

FILED MAR 9 1999

SENATE FILE

359

BY MADDOX

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

A BILL FOR

1 An Act relating to urban renewal, by amending provisions relating  
 2 to urban renewal plans, to certification of urban renewal  
 3 debt, and to tax increment financing in urban renewal areas,  
 4 and providing for the Act's applicability.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 359  
 LOCAL GOVERNMENT

1 Section 1. Section 403.5, subsections 1 and 5, Code 1999,  
2 are amended to read as follows:

3 1. A municipality shall not approve an urban renewal  
4 project for an urban renewal area unless the governing body  
5 has, by resolution, determined the area to be a slum area,  
6 blighted area, economic development area or a combination of  
7 those areas, and designated the area as appropriate for an  
8 urban renewal project as the project is described in the urban  
9 renewal plan establishing the urban renewal area. The local  
10 governing body shall not approve an urban renewal plan until a  
11 general plan for the municipality has been prepared. For this  
12 purpose and other municipal purposes, authority is vested in  
13 every municipality to prepare, to adopt and to revise from  
14 time to time, a general plan for the physical development of  
15 the municipality as a whole, giving due regard to the environs  
16 and metropolitan surroundings. A municipality shall not  
17 acquire real property for an urban renewal project unless the  
18 local governing body has approved the urban renewal project  
19 plan in accordance with subsection 4.

20 5. An urban renewal plan may be amended or modified at any  
21 time:--Provided,--that. However, if the urban renewal plan is  
22 amended or modified after the lease or sale by the  
23 municipality of real property in the urban renewal project  
24 area, such amendment or modification may be conditioned upon  
25 such approval of the owner, lessee or successor in interest as  
26 the municipality may deem advisable, and in any event such  
27 amendment or modification shall be subject to such rights at  
28 law or in equity as a lessee or purchaser, or a lessee's or  
29 purchaser's successor or successors in interest, may be  
30 entitled to assert.

31 PARAGRAPH DIVIDED. The municipality shall comply with the  
32 notification and consultation process provided in this section  
33 prior to the approval of any amendment or modification to an  
34 adopted urban renewal plan if such amendment or modification  
35 provides for refunding bonds or refinancing resulting in an

1 increase in debt service or provides for the issuance of bonds  
2 or other indebtedness, to be funded primarily in the manner  
3 provided in section 403.19.

4 An urban renewal plan shall not be amended or modified to  
5 add a project to the scope of activities identified in the  
6 plan. Urban renewal activities in an urban renewal area are  
7 defined and limited by the scope of activities contained in  
8 the original urban renewal plan adopted by the municipality.

9 If an urban renewal plan is amended or modified and the  
10 amendment or modification to the plan provides for the  
11 addition of territory to the urban renewal area, the  
12 assessment year established for the purposes of dividing  
13 revenue under section 403.19 shall be that determined pursuant  
14 to section 403.19, subsection 7.

15 Sec. 2. Section 403.5, subsection 2, unnumbered paragraph  
16 1, Code 1999, is amended to read as follows:

17 The municipality may itself prepare or cause to be prepared  
18 an urban renewal plan; or any person or agency, public or  
19 private, may submit such a plan to a municipality. Prior to  
20 its approval of an urban renewal plan, the local governing  
21 body shall submit such plan to the planning commission of the  
22 municipality, if any, ~~for to review and recommendations as to~~  
23 ~~its conformity whether the plan and the projects described in~~  
24 the plan conform with the general plan for the development of  
25 the municipality as a whole. The planning commission shall  
26 submit ~~its~~ written recommendations with respect to the  
27 proposed urban renewal plan to the local governing body within  
28 thirty days after receipt of the plan for review. Upon  
29 receipt of the recommendations of the planning commission or,  
30 if no recommendations are received within the thirty days,  
31 then, without such recommendations, the local governing body  
32 may proceed with the hearing on the proposed urban renewal  
33 plan prescribed by subsection 3.

34 Sec. 3. Section 403.5, subsection 4, Code 1999, is amended  
35 by adding the following new paragraph:

1 NEW PARAGRAPH. c. The urban renewal plan describes the  
2 projects to be undertaken by the municipality in the urban  
3 renewal area.

4 Sec. 4. Section 403.19, subsection 3, Code 1999, is  
5 amended to read as follows:

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

17 Sec. 5. Section 403.19, subsection 5, Code 1999, is  
18 amended to read as follows:

19 5. A municipality shall certify to the county auditor on  
20 or before December 1 of each year the amount of loans,  
21 advances, indebtedness, or bonds which qualify for payment  
22 during the next fiscal year from the special fund referred to  
23 in subsection 2, and the filing of the certificate shall make  
24 it a duty of the auditor to provide for the division of taxes  
25 in the amount certified for each subsequent fiscal year until  
26 the amount of the loans, advances, indebtedness, or bonds is  
27 paid to the special fund. ~~In-any-year, the county auditor~~  
28 ~~shall, upon receipt of a certified request from a municipality~~  
29 ~~filed on or before December 1, increase the amount to be~~  
30 ~~allocated under subsection 1 in order to reduce the amount to~~  
31 ~~be allocated in the following fiscal year to the special fund,~~  
32 ~~to the extent that the municipality does not request~~  
33 ~~allocation to the special fund of the full portion of taxes~~  
34 ~~which could be collected.~~ The amount of loans, advances,  
35 indebtedness, or bonds certified to the county auditor for

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

14 Sec. 6. Section 403.19, subsection 6, Code 1999, is  
15 amended by striking the subsection.

16 Sec. 7. Section 403.19, Code 1999, is amended by adding  
17 the following new subsection:

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

26 Sec. 8. This Act applies to urban renewal areas  
27 established before, on, or after July 1, 1999. Sections 4, 5,  
28 and 6 of this Act, amending section 403.19, subsections 3, 5,  
29 and 6, apply to amounts certified for purposes of urban  
30 renewal and taxes due and payable for the fiscal year  
31 beginning July 1, 2000.

32 EXPLANATION

33 This bill makes several changes to the urban renewal law.

34 The bill requires that the scope of activities included in  
35 the urban renewal plan contain a description of the projects

1 contemplated by the plan. The bill also prohibits amendment  
2 or modification of an urban renewal plan to add a project not  
3 included in the original plan.

4 The bill provides that if an urban renewal plan is amended  
5 or modified to add territory to the area, the assessment year  
6 for purposes of tax increment financing will be reestablished  
7 for the entire urban renewal area.

8 The bill requires that of property taxes collected from the  
9 urban renewal area only that portion necessary to pay the  
10 amount of indebtedness due in the subsequent fiscal year as  
11 certified by the municipality to the county auditor may be  
12 retained by the municipality and expended for purposes of the  
13 urban renewal area. The bill also requires that more detailed  
14 information be included on the certificates of indebtedness  
15 filed by the municipality with the county auditor.

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

18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35