

# Senate Study Bill 3167

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

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

## A BILL FOR

1 An Act relating to urban renewal plans and areas, by providing  
2 for expiration and dissolution of certain urban renewal plans  
3 and areas, placing a durational limitation on the use of tax  
4 increment financing in certain urban renewal areas, relating  
5 to amendments to urban renewal plans, and including effective  
6 and applicability date provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
8 TL5B 5809SC 82  
9 sc/rj/14

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1 1 Section 1. Section 403.5, subsections 5 and 6, Code 2007,  
1 2 are amended to read as follows:

1 3 5. An urban renewal plan may be ~~modified~~ amended at any  
1 4 time: ~~Provided, that, However, if modified the urban renewal~~  
1 5 ~~plan is amended~~ after the lease or sale by the municipality of  
1 6 real property in the urban renewal project area, such  
1 7 ~~modification amendment~~ may be conditioned upon such approval  
1 8 of the owner, lessee, or successor in interest as the  
1 9 municipality may deem advisable, and in any event such  
1 10 ~~modification amendment~~ shall be subject to such rights at law  
1 11 or in equity as a lessee or purchaser, or a lessee's or  
1 12 purchaser's successor or successors in interest, may be  
1 13 entitled to assert. ~~The A project may be added to an urban~~  
1 14 ~~renewal plan only by an amendment to the plan. Territory may~~  
1 15 ~~be added to, or severed from, an urban renewal area only by an~~  
1 16 ~~amendment to the urban renewal plan. When amending an urban~~  
1 17 ~~renewal plan, the municipality shall comply with the~~  
1 18 notification and consultation process provided in this section  
1 19 prior to the approval of any amendment ~~or modification~~ to an  
1 20 adopted urban renewal plan if such amendment ~~or modification~~  
1 21 provides for refunding bonds or refinancing resulting in an  
1 22 increase in debt service or provides for the issuance of bonds  
1 23 or other indebtedness, to be funded primarily in the manner  
1 24 provided in section 403.19, ~~or if such amendment proposes to~~  
1 25 ~~add a project to an urban renewal plan or proposes to add~~  
1 26 ~~territory to an urban renewal area or proposes to sever~~  
1 27 ~~territory from an urban renewal area.~~

1 28 6. Upon the approval by a municipality of an urban renewal  
1 29 plan or of any ~~modification thereof~~ amendment to an urban  
1 30 renewal plan, such plan or ~~modification amendment~~ shall be  
1 31 deemed to be in full force and effect for the respective urban  
1 32 renewal area, and the municipality may then cause such plan or  
1 33 ~~modification amendment~~ to be carried out in accordance with  
1 34 its terms.

1 35 Sec. 2. NEW SECTION. 403.5A DURATIONAL LIMITATIONS ON  
2 1 URBAN RENEWAL AREAS.

2 2 1. a. Except as provided in paragraph "b", all urban  
2 3 renewal plans adopted by a municipality before January 1,  
2 4 2008, shall expire on June 30, 2013, and any urban renewal  
2 5 areas established in those plans shall be dissolved, and any  
2 6 division of revenue provided for in those plans shall  
2 7 terminate.

2 8 b. Paragraph "a" does not apply to an urban renewal plan  
2 9 for an urban renewal area designated as an economic  
2 10 development area, and no part of such area contains slum or  
2 11 blighted conditions, if the urban renewal plan was adopted by  
2 12 a municipality after January 1, 1995.

2 13 2. If an urban renewal plan for an urban renewal area is  
2 14 based upon a finding that the area is an economic development

2 15 area and that no part of the area contains slum or blighted  
2 16 conditions, then the division of revenue provided in section  
2 17 403.19 and stated in the plan shall be limited to twenty years  
2 18 beginning with the calendar year following the calendar year  
2 19 in which the municipality first certifies to the county  
2 20 auditor the amount of any loans, advances, indebtedness, or  
2 21 bonds which qualify for payment from the division of revenue  
2 22 provided in section 403.19. This subsection applies to urban  
2 23 renewal plans for economic development areas adopted on or  
2 24 after January 1, 1995.

2 25 3. If an urban renewal plan for an urban renewal area is  
2 26 based upon a finding that the area is a slum or blighted area,  
2 27 then the division of revenue provided in section 403.19 and  
2 28 stated in the plan shall be limited to twenty years beginning  
2 29 with the calendar year following the calendar year in which  
2 30 the municipality first certifies to the county auditor the  
2 31 amount of any loans, advances, indebtedness, or bonds which  
2 32 qualify for payment from the division of revenue provided in  
2 33 section 403.19. This subsection applies to urban renewal  
2 34 plans for slum or blighted areas adopted on or after January  
2 35 1, 2008.

3 1 Sec. 3. Section 403.6, subsection 6, paragraph b, Code  
3 2 2007, is amended to read as follows:

3 3 b. Urban renewal plans adopted, or amended, pursuant to  
3 4 the requirements of section 403.5;

3 5 Sec. 4. Section 403.6, subsection 12, Code 2007, is  
3 6 amended to read as follows:

3 7 12. To approve and amend urban renewal plans, subject to  
3 8 the requirements of section 403.5.

3 9 Sec. 5. Section 403.17, subsection 10, Code 2007, is  
3 10 amended to read as follows:

3 11 10. "Economic development area" means an area of a  
3 12 municipality designated by the local governing body as  
3 13 appropriate for commercial and industrial enterprises, public  
3 14 improvements related to housing and residential development,  
3 15 or construction of housing and residential development for low  
3 16 and moderate income families, including single or multifamily  
3 17 housing. ~~If an urban renewal plan for an urban renewal area~~

~~3 18 is based upon a finding that the area is an economic~~  
~~3 19 development area and that no part contains slum or blighted~~  
~~3 20 conditions, then the division of revenue provided in section~~  
~~3 21 403.19 and stated in the plan shall be limited to twenty years~~  
~~3 22 from the calendar year following the calendar year in which~~  
~~3 23 the municipality first certifies to the county auditor the~~  
~~3 24 amount of any loans, advances, indebtedness, or bonds which~~  
~~3 25 qualify for payment from the division of revenue provided in~~  
~~3 26 section 403.19. Such designated area shall not include~~

3 27 agricultural land, including land which is part of a century  
3 28 farm, unless the owner of the agricultural land or century  
3 29 farm agrees to include the agricultural land or century farm  
3 30 in the urban renewal area. For the purposes of this  
3 31 subsection, "century farm" means a farm in which at least  
3 32 forty acres of such farm have been held in continuous  
3 33 ownership by the same family for one hundred years or more.

3 34 Sec. 6. EFFECTIVE AND APPLICABILITY DATE. The section of  
3 35 this Act amending section 403.5, subsections 5 and 6, being  
4 1 deemed of immediate importance, takes effect upon enactment  
4 2 and applies to amendments to urban renewal plans, if such  
4 3 amendments are proposed by a municipality on or after the  
4 4 effective date.

#### 4 5 EXPLANATION

4 6 This bill makes changes relating to urban renewal plans and  
4 7 areas.

4 8 The bill provides that a project may be added to an urban  
4 9 renewal plan, or territory added to or severed from an urban  
4 10 renewal area, only by an amendment to the urban renewal plan.

4 11 The bill also provides that all urban renewal plans  
4 12 approved by a municipality before January 1, 2008, shall  
4 13 expire on June 30, 2013, and any urban renewal areas  
4 14 established in those plans shall be dissolved, and any  
4 15 division of revenue (tax increment financing) provided for in  
4 16 the plan is terminated. However, this provision does not  
4 17 apply to economic development urban renewal plans adopted on  
4 18 or after January 1, 1995.

4 19 The bill establishes a durational limitation of 20 years  
4 20 for dividing revenue in urban renewal areas designated as slum  
4 21 or blighted areas and established by an urban renewal plan  
4 22 adopted by a municipality on or after January 1, 2008.  
4 23 Currently, a division of revenue in urban renewal areas  
4 24 designated as economic development areas and established by an  
4 25 urban renewal plan adopted on or after January 1, 1995, is

4 26 limited in duration to 20 years.  
4 27 LSB 5809SC 82  
4 28 sc/rj/14