

House Study Bill 698

Bill Text

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1 1 Section 1. Section [403.5](#), subsection 5, Code Supplement
1 2 1999, is amended by adding the following new unnumbered
1 3 paragraph:
1 4 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
1 5 amended and the amendment to the plan provides for the
1 6 addition of territory to the urban renewal area, the
1 7 assessment year established for purposes of dividing revenue
1 8 under section 403.19 shall be that determined pursuant to
1 9 section 403.19, subsection 7.
1 10 Sec. 2. Section [403.5](#), Code Supplement 1999, is amended by
1 11 adding the following new subsection:
1 12 NEW SUBSECTION. 8. The designation of an urban renewal
1 13 area pursuant to this section shall be limited in duration to
1 14 twenty years counting from July 1 of the fiscal year in which
1 15 the first payment was due on any loans, advances,
1 16 indebtedness, or bonds which qualify for payment from the
1 17 division of revenue provided in section 403.19. However, the
1 18 duration of an urban renewal area established before July 1,
1 19 2000, shall run for twenty years counting from July 1 of the
1 20 first fiscal year in which the municipality received moneys
1 21 from a division of revenue pursuant to section 403.19, or,
1 22 shall run until June 30 of the fiscal year in which the amount
1 23 of loans, advances, indebtedness, or bonds due and owing on
1 24 the effective date of this Act are paid, whichever is later.
1 25 Sec. 3. Section [403.5](#), Code Supplement 1999, is amended by
1 26 adding the following new subsection:
1 27 NEW SUBSECTION. 9. A municipality shall not designate as
1 28 a proposed urban renewal area an urban renewal area, or any
1 29 part of an urban renewal area, whose designation has expired
1 30 or will expire pursuant to subsection 8, until five years
1 31 after the expiration.
1 32 Sec. 4. Section [403.5](#), Code Supplement 1999, is amended by
1 33 adding the following new subsection:
1 34 NEW SUBSECTION. 10. An urban renewal area shall not
1 35 include any part of an area designated by ordinance as an
2 1 urban revitalization area pursuant to chapter 404. An urban
2 2 renewal area shall not include any part of an area previously
2 3 designated by ordinance as an urban revitalization area
2 4 pursuant to chapter 404 until five years after expiration of
2 5 the property tax exemption granted to qualified real estate in
2 6 the urban revitalization area. As of July 1, 2000, an
2 7 exemption from taxation granted pursuant to chapter 404 shall
2 8 not be allowed in that portion of an urban revitalization area
2 9 which is located in an urban renewal area.
2 10 Sec. 5. Section [403.17](#), subsection 9, Code Supplement
2 11 1999, is amended to read as follows:
2 12 9. "Economic development area" means an area of a
2 13 municipality designated by the local governing body as
2 14 appropriate for commercial and industrial enterprises, public
2 15 improvements related to housing and residential development,
2 16 or construction of housing and residential development for low
2 17 and moderate income families, including single or multifamily
2 18 housing.

~~If an urban renewal plan for an urban renewal area~~

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~~is based upon a finding that the area is an economic~~

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~~development area and that no part contains slum or blighted~~

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~~conditions, then the division of revenue provided in section~~

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~~403.19 and stated in the plan shall be limited to twenty years~~

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~~from the calendar year following the calendar year in which~~

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~~the city first certifies to the county auditor the amount of~~

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~~any loans, advances, indebtedness, or bonds which qualify for~~

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~~payment from the division of revenue provided in section~~

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~~403.19.~~

Such designated area shall not include land which is

2 28 part of a century farm, unless the owner of the century farm

2 29 agrees to include the century farm in the urban renewal area.

2 30 For the purposes of this subsection, "century farm" means a

2 31 farm in which at least forty acres of such farm have been held

2 32 in continuous ownership by the same family for one hundred

2 33 years or more.

2 34 Sec. 6. Section [403.19](#), subsection 2, Code 1999, is

2 35 amended to read as follows:

3 1 2. That portion of the taxes each year in excess of such

3 2 amount shall be allocated to and when collected be paid into a

3 3 special fund of the municipality to pay the principal of and

3 4 interest on loans, moneys advanced to, or indebtedness,

3 5 whether funded, refunded, assumed, or otherwise, including

3 6 bonds issued under the authority of section 403.9, subsection

3 7 1, incurred by the municipality to finance or refinance, in

3 8 whole or in part, an urban renewal project within the area,

3 9 and to provide assistance for low and moderate income family

3 10 housing as provided in section 403.22, except that taxes for

3 11 the payment of bonds and interest of each taxing district and

3 12 taxes for levies approved by the voters of a taxing district

3 13 must be collected against all taxable property within the

3 14 taxing district without limitation by the provisions of this

3 15 subsection. Unless and until the total assessed valuation of

3 16 the taxable property in an urban renewal area exceeds the

3 17 total assessed value of the taxable property in such area as

3 18 shown by the last equalized assessment roll referred to in

3 19 subsection 1, all of the taxes levied and collected upon the

3 20 taxable property in the urban renewal area shall be paid into

3 21 the funds for the respective taxing districts as taxes by or

3 22 for the taxing districts in the same manner as all other

3 23 property taxes. When such loans, advances, indebtedness, and

3 24 bonds, if any, and interest thereon, have been paid, all
3 25 moneys thereafter received from taxes upon the taxable
3 26 property in such urban renewal area shall be paid into the
3 27 funds for the respective taxing districts in the same manner
3 28 as taxes on all other property.
3 29 Sec. 7. Section 403.19, subsection 3, Code 1999, is
3 30 amended to read as follows:
3 31 3. The portion of taxes

~~mentioned in subsection 2 and~~

3 32 allocated to the special fund into which they shall be paid,
3 33 may be irrevocably pledged by a municipality for the payment
3 34 of the principal and interest on loans, advances, bonds issued
3 35 under the authority of section 403.9, subsection 1, or
4 1 indebtedness incurred by a municipality to finance or
4 2 refinance, in whole or in part, the urban renewal project
4 3 within the area. That portion of taxes allocable to the
4 4 special fund which exceeds the amount certified pursuant to
4 5 subsection 5 shall be treated as taxes collected under
4 6 subsection 1 and disbursed by the treasurer as regular taxes.

4 7 Sec. 8. Section 403.19, subsection 5, Code 1999, is
4 8 amended to read as follows:

4 9 5. A municipality shall certify to the county auditor on
4 10 or before December 1 of each year an amount equal to one
4 11 hundred ten percent of the amount of loans, advances,
4 12 indebtedness, or bonds which qualify for payment during the
4 13 next fiscal year from the special fund referred to in
4 14 subsection 2, and the filing of the certificate shall make it
4 15 a duty of the auditor to provide for the division of taxes in
4 16 the amount certified for each subsequent fiscal year until the
4 17 amount of the loans, advances, indebtedness, or bonds is paid
4 18 to the special fund or until such time as specified in section
4 19 403.5, subsection 8, or section 403.22, subsection 5.

~~In any~~

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~~year, the county auditor shall, upon receipt of a certified~~

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~~request from a municipality filed on or before December 1,~~

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~~increase the amount to be allocated under subsection 1 in~~

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~~order to reduce the amount to be allocated in the following~~

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~~fiscal year to the special fund, to the extent that the~~

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~~municipality does not request allocation to the special fund~~

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~~of the full portion of taxes which could be collected.~~

~~The~~

4 27 amount of loans, advances, indebtedness, or bonds certified to
4 28 the county auditor for payment in the next fiscal year shall

4 29 be only that amount due and payable in that fiscal year. In
4 30 addition, the certificate shall list each project within an
4 31 urban renewal area; the amount of loans, advances,
4 32 indebtedness, or bonds which qualify for payment from the
4 33 special fund for each project; the total of such amount for
4 34 each urban renewal area located in the municipality; the
4 35 expiration of the urban renewal area, if applicable, or
5 1 otherwise, the term of the indebtedness; and any other
5 2 information the auditor may require in order to determine the
5 3 amount to be allocated to subsection 2. Upon receipt of a
5 4 certificate from a municipality, the auditor shall mail a copy
5 5 of the certificate to each affected taxing district.

5 6 Sec. 9. Section [403.19](#), subsection 6, Code 1999, is
5 7 amended by striking the subsection.

5 8 Sec. 10. Section [403.19](#), Code 1999, is amended by adding
5 9 the following new subsection:

5 10 NEW SUBSECTION. 7. If an urban renewal plan is amended
5 11 and the amendment to the plan provides for the addition of
5 12 territory to the urban renewal area, the assessment year for
5 13 purposes of dividing revenue under this section shall be
5 14 reestablished for the entire urban renewal area as the
5 15 assessment year beginning January 1 of the calendar year
5 16 preceding the calendar year in which the municipality adopted
5 17 the amendment.

5 18 Sec. 11. Section [403.22](#), subsection 5, Code 1999, is
5 19 amended to read as follows:

5 20 5. Except for a municipality with a population under
5 21 fifteen thousand, the division of the revenue under section
5 22 403.19 for each project under this section shall be limited to
5 23 tax collections for ten fiscal years beginning with the second
5 24 fiscal year after the year in which the municipality first
5 25 certifies to the county auditor the amount of any loans,
5 26 advances, indebtedness, or bonds which qualify for payment
5 27 from the division of the revenue in connection with the
5 28 project. However, in no case shall the urban renewal area
5 29 containing the project extend beyond the durational limit in
5 30 section 403.5, subsection 8. A municipality with a population
5 31 under fifteen thousand may, with the approval of the governing
5 32 bodies of all other affected taxing districts, extend the
5 33 division of revenue under section 403.19 for up to five years
5 34 if necessary to adequately fund the project. The portion of
5 35 the urban renewal area which is involved in a project under
6 1 this section shall not be subject to any subsequent division
6 2 of revenue under section 403.19.

6 3 Sec. 12. Section [403.22](#), Code 1999, is amended by adding
6 4 the following new subsection:

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

6 15 Sec. 13. Section [403.23](#), Code Supplement 1999, is amended
6 16 by adding the following new subsection:

6 17 NEW SUBSECTION. 3. If a municipality does not file the
6 18 annual report with the department of management and the county
6 19 auditor by October 1, the county treasurer shall withhold
6 20 disbursement of incremental taxes to the municipality until
6 21 the annual report is filed beginning immediately with the next
6 22 following disbursement of taxes.

6 23 Sec. 14. Section [404.2](#), subsection 2, paragraph a, Code
6 24 1999, is amended to read as follows:

6 25 a. A legal description of the real estate forming the

6 26 boundaries of the proposed area along with a map depicting the
6 27 existing parcels of real estate. An urban revitalization area
6 28 shall not include any part of an area designated as an urban
6 29 renewal area pursuant to chapter 403.

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

6 32 6. The tax exemption schedule specified in subsection 1,
6 33 2, 3, or 4 shall apply to every revitalization area within a
6 34 city or county unless a different schedule is adopted in the
6 35 city or county plan as provided in section 404.2. However, a
7 1 city or county shall not adopt a different schedule unless
7 2 every revitalization area within the city or county has the
7 3 same schedule applied to it

~~, except in areas of the city or~~

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~~county which have been designated as both urban renewal and~~

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~~urban revitalization areas. In an area designated for both~~

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~~urban renewal and urban revitalization, a city or county may~~

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~~adopt a different schedule than has been adopted for~~

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~~revitalization areas which have not been designated as urban~~

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~~renewal areas~~

~~-~~ The different schedule adopted shall not

7 10 provide for a larger tax exemption in a particular year than
7 11 is provided for that year in the schedule specified in the
7 12 corresponding subsection of this section.

7 13 Sec. 16. Section 403.20, Code 1999, is repealed.

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

7 21 EXPLANATION

7 22 This bill makes several changes to the urban renewal law.

7 23 The bill provides that if an urban renewal plan is amended
7 24 to add territory to an urban renewal area, the assessment year
7 25 for purposes of tax increment financing must be reestablished.
7 26 The bill also limits all urban renewal areas to 20 years in
7 27 duration.

7 28 The bill prohibits the location of any part of an urban
7 29 revitalization area in an urban renewal area and provides that
7 30 an area formerly designated as an urban revitalization area
7 31 may not be included in an urban renewal area until five years
7 32 after the expiration of the urban revitalization property tax
7 33 exemptions. The bill requires that tax revenues from voter-
7 34 approved levies be paid to the taxing district where the levy
7 35 was approved. The bill requires that of the property taxes
8 1 collected from the urban renewal area only that portion

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

8 9 The bill provides that public improvements for residential
8 10 development in an economic development area do not include
8 11 improvements that are otherwise payable by special assessment.
8 12 However, this restriction does not apply to residential
8 13 development for low and moderate income housing or to property
8 14 assessed as commercial or industrial.

8 15 The bill also provides that if a municipality has not filed
8 16 an annual report with the state by the statutory deadline, the
8 17 county treasurer shall withhold disbursement of tax increment
8 18 revenues to the municipality.

8 19 The bill provides that a revitalization area not include
8 20 any area designated as an urban renewal area.

8 21 The bill further provides that as of July 1, 2000, an urban
8 22 revitalization tax exemption shall not be allowed in that
8 23 portion of an urban revitalization area which is located in an
8 24 urban renewal area.

8 25 The bill applies to urban renewal areas established before,
8 26 on, or after the effective date of the bill. The portion of
8 27 the bill amending provisions relating to the certification and
8 28 allocation of tax increment revenues applies to amounts
8 29 certified for urban renewal for taxes due and payable in the
8 30 fiscal year beginning July 1, 2001.

8 31 LSB 5872HC 78

8 32 sc/cls/14