

MAR 18 1999

WAYS AND MEANS

HOUSE FILE 727

BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HF 462)

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 727

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 or modified and the amendment or modification to the
5 plan provides for the addition of territory to the urban
6 renewal area, the assessment year established for purposes of
7 dividing revenue under section 403.19 shall be that determined
8 pursuant to 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. An urban renewal area shall not
27 include any part of an area designated by ordinance as an
28 urban revitalization area pursuant to chapter 404. An urban
29 renewal area shall not include any part of an area previously
30 designated by ordinance as an urban revitalization area
31 pursuant to chapter 404 until five years after expiration of
32 the property tax exemption granted to qualified real estate in
33 the urban revitalization area. No new exemptions shall be
34 granted in such area on or after July 1, 1999. However, any
35 such exemptions granted prior to July 1, 1999, shall continue

1 until their expiration. The prohibition in this subsection
2 does not apply to shared territory of an urban renewal area
3 and an urban revitalization area if the construction of
4 housing or residential development for low or moderate income
5 families is involved.

6 Sec. 4. Section 403.17, subsection 9, Code 1999, is
7 amended to read as follows:

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

30 Sec. 5. Section 403.19, subsection 1, paragraph b, Code
31 1999, is amended by striking the paragraph.

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

34 3. The portion of taxes mentioned ~~in subsection 2 and~~
35 allocated to the special fund into which they shall be paid,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 a. A listing and description of each project within an
26 urban renewal area.

27 b. A description of the original purpose for establishing
28 the urban renewal area.

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

32 d. The designation under which the urban renewal area was
33 established.

34 e. The base year valuation of the urban renewal area.

35 f. The amount of incremental valuation in the urban

1 renewal area.

2 g. A description of the use for the incremental funding.

3 h. The number of businesses that have located in each
4 urban renewal area.

5 i. The number of urban renewal projects that have been
6 completed in each urban renewal area.

7 j. The type and term length of financing for urban renewal
8 projects.

9 k. The amount of loans, advances, indebtedness, or bonds
10 which qualified for payment from the special fund for each
11 urban renewal project in the preceding fiscal year.

12 l. The total of the amount specified in paragraph "k" for
13 each urban renewal area located in the municipality.

14 2. At the request of the legislative fiscal bureau, the
15 department of management shall provide the reports and
16 additional information to the legislative fiscal bureau. The
17 department of management, in consultation with the legislative
18 fiscal bureau, shall determine reporting criteria for reports
19 filed with the department pursuant to this subsection.

20 Sec. 13. Section 404.2, subsection 2, paragraph a, Code
21 1999, is amended to read as follows:

22 a. A legal description of the real estate forming the
23 boundaries of the proposed area along with a map depicting the
24 existing parcels of real estate. An urban revitalization area
25 shall not include any part of an area designated as an urban
26 renewal area pursuant to chapter 403. The prohibition in this
27 paragraph does not apply to shared territory of an urban
28 renewal area and an urban revitalization area if the
29 construction of housing and residential development for low or
30 moderate income families is involved.

31 Sec. 14. Section 404.3, subsection 6, Code 1999, is
32 amended to read as follows:

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

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

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

20

EXPLANATION

21 This bill makes several changes to the urban renewal law.
22 The bill provides that if an urban renewal plan is amended
23 or modified to add territory to an urban renewal area, the
24 assessment year for purposes of tax increment financing must
25 be reestablished. A corresponding provision related to
26 reestablishment of the assessment year for annexed territory
27 is stricken. The bill also limits all urban renewal areas to
28 20 years in duration.

29 The bill prohibits the location of any part of an urban
30 revitalization area in an urban renewal area and provides that
31 an area formerly designated as an urban revitalization area
32 may not be included in an urban renewal area until five years
33 after the expiration of the urban revitalization property tax
34 exemptions. The bill also provides that a revitalization area
35 not include any area designated as an urban renewal area.

1 These prohibitions do not apply to shared territory of an
2 urban renewal area and urban revitalization area if the
3 construction of low or moderate income housing is involved.

4 The bill provides that property taxes collected from the
5 urban renewal area in an amount equal to 110 percent of the
6 amount of indebtedness due in the fiscal year as certified by
7 the municipality to the county auditor may be retained by the
8 municipality and expended for purposes of the urban renewal
9 area. The bill requires that more detailed information be
10 included on the certificates of indebtedness filed by the
11 municipality with the county auditor.

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

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

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