

**House File 2460 - Introduced**

HOUSE FILE 2460

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 540)

**A BILL FOR**

1 An Act relating to Iowa's urban renewal law and incremental  
2 property taxes by modifying provisions relating to the  
3 duration of urban renewal areas, the approval, duration, and  
4 use of divisions of revenue, requiring certain reporting and  
5 auditing, and including effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 2.48, subsection 3, paragraph b,  
2 subparagraph (4), Code 2011, is amended by striking the  
3 subparagraph.

4 Sec. 2. Section 11.11, Code Supplement 2011, is amended to  
5 read as follows:

6 **11.11 Scope of audits.**

7 The written report of the audit of a governmental  
8 subdivision shall include the auditor's opinion as to whether a  
9 governmental subdivision's financial statements are presented  
10 fairly in all material respects in conformity with generally  
11 accepted accounting principles or with an other comprehensive  
12 basis of accounting. As a part of conducting an audit of a  
13 governmental subdivision, an evaluation of internal control  
14 and tests for compliance with laws and regulations shall be  
15 performed. As part of conducting an audit of a governmental  
16 subdivision, an evaluation of the governmental subdivision's  
17 compliance with the reporting requirements of section 331.403,  
18 subsection 3, or 384.22, subsection 2, if applicable, shall be  
19 performed.

20 Sec. 3. Section 331.403, subsection 3, Code 2011, is amended  
21 by striking the subsection and inserting in lieu thereof the  
22 following:

23 3. a. Each county that had an ordinance providing for a  
24 division of revenue in an urban renewal area under section  
25 403.19 in effect at any time during the most recently ended  
26 fiscal year shall complete for each such urban renewal area  
27 and file with the department of management a tax increment  
28 financing report by December 1 following the end of such fiscal  
29 year. Each report shall be approved by the affirmative vote  
30 of a majority of the board and be prepared in the format  
31 and submitted electronically pursuant to the instructions  
32 prescribed by the department of management in consultation with  
33 the legislative services agency.

34 b. The report required under this subsection shall include  
35 all of the following as of June 30 of the most recently ended

1 fiscal year or the information for such fiscal year, as  
2 applicable:

3 (1) Whether the urban renewal area is determined by the  
4 county to be a slum area, blighted area, economic development  
5 area or a combination of those areas, and the date such  
6 determination was made.

7 (2) A map clearly identifying the boundaries of the urban  
8 renewal area.

9 (3) A copy of the ordinance providing for a division of  
10 revenue in the urban renewal area under section 403.19.

11 (4) A copy of the urban renewal plan adopted for the urban  
12 renewal area.

13 (5) Information included in the county budget under section  
14 331.434, subsection 1, relating to the urban renewal area, for  
15 the fiscal year.

16 (6) A copy of the certification to the county auditor made  
17 pursuant to section 403.19, subsection 5, or the information  
18 previously certified to the county auditor under section  
19 403.19, subsection 5, for amounts payable during the fiscal  
20 year from the county's special fund created in section 403.19.

21 (7) A list and description of all uncompleted urban renewal  
22 projects within the urban renewal area and all urban renewal  
23 projects that were completed during the fiscal year.

24 (8) A description of each expenditure during the fiscal year  
25 from the county's special fund created in section 403.19. Each  
26 such expenditure shall be classified by the county according  
27 to categories established by the department of management and  
28 shall be designated as corresponding to the specific loan,  
29 advance, indebtedness, or bond which qualifies for payment from  
30 the special fund under section 403.19. Each such expenditure  
31 shall also be designated as corresponding to one or more  
32 specific urban renewal projects.

33 (9) The total amount of loans, advances, indebtedness, or  
34 bonds, including interest negotiated on such loans, advances,  
35 indebtedness, or bonds, which qualify for payment from the

1 special fund created in section 403.19, and which were incurred  
2 or issued during the fiscal year. Each such loan, advance,  
3 debt, or bond shall be classified by the county according to  
4 categories established by the department of management and  
5 shall be designated as corresponding to one or more specific  
6 urban renewal projects.

7 (10) The total amount of loans, advances, indebtedness,  
8 or bonds that remain unpaid at the close of the fiscal year,  
9 and which qualify for payment from the special fund created in  
10 section 403.19, including interest negotiated on such loans,  
11 advances, indebtedness, or bonds.

12 (11) The total amount of property taxes that were suspended,  
13 abated, exempted, rebated, refunded, or reimbursed by the  
14 county, used to fund a grant provided by the county, or  
15 directly paid by the county during the fiscal year for property  
16 in the urban renewal area using moneys in the county's special  
17 fund created in section 403.19 and such amounts agreed to by  
18 the county for future fiscal years.

19 (12) A list of all properties, including the owner of such  
20 properties, and the amount of property taxes due and payable  
21 for the fiscal year that were suspended, abated, exempted,  
22 rebated, refunded, or reimbursed by the county, used to fund a  
23 grant provided by the county, or directly paid by the county  
24 during the fiscal year using moneys in the county's special  
25 fund created in section 403.19 and information for such amounts  
26 agreed to by the county for future fiscal years.

27 (13) The balance of the county's special fund created in  
28 section 403.19.

29 (14) The total sum of the assessed value of the taxable  
30 property in the urban renewal area, as shown on the assessment  
31 roll used to calculate the amount of taxes under section  
32 403.19, subsection 1, for the fiscal year.

33 (15) The total assessed value of each classification of  
34 taxable property located in the urban renewal area.

35 (16) The total amount of taxes, as determined under section

1 403.19, subsection 2, that was available for allocation to and  
2 when collected payment into the special fund of the county for  
3 the fiscal year.

4 (17) The amount of taxes determined under section 403.19,  
5 subsection 2, in excess of the amount required to pay the  
6 applicable loans, advances, indebtedness, and bonds, if any,  
7 and interest thereon, for the fiscal year that was paid into  
8 the funds for the respective taxing districts in the same  
9 manner as taxes on all other property.

10 (18) Interest or earnings received during the fiscal year  
11 on amounts deposited into the special fund created in section  
12 403.19. The amounts of interest or earnings shall also be  
13 designated as corresponding to one or more specific urban  
14 renewal projects.

15 (19) All other additional information or documentation  
16 deemed relevant by the department of management.

17 *c.* By December 1, 2012, the department of management,  
18 shall make publicly available on an internet site a searchable  
19 database of all such information contained in the reports  
20 required under this subsection. Reports from previous years  
21 shall be retained by the department and shall continue to be  
22 available and searchable on the internet site.

23 Sec. 4. Section 331.403, Code 2011, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 4. The annual financial report and the tax  
26 increment financing report required under this section shall be  
27 filed with the department of management prior to the adoption  
28 of the county budget under section 331.434 for the fiscal year  
29 beginning July 1 following the date such reports are due.

30 Sec. 5. Section 331.434, unnumbered paragraph 1, Code 2011,  
31 is amended to read as follows:

32 Annually, the board of each county, subject to section  
33 331.403, subsection 4, sections 331.423 through 331.426, and  
34 other applicable state law, shall prepare and adopt a budget,  
35 certify taxes, and provide appropriations as follows:

1     Sec. 6. Section 357H.9, Code 2011, is amended to read as  
2 follows:

3     **357H.9 Incremental property taxes.**

4     1. The board of trustees shall provide by resolution that  
5 taxes levied on the taxable property in a rural improvement  
6 zone each year by or for the benefit of the state, city,  
7 county, school district, or other taxing district after the  
8 effective date of the resolution shall be divided as provided  
9 in section 403.19, subsections 1 and 2, in the same manner  
10 as if the taxable property in the rural improvement zone was  
11 taxable property in an urban renewal area and the resolution  
12 was an ordinance within the meaning of those subsections. The  
13 taxes received by the board of trustees shall be allocated to,  
14 and when collected be paid into, a special fund and may be  
15 irrevocably pledged by the trustees to pay the principal of and  
16 interest on the certificates, contracts, or other obligations  
17 approved by the board of trustees to finance or refinance, in  
18 whole or in part, an improvement project. As used in this  
19 section, "taxes" includes, but is not limited to, all levies on  
20 an ad valorem basis upon land or real property located in the  
21 rural improvement zone.

22     2. a. Each board of trustees that has by resolution  
23 provided for a division of revenue in the rural improvement  
24 zone during the most recently ended fiscal year shall complete  
25 and file with the department of management a tax increment  
26 financing report by December 1 following the end of such  
27 fiscal year. The report shall be approved by the affirmative  
28 vote of a majority of the board of trustees and be prepared  
29 in the format and submitted electronically pursuant to the  
30 instructions prescribed by the department of management in  
31 consultation with the legislative services agency.

32     b. The report required under this subsection shall include  
33 substantially the same information required for counties under  
34 section 331.403, subsection 3, as of June 30 of the most  
35 recently ended fiscal year or the information for such fiscal

1 year, as applicable.

2 c. By December 1, 2012, the department of management,  
3 shall make publicly available on an internet site a searchable  
4 database of all such information contained in the reports  
5 required under this subsection. Reports from previous years  
6 shall be retained by the department and shall continue to be  
7 available and searchable on the internet site.

8 d. A board of trustees that fails to satisfy the  
9 requirements of this subsection shall have all future  
10 incremental taxes withheld from payment into the rural  
11 improvement zone's special fund until such requirements are  
12 met.

13 Sec. 7. Section 384.16, unnumbered paragraph 1, Code 2011,  
14 is amended to read as follows:

15 Annually, a city that has satisfied the requirements of  
16 section 384.22, subsection 3, shall prepare and adopt a budget,  
17 and shall certify taxes as follows:

18 Sec. 8. Section 384.22, Code 2011, is amended to read as  
19 follows:

20 **384.22 Annual report — tax increment financing report.**

21 1. Not later than December 1 of each year, a city shall  
22 publish an annual report as provided in section 362.3  
23 containing a summary for the preceding fiscal year of all  
24 collections and receipts, all accounts due the city, and all  
25 expenditures, the current public debt of the city, and the  
26 legal debt limit of the city for the current fiscal year. The  
27 report shall be prepared on forms and pursuant to instructions  
28 prescribed by the auditor of state. A copy of this report must  
29 be filed with the auditor of state not later than December 1 of  
30 each year.

31 ~~A city that fails to meet the filing deadline imposed by~~  
32 ~~this section shall have withheld from payments to be made to~~  
33 ~~the county which are allocated to the city pursuant to section~~  
34 ~~425.1 an amount equal to five cents per capita until the annual~~  
35 ~~report is filed with the auditor of state.~~

1     2. a. Each city that had an ordinance providing for a  
2 division of revenue in an urban renewal area under section  
3 403.19 in effect at any time during the most recently ended  
4 fiscal year shall complete for each such urban renewal area  
5 and file with the department of management a tax increment  
6 financing report by December 1 following the end of such fiscal  
7 year. Each report shall be approved by the affirmative vote  
8 of a majority of the city council and be prepared in the format  
9 and submitted electronically pursuant to the instructions  
10 prescribed by the department of management in consultation with  
11 the legislative services agency.

12     b. The report required under this subsection shall include  
13 all of the following as of June 30 of the most recently ended  
14 fiscal year:

15         (1) Whether the urban renewal area is determined by the city  
16 to be a slum area, blighted area, economic development area or  
17 a combination of those areas, and the date such determination  
18 was made.

19         (2) A map clearly identifying the boundaries of the urban  
20 renewal area.

21         (3) A copy of the ordinance providing for a division of  
22 revenue in the urban renewal area under section 403.19.

23         (4) A copy of the urban renewal plan adopted for the urban  
24 renewal area.

25         (5) Information included in the city budget under section  
26 384.16, subsection 1, paragraph "b", relating to the urban  
27 renewal area, for the fiscal year.

28         (6) A copy of the certification to the county auditor made  
29 pursuant to section 403.19, subsection 5, or the information  
30 previously certified to the county auditor under section  
31 403.19, subsection 5, for amounts payable during the fiscal  
32 year from the city's special fund created in section 403.19.

33         (7) A list and description of all uncompleted urban renewal  
34 projects within the urban renewal area and all urban renewal  
35 projects that were completed during the fiscal year.



1     (8) A description of each expenditure during the fiscal  
2 year from the city's special fund created in section 403.19.  
3 Each such expenditure shall be classified by the city according  
4 to categories established by the department of management and  
5 shall be designated as corresponding to the specific loan,  
6 advance, indebtedness, or bond which qualifies for payment from  
7 the special fund under section 403.19. Each such expenditure  
8 shall also be designated as corresponding to one or more  
9 specific urban renewal projects.

10     (9) The total amount of loans, advances, indebtedness, or  
11 bonds, including interest negotiated on such loans, advances,  
12 indebtedness, or bonds, which qualify for payment from the  
13 special fund created in section 403.19, and which were incurred  
14 or issued during the fiscal year. Each such loan, advance,  
15 debt, or bond shall be classified by the city according to  
16 categories established by the department of management and  
17 shall be designated as corresponding to one or more specific  
18 urban renewal projects.

19     (10) The total amount of loans, advances, indebtedness,  
20 or bonds that remain unpaid at the close of the fiscal year,  
21 and which qualify for payment from the special fund created in  
22 section 403.19, including interest negotiated on such loans,  
23 advances, indebtedness, or bonds.

24     (11) The total amount of property taxes that were suspended,  
25 abated, exempted, rebated, refunded, or reimbursed by the city,  
26 used to fund a grant provided by the city, or directly paid  
27 by the city during the fiscal year for property in the urban  
28 renewal area using moneys in the city's special fund created  
29 in section 403.19 and such amounts agreed to by the city for  
30 future fiscal years.

31     (12) A list of all properties, including the owner of such  
32 properties, and the amount of property taxes due and payable  
33 for the fiscal year that were suspended, abated, exempted,  
34 rebated, refunded, or reimbursed by the city, used to fund a  
35 grant provided by the city, or directly paid by the city during

1 the fiscal year using moneys in the city's special fund created  
2 in section 403.19 and information for such amounts agreed to by  
3 the city for future fiscal years.

4 (13) The balance of the city's special fund created in  
5 section 403.19.

6 (14) The total sum of the assessed value of the taxable  
7 property in the urban renewal area, as shown on the assessment  
8 roll used to calculate the amount of taxes under section  
9 403.19, subsection 1, for the fiscal year.

10 (15) The total assessed value of each classification of  
11 taxable property located in the urban renewal area.

12 (16) The total amount of taxes, as determined under section  
13 403.19, subsection 2, that was available for allocation to and  
14 when collected payment into the special fund of the city for  
15 the fiscal year.

16 (17) The amount of taxes determined under section 403.19,  
17 subsection 2, in excess of the amount required to pay the  
18 applicable loans, advances, indebtedness, and bonds, if any,  
19 and interest thereon, for the fiscal year that was paid into  
20 the funds for the respective taxing districts in the same  
21 manner as taxes on all other property.

22 (18) Interest or earnings received during the fiscal year  
23 on amounts deposited into the special fund created in section  
24 403.19. The amounts of interest or earnings shall also be  
25 designated as corresponding to one or more specific urban  
26 renewal projects.

27 (19) All other additional information or documentation  
28 deemed relevant by the department of management.

29 c. By December 1, 2012, the department of management,  
30 shall make publicly available on an internet site a searchable  
31 database of all such information contained in the reports  
32 required under this subsection. Reports from previous years  
33 shall be retained by the department and shall continue to be  
34 available and searchable on the internet site.

35 3. The annual financial report and the tax increment

1 financing report required under this section shall be filed  
2 with the department of management prior to the adoption of the  
3 city budget under section 384.16 for the fiscal year beginning  
4 July 1 following the date such reports are due.

5 Sec. 9. Section 403.5, subsections 1, 2, 3, 5, and 7, Code  
6 2011, are amended to read as follows:

7 1. a. A municipality shall not approve an urban renewal  
8 project for an urban renewal area unless the governing body  
9 has, by resolution, determined the area to be a slum area,  
10 blighted area, economic development area or a combination of  
11 those areas, and designated the area as appropriate for an  
12 urban renewal project. The local governing body shall not  
13 approve an urban renewal plan until a general plan for the  
14 municipality has been prepared. For this purpose and other  
15 municipal purposes, authority is vested in every municipality  
16 to prepare, to adopt and to revise from time to time, a general  
17 plan for the physical development of the municipality as a  
18 whole, giving due regard to the environs and metropolitan  
19 surroundings. A municipality shall not acquire real property  
20 for an urban renewal project unless the local governing body  
21 has approved the urban renewal project in accordance with  
22 subsection 4.

23 b. A municipality shall not establish an urban renewal  
24 area or otherwise modify the boundaries of an existing urban  
25 renewal area on or after the effective date of this Act if such  
26 establishment or modification would result in an increase in  
27 the aggregate amount of assessed value of taxable property in  
28 all urban renewal areas established by the municipality and  
29 if following such establishment or modification the assessed  
30 value in the aggregate of all taxable property located in all  
31 urban renewal areas established in the municipality's area  
32 of operation would exceed twenty-five percent of the total  
33 assessed value of all taxable property within the corporate  
34 limits of the municipality if the municipality is a city or  
35 exceed twenty-five percent of the total assessed value of all

1 taxable property outside the corporate boundaries of a city if  
2 the municipality is a county.

3 2. a. The municipality may itself prepare or cause to be  
4 prepared an urban renewal plan; or any person or agency, public  
5 or private, may submit such a plan to a municipality. Prior  
6 to its approval of an urban renewal plan, the local governing  
7 body shall submit such plan to the planning commission of the  
8 municipality, if any, for review and recommendations as to  
9 its conformity with the general plan for the development of  
10 the municipality as a whole. The planning commission shall  
11 submit its written recommendations with respect to the proposed  
12 urban renewal plan to the local governing body within thirty  
13 days after receipt of the plan for review. Upon receipt of  
14 the recommendations of the planning commission or, if no  
15 recommendations are received within the thirty days, then,  
16 without such recommendations, the local governing body may  
17 proceed with the hearing hearings on the proposed urban renewal  
18 plan prescribed by subsection 3.

19 b. Prior to its approval of an urban renewal plan which  
20 provides for a division of revenue pursuant to section 403.19,  
21 the municipality shall mail the proposed plan by regular mail  
22 to the affected taxing entities. The municipality shall  
23 include with the proposed plan notification of a consultation  
24 to be held between the municipality and affected taxing  
25 entities prior to the public hearing on the urban renewal  
26 plan. Each affected taxing entity may appoint a representative  
27 to attend the consultation. The consultation may include a  
28 discussion of the estimated growth in valuation of taxable  
29 property included in the proposed urban renewal area, the  
30 fiscal impact of the division of revenue on the affected taxing  
31 entities, the estimated impact on the provision of services  
32 by each of the affected taxing entities in the proposed urban  
33 renewal area, and the duration of any bond issuance included  
34 in the plan. The designated representative of the affected  
35 taxing entity may make written recommendations for modification

1 to the proposed division of revenue no later than seven days  
 2 following the date of the consultation. The representative  
 3 of the municipality shall, no later than seven days prior  
 4 to the public hearing on the urban renewal plan, submit a  
 5 written response to the affected taxing entity addressing the  
 6 recommendations for modification to the proposed division of  
 7 revenue. Not later than thirty days following the receipt  
 8 of the written response addressing the recommendations for  
 9 modification, the governing body of each affected taxing entity  
 10 shall by resolution each approve by the affirmative vote of a  
 11 majority of the governing body a written recommendation for  
 12 approval or rejection of the proposed urban renewal area and  
 13 state the reasons for such recommendation. Upon receipt of the  
 14 resolutions approved by each affected taxing entity, or thirty  
 15 days following receipt of the written response addressing  
 16 the recommendations for modifications by the affected taxing  
 17 entities, whichever occurs first, the local governing body may  
 18 proceed with the hearings prescribed by subsection 3 on the  
 19 proposed urban renewal plan.

20 3. The local governing body shall hold ~~a public hearing~~  
 21 three public hearings on an urban renewal plan after public  
 22 notice ~~thereof~~ of each by publication in a newspaper having  
 23 a general circulation in the area of operation of the  
 24 municipality. ~~The~~ Each notice shall describe the time, date,  
 25 place, and purpose of the hearing, shall generally identify  
 26 the urban renewal area covered by the plan, shall describe the  
 27 resolutions approved by each affected taxing entity if the  
 28 proposed urban renewal plan provides for a division of revenue  
 29 pursuant to section 403.19, and shall outline the general  
 30 scope of the urban renewal activities under consideration.  
 31 A copy of the notice shall be sent by ordinary mail to each  
 32 affected taxing entity. The hearings required under this  
 33 subsection shall not be waived by the local governing body.  
 34 At each of the three public hearings, the municipality shall  
 35 make available to the public all written information that

1 the local governing body anticipates using to determine its  
2 findings under subsection 4. If the proposed urban renewal  
3 plan provides for a division of revenue pursuant to section  
4 403.19, the resolutions approved by each affected taxing entity  
5 under subsection 2, paragraph "b", shall be published in their  
6 entirety in the minutes of the third public hearing.

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

25 b. Once determined to be a blighted area, a slum area, or an  
26 economic development area by a municipality, an urban renewal  
27 area shall not be redetermined by the municipality throughout  
28 the duration of the urban renewal area.

29 7. Notwithstanding any other provisions of this chapter,  
30 where the local governing body certifies that an area is in  
31 need of redevelopment or rehabilitation as a result of a flood,  
32 fire, hurricane, earthquake, storm, or other catastrophe  
33 respecting which the governor of the state has certified  
34 the need for disaster assistance under Pub. L. No. 81-875,  
35 Eighty-first Congress, 64 Stat. 1109, codified at 42 U.S.C.

1 § 1855 - 1855g or other federal law, the local governing body  
2 may approve an urban renewal plan and an urban renewal project  
3 with respect to such area without regard to the provisions of  
4 subsection 4 and without regard to provisions of this section  
5 requiring notification and consultation, a general plan for the  
6 municipality, and ~~a public hearing~~ three public hearings on the  
7 urban renewal plan or project.

8 Sec. 10. Section 403.5, subsection 4, Code 2011, is amended  
9 by adding the following new paragraphs:

10 NEW PARAGRAPH. *0a.* The proposed or expected development  
11 within the urban renewal area would not otherwise occur without  
12 approval of the urban renewal plan and without the use of  
13 incremental tax revenues if the urban renewal plan provides for  
14 a division of revenue pursuant to section 403.19.

15 NEW PARAGRAPH. *00a.* The economic benefits of the urban  
16 renewal area, as measured by increased employment, business  
17 and personal income, and property value, are sufficient to  
18 compensate for the costs and indebtedness to be incurred by the  
19 municipality.

20 NEW PARAGRAPH. *000a.* If the proposed urban renewal plan  
21 provides for a division of revenue under section 403.19, the  
22 benefits of the proposal outweigh the anticipated reduction in  
23 property tax revenues to each taxing district.

24 NEW PARAGRAPH. *0000a.* Other alternative development options  
25 and funding for the proposed urban renewal area would be less  
26 effective than the proposed urban renewal plan and the division  
27 of revenue under section 403.19 if applicable.

28 Sec. 11. Section 403.8, subsection 1, Code 2011, is amended  
29 to read as follows:

30 1. A municipality may sell, lease, or otherwise transfer  
31 real property or any interest in real property acquired by  
32 it, and may enter into contracts for such purposes, in an  
33 urban renewal area for residential, recreational, commercial,  
34 industrial, or other uses, or for public use, subject to  
35 covenants, conditions and restrictions, including covenants

1 running with the land, it deems to be necessary or desirable  
2 to assist in preventing the development or spread of future  
3 slums or blighted areas, or to otherwise carry out the purposes  
4 of this chapter. However, the sale, lease, other transfer,  
5 or retention, and any agreement relating to it, may be made  
6 only after the approval of the urban renewal plan by the local  
7 governing body. The purchasers or lessees and their successors  
8 and assigns shall devote the real property only to the uses  
9 specified in the urban renewal plan, and they may be obligated  
10 to comply with other requirements the municipality determines  
11 to be in the public interest, including the requirement to  
12 begin within a reasonable time any improvements on the real  
13 property required by the urban renewal plan. The real property  
14 or interest shall be sold, leased, otherwise transferred, or  
15 retained at not less than its fair market value for uses in  
16 accordance with the urban renewal plan except as provided in  
17 subsection 3. In determining the fair market value of real  
18 property for uses in accordance with the urban renewal plan, a  
19 municipality shall take into account and give consideration to  
20 the uses provided in the plan; the restrictions upon, and the  
21 covenants, conditions, and obligations assumed by the purchaser  
22 or lessee or by the municipality retaining the property;  
23 and the objectives of the plan for the prevention of the  
24 recurrence of slum or blighted areas. The municipality in an  
25 instrument of conveyance to a private purchaser or lessee may  
26 provide that the purchaser or lessee shall not sell, lease, or  
27 otherwise transfer the real property, without the prior written  
28 consent of the municipality, until the purchaser or lessee has  
29 completed the construction of any or all improvements which  
30 the purchaser or lessee has become obligated to construct.  
31 Real property acquired by a municipality which, in accordance  
32 with the urban renewal plan, is to be transferred, shall be  
33 transferred as rapidly as feasible in the public interest,  
34 consistent with the carrying out of the urban renewal plan.  
35 A contract for a transfer under the urban renewal plan, or



1 a part or parts of the contract or plan as the municipality  
2 determines, may be recorded in the land records of the county  
3 in a manner to afford actual or constructive notice of the  
4 contract or plan.

5 Sec. 12. Section 403.17, subsection 1, Code 2011, is amended  
6 to read as follows:

7 1. "*Affected taxing entity*" means a city, ~~community college,~~  
8 county, or school district which levied or certified for levy  
9 a property tax on any portion of the taxable property located  
10 within the urban renewal area in the fiscal year beginning  
11 prior to the calendar year in which a proposed urban renewal  
12 plan is submitted to the local governing body for approval.

13 Sec. 13. Section 403.17, subsection 10, Code 2011, is  
14 amended to read as follows:

15 10. "*Economic development area*" means an area of a  
16 municipality designated by the local governing body as  
17 appropriate for commercial and industrial enterprises, public  
18 improvements related to housing and residential development,  
19 or construction of housing and residential development for low  
20 and moderate income families, including single or multifamily  
21 housing. If an urban renewal plan for an urban renewal area  
22 adopted on or after January 1, 1995, but before the effective  
23 date of this Act, is based upon a finding that the area is an  
24 economic development area and that no part contains slum or  
25 blighted conditions, then the division of revenue provided  
26 in section 403.19, if adopted prior to the effective date of  
27 this Act, and stated in the plan shall be limited to twenty  
28 years from the calendar year following the calendar year in  
29 which the municipality first certifies to the county auditor  
30 the amount of any loans, advances, indebtedness, or bonds which  
31 qualify for payment from the division of revenue provided in  
32 section 403.19. ~~Such designated~~ An economic development area  
33 shall not include agricultural land, including land which is  
34 part of a century farm, unless the owner of the agricultural  
35 land or century farm agrees to include the agricultural land

1 or century farm in the urban renewal area. For the purposes of  
2 this subsection, "century farm" means a farm in which at least  
3 forty acres of such farm have been held in continuous ownership  
4 by the same family for one hundred years or more.

5 Sec. 14. Section 403.17, subsection 25, paragraph d, Code  
6 2011, is amended to read as follows:

7 d. Disposition of any property acquired in the urban renewal  
8 area, including sale, initial leasing, or retention by the  
9 municipality itself, at its fair market value for uses in  
10 accordance with the urban renewal plan;

11 Sec. 15. NEW SECTION. 403.18A Urban renewal area and  
12 **division of revenue limitations.**

13 1. Each municipality having an urban renewal area in  
14 existence on the effective date of this Act that is subject to  
15 a division of revenue under section 403.19 that is not limited  
16 in duration under either section 403.17, subsection 10, or  
17 section 403.22, subsection 5, shall be subject to one of the  
18 following limitations:

19 a. (1) For each such urban renewal area that is an economic  
20 development area, except as provided in subparagraph (2), the  
21 urban renewal area including all applicable urban renewal  
22 plans, projects, and ordinances providing for a division of  
23 revenue shall terminate and be of no further force and effect  
24 not later than June 30, 2032. The municipality may for such  
25 urban renewal area continue to incur or issue additional costs  
26 or indebtedness, including loans, advances, and bonds that  
27 qualify for payment from the special fund created in section  
28 403.19 on or after the effective date of this Act and until  
29 June 30, 2032.

30 (2) A municipality may, following the filing of an  
31 application for a waiver with, and approval by, the department  
32 of management, extend the date of termination for the urban  
33 renewal area and all applicable urban renewal plans, projects,  
34 and ordinances to a date after June 30, 2032. Such an  
35 application shall be filed with the department of management

1 not later than June 30, 2013, and the application shall be  
2 accompanied by all information and documentation required  
3 by the department. The extended termination date shall be  
4 determined by the department of management. However, an  
5 extended termination date shall not be later than a date  
6 determined by the department of management to be necessary  
7 for the municipality to pay and retire those loans, advances,  
8 bonds, or indebtedness, or portions thereof, incurred or  
9 issued before the effective date of this Act that qualify for  
10 payment from the special fund created in section 403.19, and  
11 by the terms of such loans, advances, bonds, or indebtedness  
12 are required to be paid or retired after June 30, 2032. If  
13 the department of management approves a waiver under this  
14 subparagraph (2), all moneys deposited into the special fund  
15 of the municipality after June 30, 2032, shall be used solely  
16 for the purpose of retiring such loans, advances, bonds, or  
17 indebtedness. During the period of the extension, property  
18 taxes collected under section 403.19, subsection 2, in excess  
19 of the amount necessary under the conditions of the extension  
20 shall be allocated and when collected paid into the funds for  
21 the respective taxing districts in the same manner as taxes on  
22 all other property.

23 *b.* (1) For each such urban renewal area that is a slum area  
24 or a blighted area or a combination of those areas, the urban  
25 renewal area including all applicable urban renewal plans,  
26 projects, and ordinances providing for a division of revenue  
27 shall continue in effect under this chapter, until such time  
28 that the urban renewal area is dissolved by the municipality or  
29 until the urban renewal area terminates under the conditions  
30 of subparagraph (2). The municipality may for such urban  
31 renewal area continue to incur or issue additional costs or  
32 indebtedness, including loans, advances, and bonds, that  
33 qualify for payment from the special fund created in section  
34 403.19 on or after the effective date of this Act and until  
35 dissolution or termination of the urban renewal area.

1 (2) Notwithstanding any provision of this chapter to  
2 the contrary, for fiscal years beginning on or after July 1,  
3 2017, when calculating a division of revenue for an urban  
4 renewal area described in subparagraph (1), and for which  
5 the difference between the year of the assessment roll as of  
6 January 1 used to calculate the amount of taxes allocated to  
7 and when collected paid into the funds for the respective  
8 taxing districts under section 403.19, subsection 1, and the  
9 year of the assessment roll used to calculate the total amount  
10 of property taxes under section 403.19 for the fiscal year in  
11 which the taxes are due and payable, first exceeds fifteen  
12 years, the year of the assessment roll as of January 1 that is  
13 otherwise required under section 403.19, subsection 1, shall  
14 be adjusted by increasing the year of the assessment roll by  
15 two assessment years. Such assessment roll so adjusted shall  
16 be increased in each subsequent fiscal year by two assessment  
17 years until the assessment roll as of January 1 used to  
18 calculate the amount of taxes allocated to and when collected  
19 paid into the funds for the respective taxing districts under  
20 section 403.19, subsection 1, is later in time than the year  
21 of the assessment roll used to calculate the total amount of  
22 property taxes under section 403.19 for the fiscal year in  
23 which the taxes are due and payable, at which time the urban  
24 renewal area including all applicable urban renewal plans,  
25 projects, and ordinances providing for a division of revenue  
26 shall terminate and be of no further force and effect.

27 2. The department of management shall adopt rules necessary  
28 to implement and administer this section.

29 Sec. 16. Section 403.19, subsection 1, Code Supplement  
30 2011, is amended by adding the following new paragraph:

31 NEW PARAGRAPH. *d.* An ordinance providing for a division  
32 of revenue under this section that is adopted on or after the  
33 effective date of this Act shall not apply to wind energy  
34 conversion property as defined in section 427B.26, and property  
35 taxes levied against such wind energy conversion property shall

1 be allocated to and when collected paid into the funds for the  
2 respective taxing districts in the same manner as all other  
3 property taxes.

4 Sec. 17. Section 403.19, Code Supplement 2011, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. 3A. *a.* Except as provided in paragraph  
7 "b" and section 403.22, an ordinance providing for a division  
8 of revenue under this section that is adopted on or after the  
9 effective date of this Act shall be limited to fifteen years  
10 from January 1 of the first assessment year for which the total  
11 sum of the assessed value of the taxable property in the urban  
12 renewal area is equal to or greater than one hundred five  
13 percent of the total sum of the assessed value of the taxable  
14 property in the urban renewal area as shown on the assessment  
15 roll used to calculate the amount of taxes under section  
16 403.19, subsection 1. The urban renewal area, including all  
17 applicable urban renewal plans, projects, and ordinances shall  
18 terminate and be of no further force and effect following the  
19 fifteen-year period provided in this subsection.

20 *b.* A municipality may, with the approval of the governing  
21 bodies of all affected taxing entities prior to the date of  
22 termination under paragraph "a", extend the division of revenue  
23 under section 403.19 and the applicable urban renewal plans,  
24 projects, and ordinances for up to five years if such extension  
25 is determined by the affected taxing entities to be necessary  
26 to sufficiently fund an urban renewal project within the urban  
27 renewal area.

28 Sec. 18. Section 403.19, Code Supplement 2011, is amended by  
29 adding the following new subsection:

30 NEW SUBSECTION. 9. *a.* Moneys from any source deposited  
31 into the special fund created in this section shall not be  
32 expended for or otherwise used in connection with an urban  
33 renewal project approved on or after the effective date of this  
34 Act that includes the relocation of a commercial or industrial  
35 enterprise not presently located within the municipality,

1 unless one of the following occurs:

2 (1) The local governing body of the municipality where  
3 the commercial or industrial enterprise is currently located  
4 and the local governing body of the municipality where the  
5 commercial or industrial enterprise is proposing to relocate  
6 enter into a written agreement approving such relocation and  
7 approving those economic incentives provided to the commercial  
8 or industrial enterprise as a condition of the relocation, if  
9 any.

10 (2) The local governing body of the municipality where the  
11 commercial or industrial enterprise is proposing to relocate  
12 finds that the use of deposits into the special fund for an  
13 urban renewal project that includes such a relocation is in  
14 the public interest. A local governing body's finding that an  
15 urban renewal project that includes a commercial or industrial  
16 enterprise relocation is in the public interest shall include  
17 written verification from the commercial or industrial  
18 enterprise that the enterprise is actively considering moving  
19 all or a part of its operations to a location outside the state  
20 and a specific finding that such an out-of-state move would  
21 result in a significant reduction in either the enterprise's  
22 total employment in the state or in the total amount of wages  
23 earned by employees of the enterprise in the state.

24 *b.* For the purposes of this subsection, "relocation"  
25 means the closure or substantial reduction of an enterprise's  
26 existing operations in one area of the state and the initiation  
27 of substantially the same operation in the same county or a  
28 contiguous county in the state. This subsection does not  
29 prohibit an enterprise from expanding its operations in another  
30 area of the state provided that existing operations of a  
31 similar nature are not closed or substantially reduced.

32 Sec. 19. Section 403.19, Code Supplement 2011, is amended by  
33 adding the following new subsection:

34 NEW SUBSECTION. 10. Except as authorized in section  
35 403.22, subsection 4, moneys deposited into the special

1 fund created in this section that are taxes resulting from a  
2 division of revenue under this section or that are proceeds  
3 from loans, advances, or bonds that qualify for payment from  
4 the special fund shall only be expended from the fund for  
5 purposes related to the urban renewal area from which the  
6 deposits were collected or the urban renewal area from which  
7 property taxes resulting from a division of revenue will be  
8 collected to pay such loans, advances, or bonds, as applicable.  
9 Interest or earnings received on amounts deposited into the  
10 special fund created in this section shall be credited to the  
11 special fund and be used solely for the purposes specified in  
12 this section. Moneys deposited into the special fund that are  
13 taxes, including the interest or earnings on such amounts, for  
14 the payment of costs and indebtedness incurred or issued on  
15 or after the effective date of this Act, including all loans,  
16 advances, and bonds that qualify for payment from the special  
17 fund and deposits into the special fund that are proceeds from  
18 such loans, advances, and bonds, shall not be used for any of  
19 the following unless approved by the governing bodies of all  
20 affected taxing entities:

21     *a.* Public buildings, including but not limited to police  
22 stations, fire stations, administration buildings, swimming  
23 pools, libraries, hospitals, recreational facilities, city  
24 halls, or other public buildings that are exempt from property  
25 taxation, including the site or grounds of, and the erection,  
26 equipment, remodeling, or reconstruction of, and additions or  
27 extensions to, such buildings.

28     *b.* Movable property or equipment.

29     *c.* Buildings or facilities leased or intended in the future  
30 to be leased by a public body for any of the uses specified in  
31 paragraph "a".

32     *d.* Salaries, benefits, per diems, or expenses of any  
33 employee of the municipality.

34     *e.* The payment of any indebtedness or cost related to  
35 paragraphs "a", "b", "c", or "d".

1     Sec. 20. Section 403.22, subsection 1, unnumbered paragraph  
2 1, Code Supplement 2011, is amended to read as follows:

3     With respect to any urban renewal area established before  
4 the effective date of this Act upon the determination that the  
5 area is an economic development area, a division of revenue as  
6 provided in section 403.19 shall not be allowed for the purpose  
7 of providing or aiding in the provision of public improvements  
8 related to housing and residential development, unless the  
9 municipality assures that the project will include assistance  
10 for low and moderate income family housing.

11     Sec. 21. Section 403.22, Code Supplement 2011, is amended by  
12 adding the following new subsection:

13     NEW SUBSECTION. 1A. With respect to any urban renewal  
14 area established on or after the effective date of this Act, a  
15 division of revenue as provided in section 403.19 shall not be  
16 allowed for the purpose of providing or aiding in the provision  
17 of public improvements related to housing and residential  
18 development, unless the municipality has a population of ten  
19 thousand or less, has completed a housing needs assessment  
20 meeting the standards set out by the economic development  
21 authority, and assures that the project will include assistance  
22 for low and moderate income family housing.

23     a. For a municipality with a population over five thousand  
24 but equal to or less than ten thousand, the amount to be  
25 provided for low and moderate income family housing for  
26 such projects shall be either equal to or greater than the  
27 percentage of the original project cost that is equal to the  
28 percentage of low and moderate income residents for the county  
29 in which the urban renewal area is located as determined by  
30 the United States department of housing and urban development  
31 using section 8 guidelines or by providing such other amount  
32 as set out in a plan adopted by the municipality and approved  
33 by the economic development authority if the municipality can  
34 show that it cannot undertake the project if it has to meet the  
35 low and moderate income assistance requirements. However, the



1 amount provided for low and moderate income family housing for  
2 such projects shall not be less than an amount equal to ten  
3 percent of the original project cost.

4     *b.* For a municipality with a population of five thousand or  
5 less, the municipality need not provide any low and moderate  
6 income family housing assistance if the municipality has  
7 completed a housing needs assessment meeting the standards set  
8 out by the economic development authority, which shows no low  
9 and moderate income housing need, and the economic development  
10 authority agrees that no low and moderate income family housing  
11 assistance is needed.

12     Sec. 22. Section 403.22, subsection 5, Code Supplement  
13 2011, is amended to read as follows:

14     5. ~~Except~~ For urban renewal areas established before the  
15 effective date of this Act, except for a municipality with a  
16 population under fifteen thousand, the division of the revenue  
17 under section 403.19 for each project under this section shall  
18 be limited to tax collections for ten fiscal years beginning  
19 with the second fiscal year after the year in which the  
20 municipality first certifies to the county auditor the amount  
21 of any loans, advances, indebtedness, or bonds which qualify  
22 for payment from the division of the revenue in connection with  
23 the project. A municipality with a population under fifteen  
24 thousand may, with the approval of the governing bodies of all  
25 other affected taxing districts, extend the division of revenue  
26 under section 403.19 for up to five years if necessary to  
27 adequately fund the project. The portion of the urban renewal  
28 area which is involved in a project under this section shall  
29 not be subject to any subsequent division of revenue under  
30 section 403.19.

31     Sec. 23. Section 403.22, Code Supplement 2011, is amended by  
32 adding the following new subsection:

33     NEW SUBSECTION. 5A. For urban renewal areas established  
34 on or after the effective date of this Act, the division of  
35 revenue under section 403.19 for each project under this

1 section shall be limited to tax collections for ten fiscal  
2 years beginning with the second fiscal year after the year in  
3 which the municipality first certifies to the county auditor  
4 the amount of any loans, advances, indebtedness, or bonds  
5 which qualify for payment from the division of the revenue  
6 in connection with the project. A municipality may, with  
7 the approval of the governing bodies of all other affected  
8 taxing districts, extend the division of revenue under section  
9 403.19 for up to five years if necessary to adequately fund  
10 the project. The portion of the urban renewal area which is  
11 involved in a project under this section shall not be subject  
12 to any subsequent division of revenue under section 403.19.

13 Sec. 24. NEW SECTION. 403.23 Audit — certificate of  
14 compliance.

15 1. Each municipality that has established an urban renewal  
16 area that utilizes, or plans to utilize, revenues from the  
17 special fund created in section 403.19, shall make an annual  
18 certification of compliance with this section. For any  
19 year in which the municipality is audited in accordance with  
20 section 11.6, such certification shall be audited as part  
21 of the municipality's audit. For any year in which the  
22 municipality is not audited in accordance with section 11.6,  
23 the municipality shall contract with or employ the auditor  
24 of state or a certified public accountant certified in the  
25 state of Iowa to attest to the certification. However, the  
26 certification shall be audited at least once every five years.

27 2. The certification required under this section shall  
28 include such information or documentation deemed appropriate  
29 by the auditor of state including but not limited to the  
30 information required to be reported under section 331.403,  
31 subsection 3, or section 384.22, subsection 2, as applicable.

32 3. The cost of an audit or attestation shall be paid by the  
33 municipality from proper funds of the municipality.

34 4. The auditor of state shall adopt rules necessary to  
35 implement this section.

1     Sec. 25. Section 423B.1, subsection 6, paragraph c, Code  
2 2011, is amended by striking the paragraph.

3     Sec. 26. Section 423B.7, subsection 1, Code 2011, is amended  
4 to read as follows:

5     1. ~~a. Except as provided in paragraph "b",~~ The director  
6 shall credit the local sales and services tax receipts and  
7 interest and penalties from a county-imposed tax to the  
8 county's account in the local sales and services tax fund and  
9 from a city-imposed tax under section 423B.1, subsection 2, to  
10 the city's account in the local sales and services tax fund.  
11 If the director is unable to determine from which county any of  
12 the receipts were collected, those receipts shall be allocated  
13 among the possible counties based on allocation rules adopted  
14 by the director.

15     ~~b. Notwithstanding paragraph "a", the director shall~~  
16 ~~credit the designated amount of the increase in local sales~~  
17 ~~and services tax receipts, as computed in section 423B.10,~~  
18 ~~collected in an urban renewal area of an eligible city that has~~  
19 ~~adopted an ordinance pursuant to section 423B.10, subsection~~  
20 ~~2, into a special city account in the local sales and services~~  
21 ~~tax fund.~~

22     Sec. 27. Section 423B.7, subsection 6, Code 2011, is amended  
23 by striking the subsection.

24     Sec. 28. REPEAL. Section 423B.10, Code 2011, is repealed.

25     Sec. 29. TAXES RECEIVED PRIOR TO EFFECTIVE DATE OF ACT. The  
26 amount of the increased local sales and services taxes received  
27 by a city as the result of an ordinance adopted prior to  
28 the effective date of this Act under chapter 423B that have  
29 been designated by a city by ordinance to fund urban renewal  
30 projects pursuant to section 423B.10, as repealed in this  
31 Act, shall be deposited in the city's special fund created in  
32 section 403.19 and shall be used to fund urban renewal projects  
33 located in an urban renewal area.

34     Sec. 30. IMPLEMENTATION OF ACT. Section 25B.2, subsection  
35 3, shall not apply to this Act.



1 revenue in the same manner as if the taxable property in the  
2 rural improvement zone was taxable property in an urban renewal  
3 area. The bill imposes similar reporting requirements on each  
4 rural improvement zone that has provided for a division of  
5 revenue in the rural improvement zone during the most recently  
6 ended fiscal year. If a board of trustees fails to satisfy the  
7 reporting requirements, the board of trustees will have all  
8 future incremental taxes withheld from payment into the rural  
9 improvement zone's special fund until such requirements are  
10 met.

11 The bill amends Code section 403.5 to prohibit a  
12 municipality from establishing an urban renewal area or  
13 otherwise modifying the boundaries of an existing urban  
14 renewal area on or after the effective date of the bill if such  
15 establishment or modification would result in an increase in  
16 the aggregate amount of assessed value of taxable property in  
17 all urban renewal areas established by the municipality and  
18 if following such establishment or modification the assessed  
19 value in the aggregate of all taxable property located in  
20 all urban renewal areas established in the municipality's  
21 area of operation, as defined in Code section 403.17, would  
22 exceed 25 percent of the total assessed value of all taxable  
23 property within the corporate limits of the municipality if  
24 the municipality is a city or exceed 25 percent of the total  
25 assessed value of all taxable property outside the corporate  
26 boundaries of a city if the municipality is a county.

27 Current Code section 403.5 provides that prior to its  
28 approval of an urban renewal plan that provides for a division  
29 of revenue, a municipality must mail the proposed plan by  
30 regular mail to the affected taxing entities, as defined in  
31 Code section 403.17 and as amended in the bill. Following such  
32 mailing to the affected taxing entities, the municipality must  
33 engage in a process of consultation with the affected taxing  
34 entities and the representative of the municipality must,  
35 not later than seven days prior to the public hearing on the

1 urban renewal plan, submit a written response to the affected  
2 taxing entities addressing the recommendations for modification  
3 to the proposed division of revenue. The bill requires that  
4 not later than 30 days following the receipt of the written  
5 response addressing the recommendations for modification,  
6 the governing body of each affected taxing entity shall by  
7 resolution each approve by the affirmative vote of a majority  
8 of the governing body a written recommendation for approval  
9 or rejection of the proposed urban renewal area and state the  
10 reasons for such recommendation. Under the bill, upon receipt  
11 of the resolutions approved by each affected taxing entity, or  
12 30 days following receipt of the written response addressing  
13 the recommendations for modifications by the affected taxing  
14 entities, whichever occurs first, the municipality may proceed  
15 with the hearings on the proposed urban renewal plan.

16 The bill requires the municipality's local governing body  
17 to hold three public hearings on a proposed urban renewal  
18 plan, rather than one hearing as is required under current  
19 law. The bill requires each notice of public hearing to,  
20 in addition to other specified information required under  
21 current law, describe the resolutions approved by each affected  
22 taxing entity if the proposed urban renewal plan provides  
23 for a division of revenue. The bill prohibits any of the  
24 three hearings from being waived by the municipality's local  
25 governing body. The bill provides that at each of the three  
26 public hearings, the municipality shall make available to the  
27 public all written information that the municipality's local  
28 governing body anticipates using to determine its findings  
29 and make a final decision on approval or denial of the urban  
30 renewal plan. The bill also provides that if the proposed  
31 urban renewal plan provides for a division of revenue, the  
32 resolutions approved by each affected taxing entity, as  
33 required in the bill, shall be published in their entirety in  
34 the minutes of the third public hearing.

35 Current Code section 403.5 provides that an urban renewal

1 plan may generally be modified at any time. The bill, however,  
2 provides that once determined to be a blighted area, a slum  
3 area, or an economic development area by a municipality,  
4 an urban renewal area shall not be redetermined by the  
5 municipality throughout the duration of the urban renewal area.

6 The bill provides that the municipality's local governing  
7 body may approve an urban renewal plan if it finds, in addition  
8 to those items required under current Code section 403.5, all  
9 of the following: (1) The proposed or expected development  
10 within the urban renewal area would not otherwise occur without  
11 approval of the urban renewal plan and without the use of  
12 incremental tax revenues if the urban renewal plan provides for  
13 a division of revenue; (2) The economic benefits of the urban  
14 renewal area, as measured by increased employment, business  
15 and personal income, and property value, are sufficient to  
16 compensate for the costs and indebtedness to be incurred by the  
17 municipality; (3) If the proposed urban renewal plan provides  
18 for a division of revenue, the benefits of the proposal  
19 outweigh the anticipated reduction in property tax revenues to  
20 each taxing district; and (4) Other alternative development  
21 options and funding for the proposed urban renewal area would  
22 be less effective than the proposed urban renewal plan and the  
23 division of revenue if applicable.

24 The bill amends provisions of Code section 403.8 relating to  
25 the sale, lease, or transfer of real property by a municipality  
26 to specify that such transactions shall occur at not less than  
27 fair market value for uses in accordance with the urban renewal  
28 plan unless the developer enters into a written assessment  
29 agreement with the municipality. Current Code section 403.8  
30 provides that such transactions shall occur at not less than  
31 "fair value". The bill makes corresponding changes to Code  
32 chapter 403 to reflect this change to Code section 403.8.

33 The bill strikes community colleges from the definition of  
34 "affected taxing entity" under Code section 403.17.

35 New Code section 403.18A provides that each municipality

1 having an urban renewal area in existence on the effective  
2 date of the bill that is subject to a division of revenue that  
3 is not limited in duration under either Code section 403.17,  
4 subsection 10 (20 years), or section 403.22, subsection 5 (10  
5 years), shall be subject to one of the following limitations:

6 (1) For each such urban renewal area that is an economic  
7 development area, the urban renewal area including all  
8 applicable urban renewal plans, projects, and ordinances  
9 providing for a division of revenue shall terminate and be  
10 of no further force and effect not later than June 30, 2032.  
11 The bill allows a municipality to, following the filing of an  
12 application for a waiver with, and approval by, the department  
13 of management, extend the date of termination for the urban  
14 renewal area and all applicable urban renewal plans, projects,  
15 and ordinances to a date after June 30, 2032. The application  
16 for a waiver must be filed with the department of management  
17 not later than June 30, 2013. The extended termination date  
18 shall be determined by the department of management. However,  
19 an extended termination date shall not be later than a date  
20 determined by the department of management to be necessary  
21 for the municipality to pay and retire those loans, advances,  
22 bonds, or indebtedness, or portions thereof, incurred or issued  
23 before the effective date of the bill that qualify for payment  
24 from the special fund created in Code section 403.19, and by  
25 the terms of such loans, advances, bonds, or indebtedness  
26 are required to be paid or retired after June 30, 2032. If  
27 the department of management approves a waiver, all moneys  
28 deposited into the special fund of the municipality after June  
29 30, 2032, shall be used solely for the purpose of retiring such  
30 loans, advances, bonds, or indebtedness.

31 (2) For each such urban renewal area that is a slum area  
32 or a blighted area or a combination of those areas, the urban  
33 renewal area including all applicable urban renewal plans,  
34 projects, and ordinances providing for a division of revenue  
35 shall continue in effect under this Code chapter, until



1 such time that the urban renewal area is dissolved by the  
2 municipality or until the urban renewal area terminates under  
3 the conditions of the bill. For fiscal years beginning on or  
4 after July 1, 2017, when calculating a division of revenue  
5 for such an urban renewal area, and for which the difference  
6 between the year of the assessment roll as of January 1 used to  
7 calculate the amount of taxes allocated to and when collected  
8 paid into the funds for the respective taxing districts under  
9 Code section 403.19(1), and the year of the assessment roll  
10 used to calculate the total amount of property taxes under Code  
11 section 403.19 for the fiscal year in which the taxes are due  
12 and payable, first exceeds 15 years, the year of the assessment  
13 roll as of January 1 that is otherwise required under Code  
14 section 403.19(1) shall be adjusted by increasing the year  
15 of the assessment roll by two assessment years. Under the  
16 bill, such assessment roll so adjusted shall be increased in  
17 each subsequent fiscal year by two assessment years until the  
18 assessment roll as of January 1 used to calculate the amount of  
19 taxes allocated to and when collected paid into the funds for  
20 the respective taxing districts under Code section 403.19(1)  
21 is later in time than the year of the assessment roll used  
22 to calculate the total amount of property taxes under Code  
23 section 403.19 for the fiscal year in which the taxes are due  
24 and payable, at which time the urban renewal area including  
25 all applicable urban renewal plans, projects, and ordinances  
26 providing for a division of revenue shall terminate and be of  
27 no further force and effect.

28 The bill provides that an ordinance providing for a division  
29 of revenue under Code section 403.19 that is adopted on or  
30 after the effective date of the bill shall not apply to wind  
31 energy conversion property as defined in Code section 427B.26,  
32 and property taxes levied against such wind energy conversion  
33 property shall be allocated to and when collected paid into the  
34 funds for the respective taxing districts in the same manner as  
35 all other property taxes.

1 The bill provides that except for certain divisions of  
2 revenue authorized for certain housing and residential  
3 development under Code section 403.22, an ordinance providing  
4 for a division of revenue under Code section 403.19 that is  
5 adopted on or after the effective date of the bill shall be  
6 limited to 15 years from January 1 of the first assessment year  
7 for which the total sum of the assessed value of the taxable  
8 property in the urban renewal area is equal to or greater than  
9 105 percent of the total sum of the assessed value of the  
10 taxable property in the urban renewal area as shown on the  
11 assessment roll used to calculate the amount of taxes under  
12 Code section 403.19(1). Under the bill, the urban renewal  
13 area, including all applicable urban renewal plans, projects,  
14 and ordinances shall terminate and be of no further force and  
15 effect following the 15-year period provided in the bill. A  
16 municipality may, however, with the approval of the governing  
17 bodies of all affected taxing entities prior to the date of  
18 termination, extend the division of revenue and the applicable  
19 urban renewal plans, projects, and ordinances for up to five  
20 years if such extension is determined by the affected taxing  
21 entities to be necessary to sufficiently fund an urban renewal  
22 project within the urban renewal area.

23 The bill prohibits moneys from any source deposited into  
24 the special fund created in Code section 403.19 from being  
25 expended for or otherwise used in connection with an urban  
26 renewal project approved on or after the effective date of  
27 the bill that includes the relocation, as defined in the  
28 bill, of a commercial or industrial enterprise not presently  
29 located within the municipality, unless one of the following  
30 occurs: (1) The local governing body of the municipality where  
31 the commercial or industrial enterprise is currently located  
32 and the local governing body of the municipality where the  
33 commercial or industrial enterprise is proposing to relocate  
34 enter into a written agreement approving such relocation and  
35 approving those economic incentives provided to the commercial

1 or industrial enterprise as a condition of the relocation, if  
2 any; (2) The local governing body of the municipality where the  
3 commercial or industrial enterprise is proposing to relocate  
4 finds that the use of deposits into the special fund for an  
5 urban renewal project that includes such a relocation is in  
6 the public interest. The bill specifies such a finding must  
7 include written verification from the commercial or industrial  
8 enterprise that the enterprise is actively considering moving  
9 all or a part of its operations to a location outside the state  
10 and a specific finding that such an out-of-state move would  
11 result in a significant reduction in either the enterprise's  
12 total employment in the state or in the total amount of wages  
13 earned by employees of the enterprise in the state.

14 The bill provides that except for certain low or moderate  
15 income housing assistance authorized under Code section  
16 403.22(4), moneys deposited into the special fund created in  
17 this Code section that are taxes resulting from a division of  
18 revenue or that are proceeds from loans, advances, or bonds  
19 that qualify for payment from the special fund shall only  
20 be expended from the fund for purposes related to the urban  
21 renewal area from which the deposits were collected or the  
22 urban renewal area from which property taxes resulting from  
23 a division of revenue will be collected to pay such loans,  
24 advances, or bonds, as applicable. The bill requires interest  
25 or earnings received on amounts deposited into the special fund  
26 created in Code section 403.19 to be credited to the special  
27 fund and be used solely for the purposes specified in that Code  
28 section.

29 The bill provides that moneys deposited into the special  
30 fund that are taxes, including the interest or earnings on such  
31 amounts, for the payment of costs and indebtedness incurred or  
32 issued on or after the effective date of the bill, including  
33 all loans, advances, and bonds that qualify for payment from  
34 the special fund and deposits into the special fund that are  
35 proceeds from such loans, advances, and bonds, shall not be

1 used for any of the following unless approved by the governing  
2 bodies of all affected taxing entities: (1) public buildings,  
3 including but not limited to police stations, fire stations,  
4 administration buildings, swimming pools, libraries, hospitals,  
5 recreational facilities, city halls, or other public buildings  
6 that are exempt from property taxation, including the site  
7 or grounds of, and the erection, equipment, remodeling,  
8 or reconstruction of, and additions or extensions to, such  
9 buildings; (2) movable property or equipment; (3) buildings or  
10 facilities leased or intended in the future to be leased by a  
11 public body for any of the uses specified as a public building  
12 in the bill; (4) salaries, benefits, per diems, or expenses  
13 of any employee of the municipality; (5) the payment of any  
14 indebtedness or cost related to such above-mentioned purposes.

15 Current Code section 403.22 provides that for urban renewal  
16 areas established upon the determination that the area is an  
17 economic development area, a division of revenue as provided in  
18 Code section 403.19 is not allowed for the purpose of providing  
19 or aiding in the provision of public improvements related to  
20 housing and residential development, unless the municipality  
21 assures that the project will include specified amounts of  
22 assistance for low and moderate income family housing based on  
23 the population of the municipality. The bill maintains those  
24 assistance requirements for urban renewal areas established  
25 before the effective date of the bill upon the determination  
26 that the area is an economic development area.

27 Under the bill, Code section 403.22 provides that for urban  
28 renewal areas established on or after the effective date of  
29 the bill a division of revenue as provided in Code section  
30 403.19 shall not be allowed for the purpose of providing or  
31 aiding in the provision of public improvements related to  
32 housing and residential development, unless the municipality  
33 has a population of 10,000 or less, has completed a housing  
34 needs assessment meeting the standards set out by the economic  
35 development authority, and assures that the project will

1 include specified amounts of assistance for low and moderate  
2 income family housing according to certain population  
3 thresholds.

4 New Code section 403.23 provides that a municipality  
5 that has established an urban renewal area that utilizes, or  
6 plans to utilize, revenues from the special fund created in  
7 Code section 403.19, shall make an annual certification of  
8 compliance. For any year in which the municipality is audited  
9 in accordance with Code section 11.6, such certification shall  
10 be audited as part of the municipality's audit. For any year  
11 in which the municipality is not audited in accordance with  
12 Code section 11.6, the municipality shall contract with or  
13 employ the auditor of state or a certified public accountant  
14 certified in the state of Iowa to attest to the certification.  
15 The bill requires, however, that the certification be audited  
16 at least once every five years. The bill requires the  
17 certification to include such information or documentation  
18 deemed appropriate by the auditor of state including but not  
19 limited to the information required to be reported to the  
20 department of management under new Code section 331.403,  
21 subsection 3, or new Code section 384.22, subsection 2,  
22 as applicable. The bill requires the cost of an audit or  
23 attestation to be paid by the municipality from proper funds  
24 of the municipality. The bill also authorizes the auditor of  
25 state to adopt rules necessary to implement new Code section  
26 403.23.

27 The bill repeals Code section 423B.10, which provides that  
28 a city with a local sales and services tax imposed by the  
29 county may designate an amount of the increased tax revenues  
30 attributable to retail establishments in an urban renewal area  
31 to fund urban renewal projects in the area. The bill provides  
32 that the amount of the increased local sales and services taxes  
33 received by a city as the result of an ordinance adopted prior  
34 to the effective date of the bill under Code chapter 423B that  
35 have been designated by a city by ordinance to fund urban

1 renewal projects pursuant to Code section 423B.10, as repealed  
2 in the bill, shall be deposited in the city's special fund  
3 created in Code section 403.19 and shall be used to fund urban  
4 renewal projects located in an urban renewal area.

5 The bill may include a state mandate as defined in Code  
6 section 25B.3. The bill makes inapplicable Code section 25B.2,  
7 subsection 3, which would relieve a political subdivision from  
8 complying with a state mandate if funding for the cost of  
9 the state mandate is not provided or specified. Therefore,  
10 political subdivisions are required to comply with any state  
11 mandate included in the bill.

12 The bill takes effect upon enactment.