

McKeebin
Gaskill
Bolkeon

SSB-1115
Local Government
Succeeded By
SF/HF 185

SENATE FILE
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL
BY CHAIRPERSON ANGELO)

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

A BILL FOR

1 An Act relating to the levy rate for fire protection imposed in
2 an area of a benefited fire district and including an
3 effective date.

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

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1 Section 357B.5, subsection 2, Code 1999, is
2 amended to read as follows:

3 2. If a benefited fire district is dissolved that has been
4 providing fire protection by contract, direct levy, or
5 combination of both, to a city within the district for at
6 least twenty years and the city's annual payments by contract
7 or levy for the fire protection comprise seventy-five percent
8 or more of the district's annual budget, the board of
9 supervisors, in lieu of the disposal of property as provided
10 in subsection 1, shall transfer to the city all of the
11 district's real and personal property. The city shall assume
12 all of the outstanding obligations of the district. If the
13 district provides fire protection outside of the city's
14 boundaries, the city shall continue to provide fire protection
15 to this area until it is assigned to another fire protection
16 district by the board of supervisors. If the city continues
17 the fire protection outside its boundaries, the city shall
18 certify to the board of supervisors the cost of providing this
19 service, which shall be at the same rate as contained in the
20 budget for property within the city, but not exceeding forty
21 sixty and one-half three-fourths cents per thousand dollars of
22 assessed value of all taxable property in the area. The board
23 of supervisors shall levy the amount of tax certified as
24 provided in section 357B.3. The tax shall be collected and
25 allocated in the same manner as other property taxes and paid
26 to the city.

27 Sec. 2. Section 357B.8, subsection 2, Code 1999, is
28 amended to read as follows:

29 2. a. In lieu of subsection 1, a benefited fire district
30 that includes a city within the boundaries of the fire
31 district may certify an annual tax levy not exceeding forty
32 and one-half cents per thousand dollars of assessed valuation
33 of the taxable property within the city for the purpose of
34 fire protection.

35 b. If the levy authorized under paragraph "a" is

1 insufficient to provide fire protection services, the
2 benefited fire district may certify an additional annual tax
3 levy not exceeding twenty and one-fourth cents per thousand
4 dollars of assessed valuation of the taxable property within
5 the city to provide fire protection services.

6 c. The benefited fire district shall certify the tax levy
7 as provided in this subsection only after agreement granted by
8 resolution of the city council. The amount of the tax rate
9 levied under this subsection shall reduce by an equal amount
10 the maximum tax levy authorized for the general fund of that
11 city under section 384.1. If the district levies directly
12 against property within a city to provide fire protection for
13 that city, the city shall not be responsible for providing
14 fire protection as provided in section 364.16, and shall have
15 no liability for the method, manner, or means in which the
16 district provides the fire protection.

17 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
18 immediate importance, takes effect upon enactment.

19 EXPLANATION

20 Presently, a benefited fire district may levy an annual tax
21 of 40.5 cents per \$1,000 of assessed value for the purpose of
22 fire protection. If this amount is insufficient, another
23 20.25 cents per \$1,000 of assessed value may be levied.
24 However, where a city was part of the benefited fire district
25 prior to its incorporation, the levy is 40.5 cents per \$1,000
26 of assessed value and no additional levy is permitted. This
27 bill allows the benefited fire district to levy that
28 additional 20.25 cents per \$1,000 of assessed valuation. In
29 addition, the bill increases the amount a city may levy in
30 areas outside of its boundaries which were part of a dissolved
31 benefited fire district from 40.5 cents to 60.75 cents per
32 \$1,000 of assessed value.

33 The bill takes effect upon enactment.
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2/24/99 Referred to W. & M.

FILED FEB 22 1999

SENATE FILE 185
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO SSB 1115)

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Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

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SF 185

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SENATE FILE 185
FISCAL NOTE

A fiscal note for Senate File 185 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.

Senate File 185 permits all benefited fire districts to annually levy property taxes up to a maximum rate of \$0.6075 per thousand dollars of assessed valuation.

BACKGROUND

Under current law, benefited fire districts may levy property taxes at a rate of \$0.4050 per thousand dollars of assessed valuation. If this amount is insufficient to cover the cost of providing fire service, up to another \$0.2025 per thousand dollars of assessed valuation may be levied. However, where a city was part of the fire district prior to its incorporation, the maximum tax rate is \$0.4050 per thousand dollars of assessed valuation.

Currently, there are 58 benefited fire districts with the authority to levy property taxes. Forty-two of these districts levy taxes at a rate below \$0.6075 per thousand dollars of assessed valuation. Fifteen benefited fire districts levy property taxes at a rate below \$0.4050. The total amount of property taxes levied by benefited fire districts during FY 1999 is \$1,218,412. If all districts had levied property taxes at the maximum rate of \$0.6075, the total would be \$1,473,034.

ASSUMPTIONS

1. The 27 benefited fire districts that currently levy property taxes at a rate below \$0.6075, but at a rate at least equal to \$0.4050, will increase their rates to \$0.6075 per thousand dollars of assessed valuation.
2. The 15 benefited fire districts that currently levy property taxes at a rate below \$0.4050 will not increase their tax rates during the next two years.
3. Property valuations will increase 3.0% per year for FY 2000 and FY 2001.

FISCAL IMPACT

Senate File 185 will have no impact on General Fund revenues or expenditures.

During FY 2000 and FY 2001 property taxes statewide will increase by no more than \$140,000 above the amount levied by benefited fire districts during FY 1999.

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SOURCE

Department of Management

(LSB 2328SV, MAL)