

Johnson  
Maddox  
Soukup

SSB-3010

Ways & Means  
Succeeded By  
SF/HF 2089

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY  
CHAIRPERSON JOHNSON)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to collection of the physical plant and equipment  
2 property tax levy in certain urban renewal areas and providing  
3 an applicability date.

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

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1 Section 1. Section 403.19, subsection 2, Code 1999, is  
2 amended to read as follows:

3 2. That portion of the taxes each year in excess of such  
4 amount shall be allocated to and when collected be paid into a  
5 special fund of the municipality to pay the principal of and  
6 interest on loans, moneys advanced to, or indebtedness,  
7 whether funded, refunded, assumed, or otherwise, including  
8 bonds issued under the authority of section 403.9, subsection  
9 1, incurred by the municipality to finance or refinance, in  
10 whole or in part, an urban renewal project within the area,  
11 and to provide assistance for low and moderate income family  
12 housing as provided in section 403.22, except that taxes for  
13 the regular and voter-approved physical plant and equipment  
14 levy of a school district imposed pursuant to section 298.2  
15 and taxes for the payment of bonds and interest of each taxing  
16 district must be collected against all taxable property within  
17 the taxing district without limitation by the provisions of  
18 this subsection. Unless and until the total assessed  
19 valuation of the taxable property in an urban renewal area  
20 exceeds the total assessed value of the taxable property in  
21 such area as shown by the last equalized assessment roll  
22 referred to in subsection 1, all of the taxes levied and  
23 collected upon the taxable property in the urban renewal area  
24 shall be paid into the funds for the respective taxing  
25 districts as taxes by or for the taxing districts in the same  
26 manner as all other property taxes. When such loans,  
27 advances, indebtedness, and bonds, if any, and interest  
28 thereon, have been paid, all moneys thereafter received from  
29 taxes upon the taxable property in such urban renewal area  
30 shall be paid into the funds for the respective taxing  
31 districts in the same manner as taxes on all other property.

32 Sec. 2. APPLICABILITY DATE. This Act applies to property  
33 taxes due and owing on or after July 1, 2000.

34 EXPLANATION

35 This bill provides that the revenues from a school district

3010

1 physical plant and equipment levy (PPEL) imposed in an urban  
2 renewal area that is utilizing tax increment financing shall  
3 not be paid to the municipality implementing the urban renewal  
4 plan, but will be paid to the school district imposing the  
5 PPEL. The bill applies to both the regular PPEL and the  
6 voter-approved PPEL.

7 The bill applies to property taxes due and payable on or  
8 after July 1, 2000.

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H- 2/14/00 ways + means

FILED FEB 3 2000

SENATE FILE 2089  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3010)

Passed Senate, <sup>(P. 233)</sup> Date 2/10/00 Passed House, Date 3/20/00  
Vote: Ayes 47 Nays 0 Vote: Ayes 96 Nays 0  
Approved 4-6-00

*Re-Passed 3-27-00*  
*Vote 48-0*

*(p. 856)*

A BILL FOR

1 An Act relating to collection of the physical plant and equipment  
2 property tax levy in certain urban renewal areas and providing  
3 an applicability date.

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

SF 2089

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1 Section 1. Section 403.19, subsection 2, Code 1999, is  
2 amended to read as follows:

3 2. That portion of the taxes each year in excess of such  
4 amount shall be allocated to and when collected be paid into a  
5 special fund of the municipality to pay the principal of and  
6 interest on loans, moneys advanced to, or indebtedness,  
7 whether funded, refunded, assumed, or otherwise, including  
8 bonds issued under the authority of section 403.9, subsection  
9 1, incurred by the municipality to finance or refinance, in  
10 whole or in part, an urban renewal project within the area,  
11 and to provide assistance for low and moderate income family  
12 housing as provided in section 403.22, except that taxes for  
13 the regular and voter-approved physical plant and equipment  
14 levy of a school district imposed pursuant to section 298.2  
15 and taxes for the payment of bonds and interest of each taxing  
16 district must be collected against all taxable property within  
17 the taxing district without limitation by the provisions of  
18 this subsection. However, taxes for the physical plant and  
19 equipment levy shall be paid to the municipality if the  
20 municipality certifies to the county auditor that such levy is  
21 necessary to pay the principal and interest on indebtedness  
22 incurred by the municipality to finance an urban renewal  
23 project, which indebtedness was incurred before July 1, 2000.  
24 Unless and until the total assessed valuation of the taxable  
25 property in an urban renewal area exceeds the total assessed  
26 value of the taxable property in such area as shown by the  
27 last equalized assessment roll referred to in subsection 1,  
28 all of the taxes levied and collected upon the taxable  
29 property in the urban renewal area shall be paid into the  
30 funds for the respective taxing districts as taxes by or for  
31 the taxing districts in the same manner as all other property  
32 taxes. When such loans, advances, indebtedness, and bonds, if  
33 any, and interest thereon, have been paid, all moneys  
34 thereafter received from taxes upon the taxable property in  
35 such urban renewal area shall be paid into the funds for the

1 respective taxing districts in the same manner as taxes on all  
2 other property.

3 Sec. 2. APPLICABILITY DATE. This Act applies to property  
4 taxes due and owing on or after July 1, 2000.

5 EXPLANATION

6 This bill provides that the revenues from a school district  
7 physical plant and equipment levy (PPEL) imposed in an urban  
8 renewal area that is utilizing tax increment financing shall  
9 not be paid to the municipality implementing the urban renewal  
10 plan, but will be paid to the school district imposing the  
11 PPEL unless the levy is needed to pay indebtedness for the  
12 urban renewal area incurred before July 1, 2000. The bill  
13 applies to both the regular PPEL and the voter-approved PPEL.  
14 The bill applies to property taxes due and payable on or  
15 after July 1, 2000.

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**SENATE FILE 2089  
FISCAL NOTE**

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A fiscal note for Senate File 2089 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.

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Senate File 2089 provides that revenues generated from a physical plant and equipment levy (PPEL) imposed in an urban renewal area will not be subject to any tax increment financing (TIF) division of revenues as provided for in Section 403.19, Subsection 2, Code of Iowa, except in the case when a municipality certifies to the county auditor that the levy is required to pay the principal and interest on debt incurred by the municipality to finance an urban renewal project. However, for the exception to apply, the indebtedness must have been incurred before July 1, 2000.

**BACKGROUND**

School boards may impose a physical plant and equipment levy of up to \$0.33 per \$1,000 of assessed valuation. An additional levy of up to \$1.34 per \$1,000 of assessed valuation may be imposed by voters of the school district. Currently, if a portion of the school district is included in an urban renewal area in which a tax increment financing district has been established, then the taxes generated by the assessed value of property in the tax increment financing district may be claimed by that district rather than by the school district. For assessment year 1998 (FY 2000) the valuation of taxable property located in school districts with physical plant and equipment levies subject to tax increment financing equals \$3.317 billion.

**ASSUMPTION**

1. The number of school districts with board approved or voter approved physical plant and equipment levies for the 1999-2000 school year (FY 2000) is 366 and 236, respectively. The number of school districts and the amount of physical plant and equipment levies will remain constant for the next two years.
2. The value of property subject to tax increment financing will increase by 5.0% per year for each of the next two years.
3. The law change would become effective for the fiscal year beginning July 1, 2000.

**FISCAL IMPACT**

Senate File 2089 will have no impact on the State General Fund. For FY 2001 and FY 2002, approximately \$2.6 million and \$2.8 million, respectively, will go to school districts with physical plant and equipment levies rather than to tax increment finance districts.

(LSB 5526SV, MAL)

SENATE FILE 2089

H-8079

- 1 Amend Senate File 2089, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by inserting before line 1, the  
4 following:  
5 "Section 1. Section 298.3, Code 1999, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. 12. Payments to a municipality or  
8 other entity as required under section 403.19,  
9 subsection 2."  
10 2. Page 1, line 19, by inserting after the word  
11 "paid" the following: "by the school district".  
12 3. Page 1, line 20, by striking the words "county  
13 auditor" and inserting the following: "school  
14 district by July 1".  
15 4. Page 1, line 23, by inserting after the figure  
16 "2000." the following: "Such school district shall  
17 pay over the amount certified by November 1 following  
18 certification to the school district."  
19 5. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS  
VAN FOSSEN of Scott, Chairperson

H-8079 FILED FEBRUARY 29, 2000

*Adopted*  
3/20/00 (P. 824)

SENATE FILE 2089

H-8400

- 1 Amend the amendment, H-8079, to Senate File 2089,  
2 as passed by the Senate, as follows:  
3 1. Page 1, by inserting after line 9 the  
4 following:  
5 "\_\_\_\_. Page 1, line 18, by inserting after the  
6 word "However," the following: "all or a portion of  
7 the"."  
8 2. Page 1, by striking lines 12 through 14 and  
9 inserting the following:  
10 "\_\_\_\_. Page 1, by striking line 20 and inserting  
11 the following: "municipality certifies to the school  
12 district by July 1 the amount of such levy that is"."

By BOAL of Polk

H-8400 FILED MARCH 20, 2000

*Adopted*  
3/20/00  
(P. 824)



HOUSE AMENDMENT TO  
SENATE FILE 2089

S-5180

- 1 Amend Senate File 2089, as passed by the Senate, as  
2 follows:  
3 1. Page 1, by inserting before line 1, the  
4 following:  
5 "Section 1. Section 298.3, Code 1999, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. 12. Payments to a municipality or  
8 other entity as required under section 403.19,  
9 subsection 2."  
10 2. Page 1, line 18, by inserting after the word  
11 "However," the following: "all or a portion of the".  
12 3. Page 1, line 19, by inserting after the word  
13 "paid" the following: "by the school district".  
14 4. Page 1, by striking line 20 and inserting the  
15 following: "municipality certifies to the school  
16 district by July 1 the amount of such levy that is".  
17 5. Page 1, line 23, by inserting after the figure  
18 "2000." the following: "Such school district shall  
19 pay over the amount certified by November 1 following  
20 certification to the school district."  
21 6. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5180 FILED MARCH 21, 2000

*Senate Concurred*  
3-27-00  
(p. 855)

SENATE FILE 2089

AN ACT

RELATING TO COLLECTION OF THE PHYSICAL PLANT AND EQUIPMENT  
PROPERTY TAX LEVY IN CERTAIN URBAN RENEWAL AREAS AND PROVIDING  
AN APPLICABILITY DATE.

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

Section 1. Section 298.3, Code 1999, is amended by adding  
the following new subsection:

NEW SUBSECTION. 12. Payments to a municipality or other  
entity as required under section 403.19, subsection 2.

Sec. 2. Section 403.19, subsection 2, Code 1999, is  
amended to read as follows:

2. That portion of the taxes each year in excess of such  
amount shall be allocated to and when collected be paid into a  
special fund of the municipality to pay the principal of and

interest on loans, moneys advanced to, or indebtedness,  
whether funded, refunded, assumed, or otherwise, including  
bonds issued under the authority of section 403.9, subsection  
1, incurred by the municipality to finance or refinance, in  
whole or in part, an urban renewal project within the area,  
and to provide assistance for low and moderate income family  
housing as provided in section 403.22, except that taxes for  
the regular and voter-approved physical plant and equipment  
levy of a school district imposed pursuant to section 298.2  
and taxes for the payment of bonds and interest of each taxing  
district must be collected against all taxable property within  
the taxing district without limitation by the provisions of  
this subsection. However, all or a portion of the taxes for  
the physical plant and equipment levy shall be paid by the  
school district to the municipality if the municipality  
certifies to the school district by July 1 the amount of such  
levy that is necessary to pay the principal and interest on  
indebtedness incurred by the municipality to finance an urban  
renewal project, which indebtedness was incurred before July  
1, 2000. Such school district shall pay over the amount  
certified by November 1 following certification to the school  
district. Unless and until the total assessed valuation of  
the taxable property in an urban renewal area exceeds the  
total assessed value of the taxable property in such area as  
shown by the last equalized assessment roll referred to in  
subsection 1, all of the taxes levied and collected upon the  
taxable property in the urban renewal area shall be paid into  
the funds for the respective taxing districts as taxes by or  
for the taxing districts in the same manner as all other  
property taxes. When such loans, advances, indebtedness, and  
bonds, if any, and interest thereon, have been paid, all  
moneys thereafter received from taxes upon the taxable  
property in such urban renewal area shall be paid into the  
funds for the respective taxing districts in the same manner  
as taxes on all other property.

2089

Senate File 2089, p. 3

Sec. 3. APPLICABILITY DATE. This Act applies to property taxes due and owing on or after July 1, 2000.

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MARY E. KRAMER  
President of the Senate

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BRENT SIEGRIST  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2089, Seventy-eighth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved 4/6, 2000

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THOMAS J. VILSACK  
Governor