

MAR 6 2003  
LOCAL GOVERNMENT

HOUSE FILE 470  
BY DAVITT and HOGG

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

**A BILL FOR**

1 An Act relating to urban renewal plans, including the procedures  
2 for notification of and consultation with affected taxing  
3 entities, agreement on recommendations for certain  
4 modifications to a proposed plan, the consequences of failing  
5 to reach agreement on certain recommendations for modification  
6 of a proposed plan, and providing an effective date.

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

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HF 470

1 Section 1. Section 403.5, subsection 2, Code 2003, is  
2 amended to read as follows:

3 2. The municipality may itself prepare or cause to be  
4 prepared an urban renewal plan; or any person or agency,  
5 public or private, may submit such a plan to a municipality.  
6 Prior to its approval of an urban renewal plan, the local  
7 governing body shall submit such plan to the planning  
8 commission of the municipality, if any, for review and  
9 recommendations as to its conformity with the general plan for  
10 the development of the municipality as a whole. The planning  
11 commission shall submit its written recommendations with  
12 respect to the proposed urban renewal plan to the local  
13 governing body within thirty days after receipt of the plan  
14 for review. Upon receipt of the recommendations of the  
15 planning commission or, if no recommendations are received  
16 within the thirty days, then, without such recommendations,  
17 and upon conclusion of the notice and consultation process  
18 provided in this subsection, the local governing body may  
19 proceed with the hearing on the proposed urban renewal plan  
20 prescribed by subsection 3.

21 ~~Prior-to-its-approval-of-an~~ If the proposed urban renewal  
22 plan ~~which~~ provides for a division of revenue pursuant to  
23 section 403.19, the municipality shall mail the proposed plan  
24 by regular mail to the affected taxing entities on the same  
25 day that the plan is submitted to the planning commission.  
26 The municipality shall include with the proposed plan  
27 notification of a consultation to be held between the  
28 municipality and affected taxing entities prior to the public  
29 hearing on the urban renewal plan and no earlier than ten days  
30 and no later than fourteen days after mailing the notification  
31 of the proposed plan to the affected taxing entities. Each  
32 affected taxing entity may appoint a representative to attend  
33 the consultation. The consultation may include a discussion  
34 of the estimated growth in valuation of taxable property  
35 included in the proposed urban renewal area, the fiscal impact

1 of the division of revenue on the affected taxing entities,  
2 the estimated impact on the provision of services by each of  
3 the affected taxing entities in the proposed urban renewal  
4 area, and the duration of any bond issuance included in the  
5 plan. The designated representative of the affected taxing  
6 entity may make written recommendations for modification to  
7 the proposed division of revenue no later than seven days  
8 following the date of the consultation. The representative of  
9 the municipality shall, no later than seven days prior to the  
10 public hearing on the urban renewal plan, submit a written  
11 response to the affected taxing entity addressing the  
12 recommendations for modification to the proposed division of  
13 revenue. If the municipality and the affected taxing entities  
14 fail to reach agreement on the recommendations for  
15 modification, and the municipality adopts the urban renewal  
16 plan, the municipality shall be allowed to retain no more than  
17 fifty percent of the revenues allocated to the municipality  
18 under section 403.19, subsection 2, pursuant to such plan.

19 Sec. 2. Section 403.19, subsection 2, Code 2003, is  
20 amended to read as follows:

21 2. ~~That~~ Except as otherwise provided in section 403.5,  
22 subsection 2, that portion of the taxes each year in excess of  
23 such amount shall be allocated to and when collected be paid  
24 into a special fund of the municipality to pay the principal  
25 of and interest on loans, moneys advanced to, or indebtedness,  
26 whether funded, refunded, assumed, or otherwise, including  
27 bonds issued under the authority of section 403.9, subsection  
28 1, incurred by the municipality to finance or refinance, in  
29 whole or in part, an urban renewal project within the area,  
30 and to provide assistance for low and moderate income family  
31 housing as provided in section 403.22, except that taxes for  
32 the regular and voter-approved physical plant and equipment  
33 levy of a school district imposed pursuant to section 298.2  
34 and taxes for the payment of bonds and interest of each taxing  
35 district must be collected against all taxable property within

1 the taxing district without limitation by the provisions of  
2 this subsection. However, all or a portion of the taxes for  
3 the physical plant and equipment levy shall be paid by the  
4 school district to the municipality if the auditor certifies  
5 to the school district by July 1 the amount of such levy that  
6 is necessary to pay the principal and interest on bonds issued  
7 by the municipality to finance an urban renewal project, which  
8 bonds were issued before July 1, 2001. Indebtedness incurred  
9 to refund bonds issued prior to July 1, 2001, shall not be  
10 included in the certification. Such school district shall pay  
11 over the amount certified by November 1 and May 1 of the  
12 fiscal year following certification to the school district.  
13 Unless and until the total assessed valuation of the taxable  
14 property in an urban renewal area exceeds the total assessed  
15 value of the taxable property in such area as shown by the  
16 last equalized assessment roll referred to in subsection 1,  
17 all of the taxes levied and collected upon the taxable  
18 property in the urban renewal area shall be paid into the  
19 funds for the respective taxing districts as taxes by or for  
20 the taxing districts in the same manner as all other property  
21 taxes. When such loans, advances, indebtedness, and bonds, if  
22 any, and interest thereon, have been paid, all moneys  
23 thereafter received from taxes upon the taxable property in  
24 such urban renewal area shall be paid into the funds for the  
25 respective taxing districts in the same manner as taxes on all  
26 other property.

27 Sec. 3. IMMEDIATE EFFECTIVE DATE. This Act, being deemed  
28 of immediate importance, takes effect upon enactment.

29 EXPLANATION

30 This bill makes changes relating to the notification and  
31 consultation procedures for urban renewal plans.

32 The bill provides that the municipality proposing an urban  
33 renewal plan may not proceed with a public hearing on the plan  
34 until the notification and consultation process has been  
35 concluded. The bill requires that notification of a proposed

1 urban renewal plan and notice of a consultation with the  
2 affected taxing entities on the plan shall be mailed to the  
3 affected taxing entities on the same day that the proposed  
4 plan is submitted to the planning commission of the  
5 municipality. The bill provides that the consultation with  
6 the affected taxing entities shall be held no earlier than 10  
7 days and no later than 14 days after the notification is  
8 mailed.

9 The bill also provides that if the municipality and the  
10 affected taxing entities fail to reach agreement on the  
11 recommendations for modification submitted by the affected  
12 taxing entities, and the municipality adopts the urban renewal  
13 plan, the municipality, under the plan, shall be allowed to  
14 retain no more than 50 percent of the tax incremental revenues  
15 allocated to the municipality.

16 The bill takes effect upon enactment.

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