

Jager
Larson
Weigel

HSB 652
WAYS AND MEANS

Succeeded By
SF/HF 254
HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON WAYS AND MEANS BILL
BY CHAIRPERSON VAN FOSSEN)

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

A BILL FOR

1 An Act expanding the number of counties that may designate
2 unincorporated areas containing private lakes as rural
3 improvement zones.

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

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1 Section 1. Section 357H.1, Code 1999, is amended to read
2 as follows:

3 357H.1 RURAL IMPROVEMENT ZONES.

4 The board of supervisors of a county with ~~less~~ not more
5 than ~~eleven~~ eighteen thousand five hundred residents but more
6 than ten thousand five hundred residents, based upon the 1990
7 certified federal census, and with a private lake development
8 shall designate an area surrounding the lake, if it is an
9 unincorporated area of the county, a rural improvement zone
10 upon receipt of a petition pursuant to section 357H.2, and
11 upon the board's determination that the area is in need of
12 improvements. For purposes of this chapter, "improvements"
13 means dredging, installation of erosion control measures, land
14 acquisition, and related improvements, including soil
15 conservation practices, within or outside of the boundaries of
16 the zone.

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

19 EXPLANATION

20 Present law allows a county with a population of more than
21 10,500 residents but less than 11,500 residents with a private
22 lake development in its unincorporated areas to designate a
23 rural improvement zone which includes the lake development.
24 The bill expands this authority to counties with populations
25 of more than 10,500 but not more than 18,500.

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5-3/28/00 W.M.
5-4/6/00 No Pass

MAR 9 2000

WAYS & MEANS CALENDAR

HOUSE FILE 2541
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 652)

(P.1023)
Passed House, Date 3/28/00 Passed Senate, Date 4-17-00
Vote: Ayes 92 Nays 4 Vote: Ayes 49 Nays 0
Approved 5/15/00

A BILL FOR

1 An Act expanding the number of counties that may designate
2 unincorporated areas containing private lakes as rural
3 improvement zones and setting the limits for the standby taxes
4 imposed in those zones.

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

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HF 2541

1 Section 1. Section 357H.1, Code 1999, is amended to read
2 as follows:

3 357H.1 RURAL IMPROVEMENT ZONES.

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

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

19 Sec. 2. Section 357H.8, subsection 4, Code 1999, is
20 amended to read as follows:

21 4. To further secure the payment of the certificates, the
22 board of trustees shall, by resolution, provide for the
23 assessment of an annual levy of a standby tax upon all taxable
24 property within the rural improvement zone. The rate of the
25 standby tax shall be not less than fifty cents per thousand
26 dollars of the assessed value of the taxable property and not
27 more than two dollars and fifty cents per thousand dollars of
28 the assessed value of the taxable property. A copy of the
29 resolution shall be sent to the county auditor. The revenues
30 from the standby tax shall be deposited in a special fund and
31 shall be expended only for the payment of principal of and
32 interest on the certificates issued as provided in this
33 section, when the receipt of tax revenues pursuant to section
34 357H.9 is insufficient. If payments are necessary and made
35 from the special fund, the amount of the payments shall be

1 promptly repaid into the special fund from the first available
 2 payments received which are not required for the payment of
 3 principal of or interest on certificates due. No reserves may
 4 be built up in the special fund in anticipation of a projected
 5 default. The board of trustees shall adjust the annual
 6 standby tax levy for each year to reflect the amount of
 7 revenues in the special fund and the amount of principal and
 8 interest which is due in that year.

9 EXPLANATION

10 Present law allows a county with a population of more than
 11 10,500 residents but less than 11,500 residents with a private
 12 lake development in its unincorporated areas to designate a
 13 rural improvement zone which includes the lake development.
 14 The bill expands this authority to counties with populations
 15 of less than 18,500.

16 The bill provides that if a standby tax is imposed to
 17 ensure the payment of principle and interest of certificates
 18 issued to pay for improvements, the rate must be at least \$.50
 19 per \$1,000 of assessed value but not more than \$2.50 per
 20 \$1,000 of assessed value.

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**HOUSE FILE 2541
FISCAL NOTE**

A fiscal note for House File 2541 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2541 provides that in counties with a population of 18,500 or less rural improvement zones may be established including a private lake development in the unincorporated area of the county. Standby taxing authority of at least \$0.50, but no more than \$2.50, per \$1,000 of taxable valuation to insure the payment of principle and interest on certificates issued to pay for improvements is established.

BACKGROUND

Currently, two private lake developments levy property taxes under the provisions of Chapter 357E. This chapter provides for the incorporation of recreational lake districts and the levying of property taxes to pay for the construction and maintenance of improvements in these districts. The maximum levy authority is \$4.00 per \$1,000 of taxable valuation, excluding the value of agricultural land. The two lake districts that currently exist in the State are Lake Delhi (Deleware County) and Lakewood (Warren County). The amounts of property taxes levied by these districts for FY 2000 were \$94,000 and \$82,000, respectively.

The proposed Legislation pertains to Chapter 357H, which relates to rural improvement zones. Section 357H.8 authorizes the levying of a standby tax to provide funds needed to cover principle and interest costs associated with the issuances of certificates for the purpose of financing improvements with the districts. The levy authority provided for under this section if used to fund improvements in recreational lake districts would be in addition to the levy authority granted by Chapter 357E.

Currently, the ability of recreational lake districts to levy standby taxes under Chapter 357H is restricted to counties with a population between 10,500 and 11,500 residents as determined by the 1990 United States Census. Currently, only five counties satisfy the population criterion. None of these counties are levying taxes under the existing Chapter 257H authority.

ASSUMPTIONS

1. The change in the population criterion will increase the number of counties in which private lake developments qualify to levy standby property taxes from 5 to 59.
2. The two existing recreational lake developments that levy taxes under the authority of Chapter 357E are Lake Delhi at a rate of \$4.00 per \$1,000 of taxable valuation and Lakewood at a rate of \$2.28 per \$1,000 of taxable valuation.
3. The Lake Delhi development would qualify for the additional taxing

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authority under the proposed Bill, but the Lakewood development would not.
4. It is not possible to determine at this time whether other private recreational lake developments would levy taxes under terms of the proposed Legislation.

FISCAL IMPACT

The proposed Legislation will have no impact on the State General Fund. The estimated impact on property taxes is a possible increase of approximately \$60,000.

SOURCE

Iowa Department of Management

(LSB 5258hv, MAL)

FILED MARCH 21, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2541

AN ACT

EXPANDING THE NUMBER OF COUNTIES THAT MAY DESIGNATE
UNINCORPORATED AREAS CONTAINING PRIVATE LAKES AS RURAL
IMPROVEMENT ZONES AND SETTING THE LIMITS FOR THE STANDBY
TAXES IMPOSED IN THOSE ZONES.

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

Section 1. Section 357H.1, Code 1999, is amended to read
as follows:

357H.1 RURAL IMPROVEMENT ZONES.

The board of supervisors of a county with less than ~~eleven~~
eighteen 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, including soil conservation practices, within or outside of the boundaries of the zone.

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

Sec. 2. Section 357H.8, subsection 4, Code 1999, is amended to read as follows:

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. The rate of the standby tax shall be not less than fifty cents per thousand dollars of the assessed value of the taxable property and not more than two dollars and fifty cents per thousand dollars of the assessed value of the taxable property. 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

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revenues in the special fund and the amount of principal and interest which is due in that year.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2541, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 5/15, 2000

THOMAS J. VILSACK
Governor