

House File 135 - Introduced

HOUSE FILE 135

BY ISENHART and WILLEMS

A BILL FOR

1 An Act relating to the division of instructional support
2 program property tax revenue for urban renewal purposes and
3 including effective date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.502, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 42A. Prepare and submit the report required
4 under section 403.19, subsection 9.

5 Sec. 2. Section 403.19, subsection 2, Code 2011, is amended
6 to read as follows:

7 2. a. That portion of the taxes each year in excess of such
8 amount shall be allocated to and when collected be paid into a
9 special fund of the municipality to pay the principal of and
10 interest on loans, moneys advanced to, or indebtedness, whether
11 funded, refunded, assumed, or otherwise, including bonds issued
12 under the authority of section 403.9, subsection 1, incurred
13 by the municipality to finance or refinance, in whole or in
14 part, an urban renewal project within the area, and to provide
15 assistance for low and moderate income family housing as
16 provided in section 403.22, ~~except that.~~ However, except as
17 provided in paragraph "b", taxes for the instructional support
18 program of a school district imposed pursuant to section 257.19
19 and taxes for the regular and voter-approved physical plant and
20 equipment levy of a school district imposed pursuant to section
21 298.2 and taxes for the payment of bonds and interest of each
22 taxing district must be collected against all taxable property
23 within the taxing district without limitation by the provisions
24 of this subsection.

25 b. (1) However, ~~all~~ All or a portion of the taxes for
26 the physical plant and equipment levy shall be paid by the
27 school district to the municipality if the auditor certifies
28 to the school district by July 1 the amount of such levy that
29 is necessary to pay the principal and interest on bonds issued
30 by the municipality to finance an urban renewal project, which
31 bonds were issued before July 1, 2001. Indebtedness incurred
32 to refund bonds issued prior to July 1, 2001, shall not be
33 included in the certification. Such school district shall pay
34 over the amount certified by November 1 and May 1 of the fiscal
35 year following certification to the school district.

1 (2) (a) All or a portion of the taxes for the instructional
2 support program levy of a school district shall be paid by the
3 school district to the municipality if the auditor, pursuant
4 to subsection 8, certifies to the school district by July 1
5 the amount of such levy that is necessary to pay the principal
6 and interest on bonds issued or other indebtedness incurred by
7 the municipality to finance an urban renewal project that was
8 approved at a public hearing on or before the effective date
9 of this Act, if the urban renewal project or the applicable
10 urban renewal plan has not been amended following such approval
11 and if the bonds issued or indebtedness incurred has not been
12 refinanced by the municipality. Such school district shall pay
13 over the amount certified by November 1 and May 1 of the fiscal
14 year following certification to the school district.

15 (b) In lieu of payment to a municipality under subparagraph
16 division (a), a school district may by resolution of the board
17 of directors of the school district approve at a regular
18 meeting of the board of directors the payment of all or a
19 portion of the instructional support program property tax
20 revenue excluded under paragraph "a", to the municipality for
21 the payment of principal and interest on bonds issued or other
22 indebtedness incurred by the municipality for an urban renewal
23 project approved before, on, or after the effective date of
24 this Act.

25 c. Unless and until the total assessed valuation of the
26 taxable property in an urban renewal area exceeds the total
27 assessed value of the taxable property in such area as shown by
28 the last equalized assessment roll referred to in subsection 1,
29 all of the taxes levied and collected upon the taxable property
30 in the urban renewal area shall be paid into the funds for
31 the respective taxing districts as taxes by or for the taxing
32 districts in the same manner as all other property taxes.
33 When such loans, advances, indebtedness, and bonds, if any,
34 and interest thereon, have been paid, all moneys thereafter
35 received from taxes upon the taxable property in such urban

1 renewal area shall be paid into the funds for the respective
2 taxing districts in the same manner as taxes on all other
3 property.

4 d. In those instances where a school district has entered
5 into an agreement pursuant to section 279.64 for sharing of
6 school district taxes levied and collected from valuation
7 described in this subsection and released to the school
8 district, the school district shall transfer the taxes as
9 provided in the agreement.

10 Sec. 3. Section 403.19, Code 2011, is amended by adding the
11 following new subsections:

12 NEW SUBSECTION. 8. For any fiscal year, a municipality
13 may certify to the county auditor for instructional support
14 program property tax revenue necessary for payment of principal
15 and interest on bonds issued or other indebtedness incurred
16 for an urban renewal project that was approved at a public
17 hearing on or before the effective date of this Act, if the
18 urban renewal project or the applicable urban renewal plan
19 has not been amended following such approval and if the bonds
20 issued or indebtedness incurred has not been refinanced by the
21 municipality. If for any fiscal year a municipality fails
22 to certify to the county auditor by July 1 the amount of
23 instructional support program property tax revenue necessary
24 for payment of principal and interest on such bonds, as
25 provided in subsection 2, the school district is not required
26 to pay over the revenue to the municipality. If a school
27 district and a municipality are unable to agree on the amount
28 of instructional support program property tax revenue certified
29 by the municipality, either party may request that the state
30 appeal board review and finally pass upon the amount that
31 may be certified. Such appeals must be presented in writing
32 to the state appeal board no later than July 31 following
33 certification. The burden shall be on the municipality to
34 prove that the instructional support program property tax
35 revenue is necessary to pay principal and interest on the

1 applicable bonds. A final decision must be issued by the state
2 appeal board no later than the following October 1.

3 NEW SUBSECTION. 9. The county auditor shall prepare an
4 annual report of all urban renewal projects or urban renewal
5 plans within the county that utilized a division of revenue
6 under this section, including those projects and plans that
7 were terminated or that expired during the previous fiscal
8 year. Such report shall be submitted to the department of
9 management each year on or before October 1.

10 Sec. 4. EFFECTIVE UPON ENACTMENT AND APPLICABILITY. This
11 Act, being deemed of immediate importance, takes effect upon
12 enactment and applies to property taxes due and payable in
13 fiscal years beginning on or after July 1, 2011.

14 EXPLANATION

15 Current Code section 403.19 excludes regular and
16 voter-approved physical plant and equipment levy (PPEL)
17 property taxes of a school district from a division of revenue
18 (tax increment financing) for urban renewal projects and
19 certain low and moderate income housing assistance. Current
20 Code section 403.19, however, also provides that all or a
21 portion of such taxes shall be paid by the school district to
22 the municipality if the county auditor certifies to the school
23 district by July 1 the amount of such levy that is necessary
24 to pay the principal and interest on bonds issued by the
25 municipality to finance an urban renewal project, if the bonds
26 were issued before July 1, 2001.

27 This bill establishes similar provisions for the property
28 taxes for the instructional support program of a school
29 district imposed pursuant to Code section 257.19, including
30 a provision requiring the school district to pay all or a
31 portion of such taxes to the municipality if the county auditor
32 certifies to the school district by July 1 the amount of such
33 levy that is necessary to pay the principal and interest on
34 bonds issued by the municipality to finance an urban renewal
35 project, if the bonds were issued before the effective date of

1 the bill. Additionally, the bill allows the school district
2 to approve by resolution the payment of all or a portion of the
3 instructional support program property tax revenue otherwise
4 excluded under the bill, to the municipality for the payment of
5 principal and interest on bonds issued or other indebtedness
6 incurred by the municipality for an urban renewal project
7 approved before, on, or after the effective date of the bill.

8 The bill includes certification and reporting requirements
9 for the municipality and the county auditor and authorizes
10 an appeal to the state appeal board in the event the school
11 district and the municipality are unable to agree on the amount
12 of instructional support program property tax revenue payable
13 from the school district to the municipality.

14 The bill takes effect upon enactment and applies to property
15 taxes due and payable in fiscal years beginning on or after
16 July 1, 2011.