

MAR 3 1999
LOCAL GOVERNMENT

HOUSE FILE 462
BY DIX

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, by
2 making changes related to certain property located in an urban
3 renewal area, to duration of urban renewal areas, to
4 certification of urban renewal debt, to tax increment
5 financing of urban renewal projects, to improvements related
6 to urban renewal projects, and to annual reporting on urban
7 renewal areas, and providing for the Act's applicability.

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

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HF 462

1 Section 1. Section 403.5, subsection 5, Code 1999, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
4 amended and the amendment to the plan provides for the
5 addition of territory to the urban renewal area, the
6 assessment year established for purposes of dividing revenue
7 under section 403.19 shall be that determined pursuant to
8 section 403.19, subsection 7.

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

11 NEW SUBSECTION. 8. The designation of an urban renewal
12 area pursuant to this section shall be limited in duration to
13 twenty years counting from July 1 of the fiscal year in which
14 the first payment was due on any loans, advances,
15 indebtedness, or bonds which qualify for payment from the
16 division of revenue provided in section 403.19. However, the
17 duration of an urban renewal area established before July 1,
18 1999, shall run for twenty years counting from July 1 of the
19 first fiscal year in which the municipality received moneys
20 from a division of revenue pursuant to section 403.19, or,
21 shall run until June 30 of the fiscal year in which the amount
22 of loans, advances, indebtedness, or bonds due and owing on
23 the effective date of this Act are paid, whichever is later.

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

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

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

33 NEW SUBSECTION. 10. An urban renewal area shall not
34 include any part of an area designated by ordinance as an
35 urban revitalization area pursuant to chapter 404. An urban

1 renewal area shall not include any part of an area previously
2 designated by ordinance as an urban revitalization area
3 pursuant to chapter 404 until five years after expiration of
4 the property tax exemption granted to qualified real estate in
5 the urban revitalization area. As of July 1, 1999, an
6 exemption from taxation granted pursuant to chapter 404 shall
7 not be allowed in that portion of an urban revitalization area
8 which is located in an urban renewal area.

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

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

33 Sec. 6. Section 403.19, subsection 3, Code 1999, is
34 amended to read as follows:

35 3. The portion of taxes ~~mentioned in subsection 2 and~~

1 allocated to the special fund into which they shall be paid,
2 may be irrevocably pledged by a municipality for the payment
3 of the principal and interest on loans, advances, bonds issued
4 under the authority of section 403.9, subsection 1, or
5 indebtedness incurred by a municipality to finance or
6 refinance, in whole or in part, the urban renewal project
7 within the area. That portion of taxes allocable to the
8 special fund which exceeds the amount certified pursuant to
9 subsection 5 shall be treated as taxes collected under
10 subsection 1 and disbursed by the treasurer as regular taxes.

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

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

1 indebtedness, or bonds which qualify for payment from the
2 special fund for each project; the total of such amount for
3 each urban renewal area located in the municipality; the
4 expiration of the urban renewal area, if applicable, or
5 otherwise, the term of the indebtedness; and any other
6 information the auditor may require in order to determine the
7 amount to be allocated to subsection 2. Upon receipt of a
8 certificate from a municipality, the auditor shall mail a copy
9 of the certificate to each affected taxing district.

10 Sec. 8. Section 403.19, subsection 6, Code 1999, is
11 amended by striking the subsection.

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

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

22 Sec. 10. Section 403.22, subsection 5, Code 1999, is
23 amended to read as follows:

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

1 bodies of all other affected taxing districts, extend the
2 division of revenue under section 403.19 for up to five years
3 if necessary to adequately fund the project. The portion of
4 the urban renewal area which is involved in a project under
5 this section shall not be subject to any subsequent division
6 of revenue under section 403.19.

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

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

19 Sec. 12. NEW SECTION. 403.23 ANNUAL REPORTING.

20 1. On or before September 30 of each year, the
21 municipality shall submit the annual financial report prepared
22 pursuant to section 403.15 to the department of management and
23 to the county auditor of the county in which the municipality
24 is located. In addition to the information contained in the
25 report, the municipality shall provide the following
26 information to the department and to the county auditor:

27 a. A listing and description of each project within an
28 urban renewal area.

29 b. A description of the original purpose for establishing
30 the urban renewal area.

31 c. The establishment date of the urban renewal area and
32 the expiration date of the urban renewal area, if applicable
33 or otherwise, the term of the indebtedness.

34 d. The designation under which the urban renewal area was
35 established.

- 1 e. The base year valuation of the urban renewal area.
2 f. The amount of incremental valuation in the urban
3 renewal area.
4 g. A description of the use for the incremental funding.
5 h. The number of businesses that have located in each
6 urban renewal area.
7 i. The number of urban renewal projects that have been
8 completed in each urban renewal area.
9 j. The type and term length of financing for urban renewal
10 projects.
11 k. The amount of loans, advances, indebtedness, or bonds
12 which qualified for payment from the special fund for each
13 urban renewal project in the preceding fiscal year.
14 1. The total of the amount specified in paragraph "k" for
15 each urban renewal area located in the municipality.
16 2. At the request of the legislative fiscal bureau, the
17 department of management shall provide the reports and
18 additional information to the legislative fiscal bureau. The
19 department of management, in consultation with the legislative
20 fiscal bureau, shall determine reporting criteria for reports
21 filed with the department pursuant to this subsection.
22 Sec. 13. Section 404.2, subsection 2, paragraph a, Code
23 1999, is amended to read as follows:
24 a. A legal description of the real estate forming the
25 boundaries of the proposed area along with a map depicting the
26 existing parcels of real estate. An urban revitalization area
27 shall not include any part of an area designated as an urban
28 renewal area pursuant to chapter 403.
29 Sec. 14. Section 404.3, subsection 6, Code 1999, is
30 amended to read as follows:
31 6. The tax exemption schedule specified in subsection 1,
32 2, 3, or 4 shall apply to every revitalization area within a
33 city or county unless a different schedule is adopted in the
34 city or county plan as provided in section 404.2. However, a
35 city or county shall not adopt a different schedule unless

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

12 Sec. 15. This Act applies to urban renewal areas
13 established before, on, or after the effective date of this
14 Act. Sections 6, 7, and 8 of this Act, amending section
15 403.19, subsections 3, 5, and 6, apply to amounts certified
16 for purposes of urban renewal, and taxes due and payable for
17 the fiscal year beginning July 1, 2000.

18 EXPLANATION

19 This bill makes several changes to the urban renewal law.
20 The bill provides that if an urban renewal plan is amended
21 to add territory to an urban renewal area, the assessment year
22 for purposes of tax increment financing must be reestablished.
23 The bill also limits all urban renewal areas to 20 years in
24 duration.
25 The bill prohibits the location of any part of an urban
26 revitalization area in an urban renewal area and provides that
27 an area formerly designated as an urban revitalization area
28 may not be included in an urban renewal area until five years
29 after the expiration of the urban revitalization property tax
30 exemptions. The bill requires that of the property taxes
31 collected from the urban renewal area only that portion
32 necessary to pay the amount of indebtedness due in the fiscal
33 year as certified by the municipality to the county auditor
34 may be retained by the municipality and expended for purposes
35 of the urban renewal area. The bill also requires that more

1 detailed information be included on the certificates of
2 indebtedness filed by the municipality with the county
3 auditor.

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

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

12 The bill further provides that as of July 1, 1999, an urban
13 revitalization tax exemption shall not be allowed in that
14 portion of an urban revitalization area which is located in an
15 urban renewal area.

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

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