

FILED MAR 17 '04

SENATE FILE

2291

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2115)

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

**A BILL FOR**

1 An Act relating to local government authority to encourage  
2 development and rehabilitation of certain real property and  
3 including effective date and applicability date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5



**SENATE FILE 2291**

**S-5166**

1 Amend Senate File 2291 as follows:

2 1. Page 4, by striking lines 2 through 8, and  
3 inserting the following:

4 "a. The city or county may assign the tax sale  
5 certificate obtained pursuant to this section.  
6 ~~Preference~~ Initial consideration shall be given to  
7 purchasers who are low or moderate income families or  
8 organizations which assist low or moderate income  
9 families to obtain housing if the property for which  
10 the tax sale certificate is issued is assessed at one  
11 hundred thousand dollars or less. Persons who  
12 purchase certificates from the city or county under  
13 this subsection are liable for the total amount due  
14 the certificate holder pursuant to section 447.1."

15 2. Page 4, by striking lines 9 through 14.

16 3. By renumbering as necessary.

By HERMAN C. QUIRMBACH

21 **S-5166 FILED MARCH 29, 2004**

SF-2291  
WAYS & MEANS

22

23

1 Section 1. Section 404.2, subsection 2, paragraph h,  
2 unnumbered paragraph 1, Code 2003, is amended to read as  
3 follows:

4 Any tax exemption schedule authorized in section 404.3,  
5 subsection 4A, that shall be used in lieu of the schedule set  
6 out in section 404.3, subsection 1, 2, 3 or 4. ~~This schedule~~  
7 ~~shall not allow a greater exemption, but may allow a smaller~~  
8 ~~exemption, than allowed in the schedule specified in the~~  
9 ~~corresponding subsection of section 404.3.~~

10 Sec. 2. Section 404.3, Code 2003, is amended by adding the  
11 following new subsection:

12 NEW SUBSECTION. 4A. A city or county may adopt a  
13 different tax exemption schedule than those allowed in  
14 subsection 1, 2, 3, or 4. The different schedule adopted  
15 shall not allow a greater exemption, but may allow a smaller  
16 exemption, in a particular year, than allowed in the schedule  
17 specified in the corresponding subsection of this section. A  
18 different schedule adopted by a city or county shall apply to  
19 every revitalization area within the city or county, unless  
20 the qualified property is eligible for an exemption pursuant  
21 to section 404.3A or 404.3B, and except in areas of the city  
22 or county which have been designated as both urban renewal and  
23 urban revitalization areas. In an area designated for both  
24 urban renewal and urban revitalization, a city or county may  
25 adopt a different schedule than has been adopted for  
26 revitalization areas which have not been designated as urban  
27 renewal areas.

28 Sec. 3. Section 404.3, subsections 5 and 6, Code 2003, are  
29 amended to read as follows:

30 5. The owners of qualified real estate eligible for the  
31 exemption provided in this section or section 404.3A or 404.3B  
32 shall elect to take the applicable exemption ~~provided in~~  
33 ~~subsection 1, 2, 3 or 4~~ or shall elect to take the applicable  
34 exemption provided in the different schedule authorized by  
35 subsection 4A and adopted in the city or county plan if a

1 different schedule has been adopted. Once the election has  
2 been made and the exemption granted, the owner is not  
3 permitted to change the method of exemption.

4 6. The tax exemption schedule specified in subsection 1,  
5 2, 3 or 4 shall apply to every revitalization area within a  
6 city or county unless a different schedule is adopted in the  
7 city or county plan as provided in section 404.2 and  
8 authorized by subsection 4A. ~~However, a city or county shall~~  
9 ~~not adopt a different schedule unless every revitalization~~  
10 ~~area within the city or county has the same schedule applied~~  
11 ~~to it, except in areas of the city or county which have been~~  
12 ~~designated as both urban renewal and urban revitalization~~  
13 ~~areas. In an area designated for both urban renewal and urban~~  
14 ~~revitalization, a city or county may adopt a different~~  
15 ~~schedule than has been adopted for revitalization areas which~~  
16 ~~have not been designated as urban renewal areas. The~~  
17 ~~different schedule adopted shall not provide for a larger tax~~  
18 ~~exemption in a particular year than is provided for that year~~  
19 ~~in the schedule specified in the corresponding subsection of~~  
20 ~~this section.~~

21 Sec. 4. NEW SECTION. 404.3B ABANDONED REAL PROPERTY  
22 EXEMPTION.

23 1. Notwithstanding the schedules provided for in section  
24 404.3, a city or county may provide that all qualified real  
25 estate that meets the definition of abandoned as stated in  
26 section 657A.1 is eligible to receive an exemption from  
27 taxation based on the schedule set forth in subsection 2 or 3.

28 2. All qualified real estate described in subsection 1 is  
29 eligible to receive a partial exemption from taxation on the  
30 actual value added by the improvements. The exemption is for  
31 a period of fifteen years. The amount of the partial  
32 exemption is equal to a percent of the actual value added by  
33 the improvements, determined as follows:

- 34 a. For the first year, eighty percent.
- 35 b. For the second year, seventy-five percent

- 1 c. For the third year, seventy percent.
- 2 d. For the fourth year, sixty-five percent.
- 3 e. For the fifth year, sixty percent.
- 4 f. For the sixth year, fifty-five percent.
- 5 g. For the seventh year, fifty percent.
- 6 h. For the eighth year, forty-five percent.
- 7 i. For the ninth year, forty percent.
- 8 j. For the tenth year, thirty-five percent.
- 9 k. For the eleventh year, thirty percent.
- 10 l. For the twelfth year, twenty-five percent.
- 11 m. For the thirteenth year, twenty percent.
- 12 n. For the fourteenth year, twenty percent.
- 13 o. For the fifteenth year, twenty percent.
- 14 3. All qualified real estate described in subsection 1 is

15 eligible to receive a one hundred percent exemption from  
16 taxation on the actual value added by the improvements. The  
17 exemption is for a period of five years.

18 Sec. 5. Section 446.19A, subsection 2, Code 2003, is  
19 amended to read as follows:

20 2. On the day of the regular tax sale or any continuance  
21 or adjournment of the tax sale, the county or a city may bid  
22 for abandoned property assessed as residential property or as  
23 commercial multifamily housing property a sum equal to the  
24 total amount due. Money shall not be paid by the county or  
25 city for the purchase, but each of the tax-levying and tax-  
26 certifying bodies having any interest in the taxes shall be  
27 charged with the total amount due the tax-levying or tax-  
28 certifying body as its just share of the purchase price.  
29 Prior to the purchase, the county or city shall file with the  
30 county treasurer a verified statement that a parcel to be  
31 purchased is abandoned and deteriorating in condition or is,  
32 or is likely to become, a public nuisance, and that the parcel  
33 is suitable for use ~~for low or moderate income~~ as housing  
34 following rehabilitation.

35 Sec. 6. Section 446.19A, subsection 4, paragraph a, Code

1 2003, is amended to read as follows:

2 a. The city or county may assign the tax sale certificate  
3 obtained pursuant to this section. ~~Preference shall be given~~  
4 ~~to purchasers who are low or moderate income families or~~  
5 ~~organizations which assist low or moderate income families to~~  
6 ~~obtain housing.~~ Persons who purchase certificates from the  
7 city or county under this subsection are liable for the total  
8 amount due the certificate holder pursuant to section 447.1.

9 Sec. 7. Section 446.19A, subsection 5, Code 2003, is  
10 amended to read as follows:

11 5. For the purposes of this section, "abandoned" means the  
12 same as in section 657A.1. ~~For the purposes of this section,~~  
13 ~~"low or moderate income families" has the same meaning as in~~  
14 ~~section 403.17.~~

15 Sec. 8. Section 447.9, subsection 1, Code 2003, is amended  
16 to read as follows:

17 1. After one year and nine months from the date of sale,  
18 or after nine months from the date of a sale made under  
19 section 446.18~~7~~-~~446.19A~~~~7~~ or 446.39, or after three months from  
20 the date of a sale made under section 446.19A, the holder of  
21 the certificate of purchase may cause to be served upon the  
22 person in possession of the parcel, and also upon the person  
23 in whose name the parcel is taxed, a notice signed by the  
24 certificate holder or the certificate holder's agent or  
25 attorney, stating the date of sale, the description of the  
26 parcel sold, the name of the purchaser, and that the right of  
27 redemption will expire and a deed for the parcel be made  
28 unless redemption is made within ninety days from the  
29 completed service of the notice. The notice shall be served  
30 by both regular mail and certified mail to the person's last  
31 known address and such service is deemed completed when the  
32 notice by certified mail is deposited in the mail and  
33 postmarked for delivery. The ninety-day redemption period  
34 begins as provided in section 447.12. When the notice is  
35 given by a county as a holder of a certificate of purchase the

1 notice shall be signed by the county treasurer or the county  
2 attorney, and when given by a city, it shall be signed by the  
3 city officer designated by resolution of the council. When  
4 the notice is given by the Iowa finance authority or a city or  
5 county agency holding the parcel as part of an Iowa  
6 homesteading project, it shall be signed on behalf of the  
7 agency or authority by one of its officers, as authorized in  
8 rules of the agency or authority.

9 Sec. 9. Section 657A.2, subsection 6, Code 2003, is  
10 amended by striking the subsection.

11 Sec. 10. NEW SECTION. 657A.10A PETITION BY CITY FOR  
12 TITLE TO ABANDONED PROPERTY.

13 1. In lieu of the procedures in sections 657A.2 through  
14 657A.10, a city in which an abandoned building is located may  
15 petition the court to enter judgment awarding title to the  
16 abandoned property to the city. If more than one abandoned  
17 building is located on a parcel of real estate, the city may  
18 combine the actions into one petition. The owner of the  
19 building and grounds, mortgagees of record, lienholders of  
20 record, or other known persons who hold an interest in the  
21 property shall be named as respondents on the petition.

22 The petition shall be filed in the district court of the  
23 county in which the property is located. Service on the owner  
24 and any other named respondents shall be by certified mail and  
25 by posting the notice in a conspicuous place on the building.  
26 The action shall be in equity.

27 2. Not sooner than sixty days after the filing of the  
28 petition, the city may request a hearing on the petition.

29 3. In determining whether a property has been abandoned,  
30 the court shall consider the following for each building that  
31 is located on the property and named in the petition and the  
32 building grounds:

33 a. Whether any property taxes or special assessments on  
34 the property were delinquent at the time the petition was  
35 filed.

1 b. Whether any utilities are currently being provided to  
2 the property.

3 c. Whether the building is unoccupied by the owner or  
4 lessees or licensees of the owner.

5 d. Whether the building meets the city's housing code for  
6 being fit for human habitation, occupancy, or use.

7 e. Whether the building is exposed to the elements such  
8 that deterioration of the building is occurring.

9 f. Whether the building is boarded up.

10 g. Past efforts to rehabilitate the building and grounds.

11 h. The presence of vermin, accumulation of debris, and  
12 uncut vegetation.

13 i. The effort expended by the petitioning city to maintain  
14 the building and grounds.

15 j. Past and current compliance with orders of the local  
16 housing official.

17 k. Any other evidence the court deems relevant.

18 4. In lieu of the considerations in subsection 3, if the  
19 city can establish to the court's satisfaction that all  
20 parties with an interest in the property have received proper  
21 notice and either consented to the entry of an order awarding  
22 title to the property to the city or did not make a good faith  
23 effort to comply with the order of the local housing official  
24 within sixty days after the filing of the petition, the court  
25 shall enter judgment against the respondents granting the city  
26 title to the property.

27 5. If the court determines that the property has been  
28 abandoned or that subsection 4 applies, the court shall enter  
29 judgment awarding title to the city. The title awarded to the  
30 city shall be free and clear of any claims, liens, or  
31 encumbrances held by the respondents.

32 Sec. 11. IMMEDIATE EFFECTIVE DATE. This Act, being deemed  
33 of immediate importance, takes effect upon enactment.

34 Sec. 12. APPLICABILITY DATE.

35 1. The sections of this Act amending sections 404.2 and

1 404.3 and enacting section 404.3B apply to urban  
2 revitalization property tax exemptions allowed on or after the  
3 effective date of this Act.

4 2. The sections of this Act amending sections 446.19A and  
5 447.9 apply to delinquent property taxes sold at a tax sale  
6 held on or after the effective date of this Act.

7 EXPLANATION

8 This bill relates to a local government's authority to  
9 encourage development and rehabilitation of certain real  
10 property.

11 The bill allows alternative urban revitalization property  
12 tax exemption schedules for abandoned property that has been  
13 rehabilitated. One schedule provides a partial exemption for  
14 a period of 15 years and one schedule provides a full  
15 exemption for five years. The bill also rewrites provisions  
16 of the urban revitalization chapter to clarify statutory  
17 language on alternative exemption schedules that may be  
18 adopted by a city or a county. These sections of the bill  
19 apply to urban revitalization property tax exemptions allowed  
20 on or after the effective date of the bill.

21 The bill amends the Code section which allows a city to  
22 purchase delinquent property taxes on residential property for  
23 use as low or moderate income housing to allow the property to  
24 be used for any type of housing. This portion of the bill  
25 applies to delinquent property tax sales held on or after the  
26 effective date of the bill.

27 The bill shortens the redemption period from nine months to  
28 three months for redemption of delinquent property taxes sold  
29 to a city for use as housing. By operation of law, the  
30 shortened redemption period applies to delinquent property  
31 taxes sold on or after the effective date of the bill.

32 The bill amends Code chapter 657A, relating to abatement by  
33 rehabilitation of abandoned or unsafe buildings, to provide an  
34 alternative to the current process whereby a city or county  
35 may petition the court for appointment of a receiver to

1 rehabilitate abandoned buildings which are used or intended to  
2 be used primarily for residential purposes. The bill allows a  
3 city, in lieu of the current process, to petition the court to  
4 award title to the property to the city if the court  
5 determines that the property is abandoned or if the owner or  
6 persons with an interest in the property agree to an award of  
7 title to the city, or if the city can show that the owner or  
8 persons with an interest in the property did not make a good  
9 faith effort to comply with local housing official orders  
10 within 60 days after the filing of the petition for title.

11 The bill also strikes a provision which requires that a  
12 city with a population of less than 100,000 which files a  
13 petition for abatement must include the allegation that a  
14 building is abandoned and is in a dangerous or unsafe  
15 condition.

16 The bill takes effect upon enactment.

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SENATE FILE 2291

AN ACT

RELATING TO LOCAL GOVERNMENT AUTHORITY TO ENCOURAGE DEVELOPMENT AND REHABILITATION OF CERTAIN REAL PROPERTY AND INCLUDING EFFECTIVE DATE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 404.2, subsection 2, paragraph h, unnumbered paragraph 1, Code 2003, is amended to read as follows:

Any tax exemption schedule authorized in section 404.3, subsection 4A, that shall be used in lieu of the schedule set out in section 404.3, subsection 1, 2, 3 or 4. ~~This schedule shall not allow a greater exemption, but may allow a smaller exemption, than allowed in the schedule specified in the corresponding subsection of section 404.3.~~

Sec. 2. Section 404.3, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. A city or county may adopt a different tax exemption schedule than those allowed in subsection 1, 2, 3, or 4. The different schedule adopted shall not allow a greater exemption, but may allow a smaller exemption, in a particular year, than allowed in the schedule specified in the corresponding subsection of this section. A different schedule adopted by a city or county shall apply to every revitalization area within the city or county, unless the qualified property is eligible for an exemption pursuant to section 404.3A or 404.3B, and except in areas of the city or county which have been designated as both urban renewal and urban revitalization areas. In an area designated for both urban renewal and urban revitalization, a city or county may

adopt a different schedule than has been adopted for revitalization areas which have not been designated as urban renewal areas.

Sec. 3. Section 404.3, subsections 5 and 6, Code 2003, are amended to read as follows:

5. The owners of qualified real estate eligible for the exemption provided in this section or section 404.3A or 404.3B shall elect to take the applicable exemption ~~provided in subsection 1, 2, 3 or 4~~ or shall elect to take the applicable exemption provided in the different schedule authorized by subsection 4A and adopted in the city or county plan if a different schedule has been adopted. Once the election has been made and the exemption granted, the owner is not permitted to change the method of exemption.

6. The tax exemption schedule specified in subsection 1, 2, 3 or 4 shall apply to every revitalization area within a city or county unless a different schedule is adopted in the city or county plan as provided in section 404.2 and authorized by subsection 4A. ~~However, a city or county shall not adopt a different schedule unless every revitalization area within the city or county has the same schedule applied to it, except in areas of the city or county which have been designated as both urban renewal and urban revitalization areas. In an area designated for both urban renewal and urban revitalization, a city or county may adopt a different schedule than has been adopted for revitalization areas which have not been designated as urban renewal areas. The different schedule adopted shall not provide for a larger tax exemption in a particular year than is provided for that year in the schedule specified in the corresponding subsection of this section.~~

Sec. 4. NEW SECTION. 404.3B ABANDONED REAL PROPERTY EXEMPTION.

1. Notwithstanding the schedules provided for in section 404.3, a city or county may provide that all qualified real estate that meets the definition of abandoned as stated in section 657A.1 is eligible to receive an exemption from taxation based on the schedule set forth in subsection 2 or 3.

2. All qualified real estate described in subsection 1 is eligible to receive a partial exemption from taxation on the actual value added by the improvements. The exemption is for a period of fifteen years. The amount of the partial exemption is equal to a percent of the actual value added by the improvements, determined as follows:

- a. For the first year, eighty percent.
- b. For the second year, seventy-five percent.
- c. For the third year, seventy percent.
- d. For the fourth year, sixty-five percent.
- e. For the fifth year, sixty percent.
- f. For the sixth year, fifty-five percent.
- g. For the seventh year, fifty percent.
- h. For the eighth year, forty-five percent.
- i. For the ninth year, forty percent.
- j. For the tenth year, thirty-five percent.
- k. For the eleventh year, thirty percent.
- l. For the twelfth year, twenty-five percent.
- m. For the thirteenth year, twenty percent.
- n. For the fourteenth year, twenty percent.
- o. For the fifteenth year, twenty percent.

3. All qualified real estate described in subsection 1 is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements. The exemption is for a period of five years.

Sec. 5. Section 446.19A, subsection 2, Code 2003, is amended to read as follows:

2. On the day of the regular tax sale or any continuance or adjournment of the tax sale, the county or a city may bid for abandoned property assessed as residential property or as commercial multifamily housing property a sum equal to the total amount due. Money shall not be paid by the county or city for the purchase, but each of the tax-levying and tax-certifying bodies having any interest in the taxes shall be charged with the total amount due the tax-levying or tax-certifying body as its just share of the purchase price. Prior to the purchase, the county or city shall file with the

county treasurer a verified statement that a parcel to be purchased is abandoned and deteriorating in condition or is, or is likely to become, a public nuisance, and that the parcel is suitable for use ~~for low or moderate income~~ as housing following rehabilitation.

Sec. 6. Section 446.19A, subsection 4, paragraph a, Code 2003, is amended to read as follows:

a. The city or county may assign the tax sale certificate obtained pursuant to this section. ~~Preference shall be given to purchasers who are low or moderate income families or organizations which assist low or moderate income families to obtain housing.~~ Persons who purchase certificates from the city or county under this subsection are liable for the total amount due the certificate holder pursuant to section 447.1.

Sec. 7. Section 446.19A, subsection 5, Code 2003, is amended to read as follows:

5. For the purposes of this section, "abandoned" means the same as in section 657A.1. ~~For the purposes of this section, "low or moderate income families" has the same meaning as in section 403r17.~~

Sec. 8. Section 447.9, subsection 1, Code 2003, is amended to read as follows:

1. After one year and nine months from the date of sale, or after nine months from the date of a sale made under section 446.18~~7~~-~~446:19A~~, or 446.39, or after three months from the date of a sale made under section 446.19A, the holder of the certificate of purchase may cause to be served upon the person in possession of the parcel, and also upon the person in whose name the parcel is taxed, a notice signed by the certificate holder or the certificate holder's agent or attorney, stating the date of sale, the description of the parcel sold, the name of the purchaser, and that the right of redemption will expire and a deed for the parcel be made unless redemption is made within ninety days from the completed service of the notice. The notice shall be served by both regular mail and certified mail to the person's last known address and such service is deemed completed when the

notice by certified mail is deposited in the mail and postmarked for delivery. The ninety-day redemption period begins as provided in section 447.12. When the notice is given by a county as a holder of a certificate of purchase the notice shall be signed by the county treasurer or the county attorney, and when given by a city, it shall be signed by the city officer designated by resolution of the council. When the notice is given by the Iowa finance authority or a city or county agency holding the parcel as part of an Iowa homesteading project, it shall be signed on behalf of the agency or authority by one of its officers, as authorized in rules of the agency or authority.

Sec. 9. Section 657A.2, subsection 6, Code 2003, is amended by striking the subsection.

Sec. 10. NEW SECTION. 657A.10A PETITION BY CITY FOR TITLE TO ABANDONED PROPERTY.

1. In lieu of the procedures in sections 657A.2 through 657A.10, a city in which an abandoned building is located may petition the court to enter judgment awarding title to the abandoned property to the city. If more than one abandoned building is located on a parcel of real estate, the city may combine the actions into one petition. The owner of the building and grounds, mortgagees of record, lienholders of record, or other known persons who hold an interest in the property shall be named as respondents on the petition.

The petition shall be filed in the district court of the county in which the property is located. Service on the owner and any other named respondents shall be by certified mail and by posting the notice in a conspicuous place on the building. The action shall be in equity.

2. Not sooner than sixty days after the filing of the petition, the city may request a hearing on the petition.

3. In determining whether a property has been abandoned, the court shall consider the following for each building that is located on the property and named in the petition and the building grounds:

a. Whether any property taxes or special assessments on the property were delinquent at the time the petition was filed.

b. Whether any utilities are currently being provided to the property.

c. Whether the building is unoccupied by the owner or lessees or licensees of the owner.

d. Whether the building meets the city's housing code for being fit for human habitation, occupancy, or use.

e. Whether the building is exposed to the elements such that deterioration of the building is occurring.

f. Whether the building is boarded up.

g. Past efforts to rehabilitate the building and grounds.

h. The presence of vermin, accumulation of debris, and uncut vegetation.

i. The effort expended by the petitioning city to maintain the building and grounds.

j. Past and current compliance with orders of the local housing official.

k. Any other evidence the court deems relevant.

4. In lieu of the considerations in subsection 3, if the city can establish to the court's satisfaction that all parties with an interest in the property have received proper notice and either consented to the entry of an order awarding title to the property to the city or did not make a good faith effort to comply with the order of the local housing official within sixty days after the filing of the petition, the court shall enter judgment against the respondents granting the city title to the property.

5. If the court determines that the property has been abandoned or that subsection 4 applies, the court shall enter judgment awarding title to the city. The title awarded to the city shall be free and clear of any claims, liens, or encumbrances held by the respondents.

Sec. 11. IMMEDIATE EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 12. APPLICABILITY DATE.

1. The sections of this Act amending sections 404.2 and 404.3 and enacting section 404.3B apply to urban revitalization property tax exemptions allowed on or after the effective date of this Act.

2. The sections of this Act amending sections 446.19A and 447.9 apply to delinquent property taxes sold at a tax sale held on or after the effective date of this Act.

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JEFFREY M. LAMBERTI  
President of the Senate

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CHRISTOPHER C. RANTS  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2291, Eightieth General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

Approved \_\_\_\_\_, 2004

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THOMAS J. VILSACK  
Governor