied on the taxable property in a rural improvement zone each year by or for the benefit of the state, city, county, school district, or other taxing district after the effective date of the resolution shall be divided as provided in section 403.19, subsections 1 and 2, in the same manner as if the taxable property in the rural improvement zone was taxable property in an urban renewal area and the resolution was an ordinance within the meaning of those subsections. The taxes received by the board of trustees shall be allocated to, and when collected be paid into, a special fund and may be irrevocably pledged by the trustees to pay the principal of and interest on the certificates issued by the trustees to finance or refinance, in whole or in part, an improvement project. As used in this section, "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property located in the rural improvement zone.

Sec. 10. NEW SECTION. 357H.10 DISSOLUTION OF ZONE.

The rural improvement zone shall be dissolved upon the adoption of a resolution of the board of trustees which specifies that all improvements have been made in the zone and

all indebtedness has been paid. Upon dissolution of the zone, all assets shall be deeded to a nonprofit corporation whose members are property owners of the improvement zone.

MARY E. KRAMER
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 544, Seventy-seventh General Assembly.

MARY PAT GUNDERSON
Secretary of the Senate

Approved May 19, 1997

TERRY E. BRANSTAD
Governor