

House Study Bill 199

Bill Text

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1 1 Section 1. Section [403.5](#), subsection 5, Code 2001, is
1 2 amended by adding the following new unnumbered paragraph:
1 3 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
1 4 amended and the amendment to the plan provides for the
1 5 addition of territory to the urban renewal area, the
1 6 assessment year established for the territory added for
1 7 purposes of dividing revenue under section 403.19 shall be the
1 8 assessment year determined pursuant to section 403.19,
1 9 subsection 7.

1 10 Sec. 2. Section [403.5](#), Code 2001, is amended by adding the
1 11 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 be limited to twenty years counting from July 1 of
1 20 the first fiscal year in which the municipality received
1 21 moneys from a division of revenue pursuant to section 403.19,
1 22 or, shall end on June 30 of the fiscal year in which the
1 23 amount of loans, advances, indebtedness, or bonds due and
1 24 owing on the effective date of this Act is paid, whichever is
1 25 later.

1 26 Sec. 3. Section [403.5](#), Code 2001, is amended by adding the
1 27 following new subsection:

1 28 NEW SUBSECTION. 9. A municipality shall not designate as
1 29 a proposed urban renewal area an urban renewal area, or any
1 30 part of an urban renewal area, whose designation has expired
1 31 or will expire pursuant to subsection 8, until three years
1 32 after the expiration.

1 33 Sec. 4. Section [403.5](#), Code 2001, is amended by adding the
1 34 following new subsection:

1 35 NEW SUBSECTION. 10. An urban renewal area shall not
2 1 include any part of an area designated by ordinance as an
2 2 urban revitalization area pursuant to chapter 404 until three
2 3 years after expiration of the property tax exemption granted
2 4 to qualified real estate in the urban revitalization area. As
2 5 of July 1, 2001, an exemption from taxation pursuant to
2 6 chapter 404 shall not be granted if the qualified property is
2 7 located in an urban renewal area. This subsection applies to
2 8 an urban renewal area designated in the resolution of
2 9 necessity as an economic development area and does not apply
2 10 to urban renewal areas designated by the municipality in its
2 11 resolution of necessity as a slum or blighted area.

2 12 Sec. 5. Section [403.17](#), subsection 10, Code 2001, is
2 13 amended to read as follows:

2 14 10. "Economic development area" means an area of a
2 15 municipality designated by the local governing body as
2 16 appropriate for commercial and industrial enterprises, public
2 17 improvements related to housing and residential development,
2 18 or construction of housing and residential development for low
2 19 and moderate income families, including single or multifamily
2 20 housing.

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

2 21

~~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~~

2 26

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

2 27

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

2 28

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

2 29

~~403.19.~~

Such designated area shall not include agricultural
land, including land which is part of a century farm, unless
the owner of the agricultural land or century farm agrees to
include the agricultural land or century farm in the urban
renewal area. For the purposes of this subsection, "century
farm" means a farm in which at least forty acres of such farm
have been held in continuous ownership by the same family for
one hundred years or more.

Sec. 6. Section [403.19](#), subsection 3, Code 2001, is
amended to read as follows:

3. The portion of taxes

~~mentioned in subsection 2 and~~

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

Sec. 7. Section [403.19](#), subsection 5, Code 2001, is
amended to read as follows:

5. A municipality shall certify to the county auditor on
or before December 1 of each year an amount equal to one
hundred ten percent of the amount of loans, advances,
indebtedness, or bonds which qualify for payment during the

3 21 next fiscal year from the special fund referred to in
3 22 subsection 2, and the filing of the certificate shall make it
3 23 a duty of the auditor to provide for the division of taxes in
3 24 the amount certified for each subsequent fiscal year until the
3 25 amount of the loans, advances, indebtedness, or bonds is paid
3 26 to the special fund or until such time as specified in section
3 27 403.5, subsection 8, or section 403.22, subsection 5.

~~In any~~

3 28

~~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~~

3 31

~~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~~

3 33

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

3 34

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

Upon

3 35 receipt of a certificate from a municipality, the auditor
4 1 shall mail a copy of the certificate to each affected taxing
4 2 district.

4 3 Sec. 8. Section [403.19](#), subsection 6, Code 2001, is
4 4 amended by striking the subsection.

4 5 Sec. 9. Section [403.19](#), Code 2001, is amended by adding
4 6 the following new subsection:

4 7 **NEW SUBSECTION.** 7. If an urban renewal plan is amended
4 8 and the amendment to the plan provides for the addition of
4 9 territory to the urban renewal area, the assessment year for
4 10 the territory added for purposes of dividing revenue under
4 11 this section shall be the assessment year beginning January 1
4 12 of the calendar year preceding the calendar year in which the
4 13 municipality adopted the amendment.

4 14 Sec. 10. Section [403.22](#), subsection 5, Code 2001, is
4 15 amended to read as follows:

4 16 5. Except for a municipality with a population under
4 17 fifteen thousand, the division of the revenue under section
4 18 [403.19](#) for each project under this section shall be limited to
4 19 tax collections for ten fiscal years beginning with the second
4 20 fiscal year after the year in which the municipality first
4 21 certifies to the county auditor the amount of any loans,
4 22 advances, indebtedness, or bonds which qualify for payment
4 23 from the division of the revenue in connection with the
4 24 project. However, in no case shall the urban renewal area
4 25 containing the project extend beyond the durational limit in
4 26 section [403.5, subsection 8.](#) A municipality with a population
4 27 under fifteen thousand may, with the approval of the governing
4 28 bodies of all other affected taxing districts, extend the

4 29 division of revenue under section 403.19 for up to five years
4 30 if necessary to adequately fund the project. The portion of
4 31 the urban renewal area which is involved in a project under
4 32 this section shall not be subject to any subsequent division
4 33 of revenue under section 403.19.

4 34 Sec. 11. Section [403.22](#), Code 2001, is amended by adding
4 35 the following new subsection:

5 1 NEW SUBSECTION. 7. For purposes of this section and
5 2 section 403.17, subsection 10, "public improvements" does not
5 3 include improvements that would otherwise be chargeable
5 4 against the property as a special assessment as provided in
5 5 sections 384.37 through 384.79 or sections 331.485 through
5 6 331.491. This subsection does not apply to construction of
5 7 housing and residential development for low and moderate
5 8 income families. This subsection does not apply to
5 9 improvements to property assessed as commercial or industrial
5 10 property.

5 11 Sec. 12. Section [404.2](#), subsection 2, paragraph a, Code
5 12 2001, is amended to read as follows:

5 13 a. A legal description of the real estate forming the
5 14 boundaries of the proposed area along with a map depicting the
5 15 existing parcels of real estate. An urban revitalization area
5 16 shall not include any part of an area designated as an urban
5 17 renewal area pursuant to chapter 403 unless the urban renewal
5 18 area is designated in the resolution of necessity as a slum or
5 19 blighted area.

5 20 Sec. 13. Section [404.3](#), subsection 6, Code 2001, is
5 21 amended to read as follows:

5 22 6. The tax exemption schedule specified in subsection 1,
5 23 2, 3, or 4 shall apply to every revitalization area within a
5 24 city or county unless a different schedule is adopted in the
5 25 city or county plan as provided in section 404.2. However, a
5 26 city or county shall not adopt a different schedule unless
5 27 every revitalization area within the city or county has the
5 28 same schedule applied to it

~~5 29 , except in areas of the city or~~

~~5 30~~

~~5 31 county which have been designated as both urban renewal and~~

~~5 32~~

~~5 33 urban revitalization areas. In an area designated for both~~

~~5 34~~

~~5 35 urban renewal and urban revitalization, a city or county may~~

~~5 36~~

~~5 37 adopt a different schedule than has been adopted for~~

~~5 38~~

~~5 39 revitalization areas which have not been designated as urban~~

~~5 40~~

~~5 41 renewal areas~~

5 42 The different schedule adopted shall not

5 43 provide for a larger tax exemption in a particular year than
6 1 is provided for that year in the schedule specified in the
6 2 corresponding subsection of this section.

6 3 Sec. 14. Section [403.20](#), Code 2001, is repealed.

6 4 Sec. 15. APPLICABILITY. This Act applies to urban renewal

6 5 areas and urban revitalization areas established before, on,
6 6 or after the effective date of this Act. Sections 6, 7, 8,
6 7 and 9, of this Act, amending section 403.19, subsections 3, 5,
6 8 6, and 7, apply to amounts certified for purposes of urban
6 9 renewal for taxes due and payable for the fiscal year
6 10 beginning July 1, 2001.

6 11 EXPLANATION

6 12 This bill makes several changes to the urban renewal law.

6 13 The bill provides that if an urban renewal plan is amended
6 14 to add territory to an urban renewal area, the assessment year
6 15 for the territory added for purposes of tax increment
6 16 financing is the calendar year preceding the year in which the
6 17 amendment was adopted.

6 18 The bill limits all urban renewal areas to 20 years in
6 19 duration. However, the duration of an urban renewal area
6 20 established before July 1, 2000, is 20 years from the first
6 21 year revenues are divided or the year in which indebtedness is
6 22 retired, whichever is later.

6 23 The bill provides that an area may not be redesignated an
6 24 urban renewal area until three years after the expiration of
6 25 the urban renewal area. The bill prohibits the location of
6 26 any part of an urban revitalization area in an urban renewal
6 27 area and provides that an area formerly designated as an urban
6 28 revitalization area may not be included in an urban renewal
6 29 area until three years after the expiration of the urban
6 30 revitalization property tax exemptions.

6 31 The bill requires that of the property taxes collected from
6 32 the urban renewal area, only that portion necessary to pay the
6 33 amount of indebtedness due in the fiscal year as certified by
6 34 the municipality to the county auditor may be retained by the
6 35 municipality and expended for purposes of the urban renewal
7 1 area.

7 2 The bill provides that public improvements for residential
7 3 development in an economic development area paid for with tax
7 4 increment revenues shall not include improvements that are
7 5 otherwise payable by special assessment. However, this
7 6 restriction does not apply to residential development for low
7 7 and moderate income housing or to property assessed as
7 8 commercial or industrial.

7 9 The bill provides that a revitalization area not include
7 10 any area designated as an urban renewal area. This applies to
7 11 urban renewal areas whose resolution of necessity designates
7 12 the area as an economic development area.

7 13 The bill further provides that as of July 1, 2001, an urban
7 14 revitalization tax exemption shall not be granted if the
7 15 qualified property is located in an urban renewal area.

7 16 The bill applies to urban renewal areas established before,
7 17 on, or after the effective date of the bill. The portion of
7 18 the bill amending provisions relating to the certification and
7 19 allocation of tax increment revenues applies to amounts
7 20 certified for urban renewal for taxes due and payable in the
7 21 fiscal year beginning July 1, 2001.

7 22 LSB 2646HC 79

7 23 sc/cls/14