

Dix
Carroll
Fallow

HSB 698

LOCAL GOVERNMENT

SF 102507

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL
BY CHAIRPERSON HOUSER)

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 and
2 providing for the Act's applicability.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 403.5, subsection 5, Code Supplement
2 1999, is amended by adding the following new unnumbered
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
5 amended and the amendment to the plan provides for the
6 addition of territory to the urban renewal area, the
7 assessment year established for purposes of dividing revenue
8 under section 403.19 shall be that determined pursuant to
9 section 403.19, subsection 7.

10 Sec. 2. Section 403.5, Code Supplement 1999, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 8. The designation of an urban renewal
13 area pursuant to this section shall be limited in duration to
14 twenty years counting from July 1 of the fiscal year in which
15 the first payment was due on any loans, advances,
16 indebtedness, or bonds which qualify for payment from the
17 division of revenue provided in section 403.19. However, the
18 duration of an urban renewal area established before July 1,
19 2000, shall run for twenty years counting from July 1 of the
20 first fiscal year in which the municipality received moneys
21 from a division of revenue pursuant to section 403.19, or,
22 shall run until June 30 of the fiscal year in which the amount
23 of loans, advances, indebtedness, or bonds due and owing on
24 the effective date of this Act are paid, whichever is later.

25 Sec. 3. Section 403.5, Code Supplement 1999, is amended by
26 adding the following new subsection:

27 NEW SUBSECTION. 9. A municipality shall not designate as
28 a proposed urban renewal area an urban renewal area, or any
29 part of an urban renewal area, whose designation has expired
30 or will expire pursuant to subsection 8, until five years
31 after the expiration.

32 Sec. 4. Section 403.5, Code Supplement 1999, is amended by
33 adding the following new subsection:

34 NEW SUBSECTION. 10. An urban renewal area shall not
35 include any part of an area designated by ordinance as an

1 urban revitalization area pursuant to chapter 404. An urban
 2 renewal area shall not include any part of an area previously
 3 designated by ordinance as an urban revitalization area
 4 pursuant to chapter 404 until five years after expiration of
 5 the property tax exemption granted to qualified real estate in
 6 the urban revitalization area. As of July 1, 2000, an
 7 exemption from taxation granted pursuant to chapter 404 shall
 8 not be allowed in that portion of an urban revitalization area
 9 which is located in an urban renewal area.

10 Sec. 5. Section 403.17, subsection 9, Code Supplement
 11 1999, is amended to read as follows:

12 9. "Economic development area" means an area of a
 13 municipality designated by the local governing body as
 14 appropriate for commercial and industrial enterprises, public
 15 improvements related to housing and residential development,
 16 or construction of housing and residential development for low
 17 and moderate income families, including single or multifamily
 18 housing. ~~If an urban renewal plan for an urban renewal area~~
 19 ~~is based upon a finding that the area is an economic~~
 20 ~~development area and that no part contains slum or blighted~~
 21 ~~conditions, then the division of revenue provided in section~~
 22 ~~403.19 and stated in the plan shall be limited to twenty years~~
 23 ~~from the calendar year following the calendar year in which~~
 24 ~~the city first certifies to the county auditor the amount of~~
 25 ~~any loans, advances, indebtedness, or bonds which qualify for~~
 26 ~~payment from the division of revenue provided in section~~
 27 ~~403.19.~~ Such designated area shall not include land which is
 28 part of a century farm, unless the owner of the century farm
 29 agrees to include the century farm in the urban renewal area.
 30 For the purposes of this subsection, "century farm" means a
 31 farm in which at least forty acres of such farm have been held
 32 in continuous ownership by the same family for one hundred
 33 years or more.

34 Sec. 6. Section 403.19, subsection 2, Code 1999, is
 35 amended to read as follows:

1 2. That portion of the taxes each year in excess of such
2 amount shall be allocated to and when collected be paid into a
3 special fund of the municipality to pay the principal of and
4 interest on loans, moneys advanced to, or indebtedness,
5 whether funded, refunded, assumed, or otherwise, including
6 bonds issued under the authority of section 403.9, subsection
7 1, incurred by the municipality to finance or refinance, in
8 whole or in part, an urban renewal project within the area,
9 and to provide assistance for low and moderate income family
10 housing as provided in section 403.22, except that taxes for
11 the payment of bonds and interest of each taxing district and
12 taxes for levies approved by the voters of a taxing district
13 must be collected against all taxable property within the
14 taxing district without limitation by the provisions of this
15 subsection. Unless and until the total assessed valuation of
16 the taxable property in an urban renewal area exceeds the
17 total assessed value of the taxable property in such area as
18 shown by the last equalized assessment roll referred to in
19 subsection 1, all of the taxes levied and collected upon the
20 taxable property in the urban renewal area shall be paid into
21 the funds for the respective taxing districts as taxes by or
22 for the taxing districts in the same manner as all other
23 property taxes. When such loans, advances, indebtedness, and
24 bonds, if any, and interest thereon, have been paid, all
25 moneys thereafter received from taxes upon the taxable
26 property in such urban renewal area shall be paid into the
27 funds for the respective taxing districts in the same manner
28 as taxes on all other property.

29 Sec. 7. Section 403.19, subsection 3, Code 1999, is
30 amended to read as follows:

31 3. The portion of taxes ~~mentioned in subsection 2 and~~
32 allocated to the special fund into which they shall be paid,
33 may be irrevocably pledged by a municipality for the payment
34 of the principal and interest on loans, advances, bonds issued
35 under the authority of section 403.9, subsection 1, or

1 indebtedness incurred by a municipality to finance or
 2 refinance, in whole or in part, the urban renewal project
 3 within the area. That portion of taxes allocable to the
 4 special fund which exceeds the amount certified pursuant to
 5 subsection 5 shall be treated as taxes collected under
 6 subsection 1 and disbursed by the treasurer as regular taxes.

7 Sec. 8. Section 403.19, subsection 5, Code 1999, is
 8 amended to read as follows:

9 5. A municipality shall certify to the county auditor on
 10 or before December 1 of each year an amount equal to one
 11 hundred ten percent of the amount of loans, advances,
 12 indebtedness, or bonds which qualify for payment during the
 13 next fiscal year from the special fund referred to in
 14 subsection 2, and the filing of the certificate shall make it
 15 a duty of the auditor to provide for the division of taxes in
 16 the amount certified for each subsequent fiscal year until the
 17 amount of the loans, advances, indebtedness, or bonds is paid
 18 to the special fund or until such time as specified in section
 19 403.5, subsection 8, or section 403.22, subsection 5. ~~In any~~
 20 ~~year, the county auditor shall, upon receipt of a certified~~
 21 ~~request from a municipality filed on or before December 1,~~
 22 ~~increase the amount to be allocated under subsection 1 in~~
 23 ~~order to reduce the amount to be allocated in the following~~
 24 ~~fiscal year to the special fund, to the extent that the~~
 25 ~~municipality does not request allocation to the special fund~~
 26 ~~of the full portion of taxes which could be collected.~~ The
 27 amount of loans, advances, indebtedness, or bonds certified to
 28 the county auditor for payment in the next fiscal year shall
 29 be only that amount due and payable in that fiscal year. In
 30 addition, the certificate shall list each project within an
 31 urban renewal area; the amount of loans, advances,
 32 indebtedness, or bonds which qualify for payment from the
 33 special fund for each project; the total of such amount for
 34 each urban renewal area located in the municipality; the
 35 expiration of the urban renewal area, if applicable, or

1 otherwise, the term of the indebtedness; and any other
2 information the auditor may require in order to determine the
3 amount to be allocated to subsection 2. Upon receipt of a
4 certificate from a municipality, the auditor shall mail a copy
5 of the certificate to each affected taxing district.

6 Sec. 9. Section 403.19, subsection 6, Code 1999, is
7 amended by striking the subsection.

8 Sec. 10. Section 403.19, Code 1999, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 7. If an urban renewal plan is amended
11 and the amendment to the plan provides for the addition of
12 territory to the urban renewal area, the assessment year for
13 purposes of dividing revenue under this section shall be
14 reestablished for the entire urban renewal area as the
15 assessment year beginning January 1 of the calendar year
16 preceding the calendar year in which the municipality adopted
17 the amendment.

18 Sec. 11. Section 403.22, subsection 5, Code 1999, is
19 amended to read as follows:

20 5. Except for a municipality with a population under
21 fifteen thousand, the division of the revenue under section
22 403.19 for each project under this section shall be limited to
23 tax collections for ten fiscal years beginning with the second
24 fiscal year after the year in which the municipality first
25 certifies to the county auditor the amount of any loans,
26 advances, indebtedness, or bonds which qualify for payment
27 from the division of the revenue in connection with the
28 project. However, in no case shall the urban renewal area
29 containing the project extend beyond the durational limit in
30 section 403.5, subsection 8. A municipality with a population
31 under fifteen thousand may, with the approval of the governing
32 bodies of all other affected taxing districts, extend the
33 division of revenue under section 403.19 for up to five years
34 if necessary to adequately fund the project. The portion of
35 the urban renewal area which is involved in a project under

1 this section shall not be subject to any subsequent division
2 of revenue under section 403.19.

3 Sec. 12. Section 403.22, Code 1999, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 7. For purposes of this section and
6 section 403.17, subsection 9, "public improvements" does not
7 include improvements that would otherwise be chargeable
8 against the property as a special assessment as provided in
9 sections 384.37 through 384.79 or sections 331.485 through
10 331.491. This subsection does not apply to construction of
11 housing and residential development for low and moderate
12 income families. This subsection does not apply to
13 improvements to property assessed as commercial or industrial
14 property.

15 Sec. 13. Section 403.23, Code Supplement 1999, is amended
16 by adding the following new subsection:

17 NEW SUBSECTION. 3. If a municipality does not file the
18 annual report with the department of management and the county
19 auditor by October 1, the county treasurer shall withhold
20 disbursement of incremental taxes to the municipality until
21 the annual report is filed beginning immediately with the next
22 following disbursement of taxes.

23 Sec. 14. Section 404.2, subsection 2, paragraph a, Code
24 1999, is amended to read as follows:

25 a. A legal description of the real estate forming the
26 boundaries of the proposed area along with a map depicting the
27 existing parcels of real estate. An urban revitalization area
28 shall not include any part of an area designated as an urban
29 renewal area pursuant to chapter 403.

30 Sec. 15. Section 404.3, subsection 6, Code 1999, is
31 amended to read as follows:

32 6. The tax exemption schedule specified in subsection 1,
33 2, 3, or 4 shall apply to every revitalization area within a
34 city or county unless a different schedule is adopted in the
35 city or county plan as provided in section 404.2. However, a

1 city or county shall not adopt a different schedule unless
2 every revitalization area within the city or county has the
3 same schedule applied to it, ~~except in areas of the city or~~
4 ~~county which have been designated as both urban renewal and~~
5 ~~urban revitalization areas. In an area designated for both~~
6 ~~urban renewal and urban revitalization, a city or county may~~
7 ~~adopt a different schedule than has been adopted for~~
8 ~~revitalization areas which have not been designated as urban~~
9 ~~renewal areas.~~ The different schedule adopted shall not
10 provide for a larger tax exemption in a particular year than
11 is provided for that year in the schedule specified in the
12 corresponding subsection of this section.

13 Sec. 16. Section 403.20, Code 1999, is repealed.

14 Sec. 17. This Act applies to urban renewal areas and urban
15 revitalization areas established before, on, or after the
16 effective date of this Act. Sections 6, 7, 8, and 9 of this
17 Act, amending section 403.19, subsections 2, 3, 5, and 6,
18 apply to amounts certified for purposes of urban renewal for
19 taxes due and payable for the fiscal year beginning July 1,
20 2001.

21 EXPLANATION

22 This bill makes several changes to the urban renewal law.
23 The bill provides that if an urban renewal plan is amended
24 to add territory to an urban renewal area, the assessment year
25 for purposes of tax increment financing must be reestablished.
26 The bill also limits all urban renewal areas to 20 years in
27 duration.

28 The bill prohibits the location of any part of an urban
29 revitalization area in an urban renewal area and provides that
30 an area formerly designated as an urban revitalization area
31 may not be included in an urban renewal area until five years
32 after the expiration of the urban revitalization property tax
33 exemptions. The bill requires that tax revenues from voter-
34 approved levies be paid to the taxing district where the levy
35 was approved. The bill requires that of the property taxes

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1 collected from the urban renewal area only that portion
2 necessary to pay the amount of indebtedness due in the fiscal
3 year as certified by the municipality to the county auditor
4 may be retained by the municipality and expended for purposes
5 of the urban renewal area. The bill also requires that more
6 detailed information be included on the certificates of
7 indebtedness filed by the municipality with the county
8 auditor.

9 The bill provides that public improvements for residential
10 development in an economic development area do not include
11 improvements that are otherwise payable by special assessment.
12 However, this restriction does not apply to residential
13 development for low and moderate income housing or to property
14 assessed as commercial or industrial.

15 The bill also provides that if a municipality has not filed
16 an annual report with the state by the statutory deadline, the
17 county treasurer shall withhold disbursement of tax increment
18 revenues to the municipality.

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

21 The bill further provides that as of July 1, 2000, an urban
22 revitalization tax exemption shall not be allowed in that
23 portion of an urban revitalization area which is located in an
24 urban renewal area.

25 The bill applies to urban renewal areas established before,
26 on, or after the effective date of the bill. The portion of
27 the bill amending provisions relating to the certification and
28 allocation of tax increment revenues applies to amounts
29 certified for urban renewal for taxes due and payable in the
30 fiscal year beginning July 1, 2001.

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FEB 29 2000

WAYS AND MEANS

HOUSE FILE 2507
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 698)

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 and
2 providing for the Act's applicability.

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

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HF 2507

1 Section 1. Section 298.3, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 12. Payments to a municipality or other
4 entity as required under section 403.19, subsection 2.

5 Sec. 2. Section 403.5, subsection 5, Code Supplement 1999,
6 is amended by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
8 amended and the amendment to the plan provides for the
9 addition of territory to the urban renewal area, the
10 assessment year established for purposes of dividing revenue
11 under section 403.19 shall be that determined pursuant to
12 section 403.19, subsection 7.

13 Sec. 3. Section 403.5, Code Supplement 1999, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 8. The designation of an urban renewal
16 area pursuant to this section shall be limited in duration to
17 twenty years counting from July 1 of the fiscal year in which
18 the first payment was due on any loans, advances,
19 indebtedness, or bonds which qualify for payment from the
20 division of revenue provided in section 403.19. However, the
21 duration of an urban renewal area established before July 1,
22 2000, shall run for twenty years counting from July 1 of the
23 first fiscal year in which the municipality received moneys
24 from a division of revenue pursuant to section 403.19, or,
25 shall run until June 30 of the fiscal year in which the amount
26 of loans, advances, indebtedness, or bonds due and owing on
27 the effective date of this Act are paid, whichever is later.

28 Sec. 4. Section 403.5, Code Supplement 1999, is amended by
29 adding the following new subsection:

30 NEW SUBSECTION. 9. A municipality shall not designate as
31 a proposed urban renewal area an urban renewal area, or any
32 part of an urban renewal area, whose designation has expired
33 or will expire pursuant to subsection 8, until three years
34 after the expiration.

35 Sec. 5. Section 403.5, Code Supplement 1999, is amended by

1 adding the following new subsection:

2 NEW SUBSECTION. 10. An urban renewal area shall not
3 include any part of an area designated by ordinance as an
4 urban revitalization area pursuant to chapter 404. An urban
5 renewal area shall not include any part of an area previously
6 designated by ordinance as an urban revitalization area
7 pursuant to chapter 404 until three years after expiration of
8 the property tax exemption granted to qualified real estate in
9 the urban revitalization area. As of July 1, 2000, an
10 exemption from taxation granted pursuant to chapter 404 shall
11 not be allowed in that portion of an urban revitalization area
12 which is located in an urban renewal area. This subsection
13 applies to an urban renewal area designated in the resolution
14 of necessity as an economic development area and does not
15 apply to urban renewal areas designated by the municipality in
16 its resolution of necessity as a slum area only or a blighted
17 area only or a slum and blighted area only.

18 Sec. 6. Section 403.17, subsection 10, Code Supplement
19 1999, is amended to read as follows:

20 10. "Economic development area" means an area of a
21 municipality designated by the local governing body as
22 appropriate for commercial and industrial enterprises, public
23 improvements related to housing and residential development,
24 or construction of housing and residential development for low
25 and moderate income families, including single or multifamily
26 housing. ~~if-an-urban-renewal-plan-for-an-urban-renewal-area~~
27 ~~is-based-upon-a-finding-that-the-area-is-an-economic~~
28 ~~development-area-and-that-no-part-contains-slum-or-blighted~~
29 ~~conditions, then the division of revenue provided in section~~
30 ~~403.19 and stated in the plan shall be limited to twenty years~~
31 ~~from the calendar year following the calendar year in which~~
32 ~~the city first certifies to the county auditor the amount of~~
33 ~~any loans, advances, indebtedness, or bonds which qualify for~~
34 ~~payment from the division of revenue provided in section~~
35 403.19. Such designated area shall not include agricultural

1 land, including land which is part of a century farm, unless
2 the owner of the agricultural land or century farm agrees to
3 include the agricultural land or century farm in the urban
4 renewal area. For the purposes of this subsection, "century
5 farm" means a farm in which at least forty acres of such farm
6 have been held in continuous ownership by the same family for
7 one hundred years or more.

8 Sec. 7. Section 403.19, subsection 2, Code 1999, is
9 amended to read as follows:

10 2. That portion of the taxes each year in excess of such
11 amount shall be allocated to and when collected be paid into a
12 special fund of the municipality to pay the principal of and
13 interest on loans, moneys advanced to, or indebtedness,
14 whether funded, refunded, assumed, or otherwise, including
15 bonds issued under the authority of section 403.9, subsection
16 1, incurred by the municipality to finance or refinance, in
17 whole or in part, an urban renewal project within the area,
18 and to provide assistance for low and moderate income family
19 housing as provided in section 403.22, except that taxes for
20 the regular and voter-approved physical plant and equipment
21 levy of a school district imposed pursuant to section 298.2
22 and taxes for the payment of bonds and interest of each taxing
23 district must be collected against all taxable property within
24 the taxing district without limitation by the provisions of
25 this subsection. However, taxes for the physical plant and
26 equipment levy shall be paid by the school district to the
27 municipality if the municipality certifies to the school
28 district by July 1 that such levy is necessary to pay the
29 principal and interest on indebtedness incurred by the
30 municipality to finance an urban renewal project, which
31 indebtedness was incurred before July 1, 2000. Such school
32 district shall pay over the amount certified by November 1
33 following certification to the school district. Unless and
34 until the total assessed valuation of the taxable property in
35 an urban renewal area exceeds the total assessed value of the

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

12 Sec. 8. Section 403.19, subsection 3, Code 1999, is
13 amended to read as follows:

14 3. The portion of taxes mentioned-in-subsection-2-and
15 allocated to the special fund into which they shall be paid,
16 may be irrevocably pledged by a municipality for the payment
17 of the principal and interest on loans, advances, bonds issued
18 under the 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 project
21 within the area. That portion of taxes allocable to the
22 special fund which exceeds the amount certified pursuant to
23 subsection 5 shall be treated as taxes collected under
24 subsection 1 and disbursed by the treasurer as regular taxes.

25 Sec. 9. Section 403.19, subsection 5, Code 1999, is
26 amended to read as follows:

27 5. A municipality shall certify to the county auditor on
28 or before December 1 of each year an amount equal to one
29 hundred ten percent of the amount of loans, advances,
30 indebtedness, or bonds which qualify for payment during the
31 next fiscal year from the special fund referred to in
32 subsection 2, and the filing of the certificate shall make it
33 a duty of the auditor to provide for the division of taxes in
34 the amount certified for each subsequent fiscal year until the
35 amount of the loans, advances, indebtedness, or bonds is paid

1 to the special fund or until such time as specified in section
2 403.5, subsection 8, or section 403.22, subsection 5. ~~In any~~
3 ~~year, the county auditor shall, upon receipt of a certified~~
4 ~~request from a municipality filed on or before December 1,~~
5 ~~increase the amount to be allocated under subsection 1 in~~
6 ~~order to reduce the amount to be allocated in the following~~
7 ~~fiscal year to the special fund, to the extent that the~~
8 ~~municipality does not request allocation to the special fund~~
9 ~~of the full portion of taxes which could be collected.~~ Upon
10 receipt of a certificate from a municipality, the auditor
11 shall mail a copy of the certificate to each affected taxing
12 district.

13 Sec. 10. Section 403.19, subsection 6, Code 1999, is
14 amended by striking the subsection.

15 Sec. 11. Section 403.19, Code 1999, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 7. If an urban renewal plan is amended
18 and the amendment to the plan provides for the addition of
19 territory to the urban renewal area, the assessment year for
20 purposes of dividing revenue under this section shall be
21 reestablished for the entire urban renewal area as the
22 assessment year beginning January 1 of the calendar year
23 preceding the calendar year in which the municipality adopted
24 the amendment.

25 Sec. 12. Section 403.22, subsection 5, Code 1999, is
26 amended to read as follows:

27 5. Except for a municipality with a population under
28 fifteen thousand, the division of the revenue under section
29 403.19 for each project under this section shall be limited to
30 tax collections for ten fiscal years beginning with the second
31 fiscal year after the year in which the municipality first
32 certifies to the county auditor the amount of any loans,
33 advances, indebtedness, or bonds which qualify for payment
34 from the division of the revenue in connection with the
35 project. However, in no case shall the urban renewal area

1 containing the project extend beyond the durational limit in
2 section 403.5, subsection 8. A municipality with a population
3 under fifteen thousand may, with the approval of the governing
4 bodies of all other affected taxing districts, extend the
5 division of revenue under section 403.19 for up to five years
6 if necessary to adequately fund the project. The portion of
7 the urban renewal area which is involved in a project under
8 this section shall not be subject to any subsequent division
9 of revenue under section 403.19.

10 Sec. 13. Section 403.22, Code 1999, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 7. For purposes of this section and
13 section 403.17, subsection 10, "public improvements" does not
14 include improvements that would otherwise be chargeable
15 against the property as a special assessment as provided in
16 sections 384.37 through 384.79 or sections 331.485 through
17 331.491. This subsection does not apply to construction of
18 housing and residential development for low and moderate
19 income families. This subsection does not apply to
20 improvements to property assessed as commercial or industrial
21 property.

22 Sec. 14. Section 403.23, Code Supplement 1999, is amended
23 by adding the following new subsection:

24 NEW SUBSECTION. 3. If a municipality does not file the
25 annual report with the department of management and the county
26 auditor by October 1, the county treasurer shall withhold
27 disbursement of incremental taxes to the municipality until
28 the annual report is filed beginning immediately with the next
29 following disbursement of taxes.

30 Sec. 15. Section 404.2, subsection 2, paragraph a, Code
31 1999, is amended to read as follows:

32 a. A legal description of the real estate forming the
33 boundaries of the proposed area along with a map depicting the
34 existing parcels of real estate. An urban revitalization area
35 shall not include any part of an area designated as an urban

1 renewal area pursuant to chapter 403.

2 Sec. 16. Section 404.3, subsection 6, Code 1999, is
3 amended to read as follows:

4 6. The tax exemption schedule specified in subsection 1,
5 2, 3, or 4 shall apply to every revitalization area within a
6 city or county unless a different schedule is adopted in the
7 city or county plan as provided in section 404.2. However, a
8 city or county shall not adopt a different schedule unless
9 every revitalization area within the city or county has the
10 same schedule applied to it, ~~except in areas of the city or~~
11 ~~county which have been designated as both urban renewal and~~
12 ~~urban revitalization areas. In an area designated for both~~
13 ~~urban renewal and urban revitalization, a city or county may~~
14 ~~adopt a different schedule than has been adopted for~~
15 ~~revitalization areas which have not been designated as urban~~
16 ~~renewal areas.~~ The different schedule adopted shall not
17 provide for a larger tax exemption in a particular year than
18 is provided for that year in the schedule specified in the
19 corresponding subsection of this section.

20 Sec. 17. Section 403.20, Code 1999, is repealed.

21 Sec. 18. This Act applies to urban renewal areas and urban
22 revitalization areas established before, on, or after the
23 effective date of this Act. Sections 7, 8, 9, and 10 of this
24 Act, amending section 403.19, subsections 2, 3, 5, and 6,
25 apply to amounts certified for purposes of urban renewal for
26 taxes due and payable for the fiscal year beginning July 1,
27 2001.

28 EXPLANATION

29 This bill makes several changes to the urban renewal law.

30 The bill provides that if an urban renewal plan is amended
31 to add territory to an urban renewal area, the assessment year
32 for purposes of tax increment financing must be reestablished.
33 The bill also limits all urban renewal areas to 20 years in
34 duration.

35 The bill prohibits the location of any part of an urban

1 revitalization area in an urban renewal area and provides that
2 an area formerly designated as an urban revitalization area
3 may not be included in an urban renewal area until three years
4 after the expiration of the urban revitalization property tax
5 exemptions. The bill requires that tax revenues from the
6 regular and voter-approved physical plant and equipment levy
7 (PPEL) be paid to the school district. However, the
8 municipality is eligible to receive all or a portion of PPEL
9 revenues if needed to pay debt obligations incurred before
10 July 1, 2000.

11 The bill requires that of the property taxes collected from
12 the urban renewal area only that portion necessary to pay the
13 amount of indebtedness due in the fiscal year as certified by
14 the municipality to the county auditor may be retained by the
15 municipality and expended for purposes of the urban renewal
16 area.

17 The bill provides that public improvements for residential
18 development in an economic development area paid for with tax
19 increment revenues shall not include improvements that are
20 otherwise payable by special assessment. However, this
21 restriction does not apply to residential development for low
22 and moderate income housing or to property assessed as
23 commercial or industrial.

24 The bill also provides that if a municipality has not filed
25 an annual report with the state by the statutory deadline, the
26 county treasurer shall withhold disbursement of tax increment
27 revenues to the municipality.

28 The bill provides that a revitalization area not include
29 any area designated as an urban renewal area. This applies to
30 urban renewal areas whose resolution of necessity designate
31 the area as an economic development area.

32 The bill further provides that as of July 1, 2000, an urban
33 revitalization tax exemption shall not be allowed in that
34 portion of an urban revitalization area which is located in an
35 urban renewal area.

1 The bill applies to urban renewal areas established before,
2 on, or after the effective date of the bill. The portion of
3 the bill amending provisions relating to the certification and
4 allocation of tax increment revenues applies to amounts
5 certified for urban renewal for taxes due and payable in the
6 fiscal year beginning July 1, 2001.

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