

House File 149 - Introduced

HOUSE FILE _____
BY STRUYK, S. OLSON, HELLAND,
DRAKE, and RAYHONS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a limitation on the amount of property taxes
2 that may be certified by counties and cities and providing
3 effective and applicability dates.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1555YH 83
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1 1 Section 1. Section 331.423, Code 2009, is amended by
1 2 striking the section and inserting in lieu thereof the
1 3 following:
1 4 331.423 PROPERTY TAX DOLLARS == MAXIMUMS.
1 5 1. Annually, the board shall determine separate property
1 6 tax levy limits to pay for general county services and rural
1 7 county services in accordance with this section. The property
1 8 tax levies separately certified for general county services
1 9 and rural county services under section 331.434 shall not
1 10 raise property tax dollars that exceed the amount determined
1 11 under this section.
1 12 2. For purposes of this section:
1 13 a. "Annual growth factor" means the sum of the most
1 14 recently issued annual inflation factor determined by the
1 15 department of revenue in accordance with section 422.4, and
1 16 the percentage change in the state's annual population
1 17 estimate for July 1 of the fiscal year in progress as compared
1 18 to the state's annual population estimate for July 1 of the
1 19 previous fiscal year. The change in the population estimate
1 20 shall be expressed as a percentage rounded to the nearest one=
1 21 tenth of one percent. The population estimate used to
1 22 calculate the annual growth factor shall be the most recent
1 23 estimate issued annually in December by the United States
1 24 bureau of the census. The inflation factor shall not be less
1 25 than one hundred percent.
1 26 b. "Boundary adjustment" means annexation, severance,
1 27 incorporation, or discontinuance as those terms are defined in
1 28 section 368.1.
1 29 c. "Budget year" is the fiscal year beginning during the
1 30 calendar year in which a budget is certified.
1 31 d. "Current fiscal year" is the fiscal year ending during
1 32 the calendar year in which a budget is certified.
1 33 e. "Net new valuation taxes" means the amount of property
1 34 tax dollars equal to the maximum levy rate as defined in
1 35 subsection 4, paragraph "a", for purposes of the general fund,
2 1 or the maximum levy rate as defined in subsection 4, paragraph
2 2 "b", for purposes of the rural services fund, times the
2 3 increase from the current fiscal year to the budget year in
2 4 taxable valuation due to the following:
2 5 (1) New construction.
2 6 (2) Additions or improvements to existing structures.
2 7 (3) Remodeling of existing structures for which a building
2 8 permit is required.
2 9 (4) Net boundary adjustment.
2 10 (5) A municipality no longer dividing tax revenues in an
2 11 urban renewal area as provided in section 403.19, to the
2 12 extent that the incremental valuation released is due to new
2 13 construction or revaluation on property newly constructed,
2 14 additions or improvements to existing property, net boundary
2 15 adjustment, or expiration of tax abatements, all occurring
2 16 after the division of revenue begins.
2 17 (6) That portion of taxable property located in an urban
2 18 revitalization area on which an exemption was allowed and such

2 19 exemption has expired.

2 20 3. a. For the fiscal year beginning July 1, 2010, and
2 21 subsequent fiscal years, the maximum amount of property tax
2 22 dollars which may be certified for levy by a county for
2 23 general county services and rural county services shall be the
2 24 maximum property tax dollars calculated under paragraphs "b"
2 25 and "c", respectively.

2 26 b. The maximum property tax dollars that may be levied for
2 27 general county services is an amount equal to the sum of the
2 28 following:

2 29 (1) The annual growth factor times the current fiscal
2 30 year's maximum property tax dollars for general county
2 31 services.

2 32 (2) The amount of net new valuation taxes in the county.

2 33 c. The maximum property tax dollars that may be levied for
2 34 rural county services is an amount equal to the sum of the
2 35 following:

3 1 (1) The annual growth factor times the current fiscal
3 2 year's maximum property tax dollars for rural county services.

3 3 (2) The amount of net new valuation taxes in the
3 4 unincorporated area of the county.

3 5 4. a. For purposes of calculating maximum property tax
3 6 dollars for general county services for the fiscal year
3 7 beginning July 1, 2010, only, the term "current fiscal year's
3 8 maximum property tax dollars" shall mean the product of the
3 9 taxable valuation in the county for that fiscal year times the
3 10 maximum levy rate per thousand dollars of the assessed value
3 11 of all taxable property in the county. For purposes of this
3 12 paragraph, and subsection 2, paragraph "e", "maximum levy
3 13 rate" means the sum of three dollars and fifty cents plus the
3 14 average levy rate imposed by all counties under section
3 15 331.424, subsection 1, Code 2009, except for subsection 1,
3 16 paragraph "f", Code 2009, in the fiscal year beginning July 1,
3 17 2009.

3 18 b. For purposes of calculating maximum property tax
3 19 dollars for rural county services for the fiscal year
3 20 beginning July 1, 2010, only, the term "current fiscal year's
3 21 maximum property tax dollars" shall mean the product of the
3 22 taxable valuation in the unincorporated area of the county for
3 23 that fiscal year times the maximum levy rate per thousand
3 24 dollars of the assessed value of all taxable property in the
3 25 unincorporated area of the county. For purposes of this
3 26 paragraph, and subsection 2, paragraph "e", "maximum levy
3 27 rate" means the sum of three dollars and ninety-five cents
3 28 plus the average levy rate imposed by all counties under
3 29 section 331.424, subsection 2, Code 2009, in the fiscal year
3 30 beginning July 1, 2009.

3 31 c. The department of management shall calculate the
3 32 maximum levy rate for the general fund and the rural services
3 33 fund and shall, on or before October 1, 2009, notify each
3 34 county of the amount of the maximum levy rate.

3 35 5. Property taxes certified for deposit in the mental
4 1 health, mental retardation, and developmental disabilities
4 2 services fund in section 331.424A, the cemetery fund in
4 3 section 331.424B, the emergency services fund in section
4 4 331.424C, the debt service fund in section 331.430, any
4 5 capital projects fund established by the county for deposit of
4 6 bond, loan, or note proceeds, and any increase approved
4 7 pursuant to section 331.426, are not included in the maximum
4 8 amount of property tax dollars that may be certified for a
4 9 budget year under subsection 3. In addition, property taxes
4 10 certified to pay the county's budgeted allocation under
4 11 section 28M.5 and property taxes certified for purposes of
4 12 section 331.301, subsection 11, are not included in the
4 13 maximum amount of property tax dollars that may be certified
4 14 for a budget year under subsection 3.

4 15 6. The department of management, in consultation with the
4 16 county finance committee, shall adopt rules to administer this
4 17 section. The department shall prescribe forms to be used by
4 18 counties when making calculations required by this section.

4 19 Sec. 2. Section 384.1, Code 2009, is amended by striking
4 20 the section and inserting in lieu thereof the following:

4 21 384.1 PROPERTY TAX DOLLARS == MAXIMUMS.

4 22 1. A city shall certify taxes to be levied by the county
4 23 on all taxable property within the city limits, for all city
4 24 government purposes. Annually, the city council may certify
4 25 basic levies for deposit in the general fund, subject to the
4 26 limitation on property tax dollars provided in this section.

4 27 2. For purposes of this section:

4 28 a. "Annual growth factor" means the sum of the most
4 29 recently issued annual inflation factor determined by the

4 30 department of revenue in accordance with section 422.4, and
4 31 the percentage change in the state's annual population
4 32 estimate for July 1 of the fiscal year in progress as compared
4 33 to the state's annual population estimate for July 1 of the
4 34 previous fiscal year. The change in the population estimate
4 35 shall be expressed as a percentage rounded to the nearest one=
5 1 tenth of one percent. The population estimate used to
5 2 calculate the allowable growth factor shall be the most recent
5 3 estimate issued annually in December by the United States
5 4 bureau of the census. The inflation factor shall not be less
5 5 than one hundred percent.

5 6 b. "Boundary adjustment" means annexation, severance,
5 7 incorporation, or discontinuance as those terms are defined in
5 8 section 368.1.

5 9 c. "Budget year" is the fiscal year beginning during the
5 10 calendar year in which a budget is certified.

5 11 d. "Current fiscal year" is the fiscal year ending during
5 12 the calendar year in which a budget is certified.

5 13 e. "Net new valuation taxes" means the amount of property
5 14 tax dollars equal to the maximum levy rate as defined in
5 15 subsection 4, for purposes of the city general fund times the
5 16 increase from the current fiscal year to the budget year in
5 17 taxable valuation due to the following:

5 18 (1) New construction.

5 19 (2) Additions or improvements to existing structures.

5 20 (3) Remodeling of existing structures for which a building
5 21 permit is required.

5 22 (4) Net boundary adjustment.

5 23 (5) A municipality no longer dividing tax revenues in an
5 24 urban renewal area as provided in section 403.19, to the
5 25 extent that the incremental valuation released is due to new
5 26 construction or revaluation on property newly constructed,
5 27 additions or improvements to existing property, net boundary
5 28 adjustment, or expiration of tax abatements, all occurring
5 29 after the division of revenue begins.

5 30 (6) That portion of taxable property located in an urban
5 31 revitalization area on which an exemption was allowed and such
5 32 exemption has expired.

5 33 3. a. For the fiscal year beginning July 1, 2010, and
5 34 subsequent fiscal years, the maximum amount of property tax
5 35 dollars which may be certified by a city for the general fund
6 1 shall be the maximum property tax dollars calculated under
6 2 paragraph "b".

6 3 b. The maximum property tax dollars that may be levied for
6 4 deposit in the general fund is an amount equal to the sum of
6 5 the following:

6 6 (1) The annual growth factor times the current fiscal
6 7 year's maximum property tax dollars for the general fund.

6 8 (2) The amount of net new valuation taxes.

6 9 4. a. For purposes of calculating maximum property tax
6 10 dollars for the city general fund for the fiscal year
6 11 beginning July 1, 2010, only, the term "current fiscal year's
6 12 maximum property tax dollars" shall mean the product of the
6 13 taxable valuation in the city for that fiscal year times the
6 14 maximum levy rate per thousand dollars of the assessed value
6 15 of all taxable property in the city. For purposes of this
6 16 paragraph, and subsection 2, paragraph "e", "maximum levy
6 17 rate" means the sum of eight dollars and ten cents plus the
6 18 average levy rate imposed by all cities under sections 384.7,
6 19 Code 2009, 384.8, Code 2009, and section 384.12, subsections 1
6 20 through 17, 19, 21, and 22, Code 2009, in the fiscal year
6 21 beginning July 1, 2009.

6 22 b. The department of management shall calculate the
6 23 maximum levy rate for the general fund and the rural services
6 24 fund and shall, on or before October 1, 2009, notify each
6 25 county of the amount of the maximum levy rate.

6 26 5. Property taxes certified for deposit in the general
6 27 fund do not include property taxes certified for a regional
6 28 transit district in section 28M.5; for the debt service fund
6 29 in section 384.4; trust and agency funds in section 384.6; any
6 30 capital projects fund established by the city for deposit of
6 31 bond, loan, or note proceeds; and property taxes collected
6 32 from a levy in section 384.12. Such taxes certified for these
6 33 funds and for these purposes shall not be included in the
6 34 maximum amount of property tax dollars that may be certified
6 35 for a budget year under subsection 3.

7 1 6. Notwithstanding the maximum amount of taxes a city may
7 2 certify for levy, the tax certified for levy by a city on
7 3 tracts of land and improvements on the tracts of land used and
7 4 assessed for agricultural or horticultural purposes shall not
7 5 exceed three dollars and three-eighths cents per thousand

7 6 dollars of assessed value in any year. Improvements located
7 7 on such tracts of land and not used for agricultural or
7 8 horticultural purposes and all residential dwellings are
7 9 subject to the same rate of tax certified for levy by the city
7 10 on all other taxable property within the city.

7 11 7. The department of management, in consultation with the
7 12 city finance committee, shall adopt rules to administer this
7 13 section. The department shall prescribe forms to be used by
7 14 cities when making calculations required by this section.

7 15 CONFORMING AMENDMENTS

7 16 Sec. 3. Section 23A.2, subsection 10, paragraph h, Code
7 17 2009, is amended to read as follows:

7 18 h. The performance of an activity listed in section
7 19 331.424, Code 2009, as a service for which a ~~supplemental levy~~
7 20 county may be certified include in its budget.

7 21 Sec. 4. Section 28M.5, subsections 1 and 2, Code 2009, are
7 22 amended to read as follows:

7 23 1. The commission, with the approval of the board of
7 24 supervisors of participating counties and the city council of
7 25 participating cities in the chapter 28E agreement, may levy
7 26 annually a tax not to exceed ninety-five cents per thousand
7 27 dollars of the assessed value of all taxable property in a
7 28 regional transit district to the extent provided in this
7 29 section. The chapter 28E agreement may authorize the
7 30 commission to levy the tax at different rates within the
7 31 participating cities and counties in amounts sufficient to
7 32 meet the revenue responsibilities of such cities and counties
7 33 as allocated in the budget adopted by the commission.
7 34 However, for a city participating in a regional transit
7 35 district, the total of all the tax levies imposed in the city
8 1 pursuant to for the purposes described in section 384.12,
8 2 subsection 10, Code 2009, and this section shall not exceed
8 3 the aggregate of ninety-five cents per thousand dollars of the
8 4 assessed value of all taxable property in the participating
8 5 city.

8 6 2. If a regional transit district budget allocates revenue
8 7 responsibilities to the board of supervisors of a
8 8 participating county, the amount of the regional transit
8 9 district levy that is the responsibility of the participating
8 10 county shall be deducted from the maximum ~~rates~~ amount of
8 11 taxes authorized to be levied by the county pursuant to
8 12 section 331.423, ~~subsections 1 and 2~~ subsection 3, paragraphs
8 13 "b" and "c", as applicable, unless the county meets its
8 14 revenue responsibilities as allocated in the budget from other
8 15 available revenue sources. However, for a regional transit
8 16 district that includes a county with a population of less than
8 17 three hundred thousand, the amount of the regional transit
8 18 district levy that is the responsibility of such participating
8 19 county shall be deducted from the maximum ~~rate~~ amount of taxes
8 20 authorized to be levied by the county pursuant to section
8 21 331.423, ~~subsection 3,~~ paragraph "b".

8 22 Sec. 5. Section 37.8, Code 2009, is amended to read as
8 23 follows:

8 24 37.8 LEVY FOR MAINTENANCE.

8 25 For the development, operation, and maintenance of a
8 26 building or monument constructed, purchased, or donated under
8 27 this chapter, a city may levy a tax ~~not to exceed eighty-one~~
8 28 ~~cents per thousand dollars of assessed value~~ on all the
8 29 taxable property within the city, ~~as provided in section~~
8 30 ~~384.12, subsection 2~~ subject to the limitation in section
8 31 384.1.

8 32 Sec. 6. Section 123.38, unnumbered paragraph 2, Code 2009,
8 33 is amended to read as follows:

8 34 Any licensee or permittee, or the licensee's or permittee's
8 35 executor or administrator, or any person duly appointed by the
9 1 court to take charge of and administer the property or assets
9 2 of the licensee or permittee for the benefit of the licensee's
9 3 or permittee's creditors, may voluntarily surrender a license
9 4 or permit to the division. When a license or permit is
9 5 surrendered the division shall notify the local authority, and
9 6 the division or the local authority shall refund to the person
9 7 surrendering the license or permit, a proportionate amount of
9 8 the fee received by the division or the local authority for
9 9 the license or permit as follows: if a license or permit is
9 10 surrendered during the first three months of the period for
9 11 which it was issued, the refund shall be three-fourths of the
9 12 amount of the fee; if surrendered more than three months but
9 13 not more than six months after issuance, the refund shall be
9 14 one-half of the amount of the fee; if surrendered more than
9 15 six months but not more than nine months after issuance, the
9 16 refund shall be one-fourth of the amount of the fee. No

9 17 refund shall be made, however, for any special liquor permit,
9 18 nor for a liquor control license, wine permit, or beer permit
9 19 surrendered more than nine months after issuance. For
9 20 purposes of this paragraph, any portion of license or permit
9 21 fees used for the purposes authorized in section 331.424,
9 22 subsection 1, paragraphs "a" and "b", Code 2009, and in
9 23 section 331.424A, shall not be deemed received either by the
9 24 division or by a local authority. No refund shall be made to
9 25 any licensee or permittee, upon the surrender of the license
9 26 or permit, if there is at the time of surrender, a complaint
9 27 filed with the division or local authority, charging the
9 28 licensee or permittee with a violation of this chapter. If
9 29 upon a hearing on a complaint the license or permit is not
9 30 revoked or suspended, then the licensee or permittee is
9 31 eligible, upon surrender of the license or permit, to receive
9 32 a refund as provided in this section; but if the license or
9 33 permit is revoked or suspended upon hearing the licensee or
9 34 permittee is not eligible for the refund of any portion of the
9 35 license or permit fee.

10 1 Sec. 7. Section 218.99, Code 2009, is amended to read as
10 2 follows:

10 3 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL
10 4 ACCOUNTS.

10 5 The administrator in control of a state institution shall
10 6 direct the business manager of each institution under the
10 7 administrator's jurisdiction which is mentioned in section
10 8 331.424, subsection 1, paragraphs "a" and "b", Code 2009, and
10 9 for which services are paid under section 331.424A, to
10 10 quarterly inform the county of legal settlement's entity
10 11 designated to perform the county's central point of
10 12 coordination process of any patient or resident who has an
10 13 amount in excess of two hundred dollars on account in the
10 14 patients' personal deposit fund and the amount on deposit.
10 15 The administrators shall direct the business manager to
10 16 further notify the entity designated to perform the county's
10 17 central point of coordination process at least fifteen days
10 18 before the release of funds in excess of two hundred dollars
10 19 or upon the death of the patient or resident. If the patient
10 20 or resident has no county of legal settlement, notice shall be
10 21 made to the director of human services and the administrator
10 22 in control of the institution involved.

10 23 Sec. 8. Section 331.263, subsection 2, Code 2009, is
10 24 amended to read as follows:

10 25 2. The governing body of the community commonwealth shall
10 26 have the authority to levy county taxes and shall have the
10 27 authority to levy city taxes to the extent the city tax levy
10 28 authority is transferred by the charter to the community
10 29 commonwealth. A city participating in the community
10 30 commonwealth shall transfer a portion of the city's tax levy
10 31 authorized under section 384.1 or 384.12, whichever is
10 32 applicable, to the governing body of the community
10 33 commonwealth. The maximum ~~rates~~ amount of taxes authorized to
10 34 be levied under ~~sections~~ section 384.1 and ~~the taxes~~
10 35 authorized to be levied under section 384.12 by a city

11 1 participating in the community commonwealth shall be reduced
11 2 by an amount equal to the rates of the same or similar taxes
11 3 levied in the city by the governing body of the community
11 4 commonwealth.

11 5 Sec. 9. Section 331.301, subsections 11 and 12, Code 2009,
11 6 are amended to read as follows:

11 7 11. A county may levy for tort liability insurance,
11 8 property insurance, and any other insurance that may be
11 9 necessary in the operation of the county, costs of a self=
11 10 insurance program, costs of a local government risk pool, and
11 11 amounts payable under any insurance agreements to provide or
11 12 procure such insurance, self=insurance program, or local
11 13 government risk pool. A county may enter into insurance

11 14 agreements obligating the county to make payments beyond its
11 15 current budget year to procure or provide for a policy of
11 16 insurance, a self=insurance program, or a local government
11 17 risk pool to protect the county against tort liability, loss
11 18 of property, or any other risk associated with the operation
11 19 of the county. Such a self=insurance program or local
11 20 government risk pool is not insurance and is not subject to
11 21 regulation under chapters 505 through 523C. However, those
11 22 self=insurance plans regulated pursuant to section 509A.14
11 23 shall remain subject to the requirements of section 509A.14
11 24 and rules adopted pursuant to that section.

11 25 12. The board of supervisors may credit funds to a reserve
11 26 for the purposes authorized by subsection 11 of this section+
11 27 ~~section 331.424, subsection 1, paragraph "f"; and section~~

11 28 331.441, subsection 2, paragraph "b". Moneys credited to the
11 29 reserve, and interest earned on such moneys, shall remain in
11 30 the reserve until expended for purposes authorized by
11 31 subsection 11 of this section; ~~section 331.424, subsection 1,~~
~~11 32 paragraph "f";~~ or section 331.441, subsection 2, paragraph
11 33 "b".

11 34 Sec. 10. Section 331.325, Code 2009, is amended to read as
11 35 follows:

12 1 331.325 CONTROL AND MAINTENANCE OF PIONEER CEMETERIES ==
12 2 CEMETERY COMMISSION.

12 3 1. As used in this section, "pioneer cemetery" means a
12 4 cemetery where there have been six or fewer burials in the
12 5 preceding fifty years.

12 6 2. Each county board of supervisors may adopt an ordinance
12 7 assuming jurisdiction and control of pioneer cemeteries in the
12 8 county. The board shall exercise the powers and duties of
12 9 township trustees relating to the maintenance and repair of
12 10 cemeteries in the county as provided in sections 359.28
12 11 through 359.40 except that the board shall not certify a tax
12 12 levy pursuant to section 359.30 or 359.33 and except that the
12 13 maintenance and repair of all cemeteries under the
12 14 jurisdiction of the county including pioneer cemeteries shall
12 15 be paid from the ~~county general cemetery~~ fund. The
12 16 maintenance and improvement program for a pioneer cemetery may
12 17 include restoration and management of native prairie grasses
12 18 and wildflowers.

12 19 3. In lieu of management of the cemeteries, the board of
12 20 supervisors may create, by ordinance, a cemetery commission to
12 21 assume jurisdiction and management of the pioneer cemeteries
12 22 in the county. The ordinance shall delineate the number of
12 23 commissioners, the appointing authority, the term of office,
12 24 officers, employees, organizational matters, rules of
12 25 procedure, compensation and expenses, and other matters deemed
12 26 pertinent by the board. The board may delegate any power and
12 27 duties relating to cemeteries which may otherwise be exercised
12 28 by township trustees pursuant to sections 359.28 through
12 29 359.40 to the cemetery commission except the commission shall
12 30 not certify a tax levy pursuant to section 359.30 or 359.33
12 31 and except that the expenses of the cemetery commission shall
12 32 be paid from the ~~county general cemetery~~ fund.

12 33 4. Notwithstanding sections 359.30 and 359.33, the costs
12 34 of management, repair, and maintenance of pioneer cemeteries
12 35 shall be paid from the ~~county general cemetery~~ fund.

13 1 Sec. 11. Section 331.421, subsection 10, Code 2009, is
13 2 amended by striking the subsection.

13 3 Sec. 12. Section 331.424B, Code 2009, is amended to read
13 4 as follows:

13 5 331.424B CEMETERY LEVY AND FUND.

13 6 The board may levy annually a tax not to exceed six and
13 7 three-fourths cents per thousand dollars of the assessed value
13 8 of all taxable property in the county to repair and maintain
13 9 all cemeteries under the jurisdiction of the board including
13 10 pioneer cemeteries and to pay other expenses of the board or
13 11 the cemetery commission as provided in section 331.325. The
13 12 proceeds of the tax levy shall be credited to the ~~county~~
~~13 13 general cemetery~~ fund.

13 14 Sec. 13. Section 331.425, unnumbered paragraph 1, Code
13 15 2009, is amended to read as follows:

13 16 The board may certify an addition to a levy in excess of
13 17 the amounts otherwise permitted under sections 331.423-
~~13 18 331.424,~~ and 331.426 if the proposition to certify an addition
13 19 to a levy has been submitted at a special levy election and
13 20 received a favorable majority of the votes cast on the
13 21 proposition. A special levy election is subject to the
13 22 following:

13 23 Sec. 14. Section 331.427, subsection 3, paragraph 1, Code
13 24 2009, is amended to read as follows:

13 25 1. Services listed in section 331.424, subsection 1, Code
~~13 26 2009,~~ and section 331.554.

13 27 Sec. 15. Section 331.428, subsection 2, paragraph d, Code
13 28 2009, is amended to read as follows:

13 29 d. Services listed under section 331.424, subsection 2,
~~13 30 Code 2009.~~

13 31 Sec. 16. Section 357B.8, subsection 2, paragraph c, Code
13 32 2009, is amended to read as follows:

13 33 c. The benefited fire district shall certify the tax levy
13 34 as provided in this subsection only after agreement granted by
13 35 resolution of the city council. The amount of the tax rate
14 1 levied under this subsection shall reduce by an equal amount
14 2 the maximum ~~tax levy amount of taxes~~ authorized for the
~~14 3 general fund of that city levy~~ under section 384.1. If the

14 4 district levies directly against property within a city to
14 5 provide fire protection for that city, the city shall not be
14 6 responsible for providing fire protection as provided in
14 7 section 364.16, and shall have no liability for the method,
14 8 manner, or means in which the district provides the fire
14 9 protection.

14 10 Sec. 17. Section 373.10, Code 2009, is amended to read as
14 11 follows:

14 12 373.10 TAXING AUTHORITY.

14 13 The metropolitan council shall have the authority to levy
14 14 city taxes to the extent the city tax levy authority is
14 15 transferred by the charter to the metropolitan council. A
14 16 member city shall transfer a portion of the city's tax levy
14 17 authorized under section 384.1 or 384.12, whichever is
14 18 applicable, to the metropolitan council. The maximum ~~rates~~
14 19 ~~amount~~ of taxes authorized to be levied under ~~sections~~ section
14 20 384.1 and the taxes authorized to be levied under section
14 21 384.12 by a member city shall be reduced by an amount equal to
14 22 the rates of the same or similar taxes levied in the city by
14 23 the metropolitan council.

14 24 Sec. 18. Section 384.7, Code 2009, is amended to read as
14 25 follows:

14 26 384.7 CAPITAL IMPROVEMENTS FUND.

14 27 A city may establish a capital improvements reserve fund,
14 28 and may certify taxes ~~not to exceed sixty-seven and one-half~~
~~14 29 cents per thousand dollars of taxable value~~ each year to be
14 30 levied for the fund, subject to the limitation in section
14 31 384.1, for the purpose of accumulating moneys for the
14 32 financing of specified capital improvements, or carrying out a
14 33 specific capital improvement plan.

~~14 34 The question of the establishment of a capital improvements~~
~~14 35 reserve fund, the time period during which a levy will be made~~
~~15 1 for the fund, and the tax rate to be levied for the fund is~~
~~15 2 subject to approval by the voters, and may be submitted at any~~
~~15 3 city election upon the council's motion, or shall be submitted~~
~~15 4 at the next regular city election upon receipt of a valid~~
~~15 5 petition as provided in section 362.4.~~

15 6 If a continuing capital improvements levy is established by
15 7 election, it may be terminated in the same manner, upon the
15 8 council's motion or upon petition. Balances in a capital
15 9 improvements reserve fund are not unencumbered or
15 10 unappropriated funds for the purpose of reducing tax levies.
15 11 Transfers may be made between the capital improvements reserve
15 12 fund, construction funds, and the general fund, as provided in
15 13 rules promulgated by the city finance committee created in
15 14 section 384.13.

15 15 Sec. 19. Section 384.8, Code 2009, is amended to read as
15 16 follows:

15 17 384.8 EMERGENCY FUND.

15 18 A city may establish an emergency fund and may certify
15 19 taxes ~~not to exceed twenty-seven cents per thousand dollars of~~
~~15 20 taxable value~~ each year to be levied for the fund, subject to
15 21 the limitation in section 384.1. Transfers may be made from
15 22 the emergency fund to the general fund as provided in rules
15 23 promulgated by the city finance committee created in section
15 24 384.13.

15 25 Sec. 20. Section 384.12, subsections 1 through 17, 19, 21,
15 26 and 22, Code 2009, are amended by striking the subsections.

15 27 Sec. 21. Section 384.110, Code 2009, is amended to read as
15 28 follows:

15 29 384.110 INSURANCE, SELF=INSURANCE, AND RISK POOLING FUNDS.

15 30 A city may credit funds to a fund or funds for the purposes
15 31 authorized by section 364.4, subsection 5; section 384.12,
15 32 subsection 18, Code 2009; or section 384.24, subsection 3,
15 33 paragraph "s". Moneys credited to the fund or funds, and
15 34 interest earned on such moneys, shall remain in the fund or
15 35 funds until expended for purposes authorized by section 364.4,
16 1 subsection 5; section 384.12, subsection 18, Code 2009; or
16 2 section 384.24, subsection 3, paragraph "s".

16 3 Sec. 22. Section 386.8, Code 2009, is amended to read as
16 4 follows:

16 5 386.8 OPERATION TAX.

16 6 A city may establish a self-supported improvement district
16 7 operation fund, and may certify taxes not to exceed the rate
16 8 limitation as established in the ordinance creating the
16 9 district, or any amendment thereto, each year to be levied for
16 10 the fund against all of the property in the district, for the
16 11 purpose of paying the administrative expenses of the district,
16 12 which may include but are not limited to administrative
16 13 personnel salaries, a separate administrative office, planning
16 14 costs including consultation fees, engineering fees,

16 15 architectural fees, and legal fees and all other expenses
16 16 reasonably associated with the administration of the district
16 17 and the fulfilling of the purposes of the district. The taxes
16 18 levied for this fund may also be used for the purpose of
16 19 paying maintenance expenses of improvements or
16 20 self-liquidating improvements for a specified length of time
16 21 with one or more options to renew if such is clearly stated in
16 22 the petition which requests the council to authorize
16 23 construction of the improvement or self-liquidating
16 24 improvement, whether or not such petition is combined with the
16 25 petition requesting creation of a district. Parcels of
16 26 property which are assessed as residential property for
16 27 property tax purposes are exempt from the tax levied under
16 28 this section except residential properties within a duly
16 29 designated historic district. A tax levied under this section
16 30 is not subject to the maximum dollars levy limitation in
16 31 section 384.1.

16 32 Sec. 23. Section 386.9, Code 2009, is amended to read as
16 33 follows:

16 34 386.9 CAPITAL IMPROVEMENT TAX.

16 35 A city may establish a capital improvement fund for a
17 1 district and may certify taxes, not to exceed the rate
17 2 established by the ordinance creating the district, or any
17 3 subsequent amendment thereto, each year to be levied for the
17 4 fund against all of the property in the district, for the
17 5 purpose of accumulating moneys for the financing or payment of
17 6 a part or all of the costs of any improvement or self-
17 7 liquidating improvement. However, parcels of property which
17 8 are assessed as residential property for property tax purposes
17 9 are exempt from the tax levied under this section except
17 10 residential properties within a duly designated historic
17 11 district. A tax levied under this section is not subject to
17 12 the maximum dollars levy ~~limitations~~ limitation in section
17 13 384.1 ~~or 384.7~~.

17 14 Sec. 24. Section 331.424, Code 2009, is repealed.

17 15 Sec. 25. EFFECTIVE AND APPLICABILITY DATES. This Act
17 16 takes effect July 1, 2009, and applies to the fiscal year
17 17 beginning July 1, 2010, and all subsequent fiscal years.

17 18 EXPLANATION

17 19 This bill removes the property tax levy rate limitations on
17 20 the general and rural funds for counties and on the general
17 21 fund for cities and substitutes a limitation on the maximum
17 22 amount of property tax dollars that may be certified for
17 23 expenditure by a county or city for those funds beginning with
17 24 the 2010=2011 fiscal year.

17 25 In the 2010=2011 fiscal year, the limitation is equal to
17 26 the taxable valuation for that fiscal year times the sum of
17 27 the maximum levy rate for the applicable fund under current
17 28 law and the statewide average of any supplemental levies
17 29 imposed in the previous fiscal year for that fund. In
17 30 subsequent years, the limitation established in the 2010=2011
17 31 fiscal year is adjusted by an annual growth factor and net new
17 32 valuation taxes. "Annual growth factor" and "net new
17 33 valuation taxes" are defined in the bill.

17 34 The bill takes effect July 1, 2009, and applies to fiscal
17 35 years beginning on or after July 1, 2010.

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