

APR 18 2003  
WAYS & MEANS CALENDAR

HOUSE FILE 686  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 313)

Passed House, Date 4/25/03 Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to urban renewal and tax increment financing and  
2 including effective and retroactive applicability date  
3 provisions.

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

HF-686

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1 Section 1. Section 257.3, subsection 1, Code 2003, is  
2 amended by adding the following new unnumbered paragraph:  
3 NEW UNNUMBERED PARAGRAPH. For fiscal years beginning on or  
4 after July 1, 2007, foundation property taxes paid to a  
5 municipality pursuant to section 403.19, subsections 2 and 8,  
6 shall be regarded as foundation property taxes collected by  
7 the school district for purposes of this section.

8 Sec. 2. Section 403.2, subsection 3, Code 2003, is amended  
9 to read as follows:

10 3. It is further found and declared that there exists in  
11 this state the continuing need for programs to alleviate and  
12 prevent conditions of unemployment and a shortage of housing;  
13 and that it is accordingly necessary to assist and retain  
14 local industries and commercial enterprises to strengthen and  
15 revitalize the economy of this state and its municipalities;  
16 that accordingly it is necessary to provide means and methods  
17 for the encouragement and assistance of industrial and  
18 commercial enterprises in locating, purchasing, constructing,  
19 reconstructing, modernizing, improving, maintaining,  
20 repairing, furnishing, equipping, and expanding in this state  
21 and its municipalities, for the provision of public  
22 improvements related to housing and residential development,  
23 and for the construction of housing for low and moderate  
24 income families; that accordingly it is necessary to authorize  
25 local governing bodies to designate areas of a municipality as  
26 economic development areas for commercial and industrial  
27 enterprises, or public improvements related to ~~housing-and~~  
28 ~~residential-development,~~ or construction of housing for low  
29 and moderate income families; and that it is also necessary to  
30 encourage the location and expansion of commercial enterprises  
31 to more conveniently provide needed services and facilities of  
32 the commercial enterprises to municipalities and the residents  
33 of the municipalities. Therefore, the powers granted in this  
34 chapter constitute the performance of essential public  
35 purposes for this state and its municipalities.

1     Sec. 3. Section 403.5, subsection 1, Code 2003, is amended  
2 by adding the following new unnumbered paragraphs:

3     NEW UNNUMBERED PARAGRAPH. The actual value of taxable  
4 property described in section 403.19, subsection 2, located in  
5 an urban renewal area designated as an economic development  
6 area in any year shall not exceed an amount equal to fifteen  
7 percent of the total actual value of taxable property in the  
8 municipality. For purposes of this paragraph, an urban  
9 renewal area of a city includes urban renewal areas  
10 established by the city in the area of operation of the city  
11 and an urban renewal area of a county includes urban renewal  
12 areas established by a county in the area of operation of the  
13 county. For purposes of this paragraph, the total actual  
14 value of taxable property in a city includes only the actual  
15 value of taxable property within the corporate limits of the  
16 city regardless of where the urban renewal area established by  
17 the city is located. On or before January 1 of each year, the  
18 county auditor shall make the adjustments in valuation  
19 necessary to achieve the limitations in this paragraph for the  
20 fiscal year beginning July 1 following the date of adjustment.  
21 However, if because of the limitation in this paragraph, the  
22 funds to be received by a municipality will be insufficient to  
23 pay the amount certified to the county auditor in section  
24 403.19, subsection 5, for the following fiscal year for an  
25 urban renewal area designated as an economic development area,  
26 the auditor shall adjust the reduction to the amount of  
27 incremental valuation only to the extent needed to pay such  
28 amount certified. This exception to the valuation limitation  
29 in this paragraph does not apply to payment of loans,  
30 advances, bonds, or other indebtedness refunded or originally  
31 incurred on or after the effective date of this Act.

32     NEW UNNUMBERED PARAGRAPH. For fiscal years beginning on or  
33 after July 1, 2004, a city may exceed the valuation limitation  
34 in this subsection only if the proposed plan or proposed  
35 amendment that will result in the valuation limitation being

1 exceeded is approved by resolution of the board of supervisors  
2 of each affected taxing entity that is a county within thirty  
3 days of the conclusion of the consultation process in  
4 subsection 3. If a resolution approving the proposed urban  
5 renewal plan or the proposed amendment to an urban renewal  
6 plan is received from each county that is an affected taxing  
7 entity, or if the board of supervisors of each county that is  
8 an affected taxing entity takes no action within the thirty-  
9 day time period, the governing body of the city may proceed  
10 with the proposed plan or proposed amendment. If one or more  
11 resolutions rejecting the proposed plan or proposed amendment  
12 is received, the city shall not proceed with the proposed plan  
13 or amendment. However, the city may proceed with the proposed  
14 plan or amendment but the county portion of the levy shall not  
15 be divided and paid into the special fund of the city pursuant  
16 to section 403.19, subsection 2, for purposes of funding a  
17 project proposed under the plan or amendment.

18 Sec. 4. Section 403.5, subsection 4, paragraph b,  
19 subparagraph (1), subparagraph subdivisions (a) and (c), Code  
20 2003, are amended by striking the subparagraph subdivisions.

21 Sec. 5. Section 403.5, subsection 4, paragraph b,  
22 subparagraph (1), subparagraph subdivision (b), Code 2003, is  
23 amended to read as follows:

24 (b) That conditions of slum and blight in the municipality  
25 and the shortage of decent, safe and sanitary housing cause or  
26 contribute to an increase in and spread of disease and crime,  
27 so as to constitute a menace to the public health, safety,  
28 morals, or welfare.

29 Sec. 6. Section 403.5, subsections 5 and 6, Code 2003, are  
30 amended to read as follows:

31 5. An urban renewal plan may be modified amended at any  
32 time: Provided, that if modified amended after the lease or  
33 sale by the municipality of real property in the urban renewal  
34 project area, such modification amendment may be conditioned  
35 upon such approval of the owner, lessee, or successor in

1 interest as the municipality may deem advisable, and in any  
2 event such ~~modification~~ amendment shall be subject to such  
3 rights at law or in equity as a lessee or purchaser, or a  
4 lessee's or purchaser's successor or successors in interest,  
5 may be entitled to assert. The An urban renewal project may  
6 be added to an urban renewal plan only by an amendment to the  
7 plan. Territory may be added to, or severed from, an urban  
8 renewal area only by an amendment to the urban renewal plan.  
9 When amending an urban renewal plan, the municipality shall  
10 comply with the notification and consultation process provided  
11 in this section prior to the approval of any amendment or  
12 modification to an adopted urban renewal plan if such  
13 amendment or-modification provides for refunding bonds or  
14 refinancing resulting in an increase in debt service or  
15 provides for the issuance of bonds or other indebtedness, to  
16 be funded primarily in the manner provided in section 403.19,  
17 or if such amendment proposes to add a project to an urban  
18 renewal plan or proposes to add territory to an urban renewal  
19 area or proposes to sever territory from an urban renewal  
20 area.

21 If an urban renewal plan is amended and the amendment to  
22 the plan provides for the addition of territory to the urban  
23 renewal area, the assessment year established for the  
24 territory added for purposes of dividing revenue under section  
25 403.19 shall be the assessment year determined pursuant to  
26 section 403.19, subsection 9.

27 6. Upon the approval by a municipality of an urban renewal  
28 plan or of any ~~modification-thereof~~ amendment to an urban  
29 renewal plan, such plan or ~~modification~~ amendment shall be  
30 deemed to be in full force and effect for the respective urban  
31 renewal area, and the municipality may then cause such plan or  
32 ~~modification~~ amendment to be carried out in accordance with  
33 its terms.

34 Sec. 7. Section 403.5, Code 2003, is amended by adding the  
35 following new subsection:

1 NEW SUBSECTION. 8. The designation of an urban renewal  
2 area pursuant to this section shall be limited in duration to  
3 twenty years counting from July 1 of the first fiscal year in  
4 which the municipality receives moneys from a division of  
5 revenue pursuant to section 403.19. However, the duration of  
6 an urban renewal area established before July 1, 2003, shall  
7 be limited to twenty years counting from July 1 of the first  
8 fiscal year in which the municipality received moneys from a  
9 division of revenue pursuant to section 403.19, or shall end  
10 June 30 of the fiscal year in which the amount of loans,  
11 advances, indebtedness, or bonds due and owing on the  
12 effective date of this Act is paid, whichever is later.  
13 Indebtedness incurred after the effective date of this Act to  
14 refund bonds issued prior to the effective date of this Act  
15 shall not be considered loans, advances, indebtedness, or  
16 bonds due and owing on the effective date of this Act. An  
17 amendment to an urban renewal plan shall not result in an  
18 extension of the durational limitation imposed in this  
19 subsection.

20 Sec. 8. Section 403.6, subsection 6, paragraph b, Code  
21 2003, is amended to read as follows:

22 b. Urban renewal plans adopted, or amended, pursuant to  
23 the requirements of section 403.5;

24 Sec. 9. Section 403.6, subsection 12, Code 2003, is  
25 amended to read as follows:

26 12. To approve and amend urban renewal plans, subject to  
27 the requirements of section 403.5.

28 Sec. 10. Section 403.15, subsection 2, Code 2003, is  
29 amended to read as follows:

30 2. If the urban renewal agency is authorized to transact  
31 business and exercise powers pursuant to this chapter, the  
32 mayor or chairperson of the board, as applicable, by and with  
33 the advice and consent of the local governing body, shall  
34 appoint four members of a board of commissioners of the urban  
35 renewal agency, which board shall consist of five seven

1 commissioners. ~~In cities having a population of more than one~~  
2 ~~hundred thousand, the city council may establish by~~  
3 ~~ordinance, the number of commissioners at not less than five.~~  
4 The affected taxing entities, other than the municipality that  
5 has approved the urban renewal plan, shall appoint three  
6 members of the board of commissioners of the urban renewal  
7 agency. The term of office of each such commissioner shall be  
8 one year.

9 Sec. 11. Section 403.17, subsection 10, Code 2003, is  
10 amended to read as follows:

11 10. "Economic development area" means an area of a  
12 municipality designated by the local governing body as  
13 appropriate for commercial and industrial enterprises, or  
14 public improvements related to ~~housing and residential~~  
15 ~~development,~~ or construction of housing and residential  
16 development for low and moderate income families, including  
17 single or multifamily housing. ~~If an urban renewal plan for~~  
18 ~~an urban renewal area is based upon a finding that the area is~~  
19 ~~an economic development area and that no part contains slum or~~  
20 ~~blighted conditions, then the division of revenue provided in~~  
21 ~~section 403.19 and stated in the plan shall be limited to~~  
22 ~~twenty years from the calendar year following the calendar~~  
23 ~~year in which the municipality first certifies to the county~~  
24 ~~auditor the amount of any loans, advances, indebtedness, or~~  
25 ~~bonds which qualify for payment from the division of revenue~~  
26 ~~provided in section 403.19.~~ Such designated area shall not  
27 include agricultural land, including land which is part of a  
28 century farm, unless the owner of the agricultural land or  
29 century farm agrees to include the agricultural land or  
30 century farm in the urban renewal area. For the purposes of  
31 this subsection, "century farm" means a farm in which at least  
32 forty acres of such farm have been held in continuous  
33 ownership by the same family for one hundred years or more.

34 Sec. 12. Section 403.17, subsection 25, Code 2003, is  
35 amended by adding the following new paragraphs:

1 NEW PARAGRAPH. i. If the area is designated a slum or  
2 blighted area, public improvements related to housing and  
3 residential development and for the construction of housing  
4 for low and moderate income families, including single family  
5 and multifamily housing.

6 NEW PARAGRAPH. j. If the area is designated an economic  
7 development area, public improvements related to housing and  
8 residential development for low and moderate income families  
9 and the construction of housing for low and moderate income  
10 families, including single family and multifamily housing.

11 NEW PARAGRAPH. k. Expenditure of proceeds of bonds issued  
12 before the effective date of this Act, if the portion of taxes  
13 mentioned in section 403.19, subsection 2, and the special  
14 fund into which the proceeds will be paid are obligated or  
15 irrevocably pledged in accordance with an ordinance adopted  
16 under section 403.19 before the effective date of this Act,  
17 for public improvements related to housing and residential  
18 development in an area designated as an economic development  
19 area.

20 Sec. 13. Section 403.19, subsection 1, paragraphs a and b,  
21 Code 2003, are amended to read as follows:

22 a. Unless otherwise provided in this section, that portion  
23 of the taxes which would be produced by the rate at which the  
24 tax is levied each year by or for each of the taxing districts  
25 upon the total sum of the assessed taxable value of the  
26 ~~taxable~~ property in the urban renewal area, as shown on the  
27 assessment roll as of January 1 of the calendar year preceding  
28 the first calendar year in which the municipality certifies to  
29 the county auditor the amount of loans, advances,  
30 indebtedness, or bonds payable from the division of property  
31 tax revenue, or on the assessment roll last equalized prior to  
32 the date of initial adoption of the urban renewal plan if the  
33 plan was adopted prior to July 1, 1972, shall be allocated to  
34 and when collected be paid into the fund for the respective  
35 taxing district as taxes by or for the taxing district into



1 which all other property taxes are paid. However, the  
2 municipality may choose to divide that portion of the taxes  
3 which would be produced by levying the municipality's portion  
4 of the total tax rate levied by or for the municipality upon  
5 the total sum of the assessed taxable value of the taxable  
6 property in the urban renewal area, as shown on the assessment  
7 roll as of January 1 of the calendar year preceding the  
8 effective date of the ordinance and if the municipality so  
9 chooses, an affected taxing entity may allow a municipality to  
10 divide that portion of the taxes which would be produced by  
11 levying the affected taxing district's portion of the total  
12 tax rate levied by or for the affected taxing entity upon the  
13 total sum of the assessed taxable value of the taxable  
14 property in the urban renewal area, as shown on the assessment  
15 roll as of January 1 of the calendar year preceding the  
16 effective date of the ordinance. This choice to divide a  
17 portion of the taxes shall not be construed to change the  
18 effective date of the division of property tax revenue with  
19 respect to an urban renewal plan in existence on July 1, 1994.

20 b. For the purpose of allocating taxes levied by or for  
21 any taxing district which did not include the territory in an  
22 urban renewal area on the effective date of the ordinance or  
23 initial adoption of the plan, but to which the territory has  
24 been annexed or otherwise included after the effective date,  
25 the assessment roll applicable to property in the annexed  
26 territory as of January 1 of the calendar year preceding the  
27 effective date of the ordinance, which amends the plan to  
28 include the annexed area, shall be used in determining the  
29 assessed taxable valuation of the taxable property in the  
30 annexed area.

31 Sec. 14. Section 403.19, subsection 2, Code 2003, is  
32 amended to read as follows:

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

1 interest on loans, moneys advanced to, or indebtedness,  
2 whether funded, refunded, assumed, or otherwise, including  
3 bonds issued under the authority of section 403.9, subsection  
4 1, incurred by the municipality to finance or refinance, in  
5 whole or in part, an urban renewal project within the area,  
6 ~~and to provide assistance for low and moderate income family~~  
7 ~~housing as provided in section 403.22, except that.~~ However,  
8 taxes for the regular and voter-approved physical plant and  
9 equipment levy of a school district imposed pursuant to  
10 section 298.2, and taxes for the payment of bonds and interest  
11 of each taxing district must, and for fiscal years beginning  
12 on or after July 1, 2007, the foundation property tax imposed  
13 pursuant to section 257.3, subsection 1, unless the board of  
14 directors of the school district by resolution adopted  
15 pursuant to subsection 8 directs that the foundation property  
16 tax be paid to the municipality, shall be collected against  
17 all taxable property within the taxing district without  
18 limitation by the provisions of this subsection. However In  
19 addition, all or a portion of the taxes for the physical plant  
20 and equipment levy shall be paid by the school district to the  
21 municipality if the auditor certifies to the school district  
22 by July 1 the amount of such levy that is necessary to pay the  
23 principal and interest on bonds issued by the municipality to  
24 finance an urban renewal project, which bonds were issued  
25 before July 1, 2001. Indebtedness incurred to refund bonds  
26 issued prior to July 1, 2001, shall not be included in the  
27 certification. Such school district shall pay over the amount  
28 certified by November 1 and May 1 of the fiscal year following  
29 certification to the school district.

30 PARAGRAPH DIVIDED. Unless and until the total assessed  
31 taxable valuation of the ~~taxable~~ property in an urban renewal  
32 area exceeds the total ~~assessed~~ taxable value of the ~~taxable~~  
33 property in such area as shown by the last equalized  
34 assessment roll referred to in subsection 1, all of the taxes  
35 levied and collected upon the taxable property in the urban

1 renewal area shall be paid into the funds for the respective  
2 taxing districts as taxes by or for the taxing districts in  
3 the same manner as all other property taxes. When such loans,  
4 advances, indebtedness, and bonds, if any, and interest  
5 thereon, have been paid, all moneys thereafter received from  
6 taxes upon the taxable property in such urban renewal area  
7 shall be paid into the funds for the respective taxing  
8 districts in the same manner as taxes on all other property.

9 Sec. 15. Section 403.19, subsection 5, Code 2003, is  
10 amended to read as follows:

11 5. A municipality shall certify to the county auditor on  
12 or before December 1 of each year the amount of loans,  
13 advances, indebtedness, or bonds which qualify for payment  
14 during the fiscal year beginning in the following calendar  
15 year from the special fund referred to in subsection 2, and  
16 the filing of the certificate shall make it a duty of the  
17 auditor to provide for the division of taxes in each  
18 subsequent the amount certified for the fiscal year until the  
19 amount-of-the-loans,-advances,-indebtedness,-or-bonds-is-paid  
20 to-the-special-fund beginning in the following calendar year.  
21 The municipality shall include in the certification a schedule  
22 of the total amount of loans, advances, indebtedness, or bonds  
23 for which taxes mentioned in subsection 2 have been pledged  
24 and a schedule of payments for such amounts. In any year, the  
25 county auditor shall, upon receipt of a certified request from  
26 a municipality filed on or before December 1, increase the  
27 amount to be allocated under subsection 1 in order to reduce  
28 the amount to be allocated in the following fiscal year to the  
29 special fund, to the extent that the municipality does not  
30 request allocation to the special fund of the full portion of  
31 taxes which could be collected. Upon receipt of a certificate  
32 from a municipality, the auditor shall mail a copy of the  
33 certificate to each affected taxing district.

34 Sec. 16. Section 403.19, Code 2003, is amended by adding  
35 the following new subsections:

1 NEW SUBSECTION. 8. For fiscal years beginning on or after  
2 July 1, 2007, the board of directors of a school district may,  
3 by resolution, direct that the amount of foundation property  
4 tax imposed against the valuation in subsection 2 be paid into  
5 the special fund of the municipality. The resolution shall be  
6 in effect for the life of the urban renewal plan, or for a  
7 lesser period of time if the school district board of  
8 directors and the governing body of the municipality agree.  
9 The resolution shall be filed with the county auditor.

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

17 NEW SUBSECTION. 10. When all loans, advances,  
18 indebtedness, and bonds, if any, and interest thereon, have  
19 been paid, revenues from taxes levied on taxable property in  
20 an urban renewal area shall not be divided pursuant to this  
21 section and shall not be deposited in a special fund under  
22 subsection 2.

23 NEW SUBSECTION. 11. Effective for the fiscal year  
24 beginning July 1, 2005, and for all subsequent fiscal years,  
25 property tax revenues divided pursuant to this section and  
26 paid into the special fund in subsection 2 shall not be used  
27 by a municipality to suspend, abate, exempt, rebate, refund,  
28 or reimburse property taxes, or provide a grant for property  
29 taxes paid, in an urban renewal area if the property taxes are  
30 imposed against retail property. For the purposes of this  
31 subsection, "retail property" means property that is assessed  
32 as commercial property for property tax purposes and from  
33 which is sold at retail tangible goods, wares, or merchandise  
34 on the premises to the general public, which are subject to  
35 the state sales tax, but shall not include property on which

1 the sales of retail tangible goods, wares, or merchandise  
2 constitutes a use of less than fifty percent of the structures  
3 on the property.

4 Sec. 17. Sections 403.20 and 403.22, Code 2003, are  
5 repealed.

6 Sec. 18. EFFECTIVE AND APPLICABILITY DATE. This Act,  
7 being deemed of immediate importance, takes effect upon  
8 enactment and applies to urban renewal areas and urban renewal  
9 projects established before, on, or after the effective date.

10 EXPLANATION

11 This bill makes changes to the law on urban renewal.

12 The bill provides that, beginning with fiscal years  
13 beginning on or after July 1, 2007, the foundation property  
14 tax (\$5.40 per \$1,000 of assessed value of taxable property)  
15 imposed on property in an urban renewal area will not be  
16 divided and paid to a municipality unless the school district  
17 board of directors adopts a resolution allowing the foundation  
18 property taxes to be paid to the municipality.

19 The bill limits the amount of actual value of taxable  
20 property calculated for the purposes of tax incremental  
21 financing for an urban renewal area designated as an economic  
22 development area to an amount equal to 15 percent of the total  
23 actual value of taxable property in the municipality. A  
24 municipality may exceed the valuation limitation to retire  
25 indebtedness incurred prior to the effective date of the bill.  
26 For fiscal years beginning on or after July 1, 2004, a city  
27 may exceed the valuation limitation if the proposed urban  
28 renewal plan or proposed amendment to an urban renewal plan is  
29 approved by resolution of each affected taxing entity that is  
30 a county. If the county takes no action on a resolution  
31 relating to the proposed plan or amendment, the city may  
32 proceed with the proposed plan or amendment. If the county  
33 adopts a resolution rejecting the proposed plan or amendment,  
34 the city may proceed with the proposed plan or amendment but  
35 the county portion of the levy shall not be divided and paid

1 to the city for purposes of funding a project proposed under  
2 the plan or amendment.

3 The bill provides that a project may be added to an urban  
4 renewal plan or territory added to or severed from an urban  
5 renewal area only by an amendment to the urban renewal plan.  
6 The bill also provides that if an urban renewal plan is  
7 amended to add territory to an urban renewal area, the  
8 assessment year for the territory added for purposes of tax  
9 increment financing is the calendar year preceding the year in  
10 which the amendment was adopted.

11 The bill limits urban renewal areas to 20 years in duration  
12 counting from July 1 of the first fiscal year in which the  
13 municipality receives moneys from a division of revenue.  
14 However, the duration of an urban renewal area established  
15 before July 1, 2003, is 20 years from the first fiscal year  
16 the municipality receives moneys from a division of revenue or  
17 the year in which indebtedness due and owing on the effective  
18 date of the bill is retired, whichever is later.

19 The bill provides that if a municipality chooses to create  
20 an urban renewal agency, the agency's board of commissioners  
21 shall be comprised of seven members, rather than the five  
22 members required by current law. The bill also requires that  
23 three of the seven members be appointed by the affected taxing  
24 entities.

25 The bill amends the definition of urban renewal project to  
26 provide that if the urban renewal area is designated as a slum  
27 and blighted area, a project may include activities and  
28 undertakings relating to public improvements related to  
29 housing and residential development and for construction of  
30 housing for low and moderate income families. If an area is  
31 designated an economic development area, a project may include  
32 housing and residential development for low and moderate  
33 income families and the construction of housing for low and  
34 moderate income families. The bill provides that funds  
35 pledged prior to the effective date of the bill for projects

1 for public improvements related to housing and residential  
2 development for any type of housing in an economic development  
3 urban renewal area may continue to be collected to meet that  
4 pledge of funds.

5 The bill specifies that a municipality shall certify by  
6 December 1 of each year the amount of loans, advances,  
7 indebtedness, or bonds which qualify for payment from a  
8 division of revenue for the following fiscal year. The bill  
9 also requires that the municipality include in the  
10 certification a schedule of the total amount of loans,  
11 advances, indebtedness, or bonds for which incremental  
12 revenues have been pledged and a schedule of payments for such  
13 amounts.

14 The bill provides that when all loans, advances, bonds, and  
15 other indebtedness incurred for urban renewal purposes have  
16 been paid, taxes in the urban renewal area shall no longer be  
17 divided.

18 The bill provides that, starting with the fiscal year  
19 beginning July 1, 2005, a municipality shall not use  
20 incremental revenues to suspend, abate, exempt, rebate,  
21 refund, or reimburse property taxes, or to provide a grant for  
22 property taxes paid, in an urban renewal area if the taxes are  
23 imposed against retail property. "Retail property" is defined  
24 in the bill.

25 The bill strikes the provision that requires that the  
26 amount of the assessment limitation (i.e., rollback) for an  
27 entire urban renewal area be subtracted from the base  
28 valuation only.

29 The bill also repeals the section of the Code that required  
30 that certain urban renewal areas designated as economic  
31 development areas provide assistance for low and moderate  
32 income housing.

33 The bill takes effect upon enactment and applies to urban  
34 renewal areas and urban renewal projects established before,  
35 on, or after the effective date.

H-1390

1 Amend House File 686 as follows:

2 1. Page 2, by inserting before line 1, the  
3 following:

4 "Sec. \_\_\_\_\_. Section 403.2, Code 2003, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 3A. It is further found and  
7 declared that there exists in this state inherent  
8 limits on the ability of a single municipality to  
9 effectively pursue economic growth; that the  
10 allocation of costs related to pursuing economic  
11 growth and resulting benefits accruing from economic  
12 growth do not coincide with the boundaries of a single  
13 municipality; that the inefficiency and waste  
14 resulting from uncontrolled competition for economic  
15 growth among municipalities is not in the public  
16 interest; and that it is in the public interest to  
17 encourage municipalities to join together and pursue  
18 economic growth as a cooperative regional endeavor."

19 2. Page 5, by inserting before line 20 the  
20 following:

21 "Sec. \_\_\_\_\_. Section 403.5, Code 2003, is amended by  
22 adding the following new subsection:

23 NEW SUBSECTION. 9. a. A municipality shall not  
24 adopt an urban renewal plan on or after July 1, 2003,  
25 or shall not adopt an amendment to an urban renewal  
26 plan on or after July 1, 2003, unless the municipality  
27 is within an economic development region approved by  
28 the Iowa department of economic development. The  
29 department shall approve an economic development  
30 region for purposes of this subsection if it meets the  
31 following criteria:

32 (1) The region consists of not less than three  
33 contiguous counties.

34 (2) The region establishes a single, focused  
35 economic development effort, approved by the  
36 department, that shall include the development of a  
37 regional economic development plan and regional  
38 marketing strategies. Regional marketing strategies  
39 must be focused on marketing the region collectively.

40 (3) The regional economic development plan  
41 includes provisions for sharing the costs related to  
42 pursuing economic growth agreed to by municipalities  
43 within the region pursuant to an agreement under  
44 chapter 28E.

45 (4) The regional economic development plan  
46 includes provisions for sharing the revenues resulting  
47 from economic growth agreed to by municipalities  
48 within the region pursuant to an agreement under  
49 chapter 28E.

50 b. The powers and duties exercised by the

H-1390



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Page 2

1 department under this subsection are transferred to  
2 the Iowa values board if such a board is created by an  
3 enactment of the general assembly."  
4 3. By renumbering as necessary.

By SHOULTZ of Black Hawk

H-1390 FILED APRIL 22, 2003

*Out of order*

HOUSE FILE 686

H-1469

1 Amend the amendment, H-1457, to House File 686 as  
2 follows:

3 1. Page 2, line 35, by striking the word  
4 "subsection" and inserting the following:  
5 "subsections".

6 2. Page 2, line 36, by striking the word "The"  
7 and inserting the following: "Except as otherwise  
8 provided in subsection 9, the".

9 3. Page 3, by inserting after line 6, the  
10 following:

11 "NEW SUBSECTION. 9. If an urban renewal plan for  
12 an urban renewal area is based on a finding that the  
13 area is a slum or blighted area, the division of taxes  
14 authorized in section 403.19 shall be deemed to  
15 continue beyond the period described in subsection 8  
16 if the ordinance of the municipality providing for the  
17 division of taxes under section 403.19 within such  
18 urban renewal area provides that the portion of taxes  
19 described in section 403.19, subsection 1, and  
20 allocated as provided in that subsection shall be  
21 recalculated at the end of the period described in  
22 subsection 8, and every ten years thereafter, and  
23 shall be determined from and after said dates based  
24 upon the assessed value of the taxable property within  
25 the urban renewal area as of a date five years after  
26 the date of the assessment roll previously used under  
27 the ordinance to determine the portion of taxes  
28 described in section 403.19, subsection 1."

29 4. Page 8, line 19, by inserting after the figure  
30 "2003." the following: "For purposes of this  
31 subsection, a municipality may certify for such  
32 revenue with respect to obligations which, on the  
33 effective date of this Act, had been authorized to be  
34 issued or incurred."

35 5. Page 10, line 4, by inserting after the word  
36 "bonds" the following: ", and also to pay loans,  
37 advances, indebtedness, and bonds which had been  
38 authorized to be issued or incurred prior to the  
39 effective date of this Act".

By KRAMER of Polk

H-1469 FILED APRIL 24, 2003

*adopted 4/25/03*

HOUSE FILE 686

H-1406

1 Amend House File 686 as follows:

2 1. Page 1, by striking lines 25 through 29, and  
3 inserting the following: "local governing bodies to  
4 ~~designate areas of a municipality as economic~~  
5 ~~development areas for commercial and industrial~~  
6 ~~enterprises, public improvements related to housing~~  
7 ~~and residential development, or construction of~~  
8 ~~housing for low and moderate income families; and that~~  
9 ~~it is also necessary to".~~

10 2. Page 2, by inserting before line 1, the  
11 following:

12 "Sec. \_\_\_\_\_. Section 403.4, subsection 1, Code 2003,  
13 is amended to read as follows:

14 1. One or more slum, or blighted ~~or economic~~  
15 ~~development~~ areas exist in the municipality.

16 Sec. \_\_\_\_\_. Section 403.5, subsection 1, Code 2003,  
17 is amended to read as follows:

18 1. A municipality shall not approve an urban  
19 renewal project for an urban renewal area unless the  
20 governing body has, by resolution, determined the area  
21 to be a slum area, or blighted area, ~~economic~~  
22 ~~development area~~ or a combination of those areas, and  
23 designated the area as appropriate for an urban  
24 renewal project. The local governing body shall not  
25 approve an urban renewal plan until a general plan for  
26 the municipality has been prepared. For this purpose  
27 and other municipal purposes, authority is vested in  
28 every municipality to prepare, to adopt and to revise  
29 from time to time, a general plan for the physical  
30 development of the municipality as a whole, giving due  
31 regard to the environs and metropolitan surroundings.  
32 A municipality shall not acquire real property for an  
33 urban renewal project unless the local governing body  
34 has approved the urban renewal project in accordance  
35 with subsection 4."

36 3. Page 3, by inserting after line 28, the  
37 following:

38 "Sec. \_\_\_\_\_. Section 403.5, subsection 4, paragraph  
39 b, subparagraph (2), unnumbered paragraph 2, Code  
40 2003, is amended by striking the unnumbered  
41 paragraph."

42 4. Page 5, by inserting after line 27, the  
43 following:

44 "Sec. \_\_\_\_\_. Section 403.7, Code 2003, is amended to  
45 read as follows:

46 403.7 CONDEMNATION OF PROPERTY.

47 A municipality shall have the right to acquire by  
48 condemnation any interest in real property, including  
49 a fee simple title thereto, which it may deem  
50 necessary for or in connection with an urban renewal

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1 project under this chapter. ~~However, a municipality~~  
2 ~~shall not condemn agricultural land included within an~~  
3 ~~economic development area unless the owner of the~~  
4 ~~agricultural land consents to condemnation or unless~~  
5 ~~the agricultural land is to be acquired for industry~~  
6 ~~as that term is defined in section 260E.2. A~~  
7 municipality may exercise the power of eminent domain  
8 in the manner provided in chapter 6B, and Acts  
9 amendatory to that chapter or supplementary to that  
10 chapter, or it may exercise the power of eminent  
11 domain in the manner now or which may be hereafter  
12 provided by any other statutory provisions for the  
13 exercise of the power of eminent domain. Property  
14 already devoted to a public use may be acquired in  
15 like manner. However, real property belonging to the  
16 state, or any political subdivision of this state,  
17 shall not be acquired without its consent, and real  
18 property or any right or interest in the property  
19 owned by any public utility company, pipeline company,  
20 railway or transportation company vested with the  
21 right of eminent domain under the laws of this state,  
22 shall not be acquired without the consent of the  
23 company, or without first securing, after due notice  
24 to the company and after hearing, a certificate  
25 authorizing condemnation of the property from the  
26 board, commission or body having the authority to  
27 grant a certificate authorizing condemnation. In a  
28 condemnation proceeding, if a municipality proposes to  
29 take a part of a lot or parcel of real property, the  
30 municipality shall also take the remaining part of the  
31 lot or parcel if requested by the owner."

32 5. Page 6, by striking lines 9 through 33, and  
33 inserting the following:

34 "Sec. \_\_\_\_\_. Section 403.17, subsection 10, Code  
35 2003, is amended by striking the subsection."

36 6. Page 6, by inserting before line 34, the  
37 following:

38 "Sec. \_\_\_\_\_. Section 403.17, subsection 23, Code  
39 2003, is amended to read as follows:

40 23. "Urban renewal area" means a slum area, or  
41 ~~blighted area, economic development area,~~ or  
42 combination of the areas, which the local governing  
43 body designates as appropriate for an urban renewal  
44 project.

45 Sec. \_\_\_\_\_. Section 403.17, subsection 25,  
46 unnumbered paragraph 1, Code 2003, is amended to read  
47 as follows:

48 "Urban renewal project" may include undertakings  
49 and activities of a municipality in an urban renewal  
50 area for the elimination and for the prevention of the

1 development or spread of slums and blight, ~~may include~~  
2 ~~the designation and development of an economic~~  
3 ~~development area in an urban renewal area,~~ and may  
4 involve slum clearance and redevelopment in an urban  
5 renewal area, or rehabilitation or conservation in an  
6 urban renewal area, or any combination or part thereof  
7 in accordance with an urban renewal program. The  
8 undertakings and activities may include:  
9 Sec. \_\_\_\_ . Section 403.17, subsection 25, paragraph  
10 a, Code 2003, is amended to read as follows:  
11 a. Acquisition of a slum area, or blighted area,  
12 ~~economic development area,~~ or portion of the areas;" .  
13 7. By renumbering as necessary.

By FORD of Polk

H-1406 FILED APRIL 22, 2003

*Out of order*

H-1457

1 Amend House File 686 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. Section 257.3, subsection 1, Code  
5 2003, is amended by adding the following new  
6 unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. For fiscal years  
8 beginning on or after July 1, 2004, foundation  
9 property taxes paid to a municipality pursuant to  
10 section 403.19, subsections 2 and 8, shall be regarded  
11 as foundation property taxes collected by the school  
12 district for purposes of this section.

13 Sec. 2. Section 403.5, subsection 4, paragraph b,  
14 subparagraph (1), subparagraph subdivision (b), Code  
15 2003, is amended to read as follows:

16 (b) That conditions of slum or blight in the  
17 municipality and the shortage of decent, safe and  
18 sanitary housing cause or contribute to an increase in  
19 and spread of disease and crime, so as to constitute a  
20 menace to the public health, safety, morals, or  
21 welfare.

22 Sec. 3. Section 403.5, subsections 5 and 6, Code  
23 2003, are amended to read as follows:

24 5. An urban renewal plan may be ~~modified~~ amended  
25 at any time: Provided, that if ~~modified~~ amended after  
26 the lease or sale by the municipality of real property  
27 in the urban renewal project area, such ~~modification~~  
28 amendment may be conditioned upon such approval of the  
29 owner, lessee, or successor in interest as the  
30 municipality may deem advisable, and in any event such  
31 ~~modification~~ amendment shall be subject to such rights  
32 at law or in equity as a lessee or purchaser, or a  
33 lessee's or purchaser's successor or successors in  
34 interest, may be entitled to assert. ~~The~~ An urban  
35 renewal project may be added to an urban renewal plan  
36 only by an amendment to the plan. Territory may be  
37 added to, or severed from, an urban renewal area only  
38 by an amendment to the urban renewal plan. When  
39 amending an urban renewal plan, the municipality shall  
40 comply with the notification and consultation process  
41 provided in this section prior to the approval of any  
42 amendment ~~or modification~~ to an adopted urban renewal  
43 plan if such amendment ~~or modification~~ provides for  
44 refunding bonds or refinancing resulting in an  
45 increase in debt service or provides for the issuance  
46 of bonds or other indebtedness, to be funded primarily  
47 in the manner provided in section 403.19, or, if such  
48 amendment proposes to add a project to an urban  
49 renewal plan or proposes to add territory to an urban  
50 renewal area or proposes to sever territory from an

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1 urban renewal area.

2 If a city proposes an amendment to an urban renewal  
3 plan to sever territory from an urban renewal area,  
4 each county where the territory to be severed is  
5 located must, within thirty days of the conclusion of  
6 the consultation process, adopt a resolution approving  
7 or rejecting the proposed amendment. If a resolution  
8 approving the proposed amendment to an urban renewal  
9 plan is received from each county where the territory  
10 to be severed is located, or if the board of  
11 supervisors of each county where the territory to be  
12 severed is located takes no action within the thirty-  
13 day time period, the governing body of the city may  
14 proceed with the proposed amendment. If one or more  
15 resolutions rejecting the proposed amendment to sever  
16 the territory is received, the governing body of the  
17 city shall not proceed with the proposed amendment to  
18 the urban renewal plan.

19 If an urban renewal plan is amended and the  
20 amendment to the plan provides for the addition of  
21 territory to the urban renewal area, the assessment  
22 year established for the territory added for purposes  
23 of dividing revenue under section 403.19 shall be the  
24 assessment year determined pursuant to section 403.19,  
25 subsection 10.

26 6. Upon the approval by a municipality of an urban  
27 renewal plan or of any ~~modification thereof~~ amendment  
28 to an urban renewal plan, such plan or ~~modification~~  
29 amendment shall be deemed to be in full force and  
30 effect for the respective urban renewal area, and the  
31 municipality may then cause such plan or ~~modification~~  
32 amendment to be carried out in accordance with its  
33 terms.

34 Sec. 4. Section 403.5, Code 2003, is amended by  
35 adding the following new subsection:

36 NEW SUBSECTION. 8. The designation of an urban  
37 renewal area pursuant to this section shall be limited  
38 in duration to twenty years counting from July 1 of  
39 the first fiscal year in which the municipality  
40 receives moneys from a division of revenue pursuant to  
41 section 403.19. However, the duration of an urban  
42 renewal area established before July 1, 2003, shall be  
43 limited to twenty years counting from July 1 of the  
44 first fiscal year in which the municipality received  
45 moneys from a division of revenue pursuant to section  
46 403.19, or shall end June 30 of the fiscal year in  
47 which the amount of loans, advances, indebtedness, or  
48 bonds due and owing on the effective date of this Act  
49 is paid, whichever is later. Indebtedness incurred  
50 after the effective date of this Act to refund bonds

1 issued prior to the effective date of this Act shall  
2 not be considered loans, advances, indebtedness, or  
3 bonds due and owing on the effective date of this Act.  
4 An amendment to an urban renewal plan shall not result  
5 in an extension of the durational limitation imposed  
6 in this subsection.

7 Sec. 5. Section 403.6, subsection 6, paragraph b,  
8 Code 2003, is amended to read as follows:

9 b. Urban renewal plans adopted, or amended,  
10 pursuant to the requirements of section 403.5;

11 Sec. 6. Section 403.6, subsection 12, Code 2003,  
12 is amended to read as follows:

13 12. To approve and amend urban renewal plans,  
14 subject to the requirements of section 403.5.

15 Sec. 7. Section 403.15, subsection 2, Code 2003,  
16 is amended to read as follows:

17 2. If the urban renewal agency is authorized to  
18 transact business and exercise powers pursuant to this  
19 chapter, the mayor or chairperson of the board, as  
20 applicable, by and with the advice and consent of the  
21 local governing body, shall appoint four members of a  
22 board of commissioners of the urban renewal agency,  
23 which board shall consist of ~~five~~ seven commissioners.  
24 ~~In cities having a population of more than one hundred~~  
25 ~~thousand, the city council may establish, by~~  
26 ~~ordinance, the number of commissioners at not less~~  
27 ~~than five. The affected taxing entities, other than~~  
28 the municipality that has approved the urban renewal  
29 plan, shall appoint three members of the board of  
30 commissioners of the urban renewal agency. The term

31 of office of each such commissioner shall be one year.

32 Sec. 8. Section 403.17, subsection 10, Code 2003,  
33 is amended to read as follows:

34 10. "Economic development area" means an area of a  
35 municipality designated by the local governing body as  
36 appropriate for commercial and industrial enterprises,  
37 or public improvements related to housing and  
38 residential development, or construction of housing  
39 and residential development for low and moderate  
40 income families, including single or multifamily  
41 housing. ~~If an urban renewal plan for an urban~~  
42 ~~renewal area is based upon a finding that the area is~~  
43 ~~an economic development area and that no part contains~~  
44 ~~slum or blighted conditions, then the division of~~  
45 ~~revenue provided in section 403.19 and stated in the~~  
46 ~~plan shall be limited to twenty years from the~~  
47 ~~calendar year following the calendar year in which the~~  
48 ~~municipality first certifies to the county auditor the~~  
49 ~~amount of any loans, advances, indebtedness, or bonds~~  
50 ~~which qualify for payment from the division of revenue~~

1 ~~provided in section 403.19.~~ Such designated area  
2 shall not include agricultural land, including land  
3 which is part of a century farm, unless the owner of  
4 the agricultural land or century farm agrees to  
5 include the agricultural land or century farm in the  
6 urban renewal area. For the purposes of this  
7 subsection, "century farm" means a farm in which at  
8 least forty acres of such farm have been held in  
9 continuous ownership by the same family for one  
10 hundred years or more.

11 Sec. 9. Section 403.17, Code 2003, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 12A. "Indebtedness" includes, but  
14 is not limited to, a written agreement to suspend,  
15 abate, exempt, rebate, refund, or reimburse property  
16 taxes or to provide a grant for property taxes paid.

17 Sec. 10. Section 403.19, subsection 1, paragraphs  
18 a and b, Code 2003, are amended to read as follows:

19 a. Unless otherwise provided in this section, that  
20 portion of the taxes which would be produced by the  
21 rate at which the tax is levied each year by or for  
22 each of the taxing districts upon the total sum of the  
23 assessed taxable value of the ~~taxable~~ property in the  
24 urban renewal area, as shown on the assessment roll as  
25 of January 1 of the calendar year preceding the first  
26 calendar year in which the municipality certifies to  
27 the county auditor the amount of loans, advances,  
28 indebtedness, or bonds payable from the division of  
29 property tax revenue, or on the assessment roll last  
30 equalized prior to the date of initial adoption of the  
31 urban renewal plan if the plan was adopted prior to  
32 July 1, 1972, shall be allocated to and when collected  
33 be paid into the fund for the respective taxing  
34 district as taxes by or for the taxing district into  
35 which all other property taxes are paid. However, the  
36 municipality may choose to divide that portion of the  
37 taxes which would be produced by levying the  
38 municipality's portion of the total tax rate levied by  
39 or for the municipality upon the total sum of the  
40 assessed taxable value of the ~~taxable~~ property in the  
41 urban renewal area, as shown on the assessment roll as  
42 of January 1 of the calendar year preceding the  
43 effective date of the ordinance and if the  
44 municipality so chooses, an affected taxing entity may  
45 allow a municipality to divide that portion of the  
46 taxes which would be produced by levying the affected  
47 taxing district's portion of the total tax rate levied  
48 by or for the affected taxing entity upon the total  
49 sum of the assessed taxable value of the ~~taxable~~  
50 property in the urban renewal area, as shown on the



1 assessment roll as of January 1 of the calendar year  
2 preceding the effective date of the ordinance. This  
3 choice to divide a portion of the taxes shall not be  
4 construed to change the effective date of the division  
5 of property tax revenue with respect to an urban  
6 renewal plan in existence on July 1, 1994.

7 b. For the purpose of allocating taxes levied by  
8 or for any taxing district which did not include the  
9 territory in an urban renewal area on the effective  
10 date of the ordinance or initial adoption of the plan,  
11 but to which the territory has been annexed or  
12 otherwise included after the effective date, the  
13 assessment roll applicable to property in the annexed  
14 territory as of January 1 of the calendar year  
15 preceding the effective date of the ordinance, which  
16 amends the plan to include the annexed area, shall be  
17 used in determining the assessed taxable valuation of  
18 the ~~taxable~~ property in the annexed area.

19 Sec. 11. Section 403.19, subsection 2, Code 2003,  
20 is amended to read as follows:

21 2. That portion of the taxes each year in excess  
22 of such amount shall be allocated to and when  
23 collected be paid into a special fund of the  
24 municipality to pay the principal of and interest on  
25 loans, moneys advanced to, or indebtedness, whether  
26 funded, refunded, assumed, or otherwise, including  
27 bonds issued under the authority of section 403.9,  
28 subsection 1, incurred by the municipality to finance  
29 or refinance, in whole or in part, an urban renewal  
30 project within the area, and to provide assistance for  
31 low and moderate income family housing as provided in  
32 section 403.22, ~~except that.~~ However, taxes for the  
33 regular and voter-approved physical plant and  
34 equipment levy of a school district imposed pursuant  
35 to section 298.2, ~~and~~ taxes for the payment of bonds  
36 and interest of each taxing district ~~must,~~ and for  
37 fiscal years beginning on or after July 1, 2004, the  
38 foundation property tax imposed pursuant to section  
39 257.3, subsection 1, unless the board of directors of  
40 the school district by resolution adopted pursuant to  
41 subsection 8 directs that the foundation property tax  
42 be paid to the municipality or unless the municipality  
43 provides the certification required under subsection  
44 9, shall be collected against all taxable property  
45 within the taxing district without limitation by the  
46 provisions of this subsection. ~~However~~ In addition,  
47 all or a portion of the taxes for the physical plant  
48 and equipment levy shall be paid by the school  
49 district to the municipality if ~~the auditor certifies~~  
50 ~~to the school district by July 1 the amount of such~~

1 ~~levy that is necessary to pay the principal and~~  
2 ~~interest on bonds issued by the municipality to~~  
3 ~~finance an urban renewal project, which bonds were~~  
4 ~~issued before July 1, 2001. Indebtedness incurred to~~  
5 ~~refund bonds issued prior to July 1, 2001, shall not~~  
6 ~~be included in the certification. Such school~~  
7 ~~district shall pay over the amount certified by~~  
8 ~~November 1 and May 1 of the fiscal year following~~  
9 ~~certification to the school district subsection 7~~  
10 applies.

11 PARAGRAPH DIVIDED. Unless and until the total  
12 assessed taxable valuation of the taxable property in  
13 an urban renewal area exceeds the total assessed  
14 taxable value of the taxable property in such area as  
15 shown by the last equalized assessment roll referred  
16 to in subsection 1, all of the taxes levied and  
17 collected upon the taxable property in the urban  
18 renewal area shall be paid into the funds for the  
19 respective taxing districts as taxes by or for the  
20 taxing districts in the same manner as all other  
21 property taxes. When such loans, advances,  
22 indebtedness, and bonds, if any, and interest thereon,  
23 have been paid, all moneys thereafter received from  
24 taxes upon the taxable property in such urban renewal  
25 area shall be paid into the funds for the respective  
26 taxing districts in the same manner as taxes on all  
27 other property.

28 Sec. 12. Section 403.19, subsection 5, Code 2003,  
29 is amended to read as follows:

30 5. A municipality shall certify to the county  
31 auditor on or before December 1 of each year the  
32 amount of loans, advances, indebtedness, or bonds  
33 which qualify for payment during the fiscal year  
34 beginning in the following calendar year from the  
35 special fund referred to in subsection 2, and the  
36 filing of the certificate shall make it a duty of the  
37 auditor to provide for the division of taxes in each  
38 subsequent the amount certified for the fiscal year  
39 until the amount of the loans, advances, indebtedness,  
40 or bonds is paid to the special fund beginning in the  
41 following calendar year. The municipality shall  
42 include in the certification a schedule of the total  
43 amount of loans, advances, indebtedness, or bonds for  
44 which taxes mentioned in subsection 2 will be  
45 allocated and a schedule of payments for such amounts.  
46 In any year, the county auditor shall, upon receipt of  
47 a certified request from a municipality filed on or  
48 before December 1, increase the amount to be allocated  
49 under subsection 1 in order to reduce the amount to be  
50 allocated in the following fiscal year to the special

1 fund, to the extent that the municipality does not  
2 request allocation to the special fund of the full  
3 portion of taxes which could be collected. Upon  
4 receipt of a certificate from a municipality, the  
5 auditor shall mail a copy of the certificate to each  
6 affected taxing district.

7 Sec. 13. Section 403.19, subsection 7, Code 2003,  
8 is amended to read as follows:

9 7. For any fiscal year, a municipality may certify  
10 to the county auditor for physical plant and equipment  
11 revenue necessary for payment of principal and  
12 interest on bonds issued prior to July 1, 2001, only  
13 if the municipality certified for such revenue for the  
14 fiscal year beginning July 1, 2000. A municipality  
15 shall not certify to the county auditor for a school  
16 district more than the amount the municipality  
17 certified for the fiscal year beginning July 1, 2000.  
18 If for any fiscal year a municipality fails to certify  
19 to the county auditor for a school district by July 1  
20 the amount of physical plant and equipment revenue  
21 necessary for payment of principal and interest on  
22 such bonds, as provided in subsection 2, the school  
23 district is not required to pay over the revenue to  
24 the municipality. The county auditor shall  
25 immediately certify to the school district the amount  
26 of such levy that is necessary to pay the principal  
27 and interest on bonds issued by the municipality to  
28 finance an urban renewal project, which bonds were  
29 issued prior to July 1, 2001. Indebtedness incurred  
30 to refund bonds issued prior to July 1, 2001, shall  
31 not be included in the certification. Such school  
32 district shall pay over the amount certified by  
33 November 1 and May 1 of the fiscal year following  
34 certification to the school district.

35 PARAGRAPH DIVIDED. If a school district and a  
36 municipality are unable to agree on the amount of  
37 physical plant and equipment revenue certified by the  
38 municipality for the fiscal year beginning July 1,  
39 2001, either party may request that the state appeal  
40 board review and finally pass upon the amount that may  
41 be certified. Such appeals must be presented in  
42 writing to the state appeal board no later than July  
43 31 following certification. The burden shall be on  
44 the municipality to prove that the physical plant and  
45 equipment levy revenue is necessary to pay principal  
46 and interest on bonds issued prior to July 1, 2001. A  
47 final decision must be issued by the state appeal  
48 board no later than the following October 1.

49 Sec. 14. Section 403.19, Code 2003, is amended by  
50 adding the following new subsections:

1 NEW SUBSECTION. 8. For fiscal years beginning on  
2 or after July 1, 2004, the board of directors of a  
3 school district may, by resolution, direct that the  
4 amount of foundation property tax imposed against the  
5 valuation in subsection 2 be paid into the special  
6 fund of the municipality. The resolution may apply to  
7 plans or projects begun on or after July 1, 2003, and  
8 shall be in effect for the life of the urban renewal  
9 plan, or for a lesser period of time if the school  
10 district board of directors and the governing body of  
11 the municipality agree. The resolution shall be filed  
12 with the county auditor.

13 NEW SUBSECTION. 9. For any fiscal year, a  
14 municipality may certify to the county auditor for  
15 foundation property tax revenue of a school district  
16 necessary for payment of principal and interest on  
17 obligations incurred prior to July 1, 2004, only if  
18 the municipality certified for such revenue on or  
19 before May 15, 2003. A municipality shall not certify  
20 to the county auditor for a school district more than  
21 the amount the municipality certified on or before May  
22 15, 2003. If for any fiscal year a municipality fails  
23 to certify to the county auditor for a school district  
24 by July 1 the amount of foundation property tax  
25 revenue of a school district necessary for payment of  
26 principal and interest on such obligations, as  
27 provided in subsection 2, the school district is not  
28 required to pay over the revenue to the municipality.  
29 The county auditor shall immediately certify to the  
30 school district the amount of such levy that is  
31 necessary to pay the principal and interest on  
32 obligations incurred by the municipality to finance an  
33 urban renewal project, which obligations were incurred  
34 prior to July 1, 2004. Indebtedness incurred to  
35 refund bonds issued prior to July 1, 2004, shall not  
36 be included in the certification. Such school  
37 district shall pay over the amount certified by  
38 November 1 and May 1 of the fiscal year following  
39 certification to the school district.

40 If a school district and a municipality are unable  
41 to agree on the amount of foundation property tax  
42 revenue of a school district certified by the  
43 municipality for the fiscal year beginning July 1,  
44 2004, either party may request that the state appeal  
45 board review and finally pass upon the amount that may  
46 be certified. Such appeals must be presented in  
47 writing to the state appeal board no later than July  
48 31 following certification. The burden shall be on  
49 the municipality to prove that the foundation property  
50 tax levy revenue is necessary to pay principal and

1 interest on obligations incurred prior to July 1,  
2 2004. A final decision must be issued by the state  
3 appeal board no later than the following October 1.  
4 NEW SUBSECTION. 10. If an urban renewal plan is  
5 amended and the amendment to the plan provides for the  
6 addition of territory to the urban renewal area, the  
7 assessment year for the territory added for purposes  
8 of dividing revenue under this section shall be the  
9 assessment year beginning January 1 of the calendar  
10 year preceding the calendar year in which the  
11 municipality adopted the amendment.

12 NEW SUBSECTION. 11. When all loans, advances,  
13 indebtedness, and bonds, if any, and interest thereon,  
14 have been paid, revenues from taxes levied on taxable  
15 property in an urban renewal area shall not be divided  
16 pursuant to this section and shall not be deposited in  
17 a special fund under subsection 2.

18 NEW SUBSECTION. 12. On or after July 1, 2003, a  
19 municipality shall not enter into a written agreement,  
20 or shall not extend or renew an existing agreement, to  
21 use revenues paid into the special fund in subsection  
22 2 to suspend, abate, exempt, rebate, refund, or  
23 reimburse property taxes, or to provide a grant for  
24 property taxes paid, in an urban renewal area if the  
25 property taxes are imposed against retail property.  
26 For the purposes of this subsection, "retail property"  
27 means property that is assessed as commercial property  
28 for property tax purposes and from which is sold at  
29 retail tangible goods, wares, or merchandise on the  
30 premises to the general public, which are subject to  
31 the state sales tax, but shall not include property on  
32 which the sales of retail tangible goods, wares, or  
33 merchandise constitutes a use of less than fifty  
34 percent of the structures on the property.

35 Sec. 15. NEW SECTION. 403.19A DEBT LIMITATION  
36 FOR URBAN RENEWAL AREAS.

37 1. For fiscal years beginning on or after July 1,  
38 2003, the total amount of loans, advances,  
39 indebtedness, and bonds payable from the special fund  
40 of a municipality established in section 403.19,  
41 subsection 2, in all urban renewal areas designated by  
42 a municipality shall not exceed, in any year, an  
43 amount equal to five percent of the total assessed  
44 value of the taxable property in the municipality.

45 2. If the total amount of loans, advances,  
46 indebtedness, and bonds issued or incurred for  
47 projects in all urban renewal areas designated by a  
48 municipality and payable from the special fund of a  
49 municipality established in section 403.19, subsection  
50 2, which loans, advances, indebtedness, and bonds are

1 outstanding on the effective date of this Act, exceeds  
2 the limitation in subsection 1, the municipality may  
3 continue to allocate moneys from the special fund to  
4 pay such loans, advances, indebtedness, and bonds.  
5 However, the municipality shall not issue or incur  
6 loans, advances, indebtedness, or bonds payable from  
7 the special fund on or after the effective date of  
8 this Act for urban renewal purposes unless the amount  
9 of such loans, advances, indebtedness, or bonds when  
10 combined with the amount of loans, advances,  
11 indebtedness, or bonds issued or incurred before the  
12 effective date of this Act, meets the limitation  
13 established in subsection 1.

14 3. For fiscal years beginning on or after July 1,  
15 2003, a city may exceed the debt limitation in this  
16 section only if the proposed plan or proposed  
17 amendment that will result in the debt limitation  
18 being exceeded is approved by resolution of the board  
19 of supervisors of each affected taxing entity that is  
20 a county within thirty days of the conclusion of the  
21 consultation process in section 403.5, subsection 2.  
22 If a resolution approving the proposed urban renewal  
23 plan or the proposed amendment to an urban renewal  
24 plan that would result in exceeding the debt  
25 limitation is received from each county that is an  
26 affected taxing entity, or if the board of supervisors  
27 of each county that is an affected taxing entity takes  
28 no action within the thirty-day time period, the  
29 governing body of the city may proceed with the  
30 proposed plan or proposed amendment. The resolution  
31 approving the proposed plan or amendment shall remain  
32 in effect for the life of the plan or project,  
33 whichever is applicable. If one or more resolutions  
34 rejecting the proposed plan or proposed amendment is  
35 received, the city shall not proceed with the proposed  
36 plan or amendment. However, the city may proceed with  
37 the proposed plan or amendment but the county portion  
38 of the levy shall not be divided and paid into the  
39 special fund of the city pursuant to section 403.19,  
40 subsection 2, for purposes of funding a project  
41 proposed under the plan or amendment.

42 4. For purposes of this section, an urban renewal  
43 area of a city includes urban renewal areas  
44 established by the city in the area of operation of  
45 the city and an urban renewal area of a county  
46 includes urban renewal areas established by a county  
47 in the area of operation of the county. For purposes  
48 of this section, the total assessed value of the  
49 taxable property in a city includes only the assessed  
50 value of the taxable property within the corporate

**H-1457**

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1 limits of the city regardless of where the urban  
2 renewal area established by the city is located. For  
3 purposes of this section, "assessed value" means the  
4 valuations determined by the assessor before  
5 application of any assessment limitations in section  
6 441.21.

7 Sec. 16. Section 403.20, Code 2003, is repealed.

8 Sec. 17. EFFECTIVE AND APPLICABILITY DATE. This  
9 Act, being deemed of immediate importance, takes  
10 effect upon enactment and applies to urban renewal  
11 areas and urban renewal projects established, and  
12 urban renewal plans adopted, before, on, or after the  
13 effective date."

**By** KRAMER of Polk

**H-1457** FILED APRIL 24, 2003

*adopted 4/25/03*

HOUSE FILE 686

H-1463

1 Amend the amendment, H-1457, to House File 686 as  
2 follows:

3 1. Page 1, by inserting after line 12, the  
4 following:

5 "Sec. \_\_\_\_ . Section 403.2, subsection 3, Code 2003,  
6 is amended to read as follows:

7 3. It is further found and declared that there  
8 exists in this state the continuing need for programs  
9 to alleviate and prevent conditions of unemployment  
10 and a shortage of housing; and that it is accordingly  
11 necessary to assist and retain local industries and  
12 commercial enterprises to strengthen and revitalize  
13 the economy of this state and its municipalities; that  
14 accordingly it is necessary to provide means and  
15 methods for the encouragement and assistance of  
16 industrial and commercial enterprises in locating,  
17 purchasing, constructing, reconstructing, modernizing,  
18 improving, maintaining, repairing, furnishing,  
19 equipping, and expanding in this state and its  
20 municipalities, for the provision of public  
21 improvements related to housing and residential  
22 development, and for the construction of housing for  
23 low and moderate income families; that accordingly it  
24 is necessary to authorize local governing bodies to  
25 ~~designate areas of a municipality as economic~~  
26 ~~development areas for commercial and industrial~~  
27 ~~enterprises, public improvements related to housing~~  
28 ~~and residential development, or construction of~~  
29 ~~housing for low and moderate income families; and that~~  
30 ~~it is also necessary to encourage the location and~~  
31 expansion of commercial enterprises to more  
32 conveniently provide needed services and facilities of  
33 the commercial enterprises to municipalities and the  
34 residents of the municipalities. Therefore, the  
35 powers granted in this chapter constitute the  
36 performance of essential public purposes for this  
37 state and its municipalities.

38 Sec. \_\_\_\_ . Section 403.4, subsection 1, Code 2003,  
39 is amended to read as follows:

40 1. One or more slum, or ~~or~~ ~~economic~~  
41 ~~development~~ areas exist in the municipality.

42 Sec. \_\_\_\_ . Section 403.5, subsection 1, Code 2003,  
43 is amended to read as follows:

44 1. A municipality shall not approve an urban  
45 renewal project for an urban renewal area unless the  
46 governing body has, by resolution, determined the area  
47 to be a slum area, or ~~or~~ ~~economic~~  
48 ~~development area~~ or a combination of those areas, and  
49 designated the area as appropriate for an urban  
50 renewal project. The local governing body shall not

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1 approve an urban renewal plan until a general plan for  
2 the municipality has been prepared. For this purpose  
3 and other municipal purposes, authority is vested in  
4 every municipality to prepare, to adopt and to revise  
5 from time to time, a general plan for the physical  
6 development of the municipality as a whole, giving due  
7 regard to the environs and metropolitan surroundings.  
8 A municipality shall not acquire real property for an  
9 urban renewal project unless the local governing body  
10 has approved the urban renewal project in accordance  
11 with subsection 4."

12 2. Page 1, by inserting after line 21, the  
13 following:

14 "Sec. \_\_\_\_ . Section 403.5, subsection 4, paragraph  
15 b, subparagraph (2), unnumbered paragraph 2, Code  
16 2003, is amended by striking the unnumbered  
17 paragraph."

18 3. Page 3, by inserting after line 14, the  
19 following:

20 "Sec. \_\_\_\_ . Section 403.7, Code 2003, is amended to  
21 read as follows:

22 403.7 CONDEMNATION OF PROPERTY.

23 A municipality shall have the right to acquire by  
24 condemnation any interest in real property, including  
25 a fee simple title thereto, which it may deem  
26 necessary for or in connection with an urban renewal  
27 project under this chapter. ~~However, a municipality~~  
28 ~~shall not condemn agricultural land included within an~~  
29 ~~economic development area unless the owner of the~~  
30 ~~agricultural land consents to condemnation or unless~~  
31 ~~the agricultural land is to be acquired for industry~~  
32 ~~as that term is defined in section 260E.2. A~~  
33 municipality may exercise the power of eminent domain  
34 in the manner provided in chapter 6B, and Acts  
35 amendatory to that chapter or supplementary to that  
36 chapter, or it may exercise the power of eminent  
37 domain in the manner now or which may be hereafter  
38 provided by any other statutory provisions for the  
39 exercise of the power of eminent domain. Property  
40 already devoted to a public use may be acquired in  
41 like manner. However, real property belonging to the  
42 state, or any political subdivision of this state,  
43 shall not be acquired without its consent, and real  
44 property or any right or interest in the property  
45 owned by any public utility company, pipeline company,  
46 railway or transportation company vested with the  
47 right of eminent domain under the laws of this state,  
48 shall not be acquired without the consent of the  
49 company, or without first securing, after due notice  
50 to the company and after hearing, a certificate

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Page 3

1 authorizing condemnation of the property from the  
2 board, commission or body having the authority to  
3 grant a certificate authorizing condemnation. In a  
4 condemnation proceeding, if a municipality proposes to  
5 take a part of a lot or parcel of real property, the  
6 municipality shall also take the remaining part of the  
7 lot or parcel if requested by the owner."

8 4. By striking page 3, line 32, through page 4,  
9 line 10, and inserting the following:

10 "Sec. \_\_\_\_\_. Section 403.17, subsection 10, Code  
11 2003, is amended by striking the subsection."

12 5. Page 4, by inserting after line 16, the  
13 following:

14 "Sec. \_\_\_\_\_. Section 403.17, subsection 23, Code  
15 2003, is amended to read as follows:

16 23. "Urban renewal area" means a slum area, or  
17 blighted area, ~~economic development area,~~ or  
18 combination of the areas, which the local governing  
19 body designates as appropriate for an urban renewal  
20 project.

21 Sec. \_\_\_\_\_. Section 403.17, subsection 25,  
22 unnumbered paragraph 1, Code 2003, is amended to read  
23 as follows:

24 "Urban renewal project" may include undertakings  
25 and activities of a municipality in an urban renewal  
26 area for the elimination and for the prevention of the  
27 development or spread of slums and blight, ~~may include~~  
28 ~~the designation and development of an economic~~  
29 ~~development area in an urban renewal area,~~ and may  
30 involve slum clearance and redevelopment in an urban  
31 renewal area, or rehabilitation or conservation in an  
32 urban renewal area, or any combination or part thereof  
33 in accordance with an urban renewal program. The  
34 undertakings and activities may include:

35 Sec. \_\_\_\_\_. Section 403.17, subsection 25, paragraph  
36 a, Code 2003, is amended to read as follows:

37 a. Acquisition of a slum area, or blighted area,  
38 ~~economic development area,~~ or portion of the areas;".

39 6. By renumbering as necessary.

By FORD of Polk

H-1463 FILED APRIL 24, 2003

Withdrawn 4/24/03

HOUSE FILE 686

H-1467

1 Amend the amendment, H-1457, to House File 686 as  
2 follows:

3 1. Page 1, by inserting after line 12, the  
4 following:

5 "Sec. \_\_\_\_ . Section 403.5, subsection 1, Code 2003,  
6 is amended to read as follows:

7 1. A municipality shall not approve an urban  
8 renewal project for an urban renewal area unless the  
9 governing body has, by resolution, determined the area  
10 to be a slum area, blighted area, economic development  
11 area or a combination of those areas, and designated  
12 the area as appropriate for an urban renewal project.  
13 The local governing body shall not approve an urban  
14 renewal plan until a general plan for the municipality  
15 has been prepared. For this purpose and other  
16 municipal purposes, authority is vested in every  
17 municipality to prepare, to adopt and to revise from  
18 time to time, a general plan for the physical  
19 development of the municipality as a whole, giving due  
20 regard to the environs and metropolitan surroundings.  
21 A municipality shall not acquire real property for an  
22 urban renewal project unless the local governing body  
23 has approved the urban renewal project in accordance  
24 with subsection 4. A municipality shall not approve  
25 an urban renewal project for retail development in  
26 excess of one million square feet and a municipality  
27 shall not approve an urban renewal plan that contains  
28 separate urban renewal projects for retail development  
29 which are part of one cohesive retail development if  
30 the total of the retail development for such related  
31 projects is in excess of one million square feet. For  
32 purposes of this subsection, "retail development"  
33 means construction or reconstruction of a building or  
34 structure which is used or intended to be used by any  
35 person, firm, partnership, association, or corporation  
36 who operates, maintains, or conducts, either in  
37 person, or by any agent or employee, any place of  
38 business from which any goods or services are sold or  
39 offered for sale, at retail, for consumption or use,  
40 and includes ancillary buildings or structures, such  
41 as parking facilities and storage buildings."

42 2. By renumbering as necessary.

By FALLON of Polk

H-1467 FILED APRIL 24, 2003

Withdrawn 4/25/03

HOUSE FILE 686  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 313)

(As Amended and Passed by the House April 25, 2003)

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

*Motion to reconsider filed 4/25/03 - Gipp: Withdrawn 4/28/03*

**A BILL FOR**

1 An Act relating to urban renewal and tax increment financing and  
2 including effective and retroactive applicability date  
3 provisions.

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

5

6 All New Language

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1 Section 1. Section 257.3, subsection 1, Code 2003, is  
2 amended by adding the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. For fiscal years beginning on or  
4 after July 1, 2004, foundation property taxes paid to a  
5 municipality pursuant to section 403.19, subsections 2 and 8,  
6 shall be regarded as foundation property taxes collected by  
7 the school district for purposes of this section.

8 Sec. 2. Section 403.5, subsection 4, paragraph b,  
9 subparagraph (1), subparagraph subdivision (b), Code 2003, is  
10 amended to read as follows:

11 (b) That conditions of slum or blight in the municipality  
12 and the shortage of decent, safe and sanitary housing cause or  
13 contribute to an increase in and spread of disease and crime,  
14 so as to constitute a menace to the public health, safety,  
15 morals, or welfare.

16 Sec. 3. Section 403.5, subsections 5 and 6, Code 2003, are  
17 amended to read as follows:

18 5. An urban renewal plan may be ~~modified~~ amended at any  
19 time: Provided, that if ~~modified~~ amended after the lease or  
20 sale by the municipality of real property in the urban renewal  
21 project area, such ~~modification~~ amendment may be conditioned  
22 upon such approval of the owner, lessee, or successor in  
23 interest as the municipality may deem advisable, and in any  
24 event such ~~modification~~ amendment shall be subject to such  
25 rights at law or in equity as a lessee or purchaser, or a  
26 lessee's or purchaser's successor or successors in interest,  
27 may be entitled to assert. The An urban renewal project may  
28 be added to an urban renewal plan only by an amendment to the  
29 plan. Territory may be added to, or severed from, an urban  
30 renewal area only by an amendment to the urban renewal plan.  
31 When amending an urban renewal plan, the municipality shall  
32 comply with the notification and consultation process provided  
33 in this section prior to the approval of any amendment or  
34 modification to an adopted urban renewal plan if such  
35 amendment or-modification provides for refunding bonds or

1 refinancing resulting in an increase in debt service or  
2 provides for the issuance of bonds or other indebtedness, to  
3 be funded primarily in the manner provided in section 403.19,  
4 or if such amendment proposes to add a project to an urban  
5 renewal plan or proposes to add territory to an urban renewal  
6 area or proposes to sever territory from an urban renewal  
7 area.

8 If a city proposes an amendment to an urban renewal plan to  
9 sever territory from an urban renewal area, each county where  
10 the territory to be severed is located must, within thirty  
11 days of the conclusion of the consultation process, adopt a  
12 resolution approving or rejecting the proposed amendment. If  
13 a resolution approving the proposed amendment to an urban  
14 renewal plan is received from each county where the territory  
15 to be severed is located, or if the board of supervisors of  
16 each county where the territory to be severed is located takes  
17 no action within the thirty-day time period, the governing  
18 body of the city may proceed with the proposed amendment. If  
19 one or more resolutions rejecting the proposed amendment to  
20 sever the territory is received, the governing body of the  
21 city shall not proceed with the proposed amendment to the  
22 urban renewal plan.

23 If an urban renewal plan is amended and the amendment to  
24 the plan provides for the addition of territory to the urban  
25 renewal area, the assessment year established for the  
26 territory added for purposes of dividing revenue under section  
27 403.19 shall be the assessment year determined pursuant to  
28 section 403.19, subsection 10.

29 6. Upon the approval by a municipality of an urban renewal  
30 plan or of any ~~modification thereof~~ amendment to an urban  
31 renewal plan, such plan or ~~modification~~ amendment shall be  
32 deemed to be in full force and effect for the respective urban  
33 renewal area, and the municipality may then cause such plan or  
34 ~~modification~~ amendment to be carried out in accordance with  
35 its terms.

1 Sec. 4. Section 403.5, Code 2003, is amended by adding the  
2 following new subsections:

3 NEW SUBSECTION. 8. Except as otherwise provided in  
4 subsection 9, the designation of an urban renewal area  
5 pursuant to this section shall be limited in duration to  
6 twenty years counting from July 1 of the first fiscal year in  
7 which the municipality receives moneys from a division of  
8 revenue pursuant to section 403.19. However, the duration of  
9 an urban renewal area established before July 1, 2003, shall  
10 be limited to twenty years counting from July 1 of the first  
11 fiscal year in which the municipality received moneys from a  
12 division of revenue pursuant to section 403.19, or shall end  
13 June 30 of the fiscal year in which the amount of loans,  
14 advances, indebtedness, or bonds due and owing on the  
15 effective date of this Act is paid, whichever is later.  
16 Indebtedness incurred after the effective date of this Act to  
17 refund bonds issued prior to the effective date of this Act  
18 shall not be considered loans, advances, indebtedness, or  
19 bonds due and owing on the effective date of this Act. An  
20 amendment to an urban renewal plan shall not result in an  
21 extension of the durational limitation imposed in this  
22 subsection.

23 NEW SUBSECTION. 9. If an urban renewal plan for an urban  
24 renewal area is based on a finding that the area is a slum or  
25 blighted area, the division of taxes authorized in section  
26 403.19 shall be deemed to continue beyond the period described  
27 in subsection 8 if the ordinance of the municipality providing  
28 for the division of taxes under section 403.19 within such  
29 urban renewal area provides that the portion of taxes  
30 described in section 403.19, subsection 1, and allocated as  
31 provided in that subsection shall be recalculated at the end  
32 of the period described in subsection 8, and every ten years  
33 thereafter, and shall be determined from and after said dates  
34 based upon the assessed value of the taxable property within  
35 the urban renewal area as of a date five years after the date

1 of the assessment roll previously used under the ordinance to  
2 determine the portion of taxes described in section 403.19,  
3 subsection 1.

4 Sec. 5. Section 403.6, subsection 6, paragraph b, Code  
5 2003, is amended to read as follows:

6 b. Urban renewal plans adopted, or amended, pursuant to  
7 the requirements of section 403.5;

8 Sec. 6. Section 403.6, subsection 12, Code 2003, is  
9 amended to read as follows:

10 12. To approve and amend urban renewal plans, subject to  
11 the requirements of section 403.5.

12 Sec. 7. Section 403.15, subsection 2, Code 2003, is  
13 amended to read as follows:

14 2. If the urban renewal agency is authorized to transact  
15 business and exercise powers pursuant to this chapter, the  
16 mayor or chairperson of the board, as applicable, by and with  
17 the advice and consent of the local governing body, shall  
18 appoint four members of a board of commissioners of the urban  
19 renewal agency, which board shall consist of five seven  
20 ~~commissioners. In cities having a population of more than one~~  
21 ~~hundred thousand, the city council may establish, by~~  
22 ~~ordinance, the number of commissioners at not less than five.~~  
23 The affected taxing entities, other than the municipality that  
24 has approved the urban renewal plan, shall appoint three  
25 members of the board of commissioners of the urban renewal  
26 agency. The term of office of each such commissioner shall be  
27 one year.

28 Sec. 8. Section 403.17, subsection 10, Code 2003, is  
29 amended to read as follows:

30 10. "Economic development area" means an area of a  
31 municipality designated by the local governing body as  
32 appropriate for commercial and industrial enterprises, or  
33 public improvements related to housing and residential  
34 development, or construction of housing and residential  
35 development for low and moderate income families, including



1 single or multifamily housing. ~~If an urban renewal plan for~~  
2 ~~an urban renewal area is based upon a finding that the area is~~  
3 ~~an economic development area and that no part contains slum or~~  
4 ~~blighted conditions, then the division of revenue provided in~~  
5 ~~section 403.19 and stated in the plan shall be limited to~~  
6 ~~twenty years from the calendar year following the calendar~~  
7 ~~year in which the municipality first certifies to the county~~  
8 ~~auditor the amount of any loans, advances, indebtedness, or~~  
9 ~~bonds which qualify for payment from the division of revenue~~  
10 ~~provided in section 403.19.~~ Such designated area shall not  
11 include agricultural land, including land which is part of a  
12 century farm, unless the owner of the agricultural land or  
13 century farm agrees to include the agricultural land or  
14 century farm in the urban renewal area. For the purposes of  
15 this subsection, "century farm" means a farm in which at least  
16 forty acres of such farm have been held in continuous  
17 ownership by the same family for one hundred years or more.

18 Sec. 9. Section 403.17, Code 2003, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. 12A. "Indebtedness" includes, but is not  
21 limited to, a written agreement to suspend, abate, exempt,  
22 rebate, refund, or reimburse property taxes or to provide a  
23 grant for property taxes paid.

24 Sec. 10. Section 403.19, subsection 1, paragraphs a and b,  
25 Code 2003, are amended to read as follows:

26 a. Unless otherwise provided in this section, that portion  
27 of the taxes which would be produced by the rate at which the  
28 tax is levied each year by or for each of the taxing districts  
29 upon the total sum of the assessed taxable value of the  
30 taxable property in the urban renewal area, as shown on the  
31 assessment roll as of January 1 of the calendar year preceding  
32 the first calendar year in which the municipality certifies to  
33 the county auditor the amount of loans, advances,  
34 indebtedness, or bonds payable from the division of property  
35 tax revenue, or on the assessment roll last equalized prior to

1 the date of initial adoption of the urban renewal plan if the  
2 plan was adopted prior to July 1, 1972, shall be allocated to  
3 and when collected be paid into the fund for the respective  
4 taxing district as taxes by or for the taxing district into  
5 which all other property taxes are paid. However, the  
6 municipality may choose to divide that portion of the taxes  
7 which would be produced by levying the municipality's portion  
8 of the total tax rate levied by or for the municipality upon  
9 the total sum of the assessed taxable value of the taxable  
10 property in the urban renewal area, as shown on the assessment  
11 roll as of January 1 of the calendar year preceding the  
12 effective date of the ordinance and if the municipality so  
13 chooses, an affected taxing entity may allow a municipality to  
14 divide that portion of the taxes which would be produced by  
15 levying the affected taxing district's portion of the total  
16 tax rate levied by or for the affected taxing entity upon the  
17 total sum of the assessed taxable value of the taxable  
18 property in the urban renewal area, as shown on the assessment  
19 roll as of January 1 of the calendar year preceding the  
20 effective date of the ordinance. This choice to divide a  
21 portion of the taxes shall not be construed to change the  
22 effective date of the division of property tax revenue with  
23 respect to an urban renewal plan in existence on July 1, 1994.

24 b. For the purpose of allocating taxes levied by or for  
25 any taxing district which did not include the territory in an  
26 urban renewal area on the effective date of the ordinance or  
27 initial adoption of the plan, but to which the territory has  
28 been annexed or otherwise included after the effective date,  
29 the assessment roll applicable to property in the annexed  
30 territory as of January 1 of the calendar year preceding the  
31 effective date of the ordinance, which amends the plan to  
32 include the annexed area, shall be used in determining the  
33 assessed taxable valuation of the taxable property in the  
34 annexed area.

35 Sec. 11. Section 403.19, subsection 2, Code 2003, is

1 request allocation to the special fund of the full portion of  
2 taxes which could be collected. Upon receipt of a certificate  
3 from a municipality, the auditor shall mail a copy of the  
4 certificate to each affected taxing district.

5 Sec. 13. Section 403.19, subsection 7, Code 2003, is  
6 amended to read as follows:

7 7. For any fiscal year, a municipality may certify to the  
8 county auditor for physical plant and equipment revenue  
9 necessary for payment of principal and interest on bonds  
10 issued prior to July 1, 2001, only if the municipality  
11 certified for such revenue for the fiscal year beginning July  
12 1, 2000. A municipality shall not certify to the county  
13 auditor for a school district more than the amount the  
14 municipality certified for the fiscal year beginning July 1,  
15 2000. If for any fiscal year a municipality fails to certify  
16 to the county auditor for a school district by July 1 the  
17 amount of physical plant and equipment revenue necessary for  
18 payment of principal and interest on such bonds, as provided  
19 in subsection 2, the school district is not required to pay  
20 over the revenue to the municipality. The county auditor  
21 shall immediately certify to the school district the amount of  
22 such levy that is necessary to pay the principal and interest  
23 on bonds issued by the municipality to finance an urban  
24 renewal project, which bonds were issued prior to July 1,  
25 2001. Indebtedness incurred to refund bonds issued prior to  
26 July 1, 2001, shall not be included in the certification.  
27 Such school district shall pay over the amount certified by  
28 November 1 and May 1 of the fiscal year following  
29 certification to the school district.

30 PARAGRAPH DIVIDED. If a school district and a municipality  
31 are unable to agree on the amount of physical plant and  
32 equipment revenue certified by the municipality for the fiscal  
33 year beginning July 1, 2001, either party may request that the  
34 state appeal board review and finally pass upon the amount  
35 that may be certified. Such appeals must be presented in

1 writing to the state appeal board no later than July 31  
2 following certification. The burden shall be on the  
3 municipality to prove that the physical plant and equipment  
4 levy revenue is necessary to pay principal and interest on  
5 bonds issued prior to July 1, 2001. A final decision must be  
6 issued by the state appeal board no later than the following  
7 October 1.

8 Sec. 14. Section 403.19, Code 2003, is amended by adding  
9 the following new subsections:

10 NEW SUBSECTION. 8. For fiscal years beginning on or after  
11 July 1, 2004, the board of directors of a school district may,  
12 by resolution, direct that the amount of foundation property  
13 tax imposed against the valuation in subsection 2 be paid into  
14 the special fund of the municipality. The resolution may  
15 apply to plans or projects begun on or after July 1, 2003, and  
16 shall be in effect for the life of the urban renewal plan, or  
17 for a lesser period of time if the school district board of  
18 directors and the governing body of the municipality agree.  
19 The resolution shall be filed with the county auditor.

20 NEW SUBSECTION. 9. For any fiscal year, a municipality  
21 may certify to the county auditor for foundation property tax  
22 revenue of a school district necessary for payment of  
23 principal and interest on obligations incurred prior to July  
24 1, 2004, only if the municipality certified for such revenue  
25 on or before May 15, 2003. For purposes of this subsection, a  
26 municipality may certify for such revenue with respect to  
27 obligations which, on the effective date of this Act, had been  
28 authorized to be issued or incurred. A municipality shall not  
29 certify to the county auditor for a school district more than  
30 the amount the municipality certified on or before May 15,  
31 2003. If for any fiscal year a municipality fails to certify  
32 to the county auditor for a school district by July 1 the  
33 amount of foundation property tax revenue of a school district  
34 necessary for payment of principal and interest on such  
35 obligations, as provided in subsection 2, the school district

1 is not required to pay over the revenue to the municipality.  
2 The county auditor shall immediately certify to the school  
3 district the amount of such levy that is necessary to pay the  
4 principal and interest on obligations incurred by the  
5 municipality to finance an urban renewal project, which  
6 obligations were incurred prior to July 1, 2004. Indebtedness  
7 incurred to refund bonds issued prior to July 1, 2004, shall  
8 not be included in the certification. Such school district  
9 shall pay over the amount certified by November 1 and May 1 of  
10 the fiscal year following certification to the school  
11 district.

12 If a school district and a municipality are unable to agree  
13 on the amount of foundation property tax revenue of a school  
14 district certified by the municipality for the fiscal year  
15 beginning July 1, 2004, either party may request that the  
16 state appeal board review and finally pass upon the amount  
17 that may be certified. Such appeals must be presented in  
18 writing to the state appeal board no later than July 31  
19 following certification. The burden shall be on the  
20 municipality to prove that the foundation property tax levy  
21 revenue is necessary to pay principal and interest on  
22 obligations incurred prior to July 1, 2004. A final decision  
23 must be issued by the state appeal board no later than the  
24 following October 1.

25 NEW SUBSECTION. 10. If an urban renewal plan is amended  
26 and the amendment to the plan provides for the addition of  
27 territory to the urban renewal area, the assessment year for  
28 the territory added for purposes of dividing revenue under  
29 this section shall be the assessment year beginning January 1  
30 of the calendar year preceding the calendar year in which the  
31 municipality adopted the amendment.

32 NEW SUBSECTION. 11. When all loans, advances,  
33 indebtedness, and bonds, if any, and interest thereon, have  
34 been paid, revenues from taxes levied on taxable property in  
35 an urban renewal area shall not be divided pursuant to this

1 section and shall not be deposited in a special fund under  
2 subsection 2.

3 NEW SUBSECTION. 12. On or after July 1, 2003, a  
4 municipality shall not enter into a written agreement, or  
5 shall not extend or renew an existing agreement, to use  
6 revenues paid into the special fund in subsection 2 to  
7 suspend, abate, exempt, rebate, refund, or reimburse property  
8 taxes, or to provide a grant for property taxes paid, in an  
9 urban renewal area if the property taxes are imposed against  
10 retail property. For the purposes of this subsection, "retail  
11 property" means property that is assessed as commercial  
12 property for property tax purposes and from which is sold at  
13 retail tangible goods, wares, or merchandise on the premises  
14 to the general public, which are subject to the state sales  
15 tax, but shall not include property on which the sales of  
16 retail tangible goods, wares, or merchandise constitutes a use  
17 of less than fifty percent of the structures on the property.

18 Sec. 15. NEW SECTION. 403.19A DEBT LIMITATION FOR URBAN  
19 RENEWAL AREAS.

20 1. For fiscal years beginning on or after July 1, 2003,  
21 the total amount of loans, advances, indebtedness, and bonds  
22 payable from the special fund of a municipality established in  
23 section 403.19, subsection 2, in all urban renewal areas  
24 designated by a municipality shall not exceed, in any year, an  
25 amount equal to five percent of the total assessed value of  
26 the taxable property in the municipality.

27 2. If the total amount of loans, advances, indebtedness,  
28 and bonds issued or incurred for projects in all urban renewal  
29 areas designated by a municipality and payable from the  
30 special fund of a municipality established in section 403.19,  
31 subsection 2, which loans, advances, indebtedness, and bonds  
32 are outstanding on the effective date of this Act, exceeds the  
33 limitation in subsection 1, the municipality may continue to  
34 allocate moneys from the special fund to pay such loans,  
35 advances, indebtedness, and bonds, and also to pay loans,

1 advances, indebtedness, and bonds which had been authorized to  
2 be issued or incurred prior to the effective date of this Act.  
3 However, the municipality shall not issue or incur loans,  
4 advances, indebtedness, or bonds payable from the special fund  
5 on or after the effective date of this Act for urban renewal  
6 purposes unless the amount of such loans, advances,  
7 indebtedness, or bonds when combined with the amount of loans,  
8 advances, indebtedness, or bonds issued or incurred before the  
9 effective date of this Act, meets the limitation established  
10 in subsection 1.

11 3. For fiscal years beginning on or after July 1, 2003, a  
12 city may exceed the debt limitation in this section only if  
13 the proposed plan or proposed amendment that will result in  
14 the debt limitation being exceeded is approved by resolution  
15 of the board of supervisors of each affected taxing entity  
16 that is a county within thirty days of the conclusion of the  
17 consultation process in section 403.5, subsection 2. If a  
18 resolution approving the proposed urban renewal plan or the  
19 proposed amendment to an urban renewal plan that would result  
20 in exceeding the debt limitation is received from each county  
21 that is an affected taxing entity, or if the board of  
22 supervisors of each county that is an affected taxing entity  
23 takes no action within the thirty-day time period, the  
24 governing body of the city may proceed with the proposed plan  
25 or proposed amendment. The resolution approving the proposed  
26 plan or amendment shall remain in effect for the life of the  
27 plan or project, whichever is applicable. If one or more  
28 resolutions rejecting the proposed plan or proposed amendment  
29 is received, the city shall not proceed with the proposed plan  
30 or amendment. However, the city may proceed with the proposed  
31 plan or amendment but the county portion of the levy shall not  
32 be divided and paid into the special fund of the city pursuant  
33 to section 403.19, subsection 2, for purposes of funding a  
34 project proposed under the plan or amendment.

35 4. For purposes of this section, an urban renewal area of

1 a city includes urban renewal areas established by the city in  
2 the area of operation of the city and an urban renewal area of  
3 a county includes urban renewal areas established by a county  
4 in the area of operation of the county. For purposes of this  
5 section, the total assessed value of the taxable property in a  
6 city includes only the assessed value of the taxable property  
7 within the corporate limits of the city regardless of where  
8 the urban renewal area established by the city is located.  
9 For purposes of this section, "assessed value" means the  
10 valuations determined by the assessor before application of  
11 any assessment limitations in section 441.21.

12 Sec. 16. Section 403.20, Code 2003, is repealed.

13 Sec. 17. EFFECTIVE AND APPLICABILITY DATE. This Act,  
14 being deemed of immediate importance, takes effect upon  
15 enactment and applies to urban renewal areas and urban renewal  
16 projects established, and urban renewal plans adopted, before,  
17 on, or after the effective date.

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**HOUSE FILE 686**

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**S-3377**

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1 Amend House File 686, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 7, line 11, by inserting after the word  
4 "However," the following: "taxes for an instructional  
5 support program approved pursuant to section 257.18,".

**By MIKE CONNOLLY**

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**S-3377 FILED MAY 1, 2003**

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## HOUSE FILE 686

S-5150

1 Amend House File 686, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 11.6, subsection 1, paragraph  
6 a, unnumbered paragraph 1, Code 2003, is amended to  
7 read as follows:

8 The financial condition and transactions of all  
9 cities and city offices, counties, county hospitals  
10 organized under chapters 347 and 347A, memorial  
11 hospitals organized under chapter 37, entities  
12 organized under chapter 28E having gross receipts in  
13 excess of one hundred thousand dollars in a fiscal  
14 year, merged areas, area education agencies, and all  
15 school offices in school districts, shall be examined  
16 at least once each year, except that cities having a  
17 population of seven hundred or more but less than two  
18 thousand shall be examined at least once every four  
19 years, and cities having a population of less than  
20 seven hundred may be examined as otherwise provided in  
21 this section. However, a city having a population of  
22 less than two thousand shall be examined every other  
23 year for fiscal years ending on or after June 30,  
24 2004, if, pursuant to an urban renewal plan adopted by  
25 the city, the city had taxable valuation described in  
26 section 403.19, subsection 2, of one million or more  
27 dollars in one or both of the fiscal years.

28 PARAGRAPH DIVIDED. The examination shall cover the  
29 fiscal year next preceding the year in which the audit  
30 is conducted. The examination of school offices shall  
31 include an audit of all school funds, the certified  
32 annual financial report, and the certified enrollment  
33 as provided in section 257.6. Differences in  
34 certified enrollment shall be reported to the  
35 department of management.

36 Sec. 2. Section 331.434, subsection 1, Code 2003,  
37 is amended by adding the following new unnumbered  
38 paragraph:

39 NEW UNNUMBERED PARAGRAPH. A budget shall include a  
40 statement containing all of the following:

41 The amounts certified by the county to the county  
42 auditor pursuant to section 403.19, subsection 5, for  
43 the following fiscal year.

44 A listing of urban renewal projects for which such  
45 amounts were certified and the amounts to be expended  
46 on each project.

47 Notification that the annual urban renewal report  
48 completed pursuant to section 403.23 is available for  
49 public inspection and reproduction at the county  
50 auditor's office.

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1 Sec. 3. Section 384.16, subsection 1, Code 2003,  
2 is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. A budget shall include a  
5 statement containing all of the following:

6 The amounts certified by the city to the county  
7 auditor pursuant to section 403.19, subsection 5, for  
8 the following fiscal year.

9 A listing of urban renewal projects for which such  
10 amounts were certified and the amounts to be expended  
11 on each project.

12 Notification that the annual urban renewal report  
13 completed pursuant to section 403.23 is available for  
14 public inspection and reproduction at the county  
15 auditor's office.

16 Sec. 4. NEW SECTION. 403.3A MUNICIPAL TAX  
17 INCREMENT FINANCING POLICY.

18 1. Except as otherwise provided in subsection 2,  
19 before a municipality adopts an urban renewal plan, a  
20 municipality shall adopt a tax increment financing  
21 policy. The policy shall describe the municipality's  
22 plan for using revenue generated from a division of  
23 revenue under section 403.19 for property located in  
24 the area of operation of the municipality designated  
25 as an urban renewal area. The policy shall contain,  
26 but not be limited to, the following:

27 a. The designation of the urban renewal area and  
28 the type of urban renewal projects for which the  
29 municipality may pay revenues from the special fund in  
30 section 403.19, subsection 2.

31 b. When an affected taxing entity will be  
32 consulted, including when an urban renewal project is  
33 identified and before revenue is obligated from the  
34 special fund in section 403.19, subsection 2, to  
35 finance the urban renewal project.

36 c. The geographic areas or the maximum amount of  
37 taxable valuation associated with property for which a  
38 division of revenue under section 403.19 may be  
39 provided.

40 d. The circumstances under which tax revenues will  
41 not be divided pursuant to section 403.19, and will  
42 not be allocated to the special fund under section  
43 403.19, subsection 2, and the circumstances under  
44 which tax revenues will be paid into the funds for the  
45 respective taxing districts in the same manner as  
46 taxes on all other property.

47 e. All available public financing mechanisms for  
48 urban renewal projects.

49 f. Restrictions the municipality will place on  
50 urban renewal projects relating to a business which is

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1 or will be located in the area of operation of a  
2 municipality if the business has closed or reduced its  
3 operation in one area of the state and relocated  
4 substantially the same operation into the area of  
5 operation of the municipality.

6 g. Goals related to returns on investment for each  
7 urban renewal project.

8 h. Job creation and capital investment  
9 requirements associated with each urban renewal  
10 project for which revenues may be obligated from the  
11 special fund in section 403.19, subsection 2.

12 2. a. If a municipality does not have an urban  
13 renewal plan in effect on the effective date of this  
14 Act, the municipality shall not adopt an urban renewal  
15 plan until a tax increment financing policy has been  
16 adopted for the area of operation of the municipality.

17 b. If a municipality has an urban renewal plan in  
18 effect on the effective date of this Act, the  
19 municipality shall not, on or after January 1, 2005,  
20 adopt another urban renewal plan, amend an urban  
21 renewal plan to pledge revenues pursuant to a written  
22 agreement for payment of new obligations payable from  
23 the special fund in section 403.19, subsection 2,  
24 unless the municipality has adopted a tax increment  
25 financing policy for the area of operation of the  
26 municipality.

27 c. A municipality and its representatives shall  
28 act consistently with the municipality's tax increment  
29 financing policy when applying this chapter.

30 3. a. A municipality shall mail a proposed tax  
31 increment financing policy by regular mail to the  
32 affected taxing entities no later than thirty-five  
33 days prior to adoption of a tax increment financing  
34 policy or an amendment to such a policy. The  
35 municipality shall include with the proposed policy  
36 notification of a consultation to be held between the  
37 municipality and the affected taxing entities prior to  
38 final adoption of the policy. Each affected taxing  
39 entity may appoint a representative to attend the  
40 consultation. The municipality and the affected  
41 taxing entities shall negotiate in good faith to reach  
42 an agreement on the policy. The affected taxing  
43 entity may make written recommendations for  
44 modification to the proposed policy no later than  
45 fourteen days following the date of the consultation.  
46 The municipality shall submit a written response to  
47 the affected taxing entity addressing the  
48 recommendations for modification to the proposed  
49 policy.

50 b. After reaching an agreement with the

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1 municipality on the policy, the proposed policy may be  
2 approved in final form by a resolution adopted by the  
3 governing board of the affected taxing entity within  
4 thirty days of receiving a copy of the proposed  
5 policy. If a resolution approving the proposed policy  
6 is received from each affected taxing entity, the  
7 governing body of the municipality may proceed to  
8 adopt the proposed policy.

9 c. If the municipality and the affected taxing  
10 entity are unable to reach an agreement after  
11 negotiating in good faith, or if one or more  
12 resolutions rejecting the proposed policy is received,  
13 or if the governing board of an affected taxing entity  
14 takes no action, the municipality may adopt the  
15 proposed policy after conducting a public hearing held  
16 pursuant to this paragraph. The municipality shall  
17 provide notice of the public hearing to the appointed  
18 representative of each affected taxing entity. The  
19 municipality shall also provide notice of the public  
20 hearing in a newspaper of general circulation in the  
21 area of operation of the municipality meeting the  
22 requirements of section 618.14, not less than four nor  
23 more than twenty days prior to the public hearing.  
24 The notice shall include but not be limited to the  
25 date, time, and place of hearing, the availability of  
26 an opportunity to provide comment on the proposed tax  
27 increment financing policy, and where the general  
28 public may obtain a copy of the proposed policy and  
29 where the policy, or a summary of the policy, will be  
30 posted for public viewing.

31 4. Any amendments to a tax increment financing  
32 policy shall be adopted by the same procedure as the  
33 original policy as described in this section.

34 5. For purposes of this section only, "affected  
35 taxing entity" means a county or school district if  
36 the municipality is a city, and a school district if  
37 the municipality is a county.

38 Sec. 5. Section 403.5, subsection 4, paragraph b,  
39 subparagraph (1), subparagraph subdivision (b), Code  
40 2003, is amended to read as follows:

41 (b) That conditions of slum or blight in the  
42 municipality and the shortage of decent, safe and  
43 sanitary housing cause or contribute to an increase in  
44 and spread of disease and crime, so as to constitute a  
45 menace to the public health, safety, morals, or  
46 welfare.

47 Sec. 6. Section 403.5, subsections 5 and 6, Code  
48 2003, are amended to read as follows:

49 5. An urban renewal plan may be modified amended  
50 at any time: Provided, that if modified amended after

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1 the lease or sale by the municipality of real property  
2 in the urban renewal project area, such ~~modification~~  
3 amendment may be conditioned upon such approval of the  
4 owner, lessee, or successor in interest as the  
5 municipality may deem advisable, and in any event such  
6 ~~modification~~ amendment shall be subject to such rights  
7 at law or in equity as a lessee or purchaser, or a  
8 lessee's or purchaser's successor or successors in  
9 interest, may be entitled to assert.

10 PARAGRAPH DIVIDED. The Territory may be added to,  
11 or severed from, an urban renewal area only by an  
12 amendment to the urban renewal plan. When amending an  
13 urban renewal plan, the municipality shall comply with  
14 the notification and consultation process provided in  
15 this section prior to the approval of any amendment or  
16 modification to an adopted urban renewal plan if such  
17 amendment or-modification provides for refunding bonds  
18 or refinancing resulting in an increase in debt  
19 service or provides for the issuance of bonds or other  
20 indebtedness, to be funded primarily in the manner  
21 provided in section 403.19, or if such amendment  
22 proposes to add territory to an urban renewal area or  
23 proposes to sever territory from an urban renewal  
24 area.

25 6. Upon the approval by a municipality of an urban  
26 renewal plan or of any ~~modification-thereof~~ amendment  
27 to an urban renewal plan, such plan or modification  
28 amendment shall be deemed to be in full force and  
29 effect for the respective urban renewal area, and the  
30 municipality may then cause such plan or modification  
31 amendment to be carried out in accordance with its  
32 terms. No later than fourteen days before the  
33 governing body of the municipality takes action on a  
34 proposed project, the municipality shall notify  
35 affected taxing entities of the proposed project and  
36 the amount of tax increment financing the project is  
37 estimated to receive.

38 Sec. 7. Section 403.5, Code 2003, is amended by  
39 adding the following new subsections:

40 NEW SUBSECTION. 8. An urban renewal area  
41 designated as a slum or blighted area and established  
42 before the effective date of this Act is limited to  
43 twenty years in duration counting from the effective  
44 date of this Act. An urban renewal area designated as  
45 a slum or blighted area established on or after the  
46 effective date of this Act is limited in duration to  
47 twenty years counting from July 1 of the first fiscal  
48 year in which the municipality receives moneys from a  
49 division of revenue pursuant to section 403.19. An  
50 amendment to an urban renewal plan shall not result in

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1 an extension of the durational limitation imposed in  
2 this subsection.

3 NEW SUBSECTION. 9. An urban renewal area  
4 designated as an economic development area shall be  
5 limited in duration to twenty years counting from July  
6 1 of the first fiscal year in which the municipality  
7 receives moneys from a division of revenue pursuant to  
8 section 403.19. An amendment to an urban renewal plan  
9 shall not result in an extension of the durational  
10 limitation imposed in this subsection.

11 Sec. 8. Section 403.6, subsection 6, unnumbered  
12 paragraph 1, Code Supplement 2003, is amended to read  
13 as follows:

14 Within its area of operation, to make or have made  
15 all surveys and planning necessary to the carrying out  
16 of the purposes of this chapter, and to contract with  
17 any person in making and carrying out of such  
18 planning, and to adopt or approve, ~~modify~~ and amend  
19 such planning. Such planning may include, without  
20 limitation:

21 Sec. 9. Section 403.6, subsection 6, paragraph b,  
22 Code Supplement 2003, is amended to read as follows:

23 b. Urban renewal plans adopted, or amended,  
24 pursuant to the requirements of section 403.5;

25 Sec. 10. Section 403.6, subsection 12, Code  
26 Supplement 2003, is amended to read as follows:

27 12. To approve and amend urban renewal plans,  
28 subject to the requirements of section 403.5.

29 Sec. 11. Section 403.14, subsection 2, paragraph  
30 b, Code 2003, is amended to read as follows:

31 b. The power to approve urban renewal plans and  
32 modifications amendments thereof;

33 Sec. 12. Section 403.17, subsection 10, Code 2003,  
34 is amended to read as follows:

35 10. "Economic development area" means an area of a  
36 municipality designated by the local governing body as  
37 appropriate for commercial and industrial enterprises,  
38 public improvements related to housing and residential  
39 development, or construction of housing and  
40 residential development for low and moderate income  
41 families, including single or multifamily housing. ~~if~~  
42 ~~an-urban-renewal-plan-for-an-urban-renewal-area-is~~  
43 ~~based-upon-a-finding-that-the-area-is-an-economic~~  
44 ~~development-area-and-that-no-part-contains-slum-or~~  
45 ~~blighted-conditions,-then-the-division-of-revenue~~  
46 ~~provided-in-section-403.19-and-stated-in-the-plan~~  
47 ~~shall-be-limited-to-twenty-years-from-the-calendar~~  
48 ~~year-following-the-calendar-year-in-which-the~~  
49 ~~municipality-first-certifies-to-the-county-auditor-the~~  
50 ~~amount-of-any-loans,-advances,-indebtedness,-or-bonds~~

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~~1 which-qualify-for-payment-from-the-division-of-revenue~~  
~~2 provided-in-section-403-19-~~ Such designated area  
3 shall not include agricultural land, including land  
4 which is part of a century farm, unless the owner of  
5 the agricultural land or century farm agrees to  
6 include the agricultural land or century farm in the  
7 urban renewal area. For the purposes of this  
8 subsection, "century farm" means a farm in which at  
9 least forty acres of such farm have been held in  
10 continuous ownership by the same family for one  
11 hundred years or more.

12 Sec. 13. Section 403.17, Code 2003, is amended by  
13 adding the following new subsection:

14 NEW SUBSECTION. 12A. "Indebtedness" includes, but  
15 is not limited to, a written agreement to suspend,  
16 abate, exempt, rebate, refund, or reimburse property  
17 taxes or to provide a grant for property taxes paid.

18 Sec. 14. Section 403.17, subsection 25, Code 2003,  
19 is amended by adding the following new unnumbered  
20 paragraph:

21 NEW UNNUMBERED PARAGRAPH. An urban renewal project  
22 located in an urban renewal area designated as an  
23 economic development area shall not include the  
24 construction, expansion, or maintenance of a  
25 government building, including, but not limited to, a  
26 city hall, city or county offices, fire station, law  
27 enforcement building, city or county administration  
28 building, prison, jail, correctional institution, road  
29 maintenance building or storage facility, library, or  
30 community center.

31 Sec. 15. Section 403.19, subsection 1, paragraph  
32 b, Code 2003, is amended to read as follows:

33 b. For the purpose of allocating taxes levied by  
34 or for any taxing district which did not include the  
35 territory in an urban renewal area on the effective  
36 date of the ordinance or initial adoption of the plan,  
37 but to which the territory has been annexed or  
38 otherwise included after the effective date, the  
39 assessment roll applicable to property in the annexed  
40 territory as of January 1 of the calendar year  
41 preceding the effective date of the amendment of the  
42 ordinance, which amends the plan to include the  
43 annexed area, shall be used in determining the  
44 assessed valuation of the taxable property in the  
45 annexed area.

46 Sec. 16. Section 403.19, subsection 2, Code 2003,  
47 is amended to read as follows:

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

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1 municipality to pay the principal of and interest on  
2 loans, moneys advanced to, or indebtedness, whether  
3 funded, refunded, assumed, or otherwise, including  
4 bonds issued under the authority of section 403.9,  
5 subsection 1, incurred by the municipality to finance  
6 or refinance, in whole or in part, an urban renewal  
7 project within the area, and to provide assistance for  
8 low and moderate income family housing as provided in  
9 section 403.22, ~~except that.~~ However, taxes for the  
10 regular and voter-approved physical plant and  
11 equipment levy of a school district imposed pursuant  
12 to section 298.2, and taxes for the payment of bonds  
13 and interest of each taxing district must, and the  
14 foundation property tax imposed pursuant to section  
15 257.3, subsection 1, but only as provided in  
16 subsection 8, shall be collected against all taxable  
17 property within the taxing district without limitation  
18 by the provisions of this subsection. However In  
19 addition, all or a portion of the taxes for the  
20 physical plant and equipment levy shall be paid by the  
21 school district to the municipality if the auditor  
22 certifies to the school district by July 1 the amount  
23 of such levy that is necessary to pay the principal  
24 and interest on bonds issued by the municipality to  
25 finance an urban renewal project, which bonds were  
26 issued before July 1, 2001. Indebtedness incurred to  
27 refund bonds issued prior to July 1, 2001, shall not  
28 be included in the certification. Such school  
29 district shall pay over the amount certified by  
30 November 1 and May 1 of the fiscal year following  
31 certification to the school district. Unless and  
32 until the total assessed valuation of the taxable  
33 property in an urban renewal area exceeds the total  
34 assessed value of the taxable property in such area as  
35 shown by the last equalized assessment roll referred  
36 to in subsection 1, all of the taxes levied and  
37 collected upon the taxable property in the urban  
38 renewal area shall be paid into the funds for the  
39 respective taxing districts as taxes by or for the  
40 taxing districts in the same manner as all other  
41 property taxes. ~~When such loans, advances,~~  
42 ~~indebtedness, and bonds, if any, and interest thereon,~~  
43 ~~have been paid, all moneys thereafter received from~~  
44 ~~taxes upon the taxable property in such urban renewal~~  
45 ~~area shall be paid into the funds for the respective~~  
46 ~~taxing districts in the same manner as taxes on all~~  
47 ~~other property.~~

48 Sec. 17. Section 403.19, Code 2003, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 3A. When all loans, advances,

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1 indebtedness, and bonds, if any, and interest thereon,  
2 have been paid, revenues from taxes levied on taxable  
3 property in an urban renewal area shall not be divided  
4 pursuant to this section and shall not be deposited in  
5 the special fund under subsection 2, but shall be paid  
6 to the respective taxing districts in the same manner  
7 as taxes on all other property.

8 Sec. 18. Section 403.19, subsection 5, Code 2003,  
9 is amended to read as follows:

10 5. A municipality shall certify to the county  
11 auditor on or before December 1 of each year the  
12 amount of loans, advances, indebtedness, or bonds  
13 which qualify for payment during the fiscal year  
14 beginning in the following calendar year from the  
15 special fund referred to in subsection 2, and the  
16 filing of the certificate shall make it a duty of the  
17 auditor to provide for the division of taxes in each  
18 subsequent the amount certified for the fiscal year  
19 ~~until the amount of the loans, advances, indebtedness,~~  
20 ~~or bonds is paid to the special fund~~ beginning in the  
21 following calendar year. The municipality shall  
22 include in the certification the total amount, as of  
23 December 1, of loans, advances, indebtedness, or bonds  
24 which qualifies for payment from the special fund.  
25 The municipality shall not include in the  
26 certification any amount that is not pledged to be  
27 paid under subsection 3, pursuant to a written  
28 agreement, for a specific urban renewal project. In  
29 any year, the county auditor shall, upon receipt of a  
30 certified request from a municipality filed on or  
31 before December 1, increase the amount to be allocated  
32 under subsection 1 in order to reduce the amount to be  
33 allocated in the following fiscal year to the special  
34 fund, to the extent that the municipality does not  
35 request allocation to the special fund of the full  
36 portion of taxes which could be collected and to the  
37 extent that the request is consistent with the amount  
38 certified for the fiscal year. Upon receipt of a  
39 certificate from a municipality, the auditor shall  
40 mail a copy of the certificate to each affected taxing  
41 district.

42 Sec. 19. Section 403.19, Code 2003, is amended by  
43 adding the following new subsection:

44 NEW SUBSECTION. 8. For urban renewal plans  
45 adopted on or after the effective date of this Act,  
46 taxes collected under subsection 2 shall not include  
47 the foundation property tax imposed pursuant to  
48 section 257.3, subsection 1.

49 For urban renewal plans adopted before the  
50 effective date of this Act, taxes collected under

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1 subsection 2 shall not include the foundation property  
2 tax imposed pursuant to section 257.3, subsection 1,  
3 for fiscal years beginning on or after July 1, 2014.

4 Sec. 20. Section 403.20, Code Supplement 2003, is  
5 amended to read as follows:

6 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN  
7 VALUE ASSESSMENT.

8 1. In Except as otherwise provided in subsection  
9 2, in determining the assessed value of property  
10 within an urban renewal area which is subject to a  
11 division of tax revenues pursuant to section 403.19,  
12 the difference between the actual value of the  
13 property as determined by the assessor each year and  
14 the percentage of adjustment certified for that year  
15 by the director of revenue on or before November 1  
16 pursuant to section 441.21, subsection 9, multiplied  
17 by the actual value of the property as determined by  
18 the assessor, shall be subtracted from the actual  
19 value of the property as determined pursuant to  
20 section 403.19, subsection 1. If the assessed value  
21 of the property as determined pursuant to section  
22 403.19, subsection 1, is reduced to zero, the  
23 additional valuation reduction shall be subtracted  
24 from the actual value of the property as determined by  
25 the assessor.

26 2. This subsection applies to urban renewal areas  
27 established pursuant to an urban renewal plan adopted  
28 on or after July 1, 2005, and any amendments thereto,  
29 and to territory amended into an urban renewal area  
30 established pursuant to an urban renewal plan adopted  
31 before July 1, 2005, if such amendment adding  
32 territory was adopted on or after July 1, 2005. In  
33 determining the assessed value of property within an  
34 urban renewal area which is subject to a division of  
35 tax revenues pursuant to section 403.19, the  
36 difference between the actual value of the property as  
37 determined by the assessor each year and the  
38 percentage of adjustment certified for that year by  
39 the director of revenue on or before November 1  
40 pursuant to section 441.21, subsection 9, multiplied  
41 by the actual value of the property as determined by  
42 the assessor, shall be subtracted from the actual  
43 value of the property in the ratio that the amount of  
44 the property value as determined pursuant to section  
45 403.19, subsection 1, bears to the total value of the  
46 property, and in the ratio that the amount of the  
47 property value as determined in section 403.19,  
48 subsection 2, bears to the total value of the  
49 property. If the assessed value of the property as  
50 determined pursuant to section 403.19, subsection 1,

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1 is reduced to zero, the additional valuation reduction  
2 shall be subtracted from the actual value of the  
3 property as determined in section 403.19, subsection  
4 2.

5 Sec. 21. Section 403.23, subsection 1, Code  
6 Supplement 2003, is amended by striking the subsection  
7 and inserting in lieu thereof the following:

8 1. On or before December 1 of each calendar year,  
9 the municipality shall submit a financial report  
10 containing the information required in section 403.15,  
11 subsection 5, for the most recently ended fiscal year  
12 to the department of management and to the county  
13 auditor of the county in which the municipality is  
14 located. In addition to the information contained in  
15 the report, the municipality shall provide the  
16 following information annually to the department and  
17 to the county auditor for the most recently ended  
18 fiscal year:

19 a. A description of each urban renewal area  
20 including but not limited to the following:

21 (1) Whether a tax increment financing policy has  
22 been adopted for the municipality as required by  
23 section 403.3A, and whether an urban renewal policy  
24 has been adopted for the municipality and the date  
25 each such policy was finally adopted by the governing  
26 body of the municipality.

27 (2) The geographical location of the urban renewal  
28 area, the school district in which the urban renewal  
29 area is located, and the size, in acres, of the urban  
30 renewal area.

31 (3) The designation under which the urban renewal  
32 area was established.

33 (4) The establishment date of the urban renewal  
34 area and the date that the urban renewal area, or the  
35 plan for the area, is set to expire.

36 (5) The fiscal year that revenues were first  
37 divided under section 403.19.

38 (6) A summary of any amendments to the urban  
39 renewal plan which amendments were adopted during the  
40 fiscal year for which the report is being prepared.

41 b. A listing and description of each urban renewal  
42 project within each urban renewal area. The  
43 description shall include but not be limited to the  
44 following:

45 (1) A list of the projects that involve  
46 construction of, or improvements to, low and moderate  
47 income housing and the amount of incremental funding  
48 expended for such projects in the fiscal year for  
49 which the report is being prepared.

50 (2) The date that the municipality first certified

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1 to the county auditor the amount of any loans,  
2 advances, indebtedness, or bonds which qualifies for  
3 payment from the division of revenue provided in  
4 section 403.19 for the urban renewal project.

5 (3) A description of the use for the incremental  
6 funding expended for the project in the fiscal year  
7 for which the report is being prepared.

8 (4) The type, duration, total amount, and payment  
9 schedule of obligations pledged under section 403.19,  
10 subsection 3, pursuant to a written agreement, for the  
11 fiscal year for which the report is being prepared and  
12 the retirement date for those obligations.

13 (5) The amount of revenue allocated and paid  
14 pursuant to section 403.19, subsection 2, that will be  
15 used to satisfy the obligations pledged under section  
16 403.19, subsection 3, pursuant to a written agreement,  
17 for the fiscal year commencing the following July 1.

18 (6) The total amount of the obligation for payment  
19 on loans, advances, bonds issued under the authority  
20 of section 403.9, subsection 1, or section 403.12,  
21 subsection 5, or indebtedness incurred by a  
22 municipality to finance or refinance, in whole or in  
23 part, the urban renewal project within the area for  
24 the fiscal year for which the report is being  
25 prepared.

26 (7) The number of jobs retained, new jobs created,  
27 and the total payroll for jobs retained and created  
28 for each urban renewal project in the fiscal year for  
29 which the report is being prepared.

30 (8) The amount of new capital investment in the  
31 urban renewal area for each urban renewal project in  
32 the fiscal year for which the report is being  
33 prepared.

34 c. For each urban renewal area, the following:

35 (1) The total amount of assessed valuation of  
36 taxable property located in the urban renewal area for  
37 the assessment year beginning January 1 of the  
38 calendar year prior to the calendar year in which the  
39 most recently ended fiscal year commences.

40 (2) The base valuation of the urban renewal area  
41 in the assessment year that the base valuation was  
42 established and designated pursuant to section 403.19,  
43 subsection 1, for purposes of dividing revenue.

44 (3) The base valuation and the incremental  
45 valuation for the assessment year beginning January 1  
46 of the calendar year prior to the calendar year in  
47 which the most recently ended fiscal year commences  
48 and the portion of those valuations that are  
49 classified as residential property.

50 (4) The portion of incremental valuation used for

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1 urban renewal purposes and the portion released to the  
2 respective taxing districts for the fiscal year for  
3 which the report is being prepared.

4 (5) The amount of revenue allocated and paid  
5 pursuant to a division of revenue under section  
6 403.19, subsections 1 and 2, for each urban renewal  
7 area for the fiscal year for which the report is being  
8 prepared.

9 (6) The amount of total revenue allocated and paid  
10 pursuant to section 403.19, subsection 2, which has  
11 been irrevocably pledged pursuant to section 403.19,  
12 subsection 3, including, but not limited to, the  
13 amount pledged for the payment of bonds issued under  
14 the authority of section 403.9, subsection 1, and  
15 section 403.12, subsection 5, for each urban renewal  
16 area for the fiscal year for which the report is being  
17 prepared.

18 (7) The total amount of revenue that was collected  
19 pursuant to section 403.19, subsection 2, and paid  
20 into the funds for the respective taxing districts in  
21 the same manner as taxes on all other property for the  
22 fiscal year for which the report is being prepared.

23 (8) The total amount of revenue held in reserve or  
24 sinking funds, or any such funds not required for  
25 immediate disbursement pursuant to section 403.6,  
26 subsection 4, for the fiscal year for which the report  
27 is being prepared and the planned use of such funds.

28 Sec. 22. Section 403.23, subsection 2, Code  
29 Supplement 2003, is amended to read as follows:

30 2. a. The department of management shall compile  
31 the information in the reports into one report for the  
32 entire state. The compilation shall include the  
33 population of the municipality and the county in which  
34 the municipality is located if the municipality is a  
35 city.

36 b. At the request of the legislative services  
37 agency, the department of management shall provide to  
38 the legislative services agency the compiled report,  
39 the individual reports submitted by each municipality,  
40 and such additional information to as requested by the  
41 legislative services agency. The department of  
42 management, in consultation with the legislative  
43 services agency, ~~shall-determine-reporting-criteria~~  
44 and shall prepare a form for reports filed with the  
45 department pursuant to this section. The department  
46 shall make the form available by electronic means.

47 Sec. 23. EFFECTIVE AND APPLICABILITY DATES. This  
48 Act, being deemed of immediate importance, takes  
49 effect upon enactment and applies to urban renewal  
50 areas and urban renewal projects established, and

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1 urban renewal plans adopted, before, on, or after the  
2 effective date of this Act."

By **BRYAN J. SIEVERS**

**S-5150 FILED MARCH 25, 2004**

Kramer, ch  
Kurtenbach  
Sands  
Wendt  
Hogg

Succeeded By  
SF 0686

HSB 313  
WAYS AND MEANS

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to urban renewal and tax increment financing and  
2 including effective and retroactive applicability date  
3 provisions.

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

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1 Section 1. Section 403.2, subsection 3, Code 2003, is  
2 amended to read as follows:

3 3. It is further found and declared that there exists in  
4 this state the continuing need for programs to alleviate and  
5 prevent conditions of unemployment ~~and-a-shortage-of-housing;~~  
6 and that it is accordingly necessary to assist and retain  
7 local industries and commercial enterprises to strengthen and  
8 revitalize the economy of this state and its municipalities;  
9 that accordingly it is necessary to provide means and methods  
10 for the encouragement and assistance of industrial and  
11 commercial enterprises in locating, purchasing, constructing,  
12 reconstructing, modernizing, improving, maintaining,  
13 repairing, furnishing, equipping, and expanding in this state  
14 and its municipalities, ~~for-the-provision-of-public~~  
15 ~~improvements-related-to-housing-and-residential-development,~~  
16 ~~and-for-the-construction-of-housing-for-low-and-moderate~~  
17 ~~income-families;~~ that accordingly it is necessary to authorize  
18 local governing bodies to designate areas of a municipality as  
19 economic development areas for commercial and industrial  
20 enterprises, ~~public-improvements-related-to-housing-and~~  
21 ~~residential-development, or-construction-of-housing-for-low~~  
22 ~~and-moderate-income-families;~~ and that it is also necessary to  
23 encourage the location and expansion of commercial enterprises  
24 to more conveniently provide needed services and facilities of  
25 the commercial enterprises to municipalities and the residents  
26 of the municipalities. Therefore, the powers granted in this  
27 chapter constitute the performance of essential public  
28 purposes for this state and its municipalities.

29 Sec. 2. Section 403.5, Code 2003, is amended by adding the  
30 following new subsection:

31 NEW SUBSECTION. 3A. Following the public hearing, an  
32 affected taxing entity may adopt a resolution approving or  
33 rejecting the proposed urban renewal plan. If an affected  
34 taxing entity adopts a resolution rejecting the proposed urban  
35 renewal plan, the municipality proposing the urban renewal



1 plan shall not proceed with the urban renewal plan and the  
2 taxes levied on taxable property shall not be divided under  
3 section 403.19.

4 Sec. 3. Section 403.5, subsection 4, unnumbered paragraph  
5 1, Code 2003, is amended to read as follows:

6 ~~Following-such~~ No sooner than thirty days after the public  
7 hearing, the local governing body may approve an urban renewal  
8 plan if it finds that:

9 Sec. 4. Section 403.5, subsection 4, paragraph b, Code  
10 2003, is amended to read as follows:

11 b. The urban renewal plan conforms to the general plan of  
12 the municipality as a whole; provided, that if the urban  
13 renewal area consists of an area of open land to be acquired  
14 by the municipality, such area shall not be so acquired  
15 except:

16 ~~(1)--If-it-is-to-be-developed-for-residential-uses, the~~  
17 ~~local-governing-body-shall-determine-that-a-shortage-of~~  
18 ~~housing-of-sound-standards-and-design-with-decency, safety-and~~  
19 ~~sanitation-exists-in-the-municipality, that-the-acquisition-of~~  
20 ~~the-area-for-residential-uses-is-an-integral-part-of-and~~  
21 ~~essential-to-the-program-of-the-municipality, and-that-one-or~~  
22 ~~more-of-the-following-conditions-exist:~~

23 ~~(a)--That-the-need-for-housing-accommodations-has-been-or~~  
24 ~~will-be-increased-as-a-result-of-the-clearance-of-slums-in~~  
25 ~~other-areas, including-other-portions-of-the-urban-renewal~~  
26 ~~area.~~

27 ~~(b)--That-conditions-of-blight-in-the-municipality-and-the~~  
28 ~~shortage-of-decent, safe-and-sanitary-housing-cause-or~~  
29 ~~contribute-to-an-increase-in-and-spread-of-disease-and-crime,~~  
30 ~~so-as-to-constitute-a-menace-to-the-public-health, safety,~~  
31 ~~morals, or-welfare.~~

32 ~~(c)--That-the-provision-of-public-improvements-related-to~~  
33 ~~housing-and-residential-development-will-encourage-housing-and~~  
34 ~~residential-development-which-is-necessary-to-encourage-the~~  
35 ~~retention-or-relocation-of-industrial-and-commercial~~

1 ~~enterprises-in-this-state-and-its-municipalities.~~

2 ~~(d)--The-acquisition-of-the-area-is-necessary-to-provide~~  
3 ~~for-the-construction-of-housing-for-low-and-moderate-income~~  
4 ~~families.~~

5 (2)--If if it is to be developed for nonresidential uses,  
6 the. The local governing body shall determine that such  
7 nonresidential uses are necessary and appropriate to  
8 facilitate the proper growth and development of the community  
9 in accordance with sound planning standards and local  
10 community objectives. The acquisition may require the  
11 exercise of governmental action, as provided in this chapter,  
12 because of defective or unusual conditions of title, diversity  
13 of ownership, tax delinquency, improper subdivisions, outmoded  
14 street patterns, deterioration of site, economic disuse,  
15 unsuitable topography or faulty lot layouts, or because of the  
16 need for the correlation of the area with other areas of a  
17 municipality by streets and modern traffic requirements, or  
18 any combination of such factors or other conditions which  
19 retard development of the area.

20 A municipality shall not condemn agricultural land included  
21 within an economic development area unless the owner of the  
22 agricultural land consents to condemnation or unless the  
23 agricultural land is to be acquired for industry as that term  
24 is defined in section 260E.2. This paragraph shall not apply  
25 to land necessary or useful for the operation of a city  
26 utility as defined in section 362.2, for the operation of a  
27 city franchise conferred the authority to condemn private  
28 property under section 364.2, or a combined utility system as  
29 defined in section 384.80.

30 Sec. 5. Section 403.15, subsection 2, Code 2003, is  
31 amended to read as follows:

32 2. If the urban renewal agency is authorized to transact  
33 business and exercise powers pursuant to this chapter, the  
34 mayor or chairperson of the board, as applicable, by and with  
35 the advice and consent of the local governing body, shall

1 appoint four members of a board of commissioners of the urban  
2 renewal agency, which board shall consist of five seven  
3 commissioners. ~~In cities having a population of more than one~~  
4 ~~hundred thousand, the city council may establish, by~~  
5 ~~ordinance, the number of commissioners at not less than five.~~  
6 The affected taxing entities, other than the municipality that  
7 has approved the urban renewal plan, shall appoint three  
8 members of the board of commissioners of the urban renewal  
9 agency. The term of office of each such commissioner shall be  
10 one year.

11 Sec. 6. Section 403.17, subsection 10, Code 2003, is  
12 amended to read as follows:

13 10. "Economic development area" means an area of a  
14 municipality designated by the local governing body as  
15 appropriate for commercial and industrial enterprises, ~~public~~  
16 ~~improvements related to housing and residential development,~~  
17 ~~or construction of housing and residential development for low~~  
18 ~~and moderate income families, including single or multifamily~~  
19 housing. If an urban renewal plan for an urban renewal area  
20 is based upon a finding that the area is an economic  
21 development area and that no part contains slum or blighted  
22 conditions, then the division of revenue provided in section  
23 403.19 and stated in the plan shall be limited to twenty years  
24 from the calendar year following the calendar year in which  
25 the municipality first certifies to the county auditor the  
26 amount of any loans, advances, indebtedness, or bonds which  
27 qualify for payment from the division of revenue provided in  
28 section 403.19. Such designated area shall not include  
29 agricultural land, including land which is part of a century  
30 farm, unless the owner of the agricultural land or century  
31 farm agrees to include the agricultural land or century farm  
32 in the urban renewal area. For the purposes of this  
33 subsection, "century farm" means a farm in which at least  
34 forty acres of such farm have been held in continuous  
35 ownership by the same family for one hundred years or more.

1     Sec. 7. Section 403.17, subsections 12 and 14, Code 2003,  
2 are amended by striking the subsections.

3     Sec. 8. Section 403.17, subsection 25, unnumbered  
4 paragraph 1, Code 2003, is amended to read as follows:

5     "Urban renewal project" may include undertakings and  
6 activities of a municipality in an urban renewal area for the  
7 elimination and for the prevention of the development or  
8 spread of slums and blight, may include the designation and  
9 development of an economic development area in an urban  
10 renewal area, and may involve slum clearance and redevelopment  
11 in an urban renewal area, or rehabilitation or conservation in  
12 an urban renewal area, or any combination or part thereof in  
13 accordance with an urban renewal program. The designation and  
14 development of an economic development area in an urban  
15 renewal area shall not include an undertaking or activity that  
16 would facilitate the relocation of a business from another  
17 location within the state unless the relocation is within the  
18 municipality that has designated the urban renewal area. The  
19 undertakings and activities may include:

20     Sec. 9. Section 403.17, subsection 25, Code 2003, is  
21 amended by adding the following new paragraphs:

22     NEW PARAGRAPH. i. If the area is designated as a slum or  
23 blighted area, public improvements related to housing and  
24 residential development for low-income and moderate-income  
25 families or construction of housing and residential  
26 development for low-income and moderate-income families,  
27 including single or multifamily housing.

28     NEW PARAGRAPH. j. Expenditure of proceeds of bonds issued  
29 before March 1, 2003, if the portion of taxes mentioned in  
30 section 403.19, subsection 2, and the special fund into which  
31 the proceeds will be paid are obligated or irrevocably pledged  
32 in accordance with an ordinance adopted under section 403.19  
33 before March 1, 2003, for public improvements related to  
34 housing and residential development or construction of housing  
35 and residential development for low-income and moderate-income

1 families.

2 Sec. 10. Section 403.19, subsection 1, paragraphs a and b,  
3 Code 2003, are amended to read as follows:

4 a. Unless otherwise provided in this section, that portion  
5 of the taxes which would be produced by the rate at which the  
6 tax is levied each year by or for each of the taxing districts  
7 upon the total sum of the assessed taxable value of the  
8 ~~taxable~~ property in the urban renewal area, as shown on the  
9 assessment roll as of January 1 of the calendar year preceding  
10 the first calendar year in which the municipality certifies to  
11 the county auditor the amount of loans, advances,  
12 indebtedness, or bonds payable from the division of property  
13 tax revenue, or on the assessment roll last equalized prior to  
14 the date of initial adoption of the urban renewal plan if the  
15 plan was adopted prior to July 1, 1972, shall be allocated to  
16 and when collected be paid into the fund for the respective  
17 taxing district as taxes by or for the taxing district into  
18 which all other property taxes are paid. However, the  
19 municipality may choose to divide that portion of the taxes  
20 which would be produced by levying the municipality's portion  
21 of the total tax rate levied by or for the municipality upon  
22 the total sum of the assessed taxable value of the ~~taxable~~  
23 property in the urban renewal area, as shown on the assessment  
24 roll as of January 1 of the calendar year preceding the  
25 effective date of the ordinance and if the municipality so  
26 chooses, an affected taxing entity may allow a municipality to  
27 divide that portion of the taxes which would be produced by  
28 levying the affected taxing district's portion of the total  
29 tax rate levied by or for the affected taxing entity upon the  
30 total sum of the assessed taxable value of the ~~taxable~~  
31 property in the urban renewal area, as shown on the assessment  
32 roll as of January 1 of the calendar year preceding the  
33 effective date of the ordinance. This choice to divide a  
34 portion of the taxes shall not be construed to change the  
35 effective date of the division of property tax revenue with

1 respect to an urban renewal plan in existence on July 1, 1994.

2 b. For the purpose of allocating taxes levied by or for  
3 any taxing district which did not include the territory in an  
4 urban renewal area on the effective date of the ordinance or  
5 initial adoption of the plan, but to which the territory has  
6 been annexed or otherwise included after the effective date,  
7 the assessment roll applicable to property in the annexed  
8 territory as of January 1 of the calendar year preceding the  
9 effective date of the ordinance, which amends the plan to  
10 include the annexed area, shall be used in determining the  
11 assessed taxable valuation of the ~~taxable~~ property in the  
12 annexed area.

13 Sec. 11. Section 403.19, subsection 2, Code 2003, is  
14 amended to read as follows:

15 2. That portion of the taxes each year in excess of such  
16 amount shall be allocated to and when collected be paid into a  
17 special fund of the municipality to pay the principal of and  
18 interest on loans, moneys advanced to, or indebtedness,  
19 whether funded, refunded, assumed, or otherwise, including  
20 bonds issued under the authority of section 403.9, subsection  
21 1, incurred by the municipality to finance or refinance, in  
22 whole or in part, an urban renewal project within the area,  
23 ~~and-to-provide-assistance-for-low-and-moderate-income-family~~  
24 ~~housing-as-provided-in-section-403-22,~~ except that taxes for  
25 the regular and voter-approved physical plant and equipment  
26 levy of a school district imposed pursuant to section 298.2,  
27 ~~and taxes for the payment of bonds and interest of each taxing~~  
28 ~~district, and for fiscal years beginning on or after July 1,~~  
29 2007, the foundation property tax imposed pursuant to section  
30 257.3, subsection 1, must be collected against all taxable  
31 property within the taxing district without limitation by the  
32 provisions of this subsection. However, all or a portion of  
33 the taxes for the physical plant and equipment levy shall be  
34 paid by the school district to the municipality if the auditor  
35 certifies to the school district by July 1 the amount of such

1 levy that is necessary to pay the principal and interest on  
2 bonds issued by the municipality to finance an urban renewal  
3 project, which bonds were issued before July 1, 2001.  
4 Indebtedness incurred to refund bonds issued prior to July 1,  
5 2001, shall not be included in the certification. Such school  
6 district shall pay over the amount certified by November 1 and  
7 May 1 of the fiscal year following certification to the school  
8 district. Unless and until the total assessed taxable  
9 valuation of the taxable property in an urban renewal area  
10 exceeds the total assessed taxable value of the taxable  
11 property in such area as shown by the last equalized  
12 assessment roll referred to in subsection 1, all of the taxes  
13 levied and collected upon the taxable property in the urban  
14 renewal area shall be paid into the funds for the respective  
15 taxing districts as taxes by or for the taxing districts in  
16 the same manner as all other property taxes. When such loans,  
17 advances, indebtedness, and bonds, if any, and interest  
18 thereon, have been paid, all moneys thereafter received from  
19 taxes upon the taxable property in such urban renewal area  
20 shall be paid into the funds for the respective taxing  
21 districts in the same manner as taxes on all other property.

22 Sec. 12. Section 403.19, subsection 3, Code 2003, is  
23 amended to read as follows:

24 3. a. The Except as provided in paragraphs "b" and "c",  
25 the portion of taxes mentioned in subsection 2 and the special  
26 fund into which they shall be paid, may be irrevocably pledged  
27 by a municipality for the payment of the principal and  
28 interest on loans, advances, bonds issued under the authority  
29 of section 403.9, subsection 1, or indebtedness incurred by a  
30 municipality to finance or refinance, in whole or in part, the  
31 urban renewal project within the area.

32 b. No portion of taxes mentioned in subsection 2 or the  
33 special fund into which they shall be paid may be irrevocably  
34 pledged under this subsection on or after March 1, 2003, under  
35 an ordinance adopted pursuant to this section before March 1,

1 2003, for an urban renewal project in an economic development  
2 area.

3 c. For ordinances adopted pursuant to this section on or  
4 after March 1, 2003, a municipality shall notify all affected  
5 taxing entities of its intent to irrevocably pledge the  
6 portion of taxes mentioned in subsection 2 and the special  
7 fund into which they shall be paid for any loans, moneys  
8 advanced to, or indebtedness, whether funded, refunded,  
9 assumed, or other otherwise, including bonds issued under the  
10 authority of section 403.9, subsection 1, to finance or  
11 refinance, in whole or in part, an urban renewal project in an  
12 economic development area. Each affected taxing entity shall  
13 adopt a resolution within sixty days of adoption of the  
14 ordinance approving or rejecting the proposed pledge. The  
15 resolution shall be filed with the county auditor within five  
16 days of adoption. The municipality shall not irrevocably  
17 pledge for the payment of the principal and interest on loans,  
18 advances, bonds issued under the authority of section 403.9,  
19 subsection 1, or indebtedness incurred by a municipality to  
20 finance or refinance, in whole or in part, the urban renewal  
21 project within the area until the county auditor has received  
22 resolutions from all affected taxing entities approving the  
23 proposed pledge.

24 Sec. 13. Section 403.19, Code 2003, is amended by adding  
25 the following new subsections:

26 NEW SUBSECTION. 9. Taxes levied on taxable property in an  
27 urban renewal area shall not be divided under this section if  
28 the area for which taxes are proposed to be divided plus the  
29 total area in the county for which taxes are divided would  
30 exceed an amount equal to one percent of the total acres in  
31 the county.

32 NEW SUBSECTION. 10. When all loans, advances,  
33 indebtedness, and bonds, if any, and interest thereon, have  
34 been paid, revenues from taxes levied on taxable property in  
35 an urban renewal area shall not be divided pursuant to this



1 section and shall not be deposited in a special fund under  
2 subsection 2, and the urban renewal area shall be dissolved.

3 NEW SUBSECTION. 11. The duration of a written agreement  
4 to suspend, abate, exempt, rebate, refund, or reimburse  
5 property taxes, or to provide a grant for property taxes paid,  
6 shall not exceed three years and is not subject to renewal.  
7 Effective for the fiscal year beginning July 1, 2005, and for  
8 all subsequent fiscal years, property tax revenues divided  
9 pursuant to this section and paid into the special fund in  
10 subsection 2 shall not be used by a municipality to suspend,  
11 abate, exempt, rebate, refund, or reimburse property taxes, or  
12 provide a grant for property taxes paid, in an urban renewal  
13 area if the property taxes are imposed against retail  
14 property. For the purposes of this subsection, "retail  
15 property" means property that is assessed as commercial  
16 property for property tax purposes and which sells goods or  
17 services to the general public.

18 NEW SUBSECTION. 12. A municipality that has adopted or  
19 approved an ordinance pursuant to this section after March 1,  
20 2003, but before the effective date of this Act shall not  
21 divide tax revenues pursuant to this section for the fiscal  
22 year beginning July 1, 2003, shall not issue bonds pursuant to  
23 its authority in section 403.9, shall not enter into an  
24 obligation or agreement for loans, advances, or other  
25 indebtedness for an urban renewal project, and shall not  
26 irrevocably pledge that portion of taxes mentioned in  
27 subsection 2 pursuant to subsection 3, on or after the  
28 effective date of this Act. If a municipality has acted in  
29 violation of this section, it shall remedy the violation by  
30 taking immediate action to pay the bonds in full, meet the  
31 obligations or agreements, and repeal the ordinance approving  
32 the division of taxes pursuant to this section.

33 Sec. 14. NEW SECTION. 403.24 PENALTIES.

34 If a municipality violates a provision of this chapter when  
35 approving or implementing an urban renewal plan or urban

1 renewal project, the municipality shall not for a period of  
2 ten years after the violation divide revenues from taxes on  
3 taxable property pursuant to section 403.19 in an urban  
4 renewal area adopted or amended after the violation. In  
5 addition, the municipality shall not be eligible for economic  
6 development appropriations, loans, or grants from the state or  
7 any agency or instrumentality, corporate or otherwise, of this  
8 state including appropriations, loans, or grants available  
9 under chapters 15, 15E, and 15F.

10 Sec. 15. Sections 403.20 and 403.22, Code 2003, are  
11 repealed.

12 Sec. 16. EFFECTIVE AND APPLICABILITY DATE. This Act,  
13 being deemed of immediate importance, takes effect upon  
14 enactment and applies retroactively to the assessment year  
15 beginning January 1, 2003, for urban renewal areas and urban  
16 renewal projects established before, on, or after the  
17 effective date.

18 EXPLANATION

19 This bill makes changes to the law on urban renewal.

20 The bill prohibits the use of urban renewal and tax  
21 increment financing for the provision of public improvements  
22 related to housing and residential development and for the  
23 construction of housing for low-income and moderate-income  
24 families in areas designated as economic development areas.  
25 The bill provides that an ordinance adopted before March 1,  
26 2003, authorizing a division of incremental revenues, may use  
27 incremental revenues obligated or pledged for public  
28 improvements for housing and residential development for those  
29 purposes.

30 The bill provides that three members of the seven-member  
31 board of commissioners of an urban renewal agency shall be  
32 appointed by the affected taxing entities.

33 The bill provides that incremental revenues collected  
34 pursuant to an ordinance adopted before March 1, 2003, may  
35 not, after that date, be used for an urban renewal project

1 that had not begun by March 1, 2003, in an economic  
2 development area. If an ordinance authorizing a division of  
3 incremental revenues to fund a project in an economic  
4 development area is adopted after March 1, 2003, within 60  
5 days of adoption of the ordinance, each affected taxing entity  
6 shall adopt a resolution approving or rejecting the pledge of  
7 revenues to a project in an economic development area. The  
8 municipality may not incur debt for such a project until the  
9 county auditor has received approval resolutions from all the  
10 affected taxing entities.

11 The bill provides that taxes levied in an urban renewal  
12 area cannot be divided for urban renewal purposes if the area  
13 for which taxes are proposed to be divided plus the total area  
14 in the county for which taxes are divided would exceed an  
15 amount equal to 1 percent of the total acres in the county.

16 The bill provides that when all loans, advances, bonds, and  
17 other indebtedness incurred for urban renewal purposes have  
18 been paid, taxes shall no longer be divided and the urban  
19 renewal area shall be dissolved.

20 The bill provides that effective for the fiscal year  
21 beginning July 1, 2005, a municipality shall not use  
22 incremental revenues to suspend, abate, exempt, rebate,  
23 refund, or reimburse property taxes, or provide a grant for  
24 property taxes paid, in an urban renewal area if the taxes are  
25 imposed against retail property. The bill also provides that  
26 the duration of any such written agreement shall not exceed  
27 three years and is not subject to renewal.

28 The bill provides that a municipality that has adopted an  
29 ordinance after March 1, 2003, but before July 1, 2003, shall  
30 not divide incremental revenues and shall not issue bonds  
31 payable with the revenues or incur other obligations or  
32 indebtedness payable from the revenues for the fiscal year  
33 beginning July 1, 2003. If a municipality violates this  
34 provision, the municipality must immediately pay the bonds in  
35 full and meet the obligations or agreements and repeal the

1 ordinance authorizing the division of revenues.

2 The bill strikes the provision that requires that the  
3 amount of the assessment limitation (i.e., rollback) for an  
4 entire urban renewal area be subtracted from the base  
5 valuation only.

6 The bill provides that if a municipality violates a  
7 provision of Code chapter 403, the urban renewal law, when  
8 approving or implementing an urban renewal plan or urban  
9 renewal project, the municipality will not be allowed to  
10 divide incremental revenues for a period of 10 years after the  
11 violation. The bill also provides that the municipality shall  
12 not be eligible for certain state appropriations, loans, or  
13 grants.

14 The bill takes effect upon enactment and applies  
15 retroactively to the assessment year beginning January 1,  
16 2003, for urban renewal areas and urban renewal projects  
17 established before, on, or after that date.

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