

House Study Bill 540 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to city and county authority to address slum
2 and blight and economic development by modifying Iowa's
3 urban renewal law, providing for a future repeal of Iowa's
4 urban renewal law, authorizing cities and counties to
5 establish project development areas and to utilize tax
6 increment financing for certain projects, and including
7 effective date provisions.

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

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DIVISION I

IOWA'S URBAN RENEWAL LAW

Section 1. Section 403.4, Code 2011, is amended to read as follows:

403.4 Resolution of necessity.

1. No municipality shall exercise the authority herein conferred upon municipalities by this chapter until after its local governing body shall have adopted a resolution finding that:

~~1.~~ a. One or more slum, blighted, or economic development areas exist in the municipality.

~~2.~~ b. The rehabilitation, conservation, redevelopment, development, or a combination thereof, of the area is necessary in the interest of the public health, safety, or welfare of the residents of the municipality.

2. A local governing body shall not adopt a resolution under this section on or after the effective date of this Act.

Sec. 2. Section 403.5, subsection 4, paragraph b, subparagraph (1), subparagraph division (a), subparagraph subdivision (ii), Code 2011, is amended to read as follows:

(ii) That conditions of slum or blight in the municipality and the shortage of decent, safe, and sanitary housing cause or contribute to an increase in and spread of disease and crime, so as to constitute a menace to the public health, safety, morals, or welfare.

Sec. 3. Section 403.5, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. A municipality shall not approve an urban renewal plan on or after the effective date of this Act. A municipality may, subject to subsection 5, amend an urban renewal plan in effect on the effective date of this Act.

Sec. 4. Section 403.5, subsections 5 and 6, Code 2011, are amended to read as follows:

5. a. ~~An~~ Subject to the limitation in paragraph "b", an urban renewal plan may be modified amended at any

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

18 b. An urban renewal plan in effect on the effective date of
19 this Act shall not be amended on or after the effective date of
20 this Act if such amendment would result in an extension of the
21 date of termination otherwise required for the urban renewal
22 area under section 403.24.

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

30 Sec. 5. Section 403.6, subsection 6, unnumbered paragraph
31 1, Code 2011, is amended to read as follows:

32 Within its area of operation, to make or have made all
33 surveys and planning necessary to the carrying out of the
34 purposes of this chapter, and to contract with any person in
35 making and carrying out of such planning, and to adopt or

1 approve, ~~modify~~ and amend, such planning. Such planning may
2 include, without limitation:

3 Sec. 6. Section 403.6, subsection 6, paragraph b, Code 2011,
4 is amended to read as follows:

5 *b.* Urban renewal plans, adopted or amended, pursuant to the
6 requirements of section 403.5.

7 Sec. 7. Section 403.6, subsection 12, Code 2011, is amended
8 to read as follows:

9 12. To approve and amend urban renewal plans, subject to the
10 requirements of section 403.5.

11 Sec. 8. Section 403.12, subsection 1, paragraph e, Code
12 2011, is amended to read as follows:

13 *e.* Enter into agreements, which may extend over any period,
14 ~~notwithstanding any provision or rule of law to the contrary~~
15 subject to the limitations of this chapter, with a municipality
16 or other public body respecting action to be taken pursuant
17 to any of the powers granted by this chapter, including the
18 furnishing of funds or other assistance in connection with an
19 urban renewal project.

20 Sec. 9. Section 403.14, subsection 2, paragraph b, Code
21 2011, is amended to read as follows:

22 *b.* The power to approve urban renewal plans and
23 ~~modifications~~ amendments thereof;

24 Sec. 10. Section 403.17, Code 2011, is amended by adding the
25 following new subsection:

26 NEW SUBSECTION. 12A. "*Indebtedness*" includes but is not
27 limited to a written agreement to suspend, abate, exempt,
28 rebate, refund, or reimburse property taxes, to make a direct
29 payment of taxes, or to provide a grant for property taxes
30 paid.

31 Sec. 11. Section 403.17, subsection 23, Code 2011, is
32 amended to read as follows:

33 23. "*Urban renewal area*" means a slum area, blighted area,
34 economic development area, or combination of the areas, which
35 the local governing body designates as appropriate for an urban

1 renewal project. An urban renewal area shall not include
2 territory located within a project development area under
3 chapter 402.

4 Sec. 12. Section 403.19, subsection 2, Code Supplement
5 2011, is amended to read as follows:

6 2. That portion of the taxes each year in excess of such
7 amount shall be allocated to and when collected be paid into
8 a special fund of the municipality to pay the principal of
9 and interest on loans, moneys advanced to, or indebtedness,
10 whether funded, refunded, assumed, or otherwise, including
11 bonds issued under the authority of section 403.9, subsection
12 1, incurred by the municipality to finance or refinance, in
13 whole or in part, an urban renewal project within the area,
14 and to provide assistance for low and moderate income family
15 housing as provided in section 403.22, ~~except that.~~ However,
16 taxes for the regular and voter-approved physical plant and
17 equipment levy of a school district imposed pursuant to section
18 298.2, ~~and taxes for the payment of bonds and interest of each~~
19 ~~taxing district must,~~ and the foundation property tax imposed
20 pursuant to section 257.3 to the extent provided in subsection
21 9, shall be collected against all taxable property within the
22 taxing district without limitation by the provisions of this
23 subsection. However, all or a portion of the taxes for the
24 physical plant and equipment levy shall be paid by the school
25 district to the municipality if ~~the auditor certifies to the~~
26 ~~school district by July 1 the amount of such levy that is~~
27 ~~necessary to pay the principal and interest on bonds issued by~~
28 ~~the municipality to finance an urban renewal project, which~~
29 ~~bonds were issued before July 1, 2001. Indebtedness incurred~~
30 ~~to refund bonds issued prior to July 1, 2001, shall not be~~
31 ~~included in the certification. Such school district shall pay~~
32 ~~over the amount certified by November 1 and May 1 of the fiscal~~
33 ~~year following certification to the school district~~ subsection
34 8 applies. Unless and until the total assessed valuation of
35 the taxable property in an urban renewal area exceeds the

1 total assessed value of the taxable property in such area as
2 shown by the last equalized assessment roll referred to in
3 subsection 1, all of the taxes levied and collected upon the
4 taxable property in the urban renewal area shall be paid into
5 the funds for the respective taxing districts as taxes by
6 or for the taxing districts in the same manner as all other
7 property taxes. When such loans, advances, indebtedness, and
8 bonds, if any, and interest thereon, have been paid, all moneys
9 thereafter received from taxes upon the taxable property in
10 such urban renewal area shall be paid into the funds for the
11 respective taxing districts in the same manner as taxes on all
12 other property. In those instances where a school district
13 has entered into an agreement pursuant to section 279.64 for
14 sharing of school district taxes levied and collected from
15 valuation described in this subsection and released to the
16 school district, the school district shall transfer the taxes
17 as provided in the agreement.

18 Sec. 13. Section 403.19, subsection 6, paragraph a,
19 subparagraph (2), Code Supplement 2011, is amended to read as
20 follows:

21 (2) A certification made under this paragraph "a" shall
22 include the date that the individual loans, advances,
23 indebtedness, or bonds were initially approved by the governing
24 body of the municipality and a schedule of payments of such
25 amounts.

26 Sec. 14. Section 403.19, subsection 8, Code Supplement
27 2011, is amended to read as follows:

28 8. a. For any fiscal year, a municipality may certify to
29 the county auditor for physical plant and equipment revenue
30 necessary for payment of principal and interest on bonds issued
31 prior to July 1, 2001, only if the municipality certified for
32 such revenue for the fiscal year beginning July 1, 2000. A
33 municipality shall not certify to the county auditor for a
34 school district more than the amount the municipality certified
35 for the fiscal year beginning July 1, 2000. If for any fiscal

1 year a municipality fails to certify to the county auditor
2 for a school district by July 1 the amount of physical plant
3 and equipment revenue necessary for payment of principal
4 and interest on such bonds, as provided in subsection 2,
5 the school district is not required to pay over the revenue
6 to the municipality. The county auditor shall immediately
7 certify to the school district the amount of such levy that is
8 necessary to pay the principal and interest on bonds issued by
9 the municipality to finance an urban renewal project, which
10 bonds were issued prior to July 1, 2001. Indebtedness incurred
11 to refund bonds issued prior to July 1, 2001, shall not be
12 included in the certification. 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. If a school district and a municipality are unable to
16 agree on the amount of physical plant and equipment revenue
17 certified by the municipality for the fiscal year beginning
18 July 1, 2001, either party may request that the state appeal
19 board review and finally pass upon the amount that may
20 be certified. Such appeals must be presented in writing
21 to the state appeal board no later than July 31 following
22 certification. The burden shall be on the municipality to
23 prove that the physical plant and equipment levy revenue is
24 necessary to pay principal and interest on bonds issued prior
25 to July 1, 2001. A final decision must be issued by the state
26 appeal board no later than the following October 1.

27 Sec. 15. Section 403.19, Code Supplement 2011, is amended by
28 adding the following new subsections:

29 NEW SUBSECTION. 9. For fiscal years beginning on or after
30 July 1, 2018, the foundation property tax imposed pursuant
31 to section 257.3, shall for the purposes of subsection 2,
32 be collected against all taxable property within the taxing
33 district without limitation and paid to the school district in
34 the following amounts:

35 a. For the fiscal year beginning July 1, 2018, one dollar

1 and eight cents per thousand dollars of assessed value.

2 *b.* For the fiscal year beginning July 1, 2019, two dollars
3 and sixteen cents per thousand dollars of assessed value.

4 *c.* For the fiscal year beginning July 1, 2020, three dollars
5 and twenty-four cents per thousand dollars of assessed value.

6 *d.* For the fiscal year beginning July 1, 2021, four dollars
7 and thirty-two cents per thousand dollars of assessed value.

8 *e.* For fiscal years beginning on or after July 1, 2022, five
9 dollars and forty cents per thousand dollars of assessed value
10 or, if applicable, the specified foundation property tax under
11 section 257.3, subsection 4.

12 NEW SUBSECTION. 10. A municipality shall not adopt an
13 ordinance providing for a division of revenue under this
14 section on or after the effective date of this Act. However, a
15 municipality may, on or after the effective date of this Act,
16 amend an existing ordinance that provides for a division of
17 revenue under this section, subject to the limitations in this
18 chapter.

19 Sec. 16. Section 403.21, Code Supplement 2011, is amended by
20 adding the following new subsection:

21 NEW SUBSECTION. 4. This section shall not apply to joint
22 agreements entered into or joint plans adopted on or after
23 the effective date of this Act. Section 402.21 shall apply
24 to joint agreements entered into or joint plans adopted on or
25 after the effective date of this Act.

26 Sec. 17. NEW SECTION. 403.23 **Reporting — audit.**

27 1. On or before December 1 of each year, each municipality
28 that has established an urban renewal area shall report to the
29 department of management and to the appropriate county auditor
30 the total amount of loans, advances, indebtedness, or bonds
31 outstanding at the close of the most recently ended fiscal
32 year, which qualify for payment from the special fund created
33 in section 403.19, including interest negotiated on such loans,
34 advances, indebtedness, or bonds. The amount of each loan,
35 advance, indebtedness, or bond shall also be identified by the

1 urban renewal area and by the specific urban renewal project
2 for which such amount was incurred.

3 2. At the request of the legislative services agency,
4 the department of management shall provide the reports and
5 additional information to the legislative services agency. The
6 department of management, in consultation with the legislative
7 services agency, shall determine reporting criteria and shall
8 prepare a form for reports filed with the department pursuant
9 to this section. The department shall make the form available
10 by electronic means.

11 3. If a municipality does not file the report with the
12 department of management and the county auditor by December 1,
13 the county treasurer shall withhold disbursement of incremental
14 taxes to the municipality until the report is filed beginning
15 immediately with the next following disbursement of taxes.
16 The county auditor shall notify the county treasurer if taxes
17 are to be withheld. The county auditor and county treasurer
18 shall not be liable for damages to the municipality or to any
19 third party resulting from the withholding of taxes under this
20 subsection.

21 4. a. Each municipality that has established an urban
22 renewal area which utilizes, or which plans to utilize,
23 revenues from the special fund created in section 403.19,
24 shall in each odd-numbered year contract with or employ
25 the auditor of state or certified public accountants for an
26 audit or examination of the condition of its special fund
27 and all financial transactions related thereto. The audit
28 or examination shall include a determination of whether
29 the municipality is in compliance with the laws, rules,
30 regulations, and contractual agreements applicable to the
31 special fund. Such an audit is also mandatory on application
32 by one hundred or more taxpayers, or if there are fewer than
33 six hundred sixty-seven taxpayers in the municipality, then by
34 fifteen percent of the taxpayers. Payment for the audit or
35 examination shall be made from the proper public funds of the

1 municipality.

2 **b.** The audit or examination required under paragraph “a”
3 may be included as a part of another audit of the municipality
4 conducted under another provision of law.

5 Sec. 18. NEW SECTION. **403.24 Termination.**

6 All urban renewal areas established under this chapter, all
7 applicable urban renewal plans, all urban renewal projects
8 within those urban renewal areas, and all ordinances providing
9 for a division of revenue under section 403.19, shall terminate
10 and be of no further force and effect on or before June 30,
11 2023, unless an urban renewal area providing for a division
12 of revenue pursuant to section 403.19, is subject to the
13 twenty-year limitation under section 403.17, subsection 10,
14 and in such case, the urban renewal area, urban renewal plan,
15 and all applicable projects and ordinances shall terminate
16 and be of no further force and effect upon expiration of the
17 twenty-year period.

18 Sec. 19. NEW SECTION. **403.25 Future repeal.**

19 This chapter is repealed June 30, 2035.

20 Sec. 20. EFFECTIVE UPON ENACTMENT. This division of this
21 Act, being deemed of immediate importance, takes effect upon
22 enactment.

23 DIVISION II

24 PROJECT DEVELOPMENT AREAS — TAX INCREMENT FINANCING

25 Sec. 21. NEW SECTION. **402.1 Title.**

26 This chapter shall be known and may be cited as the “*Project*
27 *Development Area Law*”.

28 Sec. 22. NEW SECTION. **402.2 Declaration of policy.**

29 1. It is found and declared that there exists in this state
30 the continuing need for programs to alleviate and prevent slum
31 and blighted areas, conditions of unemployment, and shortages
32 of affordable housing and residential development for low and
33 moderate income families. Accordingly, it is necessary to
34 assist and retain local industries and commercial enterprises
35 to strengthen and revitalize the economy of this state and its

1 municipalities, provide means and methods for the encouragement
2 and assistance of industrial and commercial enterprises
3 in locating, purchasing, constructing, reconstructing,
4 modernizing, improving, maintaining, repairing, furnishing,
5 equipping, and expanding in this state and its municipalities,
6 provide means and methods for completion of public improvements
7 related to housing and residential development, and provide
8 means and methods for the construction of housing for low
9 and moderate income families. It is therefore necessary to
10 authorize local governing bodies to designate areas of a
11 municipality as project development areas for the purpose of
12 undertaking projects related to these policies, and the powers
13 granted in this chapter constitute the performance of essential
14 public purposes for this state and its municipalities.

15 2. It is further found and declared that the powers
16 conferred by this chapter are for public uses and purposes for
17 which public money may be expended and for which the power of
18 eminent domain, to the extent authorized, and police power may
19 be exercised. The necessity in the public interest for the
20 provisions herein enacted is hereby declared as a matter of
21 legislative determination.

22 Sec. 23. NEW SECTION. 402.3 **Municipal program.**

23 The local governing body of a municipality may formulate for
24 the municipality a workable program for utilizing appropriate
25 private and public resources to establish a project development
26 area and undertake a project under this chapter. Such a
27 program may include, without limitation, provisions for:

28 1. The prevention of the spread of slum and blight into
29 areas of the municipality which are free from slum and blight.

30 2. The rehabilitation, redevelopment, or conservation of
31 slum and blighted areas or portions thereof.

32 3. The clearance of slum and blighted areas or portions
33 thereof.

34 4. The redevelopment of slum and blighted areas.

35 Sec. 24. NEW SECTION. 402.4 **Resolution of necessity.**

1 A municipality shall not exercise the authority conferred
2 upon municipalities by this chapter until after its local
3 governing body has adopted a resolution finding that:

4 1. One or more slum, blighted, or economic development areas
5 exist in the municipality.

6 2. The rehabilitation, conservation, redevelopment,
7 development, or a combination thereof, of such areas is
8 necessary in the interest of the public health, safety, or
9 welfare of the residents of the municipality.

10 Sec. 25. NEW SECTION. **402.5 Project development plan.**

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

26 *b.* The actual value in the aggregate of all property located
27 in project development areas established by a municipality
28 shall not exceed twenty-five percent of the total actual value
29 of all property within the municipality's area of operation.

30 2. *a.* The municipality may itself prepare or cause
31 to be prepared a project development plan. Any person or
32 agency, public or private, may also submit such a plan to a
33 municipality. Prior to its approval of a project development
34 plan, the local governing body shall submit such plan to the
35 planning commission of the municipality, if any, for review and

1 recommendations as to its conformity with the general plan for
2 the development of the municipality as a whole. The planning
3 commission shall submit its written recommendations with
4 respect to the proposed project development plan to the local
5 governing body within thirty days after receipt of the plan for
6 review. Upon receipt of the recommendations of the planning
7 commission or, if no recommendations are received within the
8 thirty days, then, without such recommendations, the local
9 governing body may proceed with the hearing on the proposed
10 project development plan prescribed by subsection 3, or with
11 notification, consultation, and approval process in paragraph
12 "b" if the plan provides for a division of revenue.

13 *b.* (1) Prior to its approval of a project development
14 plan which provides for a division of revenue pursuant to
15 section 402.19, the municipality shall mail the proposed
16 plan by regular mail to the affected taxing entities. The
17 municipality shall include with the proposed plan notification
18 of a consultation to be held between the municipality and
19 affected taxing entities prior to the public hearing on the
20 project development plan. Each affected taxing entity may
21 appoint a representative to attend the consultation. The
22 consultation may include a discussion of the estimated growth
23 in valuation of taxable property included in the proposed
24 project development area, the fiscal impact of the division
25 of revenue on the affected taxing entities, the estimated
26 impact on the provision of services by each of the affected
27 taxing entities in the proposed project development area, and
28 the duration of any bond issuance included in the plan. The
29 designated representative of the affected taxing entity may
30 make written recommendations for modification to the proposed
31 division of revenue no later than seven days following the date
32 of the consultation. The representative of the municipality
33 shall, no later than fourteen days after the consultation
34 held under this subparagraph, submit a written response to
35 the affected taxing entity addressing the recommendations for

1 modification to the proposed division of revenue.

2 (2) If each affected taxing entity, following the
3 notification and consultation process under subparagraph (1),
4 approves by resolution the proposed division of revenue, the
5 local governing body may proceed with the public hearing in
6 subsection 3. Failure to approve or disapprove by resolution
7 the proposed division of revenue shall not be considered an
8 approval by the affected taxing entity.

9 3. The local governing body shall hold a public hearing
10 on a project development plan after public notice thereof by
11 publication in a newspaper having a general circulation in
12 the area of operation of the municipality. The notice shall
13 describe the time, date, place, and purpose of the hearing,
14 shall generally identify the project development area covered
15 by the plan, shall outline the general scope of the projects
16 and activities under consideration, and shall describe any
17 proposed division of revenue. A copy of the notice shall be
18 sent by ordinary mail to each affected taxing entity.

19 4. Following such hearing, the local governing body may
20 approve a project development plan if it finds that:

21 a. A feasible method exists for the location of families
22 who will be displaced from the project development area into
23 decent, safe, and sanitary dwelling accommodations within their
24 means and without undue hardship to such families.

25 b. The project development plan conforms to the general plan
26 of the municipality for development of the municipality as a
27 whole.

28 c. (1) The project development plan does not include
29 acquisition by the municipality of an area of open land
30 including but not limited to agricultural land, unless section
31 402.7, subsection 1, paragraph "a", applies or unless such
32 area is to be developed for residential uses, there exists a
33 shortage of housing of sound standards and design with decency,
34 safety, and sanitation in the municipality, the acquisition
35 of the area is an integral part of and essential to the

1 municipality, and that one or more of the following conditions
2 exist:

3 (a) The need for housing accommodations has been or will be
4 increased as a result of the clearance of slums in other areas,
5 including other portions of the project development area.

6 (b) Conditions of blight in the municipality and the
7 shortage of decent, safe, and sanitary housing cause or
8 contribute to an increase in and spread of disease and crime,
9 so as to constitute a menace to the public health, safety,
10 morals, or welfare.

11 (c) The provision of public improvements related to
12 housing and residential development will encourage housing
13 and residential development which is necessary to encourage
14 the retention or relocation of industrial and commercial
15 enterprises in this state and its municipalities.

16 (d) Acquisition of the area is necessary to provide for the
17 construction of housing for low and moderate income families.

18 (2) The acquisition of open land authorized in subparagraph
19 (1) may require the exercise of governmental action, as
20 provided in this chapter, because of defective or unusual
21 conditions of title, diversity of ownership, tax delinquency,
22 improper subdivisions, outmoded street patterns, deterioration
23 of site, economic disuse, unsuitable topography or faulty lot
24 layouts, or because of the need for the correlation of the
25 area with other areas of a municipality by streets and modern
26 traffic requirements, or any combination of such factors or
27 other conditions which retard development of the area. If such
28 governmental action involves the exercise of eminent domain
29 authority, the municipality is subject to the limitations of
30 this chapter and chapters 6A and 6B.

31 d. The proposed uses of the area are necessary and
32 appropriate to facilitate the proper growth and development of
33 the community in accordance with sound planning standards and
34 local community objectives.

35 5. A project development plan may be amended at any time.

1 However, if the project development plan is amended after the
2 lease or sale by the municipality of real property in the
3 project development area, such amendment may be conditioned
4 upon such approval of the owner, lessee, or successor in
5 interest as the municipality may deem advisable, and in any
6 event such modification shall be subject to such rights at
7 law or in equity as a lessee or purchaser, or a lessee's
8 or purchaser's successor or successors in interest, may be
9 entitled to assert. The municipality shall comply with the
10 notification and consultation process provided in subsection
11 2, paragraph "b", subparagraph (1), prior to the approval of
12 any amendment to an adopted project development plan if such
13 amendment provides for refunding bonds or refinancing resulting
14 in an increase in debt service or provides for the issuance
15 of bonds or other indebtedness, to be funded primarily in the
16 manner provided in section 402.19.

17 6. Upon the approval by a municipality of a project
18 development plan or of any amendment thereof, such plan or
19 amendment shall be deemed to be in full force and effect for
20 the respective project development area, and the municipality
21 may then cause such plan or amendment to be carried out in
22 accordance with its terms.

23 7. Notwithstanding any other provisions of this chapter,
24 where the local governing body certifies that an area is in
25 need of redevelopment or rehabilitation as a result of a flood,
26 fire, hurricane, earthquake, storm, or other catastrophe
27 respecting which the governor of the state has certified
28 the need for disaster assistance under Pub. L. No. 81-875,
29 Eighty-first Congress, 64 Stat. 1109, codified at 42 U.S.C. §
30 1855 - 1855g or other federal law, the local governing body may
31 approve a project development plan and a project with respect
32 to such area without regard to the provisions of subsection
33 4 and without regard to provisions of this section requiring
34 notification and consultation and approval by affected taxing
35 entities, and a public hearing on the project development plan

1 or project.

2 Sec. 26. NEW SECTION. **402.6 Powers of municipality.**

3 The provisions of this chapter shall be liberally
4 interpreted to achieve the purposes of this chapter. Every
5 municipality shall have all the powers necessary or convenient
6 to carry out and effectuate the purposes and provisions of this
7 chapter, including the following powers in addition to others
8 granted in this chapter:

9 1. To undertake and carry out projects within its area of
10 operation, to make and execute contracts and other instruments
11 necessary or convenient to the exercise of its powers under
12 this chapter, and to disseminate slum clearance and urban
13 renewal information.

14 2. To arrange or contract for the furnishing or repair by
15 any person of services, privileges, works, streets, roads,
16 public utilities or other facilities for or in connection with
17 a project; to install, construct, and reconstruct streets,
18 utilities, and other public improvements; and to agree to
19 any conditions, that it may deem reasonable and appropriate,
20 attached to federal financial assistance and imposed pursuant
21 to federal law relating to the determination of prevailing
22 salaries or wages or compliance with labor standards, in the
23 undertaking or carrying out of a project; and to include in any
24 contract let in connection with such a project, provisions to
25 fulfill such of said conditions as it may deem reasonable and
26 appropriate.

27 3. Within its area of operation, to enter into any
28 building or property in any project development area in
29 order to make inspections, surveys, appraisals, soundings
30 or test borings, and to obtain an order for this purpose
31 from a court of competent jurisdiction in the event entry is
32 denied or resisted; to acquire by purchase, lease, option,
33 gift, grant, bequest, devise, eminent domain, or otherwise,
34 any real property, or personal property for administrative
35 purposes, together with any improvements thereon; to hold,

1 improve, clear, or prepare for redevelopment any such property;
2 to mortgage, pledge, hypothecate, or otherwise encumber or
3 dispose of any real property; to insure or provide for the
4 insurance of any real or personal property or operations of the
5 municipality against any risks or hazards, including the power
6 to pay premiums on any such insurance; and to enter into any
7 contracts necessary to effectuate the purposes of this chapter.
8 A municipality or other public body exercising powers under
9 this chapter with respect to the acquisition, clearance, or
10 disposition of property shall not be restricted by any other
11 statutory provision in the exercise of such powers unless
12 such statutory provision specifically states its application
13 to this chapter or unless this chapter specifically applies
14 restrictions contained in another statutory provision to the
15 powers that may be exercised under this chapter.

16 4. To invest any project development funds held in reserves
17 or sinking funds, or any such funds not required for immediate
18 disbursement, in property or securities in which a state bank
19 may legally invest funds subject to its control and to redeem
20 such bonds as have been issued pursuant to section 402.9 at the
21 redemption price established therein, or to purchase such bonds
22 at less than redemption price, all such bonds so redeemed or
23 purchased to be canceled.

24 5. To borrow money and to apply for and accept advances,
25 loans, grants, contributions, and any other form of financial
26 assistance from the federal government, the state, county, or
27 other public body, or from any sources, public or private,
28 for the purposes of this chapter, and to give such security
29 as may be required, and to enter into and carry out contracts
30 in connection therewith. A municipality may include in any
31 contract for financial assistance with the federal government
32 for a project such conditions imposed pursuant to federal laws
33 as the municipality may deem reasonable and appropriate and
34 which are not inconsistent with the purposes of the chapter.

35 6. Within its area of operation, to make or have made all

1 surveys and planning necessary to the carrying out of the
2 purposes of this chapter, and to contract with any person in
3 making and carrying out of such planning, and to adopt or
4 approve, and amend, such planning. Such planning may include,
5 without limitation:

6 *a.* A general plan for the locality as a whole.

7 *b.* Project development plans.

8 *c.* Preliminary plans outlining projects and activities for
9 neighborhoods that are included within two or more project
10 development areas.

11 *d.* Planning for carrying out a program of voluntary
12 or compulsory repair and rehabilitation of buildings and
13 improvements.

14 *e.* Planning for the enforcement of state and local laws,
15 codes, and regulations relating to the use of land and the
16 use and occupancy of buildings and improvements and to the
17 compulsory repair, rehabilitation, demolition, or removal of
18 buildings and improvements.

19 *f.* Appraisals, title searches, surveys, studies, and other
20 planning and work necessary to prepare for the undertaking of
21 projects. The municipality is authorized to develop, test, and
22 report methods and techniques, and carry out demonstrations and
23 other activities, for the prevention and the elimination of
24 slums and urban blight and to apply for, accept, and utilize
25 grants of funds from the federal government for such purposes.

26 7. To plan for the relocation of persons, including
27 families, business concerns, and others, displaced by a
28 project, and to make relocation payments to or with respect to
29 such persons for moving expenses and losses of property for
30 which reimbursement or compensation is not otherwise made,
31 including the making of such payments financed by the federal
32 government. Other provisions of the Code notwithstanding, in
33 making such payments on projects not federally funded, the
34 municipality may pay relocation assistance benefits in the
35 amounts authorized by the Uniform Relocation Assistance and

1 Real Property Acquisition Policies Act of 1970, Pub. L. No.
2 91-646, as amended by the Uniform Relocation Act Amendments of
3 1987, Tit. IV, Pub. L. No. 100-17.

4 8. To appropriate such funds and make such expenditures as
5 may be necessary to carry out the purposes of this chapter,
6 and to levy taxes and assessments for such purposes; to zone
7 or rezone any part of the municipality or make exceptions
8 from building regulations; and to enter into agreements,
9 respecting action to be taken by such municipality pursuant
10 to any of the powers granted by this chapter, with a project
11 development agency vested with project development powers under
12 section 402.14, which agreements may extend over any period,
13 notwithstanding any provision of law to the contrary.

14 9. To close, vacate, plan, or replan streets, roads,
15 sidewalks, ways, or other places, and to plan or replan any
16 part of the municipality.

17 10. Within its area of operation, to organize, coordinate,
18 and direct the administration of the provisions of this chapter
19 as they apply to such municipality in order that the objective
20 of remedying slum and blighted areas, and preventing the causes
21 thereof, within such municipality, may be most effectively
22 promoted and achieved; and to establish such new office or
23 offices of the municipality, or to reorganize existing offices,
24 in order to carry out such purpose most effectively.

25 11. To exercise all or any part of combination of powers
26 herein granted.

27 12. To approve project development plans.

28 13. To sell and convey real property in furtherance of a
29 project.

30 14. To supplement the rent required to be paid by any family
31 residing in the municipality forced to relocate by reason of
32 any governmental activity, provided it is necessary to do so
33 in order to house such family in decent, safe, and sanitary
34 housing and provided further that such family does not have
35 sufficient means, as determined by the municipality, to pay the

1 required rent for such housing. Any such rent supplement for
2 any such family shall not continue for more than five years.

3 15. To acquire by purchase, gift, or condemnation real
4 property within its area of operation for the relocation of
5 railroad passenger and freight depots, tracks, and yard, and
6 other railroad facilities and to sell or exchange and convey
7 such real property to railroads.

8 16. To acquire or dispose of by purchase, construction, or
9 lease, or otherwise to deal in air rights, and facilities or
10 easements for lateral or vertical support of land or structures
11 of any kind.

12 17. Subject to applicable state or federal regulations
13 in effect at the time of the municipal action, accept
14 contributions, grants, and other financial assistance from
15 the state or federal government to be used upon a finding of
16 public purpose for grants, loans, loan guarantees, interest
17 supplements, technical assistance, or other assistance as
18 necessary or appropriate to private persons for a project.

19 18. To provide in a project development plan for the
20 exclusion from taxation of value added to real estate during
21 the process of construction for development or redevelopment.
22 The exclusion may be limited as to the scope of exclusion,
23 territory, or class of property affected. However, the value
24 added during construction shall not be eligible for exclusion
25 from taxation for more than two years and the exclusion shall
26 not be applied to a facility which has been more than eighty
27 percent completed as of the most recent date of assessment.
28 This subsection permits the elimination only of those
29 taxes which are levied against assessments made during the
30 construction of the development or redevelopment.

31 19. a. A municipality, upon entering into a development or
32 redevelopment agreement pursuant to section 402.8, subsection
33 1, or as otherwise permitted in this chapter, may enter into
34 a written assessment agreement with the developer of taxable
35 property in the project development area which establishes a

1 minimum actual value of the land and completed improvements to
2 be made on the land until a specified termination date which
3 shall not be later than the date after which the tax increment
4 will no longer be remitted to the municipality pursuant to
5 section 402.19, subsection 2. The assessment agreement shall
6 be presented to the appropriate assessor. The assessor shall
7 review the plans and specifications for the improvements to
8 be made and if the minimum actual value contained in the
9 assessment agreement appears to be reasonable, the assessor
10 shall execute the following certification upon the agreement:
11 The undersigned assessor, being legally responsible for the
12 assessment of the above described property upon completion of
13 the improvements to be made on it, certifies that the actual
14 value assigned to that land and improvements upon completion
15 shall not be less than \$.....

16 *b.* This assessment agreement with the certification of
17 the assessor and a copy of this subsection shall be filed in
18 the office of the county recorder of the county where the
19 property is located. Upon completion of the improvements,
20 the assessor shall value the property as required by law,
21 except that the actual value shall not be less than the minimum
22 actual value contained in the assessment agreement. This
23 subsection does not prohibit the assessor from assigning a
24 higher actual value to the property or prohibit the owner
25 from seeking administrative or legal remedies to reduce the
26 actual value assigned except that the actual value shall not
27 be reduced below the minimum actual value contained in the
28 assessment agreement. An assessor, county auditor, board of
29 review, director of revenue, or court of this state shall not
30 reduce or order the reduction of the actual value below the
31 minimum actual value in the agreement during the term of the
32 agreement regardless of the actual value which may result from
33 the incomplete construction of improvements, destruction or
34 diminution by any cause, insured or uninsured, except in the
35 case of acquisition or reacquisition of the property by a

1 public entity. Recording of an assessment agreement complying
2 with this subsection constitutes notice of the assessment
3 agreement to a subsequent purchaser or encumbrancer of the land
4 or any part of it, whether voluntary or involuntary, and is
5 binding upon a subsequent purchaser or encumbrancer.

6 Sec. 27. NEW SECTION. **402.7 Condemnation of property.**

7 1. *a.* A municipality shall have the right to acquire by
8 condemnation any interest in real property, including a fee
9 simple title thereto, which it may deem necessary for or in
10 connection with a project under this chapter, subject to the
11 limitations of this chapter and the limitations on eminent
12 domain authority in chapter 6A.

13 *b.* A municipality shall not, however, condemn agricultural
14 land included within a project development area for any
15 use unless the owner of the agricultural land consents to
16 condemnation or unless the municipality determines that the
17 land is necessary or useful for any of the following:

18 (1) The operation of a city utility as defined in section
19 362.2.

20 (2) The operation of a city franchise conferred the
21 authority to condemn private property under section 364.2.

22 (3) The operation of a combined utility system as defined
23 in section 384.80.

24 2. A municipality shall exercise the power of eminent domain
25 in the manner provided in chapter 6B. Property already devoted
26 to a public use may be acquired in like manner. However, real
27 property belonging to the state, or any political subdivision
28 of this state, shall not be acquired without its consent, and
29 real property or any right or interest in the property owned
30 by any public utility company, pipeline company, railway or
31 transportation company vested with the right of eminent domain
32 under the laws of this state shall not be acquired without
33 the consent of the company, or without first securing, after
34 due notice to the company and after hearing, a certificate
35 authorizing condemnation of the property from the board,

1 commission, or body having the authority to grant a certificate
2 authorizing condemnation.

3 3. In a condemnation proceeding, if a municipality proposes
4 to take a part of a lot or parcel of real property, the
5 municipality shall also take the remaining part of the lot or
6 parcel if requested by the owner.

7 Sec. 28. NEW SECTION. 402.8 **Sale or lease of property.**

8 1. A municipality may sell, lease, or otherwise transfer
9 real property or any interest in real property acquired by it,
10 and may enter into contracts for such purposes, in a project
11 development area for residential, recreational, commercial,
12 industrial, or other uses, or for public use, subject to
13 covenants, conditions, and restrictions, including covenants
14 running with the land, it deems to be necessary or desirable
15 to assist in preventing the development or spread of future
16 slums or blighted areas, or to otherwise carry out the purposes
17 of this chapter. However, the sale, lease, other transfer,
18 or retention, and any agreement relating to it, may be made
19 only after the approval of the project development plan by
20 the local governing body. The purchasers or lessees and
21 their successors and assigns shall devote the real property
22 only to the uses specified in the project development plan,
23 and they may be obligated to comply with other requirements
24 the municipality determines to be in the public interest,
25 including the requirement to begin within a reasonable time
26 any improvements on the real property required by the project
27 development plan. The real property or interest shall be sold,
28 leased, otherwise transferred, or retained at not less than its
29 fair value for uses in accordance with the project development
30 plan except as provided in subsection 3. In determining the
31 fair value of real property for uses in accordance with the
32 project development plan, a municipality shall take into
33 account and give consideration to the uses provided in the
34 plan; the restrictions upon, and the covenants, conditions,
35 and obligations assumed by the purchaser or lessee or by the

1 municipality retaining the property; and the objectives of the
2 plan for the prevention of the recurrence of slum or blighted
3 areas. The municipality in an instrument of conveyance to a
4 private purchaser or lessee may provide that the purchaser
5 or lessee shall not sell, lease, or otherwise transfer the
6 real property, without the prior written consent of the
7 municipality, until the purchaser or lessee has completed the
8 construction of any or all improvements which the purchaser
9 or lessee has become obligated to construct. Real property
10 acquired by a municipality which, in accordance with the
11 project development plan, is to be transferred, shall be
12 transferred as rapidly as feasible in the public interest,
13 consistent with the carrying out of the project development
14 plan. A contract for a transfer under the project development
15 plan, or a part or parts of the contract or plan as the
16 municipality determines, may be recorded in the land records of
17 the county in a manner to afford actual or constructive notice
18 of the contract or plan.

19 2. a. A municipality may dispose of real property in
20 a project development area to private persons only under
21 reasonable competitive bidding procedures it shall prescribe,
22 or as provided in this subsection. A municipality, by
23 public notice by publication in a newspaper having a general
24 circulation in the community, thirty days prior to the
25 execution of a contract to sell, lease, or otherwise transfer
26 real property, and prior to the delivery of an instrument
27 of conveyance with respect to the real property under this
28 section, may invite proposals from and make available all
29 pertinent information to any persons interested in undertaking
30 to redevelop or rehabilitate a project development area, or
31 a part of the area. The notice shall identify the area, or
32 portion of the area, and shall state that proposals shall be
33 made by those interested within thirty days after the date
34 of publication of the notice, and that further information
35 available may be obtained at the office designated in the

1 notice. The municipality shall consider all redevelopment
2 or rehabilitation proposals, and the financial and legal
3 ability of the persons making the proposals to carry them
4 out, and the municipality may negotiate with any persons for
5 proposals concerning the purchase, lease, or other transfer
6 of real property acquired by the municipality in the project
7 development area. The municipality may accept the proposal it
8 deems to be in the public interest and in furtherance of the
9 purposes of this chapter. However, a notification of intention
10 to accept the proposal shall be filed with the governing body
11 not less than thirty days prior to the acceptance. Thereafter,
12 the municipality may execute a contract in accordance
13 with subsection 1 and may deliver deeds, leases, and other
14 instruments and may take all steps necessary to effectuate the
15 contract.

16 *b.* This subsection does not apply to real property disposed
17 of for the purpose of development or redevelopment as an
18 industrial building or facility, facilities for use as a center
19 for export for international trade, a home office or regional
20 office facility for a multistate business, or which meets the
21 criteria set forth in subsection 3.

22 3. The requirement that real property or an interest in
23 real property transferred or retained for the purpose of
24 a development or redevelopment be sold, leased, otherwise
25 transferred, or retained at not less than its fair market
26 value does not apply if the developer enters into a written
27 assessment agreement with the municipality pursuant to section
28 402.6, subsections 18 and 19, and the minimum actual value
29 contained in the assessment agreement would indicate that there
30 will be sufficient taxable valuations to permit the collection
31 of incremental taxes as provided in section 402.19, subsection
32 2, to cause the indebtedness and other costs incurred by
33 the municipality with respect to the property or interest
34 transferred or retained to be repayable as to principal within
35 four tax years following the commencement of full operation of

1 the development.

2 4. A municipality may temporarily operate and maintain
3 real property acquired in a project development area pending
4 the disposition of the property as authorized in this chapter,
5 without regard to the provisions of subsection 1, for such uses
6 and purposes as may be deemed desirable, even though not in
7 conformity with the project development plan.

8 Sec. 29. NEW SECTION. **402.9 Issuance of bonds.**

9 1. A municipality shall have power to periodically issue
10 bonds in its discretion to pay the costs of carrying out the
11 purposes and provisions of this chapter, including but not
12 limited to the payment of principal and interest upon any
13 advances for surveys and planning, and the payment of interest
14 on bonds, herein authorized, not to exceed three years from the
15 date the bonds are issued. The municipality shall have power
16 to issue refunding bonds for the payment or retirement of such
17 bonds previously issued by the municipality. Said bonds shall
18 be payable solely from the income and proceeds of the fund and
19 portion of taxes referred to in section 402.19, subsection 2,
20 and revenues and other funds of the municipality derived from
21 or held in connection with the undertaking and carrying out of
22 projects under this chapter. The municipality may pledge to
23 the payment of the bonds the fund and portion of taxes referred
24 to in section 402.19, subsection 2, and may further secure the
25 bonds by a pledge of any loan, grant, or contribution from the
26 federal government or other source in aid of any projects of
27 the municipality under this chapter, or by a mortgage of any
28 such projects, or any part thereof, title which is vested in
29 the municipality.

30 2. Bonds issued under this section constitute an
31 indebtedness within the meaning of any constitutional or
32 statutory debt limitation or restriction, and shall be subject
33 to the provisions of any other law or charter relating to the
34 authorization, issuance, or sale of bonds. Bonds issued under
35 the provisions of this chapter are declared to be issued for an

1 essential public and governmental purpose and, together with
2 interest thereon and income therefrom, shall be exempted from
3 all taxes.

4 3. a. Bonds issued under this section shall be authorized
5 by resolution or ordinance of the local governing body and
6 may be issued in one or more series and shall bear such date
7 or dates, be payable upon demand or mature at such time or
8 times, bear interest at such rate or rates not exceeding
9 that permitted by chapter 74A, be in such denomination or
10 denominations, be in such form either coupon or registered,
11 carry such conversion or registration privileges, have such
12 rank or priority, be executed in such manner, be payable in
13 such medium of payment, at such place or places, and be subject
14 to such terms of redemption, with or without premium, be
15 secured in such manner, and have such other characteristics,
16 as may be provided by such resolution or trust indenture or
17 mortgage issued pursuant thereto.

18 b. Before the local governing body may institute proceedings
19 for the issuance of bonds under this section, a notice of
20 the proposed action, including a statement of the amount and
21 purposes of the bonds and the time and place of the meeting at
22 which the local governing body proposes to take action for the
23 issuance of the bonds, must be published as provided in section
24 362.3. At the meeting, the local governing body shall receive
25 oral or written objections from any resident or property owner
26 of the municipality. After all objections have been received
27 and considered, the local governing body, at that meeting or
28 any subsequent meeting, may take additional action for the
29 issuance of the bonds or abandon the proposal to issue the
30 bonds. Any resident or property owner of the municipality
31 may appeal the decision of the local governing body to take
32 additional action to the district court of the county in which
33 any part of the municipality is located, within fifteen days
34 after the additional action is taken. The additional action
35 of the local governing body is final and conclusive unless the

1 court finds that the municipality exceeded its authority.

2 4. Such bonds may be sold at not less than ninety-eight
3 percent of par at public or private sale, or may be exchanged
4 for other bonds at not less than ninety-eight percent of par.

5 5. In case any of the public officials of the municipality
6 whose signatures appear on any bonds or coupons issued under
7 this chapter shall cease to be such officials before the
8 delivery of such bonds, such signatures shall, nevertheless,
9 be valid and sufficient for all purposes, the same as if such
10 officials had remained in office until such delivery. Any
11 provision of any law to the contrary notwithstanding, any bonds
12 issued pursuant to this chapter shall be fully negotiable.

13 6. In any suit, action, or proceeding involving the validity
14 or enforceability of any bond issued under this chapter, or the
15 security therefor, any such bond reciting in substance that
16 it has been issued by the municipality in connection with a
17 project, as herein defined, shall be conclusively deemed to
18 have been issued for such purpose and such project shall be
19 conclusively deemed to have been planned, located, and carried
20 out in accordance with the provisions of this chapter.

21 Sec. 30. NEW SECTION. 402.10 Bonds as legal investment.

22 All banks, trust companies, building and loan associations,
23 savings and loan associations, investment companies, and other
24 persons carrying on an investment business; all insurance
25 companies, insurance associations, and other persons carrying
26 on an insurance business; and all executors, administrators,
27 curators, trustees, and other fiduciaries, may legally invest
28 any sinking funds, moneys, or other funds belonging to them or
29 within their control in any bonds or other obligations issued
30 by a municipality pursuant to this chapter, or those issued by
31 any project development agency vested with project development
32 powers under section 402.14. Such bonds and other obligations
33 shall be authorized security for all public deposits. It is
34 the purpose of this section to authorize any persons, political
35 subdivisions, and officers, public or private, to use any funds

1 owned or controlled by them for the purchase of any such bonds
2 or other obligations. Nothing contained in this section with
3 regard to legal investments shall be construed as relieving any
4 person of any duty of exercising reasonable care in selecting
5 securities.

6 Sec. 31. NEW SECTION. **402.11 Exemptions from legal process.**

7 1. All property of a municipality, including funds, owned
8 or held by it for the purposes of this chapter shall be exempt
9 from levy and sale by virtue of an execution. Execution or
10 other judicial process shall not issue against the property and
11 a judgment against a municipality shall not be a charge or lien
12 upon such property. However, the provisions of this section
13 shall not apply to or limit the right of obligees to pursue
14 any remedies for the enforcement of any pledge or lien given
15 pursuant to this chapter by a municipality on its rents, fees,
16 grants, or revenues from projects.

17 2. The property of a municipality, acquired or held for the
18 purposes of this chapter, is declared to be public property
19 used for essential public and governmental purposes, and such
20 property shall be exempt from all taxes of the municipality,
21 the county, the state, or any political subdivision thereof.
22 However, such tax exemption shall terminate when the
23 municipality sells, leases, or otherwise disposes of such
24 property in a project development area to a purchaser or lessee
25 which is not a public body entitled to tax exemption with
26 respect to such property.

27 Sec. 32. NEW SECTION. **402.12 Powers of municipality.**

28 1. For the purpose of aiding in the planning, undertaking,
29 or carrying out of a project located within the project
30 development area in which it is authorized to act, any public
31 body may, upon such terms, with or without consideration, as
32 it may determine:

33 a. Dedicate, sell, convey, or lease any of its interest in
34 any property, or grant easements, licenses, or other rights or
35 privileges therein to a municipality.

1 *b.* Incur the entire expense of any public improvements made
2 by such public body in exercising the powers granted in this
3 section.

4 *c.* Do any and all things necessary to aid or cooperate in
5 the planning or carrying out of a project.

6 *d.* Lend, grant, or contribute funds to a municipality.

7 *e.* Enter into agreements, which may extend over any period,
8 notwithstanding any provision or rule of law to the contrary,
9 with a municipality or other public body respecting action
10 to be taken pursuant to any of the powers granted by this
11 chapter, including the furnishing of funds or other assistance
12 in connection with a project.

13 *f.* Cause public buildings, public facilities, or any other
14 public works which it is otherwise empowered to undertake to
15 be furnished.

16 *g.* Furnish, dedicate, close, vacate, pave, install, grade,
17 regrade, plan, or replan streets, roads, sidewalks, ways, or
18 other places.

19 *h.* Plan, replan, zone, or rezone any part of the
20 municipality or make exceptions from building regulations.

21 *i.* Cause administrative and other services to be furnished
22 to the municipality.

23 2. If at any time title to or possession of any project
24 is held by any public body or governmental agency, including
25 any agency or instrumentality of the United States, other than
26 the municipality, which is authorized by law to engage in the
27 undertaking, carrying out, or administration of projects, the
28 provisions of the agreements referred to in this section shall
29 inure to the benefit of and may be enforced by such public body
30 or governmental agency. As used in this subsection, the term
31 "*municipality*" shall also include a project development agency
32 vested with all of the project development powers pursuant to
33 the provisions of section 402.14.

34 3. Any sale, conveyance, lease, or agreement provided for in
35 this section may be made by a public body without appraisal,

1 public notice, advertisement, or public bidding.

2 4. For the purpose of aiding in the planning, undertaking,
3 or carrying out of a project of a project development agency,
4 a municipality may, in addition to its other powers and upon
5 such terms, with or without consideration, as it may determine,
6 do and perform any or all of the actions or things which, by
7 the provisions of subsection 1, a public body is authorized to
8 do or perform, including the furnishing of financial and other
9 assistance.

10 5. For the purposes of this section, or for the purpose
11 of aiding in the planning, undertaking, or carrying out of a
12 project of a municipality, a municipality may, in addition to
13 any authority to issue bonds pursuant to section 402.9, issue
14 and sell its general obligation bonds. Any bonds issued by a
15 municipality pursuant to this section must be issued, in the
16 case of a city, by resolution of the council in the manner and
17 within the limitations prescribed by chapter 384, division
18 III, or in the case of a county, by resolution of the board of
19 supervisors in the manner and within the limitations prescribed
20 by chapter 331, division IV, part 3. Bonds issued pursuant to
21 the provisions of this subsection must be sold in the manner
22 prescribed by chapter 75. The additional power granted in
23 this subsection for the financing of public undertakings and
24 activities by municipalities within a project development area
25 shall not be construed as a limitation of the existing powers
26 of municipalities.

27 Sec. 33. NEW SECTION. 402.13 **Presumption of title.**

28 Any instrument executed by a municipality and purporting to
29 convey any right, title, or interest in any property under this
30 chapter shall be conclusively presumed to have been executed
31 in compliance with the provisions of this chapter insofar as
32 title or other interest of any bona fide purchasers, lessees,
33 or transferees of such property is concerned.

34 Sec. 34. NEW SECTION. 402.14 **Project development agency**
35 **powers.**

1 1. A municipality may itself exercise its project
2 development powers, as herein defined, or may, if the local
3 governing body by resolution determines such action to be in
4 the public interest, elect to have such powers exercised by the
5 project development agency, if one exists or is subsequently
6 established in the community. In the event the local governing
7 body makes such determination, the project development agency
8 shall be vested with all of the project development powers
9 in the same manner as though all such powers were conferred
10 on such agency instead of the municipality. If the local
11 governing body does not elect to make such determination,
12 the municipality in its discretion may exercise its project
13 development powers through a board or commissioner, or through
14 such officers of the municipality as the local governing body
15 may by resolution determine.

16 2. As used in this section, the term "*project development*
17 *powers*" shall include the rights, powers, functions, and duties
18 of a municipality under this chapter, except the following:

19 a. The power to determine a project development area and to
20 designate such area as appropriate for a project and to hold
21 any public hearings required with respect thereto.

22 b. The power to approve project development plans and
23 amendments thereof.

24 c. The power to establish a general plan for the locality
25 as a whole.

26 d. The power to formulate a workable program under section
27 402.3.

28 e. The power to make the determinations and findings
29 provided for in section 402.4, and section 402.5, subsection 4.

30 f. The power to issue general obligation bonds.

31 g. The power to appropriate funds, to levy taxes and
32 assessments, and to exercise other powers provided for in
33 section 402.6, subsection 8.

34 **Sec. 35. NEW SECTION. 402.15 Agency created.**

35 1. There is hereby created in each municipality a public

1 body corporate and politic to be known as the "project
2 development agency" of the municipality. Such agency shall
3 not transact any business or exercise its powers hereunder
4 until or unless the local governing body has made the finding
5 prescribed in section 402.4, and has elected to have the
6 project development powers exercised by a project development
7 agency as provided in section 402.14.

8 2. If the project development agency is authorized to
9 transact business and exercise powers pursuant to this chapter,
10 the mayor or chairperson of the board, as applicable, by and
11 with the advice and consent of the local governing body, shall
12 appoint a board of commissioners of the project development
13 agency, which board shall consist of five commissioners. In
14 cities having a population of more than one hundred thousand,
15 the city council may establish, by ordinance, the number of
16 commissioners at not less than five. The term of office of
17 each such commissioner shall be one year.

18 3. A commissioner shall receive no compensation for
19 services, but shall be entitled to the necessary expenses,
20 including traveling expenses, incurred in the discharge of
21 the commissioner's duties. Each commissioner shall hold
22 office until a successor has been appointed and has qualified.
23 A certificate of the appointment or reappointment of any
24 commissioner shall be filed with the clerk of the municipality,
25 and such certificate shall be conclusive evidence of the due
26 and proper appointment of such commissioner.

27 4. The powers of a project development agency shall be
28 exercised by the commissioners thereof. A majority of the
29 commissioners shall constitute a quorum for the purpose of
30 conducting business and exercising the powers of the agency,
31 and for all other purposes. Action may be taken by the agency
32 upon a vote of a majority of the commissioners present, unless
33 in any case the bylaws shall require a larger number. Any
34 persons may be appointed as commissioners if they reside within
35 the area of operation of the agency, which area shall be

1 conterminous with the area of operation of the municipality,
2 and if they are otherwise eligible for such appointments under
3 this chapter.

4 5. The mayor or chairperson of the board, as applicable,
5 shall designate a chairperson and vice chairperson from among
6 the commissioners. An agency may employ an executive director,
7 technical experts, and such other agents and employees,
8 permanent and temporary, as it may require, and the agency may
9 determine their qualifications, duties, and compensation. For
10 such legal service as it may require, an agency may employ or
11 retain its own counsel and legal staff. An agency authorized
12 to transact business and exercise powers under this chapter
13 shall file, with the local governing body, on or before
14 September 30 of each year, a report of its activities for the
15 preceding fiscal year, which report shall include a complete
16 financial statement setting forth its assets, liabilities,
17 income, and operating expense as of the end of such fiscal
18 year. At the time of filing the report, the agency shall
19 publish in a newspaper of general circulation in the city or
20 county, as applicable, a notice to the effect that such report
21 has been filed with the municipality, and that the report is
22 available for inspection during business hours in the office
23 of the city clerk or county auditor, as applicable, and in the
24 office of the agency.

25 6. For inefficiency, or neglect of duty, or misconduct in
26 office, a commissioner may be removed only after a hearing,
27 and after the commissioner shall have been given a copy of the
28 charges at least ten days prior to such hearing, and after
29 the commissioner shall have had an opportunity to be heard in
30 person or by counsel.

31 7. For the period of time beginning on the effective date of
32 this Act until June 30, 2023, a municipality may designate the
33 urban renewal agency of the municipality under chapter 403 to
34 carry out the duties and exercise the authority of the project
35 development agency under this chapter.

1 Sec. 36. NEW SECTION. **402.16 Personal interest prohibited.**
2 No public official or employee of a municipality, or board
3 or commission thereof, and no commissioner or employee of
4 a project development agency, which has been vested by a
5 municipality with project development powers under section
6 402.14, shall voluntarily acquire any personal interest,
7 as hereinafter defined, whether direct or indirect, in any
8 project, or in any property included or planned to be included
9 in any project of such municipality, or in any contract or
10 proposed contract in connection with such project. Where such
11 acquisition is not voluntary, the interest acquired shall
12 be immediately disclosed in writing to the local governing
13 body, and such disclosure shall be entered upon the minutes
14 of the governing body. If any such official, commissioner,
15 or employee presently owns or controls, or has owned or
16 controlled within the preceding two years, any interest,
17 as hereinafter defined, whether direct or indirect, in any
18 property which the official, commissioner, or employee knows
19 is included or planned to be included in a project, the
20 official, commissioner, or employee shall immediately disclose
21 this fact in writing to the local governing body, and such
22 disclosure shall be entered upon the minutes of the governing
23 body; and any such official, commissioner, or employee
24 shall not participate in any action by the municipality, or
25 board or commission thereof, or project development agency
26 affecting such property, as the terms of such proscription
27 are hereinafter defined. For the purposes of this section
28 the following definitions and standards of construction shall
29 apply:
30 1. "*Action affecting such property*" shall include only
31 that action directly and specifically affecting such property
32 as a separate property but shall not include any action, any
33 benefits of which accrue to the public generally, or which
34 affects all or a substantial portion of the properties included
35 or planned to be included in such a project.

1 2. Employment by a public body, its agencies, or
2 institutions or by any other person having such an interest
3 shall not be deemed an interest by such employee or of any
4 ownership or control by such employee of interests of the
5 employee's employer. Such an employee may participate in a
6 project so long as any benefits of such participation accrue
7 to the public generally, such participation affects all or a
8 substantial portion of the properties included or planned to
9 be included in such a project, or such participation promotes
10 the public purposes of such project, and shall limit only that
11 participation by an employee which directly or specifically
12 affects property in which an employer of an employee has an
13 interest.

14 3. The word "*participation*" shall be deemed not to include
15 discussion or debate preliminary to a vote of a local governing
16 body or agency upon proposed ordinances or resolutions relating
17 to such a project or any abstention from such a vote.

18 4. The designation of a bank or trust company as depository,
19 paying agent, or agent for investment of funds shall not be
20 deemed a matter of interest or personal interest.

21 5. Stock ownership in a corporation having such an interest
22 shall not be deemed an indicia of an interest or of ownership
23 or control by the person owning such stocks when less than five
24 percent of the outstanding stock of the corporation is owned or
25 controlled directly or indirectly by such person.

26 6. The word "*action*" shall not be deemed to include
27 resolutions advisory to the local governing body or agency by
28 any citizens group, board, body, or commission designated to
29 serve a purely advisory approving or recommending function
30 under this chapter.

31 7. The limitations of this section shall be construed
32 to permit action by a public official, commissioner, or
33 employee where any benefits of such action accrue to the
34 public generally, such action affects all or a substantial
35 portion of the properties included or planned to be included

1 in such a project, or such action promotes the public purposes
2 of such project, and shall be construed to limit only that
3 action by a public official, commissioner, or employee which
4 directly or specifically affects property in which such
5 official, commissioner, or employee has an interest or in
6 which an employer of such official, commissioner, or employee
7 has an interest. Any disclosure required to be made by this
8 section to the local governing body shall concurrently be
9 made to a project development agency which has been vested
10 with project development powers by the municipality pursuant
11 to the provisions of section 402.14. No commissioner or
12 other officer of any project development agency, board, or
13 commission exercising powers pursuant to this chapter shall
14 hold any other public office under the municipality, other than
15 the commissionership or office with respect to such project
16 development agency, board, or commission. Any violation of
17 the provisions of this section shall constitute misconduct in
18 office, but no ordinance or resolution of a municipality or
19 agency shall be invalid by reason of a vote or votes cast in
20 violation of the standards of this section unless such vote
21 or votes were decisive in the passage of such ordinance or
22 resolution.

23 Sec. 37. NEW SECTION. 402.17 Definitions.

24 The following terms, wherever used or referred to in this
25 chapter, shall have the following meanings, unless a different
26 meaning is clearly indicated by the context:

27 1. "*Affected taxing entity*" means a city, community college,
28 county, or school district which levied or certified for
29 levy a property tax on any portion of the taxable property
30 located within the project development area in the fiscal
31 year beginning prior to the calendar year in which a proposed
32 project development plan is submitted to the local governing
33 body for approval.

34 2. "*Agency*" or "*project development agency*" shall mean a
35 public agency created by section 402.15.

1 3. "*Agricultural land*" means real property owned by a
2 person in tracts of ten acres or more and not laid off into
3 lots of less than ten acres or divided by streets and alleys
4 into parcels of less than ten acres, and that has been used
5 for the production of agricultural commodities during three
6 out of the past five years. Such use of property includes but
7 is not limited to the raising, harvesting, handling, drying,
8 or storage of crops used for feed, food, seed, or fiber; the
9 care or feeding of livestock; the handling or transportation
10 of crops or livestock; the storage, treatment, or disposal
11 of livestock manure; and the application of fertilizers,
12 soil conditioners, pesticides, and herbicides on crops.
13 "*Agricultural land*" includes land on which is located farm
14 residences or outbuildings used for agricultural purposes and
15 land on which is located facilities, structures, or equipment
16 for agricultural purposes. "*Agricultural land*" includes
17 land taken out of agricultural production for purposes of
18 environmental protection or preservation.

19 4. "*Area of operation*" of a city means the area within
20 the corporate limits of the city and, with the consent of the
21 county, the area within two miles of such limits, except that
22 it does not include any area which lies within the territorial
23 boundaries of another incorporated city, unless a resolution
24 has been adopted by the governing body of the city declaring
25 a need to be included in the area. The "*area of operation*"
26 of a county means an area outside the corporate limits of a
27 city. However, in that area outside a city's boundary but
28 within two miles of the city's boundary, a joint agreement
29 between the city and the county is required allowing the county
30 to proceed with the activities authorized under this chapter.
31 In addition, a county may proceed with activities authorized
32 under this chapter in an area inside the boundaries of a city,
33 provided a joint agreement is entered into with respect to
34 such activities between a city and a county and provided that
35 the city would not be prohibited from proceeding with such

1 activities under section 402.5, subsection 1, paragraph "b", if
2 the city conducted such activities itself.

3 5. "*Blighted area*" means an area of a municipality
4 within which the local governing body of the municipality
5 determines that the presence of a substantial number of
6 slum, deteriorated, or deteriorating structures; defective or
7 inadequate street layout; faulty lot layout in relation to
8 size, adequacy, accessibility, or usefulness; insanitary or
9 unsafe conditions; deterioration of site or other improvements;
10 diversity of ownership; tax or special assessment delinquency
11 exceeding the fair value of the land; defective or unusual
12 conditions of title; or the existence of conditions which
13 endanger life or property by fire and other causes; or any
14 combination of these factors; substantially impairs or arrests
15 the sound growth of a municipality, retards the provision of
16 housing accommodations, or constitutes an economic or social
17 liability and is a menace to the public health, safety, or
18 welfare in its present condition and use. A disaster area
19 referred to in section 402.5, subsection 7, constitutes a
20 "*blighted area*". "*Blighted area*" does not include real property
21 that is agricultural land or that is assessed as agricultural
22 property for purposes of property taxation.

23 6. "*Board*" or "*commission*" shall mean a board, commission,
24 department, division, office, body, or other unit of the
25 municipality.

26 7. "*Bonds*" shall mean any bonds, including refunding bonds,
27 notes, interim certificates, certificates of indebtedness,
28 debentures, or other obligations.

29 8. "*Chairperson of the board*" means the chairperson of the
30 board of supervisors or other legislative body charged with
31 governing a county.

32 9. "*Clerk*" shall mean the clerk or other official of the
33 municipality who is the custodian of the official records of
34 such municipality.

35 10. "*Economic development area*" means an area of a

1 municipality designated by the local governing body as
2 appropriate for commercial and industrial enterprises, public
3 improvements related to housing and residential development,
4 or construction of housing and residential development for low
5 and moderate income families, including single or multifamily
6 housing. Such designated area shall not include agricultural
7 land, including land which is part of a century farm, unless
8 the owner of the agricultural land or century farm agrees to
9 include the agricultural land or century farm in the project
10 development area. For the purposes of this subsection, "century
11 farm" means a farm in which at least forty acres of such farm
12 have been held in continuous ownership by the same family for
13 one hundred years or more.

14 11. "Federal government" shall include the United States or
15 any agency or instrumentality, corporate or otherwise, of the
16 United States.

17 12. "Housing and residential development" means single
18 or multifamily dwellings to be constructed in an area with
19 respect to which the local governing body of the municipality
20 determines that there is an inadequate supply of affordable,
21 decent, safe, and sanitary housing and that providing such
22 housing is important to meeting any or all of the following
23 objectives: retaining existing industrial or commercial
24 enterprises; attracting and encouraging the location of new
25 industrial or commercial enterprises; meeting the needs of
26 special elements of the population, such as the elderly or
27 persons with disabilities; and providing housing for various
28 income levels of the population which may not be adequately
29 served.

30 13. "Indebtedness" includes but is not limited to a written
31 agreement to suspend, abate, exempt, rebate, refund, or
32 reimburse property taxes, to make a direct payment of taxes, or
33 to provide a grant for property taxes paid.

34 14. "Local governing body" means the council, board of
35 supervisors, or other legislative body charged with governing

1 the municipality.

2 15. "*Low or moderate income families*" means those families,
3 including single person households, earning no more than
4 eighty percent of the higher of the median family income of
5 the county or the statewide nonmetropolitan area as determined
6 by the latest United States department of housing and urban
7 development, section 8 income guidelines.

8 16. "*Mayor*" shall mean the mayor of a municipality, or other
9 officer or body having the duties customarily imposed upon the
10 executive head of a municipality.

11 17. "*Municipality*" means any city or county in the state.

12 18. "*Obligee*" shall include any bondholder, agents, or
13 trustees for any bondholders, or any lessor demising to the
14 municipality property used in connection with a project under
15 this chapter, or any assignee or assignees of such lessor's
16 interest or any part thereof, and the federal government, when
17 it is a party to any contract with the municipality.

18 19. "*Person*" shall mean any individual, firm, partnership,
19 corporation, company, association, joint stock association; and
20 shall include any trustee, receiver, assignee, or other person
21 acting in a similar representative capacity for an individual
22 or such entities.

23 20. a. "*Project*" may include undertakings and activities
24 of a municipality in a project development area for the
25 elimination and for the prevention of the development or
26 spread of slums and blight, may include the designation and
27 development of an economic development area in a project
28 development area, and may involve slum clearance and
29 redevelopment in a project development area, or rehabilitation
30 or conservation in a project development area, or any
31 combination or part thereof in accordance with a project
32 development program.

33 b. The undertakings and activities may include:

34 (1) Acquisition of a slum area, blighted area, economic
35 development area, or portion of the areas.

1 (2) Demolition and removal of buildings and improvements.

2 (3) Installation, construction, or reconstruction of
3 streets, utilities, and other improvements necessary for
4 carrying out in the project development area the objectives of
5 this chapter in accordance with the project development plan.

6 (4) Disposition of any property acquired in the project
7 development area, including sale, initial leasing, or retention
8 by the municipality itself, at its fair value for uses in
9 accordance with the project development plan.

10 (5) Carrying out plans for a program of voluntary or
11 compulsory repair and rehabilitation of buildings or other
12 improvements in accordance with the project development plan.

13 (6) Acquisition of any other real property in the project
14 development area, where necessary to eliminate unhealthful,
15 insanitary, or unsafe conditions, or to lessen density,
16 eliminate obsolete or other uses detrimental to the public
17 welfare, or otherwise to remove or prevent the spread of
18 blight or deterioration, or to provide land for needed public
19 facilities subject to the limitation in section 403.19,
20 subsection 5, paragraph "b".

21 (7) Sale and conveyance of real property in furtherance of
22 a project.

23 21. "*Project development area*" means a slum area, blighted
24 area, economic development area, or combination of the areas,
25 which the local governing body designates as appropriate for
26 a project. A project development area shall not include
27 territory located within an urban renewal area under chapter
28 403.

29 22. "*Project development plan*" means a plan for the
30 development, redevelopment, improvement, or rehabilitation of a
31 designated project development area. The plan shall meet the
32 following requirements:

33 a. Conform to the general plan for the municipality as a
34 whole except as provided in section 402.5, subsection 7.

35 b. Be sufficiently complete to indicate the real property

1 located in the project development area to be acquired for
2 the proposed development, redevelopment, improvement, or
3 rehabilitation, and to indicate any zoning district changes,
4 existing and future land uses, and the local objectives
5 respecting development, redevelopment, improvement, or
6 rehabilitation related to the future land uses plan, and need
7 for improved traffic, public transportation, public utilities,
8 recreational and community facilities, and other public
9 improvements within the project development area.

10 c. If the plan includes a provision for the division
11 of taxes as provided in section 402.19, the plan shall
12 also include a list of the current general obligation debt
13 of the municipality, the current urban renewal debt of
14 the municipality under chapter 403, if any, the current
15 constitutional debt limit of the municipality, and the proposed
16 amount of indebtedness to be incurred, including loans,
17 advances, indebtedness, or bonds which qualify for payment from
18 the project development fund referred to in section 402.19,
19 subsection 2.

20 23. "*Public body*" shall mean the state or any political
21 subdivision thereof.

22 24. "*Public officer*" shall mean any officer who is in
23 charge of any department or branch of the government of the
24 municipality relating to health, fire, building regulations, or
25 to other activities concerning dwellings in the municipality.

26 25. "*Real property*" shall include all lands, including
27 improvements and fixtures thereon, and property of any nature
28 appurtenant thereto, or used in connection therewith, and every
29 estate, interest, right and use, legal or equitable, therein,
30 including terms for years and liens by way of judgment,
31 mortgage, or otherwise.

32 26. "*Slum area*" shall mean an area in which there is a
33 predominance of buildings or improvements, whether residential
34 or nonresidential, which: by reason of dilapidation,
35 deterioration, age, or obsolescence; by reason of inadequate

1 provision for ventilation, light, air, sanitation, or
2 open spaces; by reason of high density of population and
3 overcrowding; by reason of the existence of conditions which
4 endanger life or property by fire and other causes; or which
5 by any combination of such factors, is conducive to ill
6 health, transmission of disease, infant mortality, juvenile
7 delinquency, or crime, and which is detrimental to the public
8 health, safety, morals, or welfare. "Slum area" does not
9 include real property that is agricultural land or that is
10 assessed as agricultural property for purposes of property
11 taxation.

12 Sec. 38. NEW SECTION. 402.18 Rule of construction.

13 Insofar as the provisions of this chapter may be
14 inconsistent with the provisions of any other law, the
15 provisions of this chapter shall be controlling. The powers
16 conferred by this chapter shall be in addition and supplemental
17 to the powers conferred by any other law.

18 Sec. 39. NEW SECTION. 402.19 Division of revenue from
19 taxation — tax increment financing.

20 A municipality may, following consultation, notification,
21 and approval of all affected taxing entities in the manner
22 specified in section 402.5, subsection 2, paragraph "b",
23 provide by ordinance that taxes levied on taxable property in a
24 project development area each year by or for the benefit of the
25 state, city, county, school district, or other taxing district,
26 shall be divided as follows:

27 1. a. That portion of the taxes which would be produced by
28 the rate at which the tax is levied each year by or for each of
29 the taxing districts upon the total sum of the taxable value
30 of the taxable property in the project development area, as
31 shown on the assessment roll last equalized prior to the date
32 of initial adoption of the project development plan, shall
33 be allocated to and when collected be paid into the fund for
34 the respective taxing district as taxes by or for the taxing
35 district into which all other property taxes are paid.

1 *b.* For the purpose of allocating taxes levied by or for
2 any taxing district which did not include the territory in
3 a project development area on the effective date of initial
4 adoption of the plan, but to which the territory has been
5 annexed or otherwise included after the effective date, the
6 assessment roll applicable to property in the annexed territory
7 as of January 1 of the calendar year preceding the effective
8 date of the amendment to the plan to include the annexed area
9 shall be used in determining the taxable valuation of the
10 property in the annexed area.

11 *c.* For the purposes of dividing taxes under section 260E.4,
12 the applicable assessment roll for purposes of paragraph "a"
13 shall be the assessment roll as of January 1 of the calendar
14 year preceding the first written agreement providing that all
15 or a portion of program costs are to be paid for by incremental
16 property taxes. The community college shall file a copy of
17 the agreement with the appropriate assessor. The assessor
18 may, within fourteen days of such filing, physically inspect
19 the applicable taxable business property. If upon such
20 inspection the assessor determines that there has been a change
21 in the value of the property from the value as shown on the
22 assessment roll as of January 1 of the calendar year preceding
23 the filing of the agreement and such change in value is due
24 to new construction, additions or improvements to existing
25 structures, or remodeling of existing structures for which
26 a building permit was required, the assessor shall promptly
27 determine the value of the property as of the inspection in the
28 manner provided in chapter 441 and that value shall be included
29 for purposes of the jobs training project in the value of the
30 employer's taxable business property as shown on the assessment
31 roll as of January 1 of the calendar year preceding the filing
32 of the agreement. The assessor, within thirty days of such
33 filing, shall notify the community college and the employer
34 or business of that valuation which shall be included in the
35 taxable valuation for purposes of this subsection and section

1 260E.4. The value determined by the assessor shall reflect the
2 change in value due solely to new construction, additions, or
3 improvements to existing structures, or remodeling of existing
4 structures for which a building permit was required.

5 2. That portion of the taxes each year in excess of such
6 amount shall be allocated to and when collected be paid into
7 a project development fund of the municipality to pay the
8 principal of and interest on loans, moneys advanced to, or
9 indebtedness, whether funded, refunded, assumed, or otherwise,
10 including bonds issued under the authority of section 402.9,
11 subsection 1, incurred by the municipality to finance or
12 refinance, in whole or in part, a project within the area
13 and to provide assistance for low and moderate income family
14 housing as provided in section 402.22. However, taxes for the
15 regular and voter-approved physical plant and equipment levy
16 of a school district imposed pursuant to section 298.2, taxes
17 for the payment of bonds and interest of each taxing district,
18 and the foundation property tax imposed pursuant to section
19 257.3, shall be collected against all taxable property within
20 the taxing district without limitation by the provisions of
21 this subsection. Unless and until the total taxable valuation
22 of the taxable property in a project development area exceeds
23 the total taxable value of the taxable property in such area
24 as shown by the last equalized assessment roll referred to in
25 subsection 1, all of the taxes levied and collected upon the
26 taxable property in the project development area shall be paid
27 into the funds for the respective taxing districts as taxes by
28 or for the taxing districts in the same manner as all other
29 property taxes. When such loans, advances, indebtedness, and
30 bonds, if any, and interest thereon, have been paid, all moneys
31 thereafter received from taxes upon the taxable property in
32 such project development area shall be paid into the funds for
33 the respective taxing districts in the same manner as taxes on
34 all other property. In those instances where a school district
35 has entered into an agreement pursuant to section 279.64 for

1 sharing of school district taxes levied and collected from
2 valuation described in this subsection and released to the
3 school district, the school district shall transfer the taxes
4 as provided in the agreement.

5 3. The division of revenue provided for in this section
6 shall be limited to ten years from the calendar year following
7 the calendar year in which the municipality first certifies
8 to the county auditor the amount of any loans, advances,
9 indebtedness, or bonds which qualify for payment from the
10 division of revenue. The project development area, including
11 all applicable project development plans, projects, and
12 ordinances shall terminate and be of no further force and
13 effect following the ten-year limitation provided in this
14 subsection.

15 4. a. The portion of taxes mentioned in subsection 2, and
16 the project development fund into which they shall be paid, may
17 be irrevocably pledged by a municipality for the payment of the
18 principal and interest on loans, advances, bonds issued under
19 the authority of section 402.9, subsection 1, or indebtedness
20 incurred by a municipality to finance or refinance, in whole or
21 in part, the project within the area.

22 b. Except as authorized in section 402.22, subsection 4,
23 deposits into the project development fund that are taxes
24 resulting from a division of revenue under this section shall
25 only be expended from the fund for expenses related to the
26 project development area from which the deposits were collected
27 and shall not be used for any of the following:

28 (1) Public buildings, including the site or grounds of, and
29 the erection, equipment, remodeling, or reconstruction of, and
30 additions or extensions to, the buildings or facilities.

31 (2) Salaries, benefits, per diems, or expenses of any
32 employee of the municipality.

33 (3) Movable property.

34 5. As used in this section the word "taxes" includes but is
35 not limited to all levies on an ad valorem basis upon land or

1 real property.

2 6. An ordinance adopted under this section providing for a
3 division of revenue shall be filed in the office of the county
4 auditor of each county where the property that is subject to
5 the ordinance is located.

6 7. a. (1) A municipality shall certify to the county
7 auditor on or before December 1 the amount of loans, advances,
8 indebtedness, or bonds which qualify for payment from the
9 project development fund referred to in subsection 2, for each
10 project development area in the municipality, and the filing of
11 the certificate shall make it a duty of the auditor to provide
12 for the division of taxes in each subsequent year without
13 further certification, except as provided in paragraphs "b"
14 and "c", and subject to the limitation in subsection 3, until
15 the amount of the loans, advances, indebtedness, or bonds is
16 paid to the project development fund. If any loans, advances,
17 indebtedness, or bonds are issued which qualify for payment
18 from the project development fund and which are in addition to
19 amounts already certified, the municipality shall certify the
20 amount of the additional obligations on or before December 1 of
21 the year such obligations were issued, and the filing of the
22 certificate shall make it a duty of the auditor to provide for
23 the division of taxes in each subsequent year without further
24 certification, except as provided in paragraphs "b" and "c",
25 and subject to the limitation in subsection 3, until the amount
26 of the loans, advances, indebtedness, or bonds is paid to the
27 project development fund. Any subsequent certifications under
28 this subsection shall not include amounts previously certified.

29 (2) A certification made under this paragraph "a" shall
30 include the date that the individual loans, advances,
31 indebtedness, or bonds were initially approved by the governing
32 body of the municipality and a schedule of payments of such
33 amounts.

34 b. If the amount certified in paragraph "a" is reduced by
35 payment from sources other than the division of taxes, by a

1 refunding or refinancing of the obligation which results in
2 lowered principal and interest on the amount of the obligation,
3 or for any other reason, the municipality on or before December
4 1 of the year the action was taken which resulted in the
5 reduction shall certify the amount of the reduction to the
6 county auditor.

7 c. In any year, the county auditor shall, upon receipt of a
8 certification from a municipality filed on or before December
9 1, increase the amount to be allocated under subsection 1 in
10 order to reduce the amount to be allocated in the following
11 fiscal year to the project development fund, to the extent that
12 the municipality does not request allocation to the project
13 development fund of the full portion of taxes which could be
14 collected. Upon receipt of a certificate from a municipality,
15 the auditor shall mail a copy of the certificate to each
16 affected taxing district.

17 8. Tax collections within each taxing district may be
18 allocated to the entire taxing district including the taxes on
19 the valuations determined under subsection 1 and to the project
20 development fund created under subsection 2 in the proportion
21 of their taxable valuations determined as provided in this
22 section.

23 Sec. 40. NEW SECTION. 402.21 **Communication and cooperation**
24 **regarding new jobs training projects.**

25 1. In order to promote communication and cooperation among
26 cities, counties, and community colleges with respect to the
27 allocation and division of taxes, no jobs training projects
28 as defined in chapter 260E or 260F shall be undertaken within
29 the area of operation of a municipality after July 1, 1995,
30 unless the municipality and the community college have entered
31 into an agreement or have jointly adopted a plan relating
32 to a community college's new jobs training program which
33 shall provide for a procedure for advance notification to
34 each affected municipality, for exchange of information, for
35 mutual consultation, and for procedural guidelines for all

1 such new jobs training projects, including related project
2 financing to be undertaken within the area of operation of the
3 municipality. The joint agreement or the plan shall state its
4 precise duration and shall be binding on the community college
5 and the municipality with respect to all new jobs training
6 projects, including related project financing undertaken during
7 its existence. The joint agreement or plan shall be effective
8 upon adoption and shall be placed on file in the office of the
9 secretary of the board of directors of the community college
10 and such other location as may be stated in the joint agreement
11 or plan. The joint agreement or plan shall also be sent to each
12 school district which levied or certified for levy a property
13 tax on any portion of the taxable property located in the area
14 of operation of the municipality in the fiscal year beginning
15 prior to the calendar year in which the plan is adopted or
16 the agreement is reached. If no such agreement is reached or
17 plan adopted, the community college shall not use incremental
18 property tax revenues to fund jobs training projects within the
19 area of operation of the municipality. Agreements entered into
20 between a community college and a city or county pursuant to
21 chapter 28E shall not apply.

22 2. The community college shall send a copy of the final
23 agreement prepared pursuant to section 260E.3 to the economic
24 development authority. For each year in which incremental
25 property taxes are used to pay job training certificates
26 issued for a project creating new jobs, the community
27 college shall provide to the economic development authority
28 a report of the incremental property taxes and new jobs
29 credits from withholding generated for that year, a specific
30 description of the training conducted, the number of employees
31 provided program services under the project, the median
32 wage of employees in the new jobs in the project, and the
33 administrative costs directly attributable to the project.

34 3. The community college shall send a copy of the final
35 agreement prepared pursuant to section 260F.3 to the economic

1 development authority. For each year in which incremental
2 property taxes are used to retire debt service on a jobs
3 training advance issued for a project creating new jobs, the
4 community college shall provide to the economic development
5 authority a report of the incremental property taxes and new
6 jobs credits from withholding generated for that year, a
7 specific description of the training conducted, the number of
8 employees provided program services under the project, and the
9 median wage of employees in the new jobs in the project, and
10 the administrative costs directly attributable to the project.

11 4. This section shall apply to joint agreements entered into
12 or joint plans adopted on or after the effective date of this
13 Act.

14 Sec. 41. NEW SECTION. 402.22 Public improvements related
15 to housing and residential development — low income assistance
16 requirements.

17 1. With respect to any project development area established
18 upon the determination that the area is an economic development
19 area, a division of revenue as provided in section 402.19
20 shall not be allowed for the purpose of providing or aiding in
21 the provision of public improvements related to housing and
22 residential development, unless the municipality assures that
23 the project will include assistance for low and moderate income
24 family housing.

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

1 the project if it has to meet the low and moderate income
2 assistance requirements. However, the amount provided for low
3 and moderate income family housing for such projects shall not
4 be less than an amount equal to ten percent of the original
5 project cost.

6 *b.* For a municipality with a population of fifteen thousand
7 or less, the amount to be provided for low and moderate income
8 family housing shall be the same as for a municipality of over
9 fifteen thousand in population, except that a municipality
10 of fifteen thousand or less in population is not subject to
11 the requirement to provide not less than an amount equal to
12 ten percent of the original project cost for low and moderate
13 income family housing.

14 *c.* For a municipality with a population of five thousand or
15 less, the municipality need not provide any low and moderate
16 income family housing assistance if the municipality has
17 completed a housing needs assessment meeting the standards set
18 out by the economic development authority, which shows no low
19 and moderate income housing need, and the economic development
20 authority agrees that no low and moderate income family housing
21 assistance is needed.

22 2. The assistance to low and moderate income housing may be
23 in but is not limited to any of the following forms:

24 *a.* Lots for low and moderate income housing within or
25 outside the project development area.

26 *b.* Construction of low and moderate income housing within or
27 outside the project development area.

28 *c.* Grants, credits, or other direct assistance to low and
29 moderate income families living within or outside the project
30 development area, but within the area of operation of the
31 municipality.

32 *d.* Payments to a low and moderate income housing fund
33 established by the municipality to be expended for one or more
34 of the above purposes, including matching funds for any state
35 or federal moneys used for such purposes.

1 3. Sources for low and moderate income family housing
2 assistance may include the following:

3 a. Proceeds from loans, advances, bonds, or indebtedness
4 incurred.

5 b. Annual distributions from the division of revenues
6 pursuant to section 402.19 related to the project development
7 area.

8 c. Lump sum or periodic direct payments from developers or
9 other private parties under an agreement for development or
10 redevelopment between the municipality and a developer.

11 d. Any other sources which are legally available for this
12 purpose.

13 4. Notwithstanding any provisions of this chapter to the
14 contrary, the assistance to low and moderate income family
15 housing may be expended outside the boundaries of the project
16 development area.

17 5. A municipality shall not prohibit or restrict the
18 construction of manufactured homes in any project for which
19 public improvements were finalized under this section. As used
20 in this subsection, "manufactured home" means the same as under
21 section 435.1, subsection 3.

22 Sec. 42. NEW SECTION. 402.23 Reporting — audit.

23 1. On or before December 1 of each year, each municipality
24 that has established a project development area shall report
25 to the department of management and to the appropriate county
26 auditor the total amount of loans, advances, indebtedness,
27 or bonds outstanding at the close of the most recently ended
28 fiscal year, which qualify for payment from the project
29 development fund created in section 402.19, including interest
30 negotiated on such loans, advances, indebtedness, or bonds.
31 The amount of each loan, advance, indebtedness, or issuance of
32 bonds shall also be identified by the project development area
33 and by the specific project for which such amount was incurred.

34 2. At the request of the legislative services agency,
35 the department of management shall provide the reports and

1 additional information to the legislative services agency. The
2 department of management, in consultation with the legislative
3 services agency, shall determine reporting criteria and shall
4 prepare a form for reports filed with the department pursuant
5 to this section. The department shall make the form available
6 by electronic means.

7 3. If a municipality does not file the report with the
8 department of management and the county auditor by December 1
9 of each year, the county treasurer shall withhold disbursement
10 of incremental taxes to the municipality until the report
11 is filed beginning immediately with the next following
12 disbursement of taxes. The county auditor shall notify the
13 county treasurer if taxes are to be withheld. The county
14 auditor and county treasurer shall not be liable for damages
15 to the municipality or to any third party resulting from the
16 withholding of taxes under this subsection.

17 4. *a.* Each municipality that has established a project
18 development area which utilizes, or which plans to utilize,
19 revenues from the project development fund created in
20 section 402.19, shall in each odd-numbered year contract
21 with or employ the auditor of state or certified public
22 accountants for an audit or examination of the condition of
23 its project development fund and all financial transactions
24 related thereto. The audit or examination shall include a
25 determination of whether the municipality is in compliance
26 with the laws, rules, regulations, and contractual agreements
27 applicable to the project development fund. Such an audit is
28 also mandatory on application by one hundred or more taxpayers,
29 or if there are fewer than six hundred sixty-seven taxpayers
30 in the municipality, then by fifteen percent of the taxpayers.
31 Payment for the audit or examination shall be made from the
32 proper public funds of the municipality.

33 *b.* The audit or examination required under paragraph "a"
34 may be included as a part of another audit of the municipality
35 conducted under another provision of law.

1 Sec. 43. EFFECTIVE UPON ENACTMENT. This division of this
2 Act, being deemed of immediate importance, takes effect upon
3 enactment.

4 DIVISION III
5 RELATED AMENDMENTS

6 Sec. 44. Section 2.48, subsection 3, paragraph b,
7 subparagraph (4), Code 2011, is amended by striking the
8 subparagraph.

9 Sec. 45. Section 2.48, subsection 3, paragraph e, Code 2011,
10 is amended by adding the following new subparagraph:

11 NEW SUBPARAGRAPH. (10) Property tax revenue divisions for
12 project development areas under section 402.19.

13 Sec. 46. Section 6A.22, subsection 2, paragraph a,
14 subparagraph (5), subparagraph division (a), unnumbered
15 paragraph 1, Code 2011, is amended to read as follows:

16 The acquisition of property for redevelopment purposes and
17 to eliminate slum or blighted conditions in that portion of a
18 project development area or an urban renewal area designated
19 as a slum or blighted area if each parcel, or any improvements
20 thereon, for which condemnation is sought is determined by
21 the governing body of the municipality to be in a slum or
22 blighted condition. However, for a project or acquisition
23 plan adopted by the governing body of a municipality after due
24 deliberation and public input, if seventy-five percent or more
25 of the area included in the plan consists of property in a slum
26 or blighted condition at the time the plan was established,
27 the entire project or acquisition plan area is subject to
28 condemnation by the municipality. The project or acquisition
29 plan area shall only include the adjacent and contiguous
30 parcels necessary for the completion of planned activities for
31 a specific business or housing project. Before a municipality
32 exercises its eminent domain authority to acquire properties
33 in a project or acquisition plan area that are not in a slum
34 or blighted condition, the municipality shall be required to
35 adopt a resolution by a two-thirds majority to authorize the

1 acquisition of such property by eminent domain. The resolution
2 shall make a finding that includes at a minimum all of the
3 following:

4 Sec. 47. Section 6A.22, subsection 2, paragraph a,
5 subparagraph (5), subparagraph division (b), subparagraph
6 subdivision (iv), Code 2011, is amended to read as follows:

7 (iv) "*Project or acquisition plan*" means the planned
8 activities of a municipality to rehabilitate or redevelop
9 specific property in that portion of a project development
10 area designated as a slum or blighted area pursuant to chapter
11 402 or in that portion of an urban renewal area designated
12 as a slum or blighted area pursuant to chapter 403. The
13 planned activities may include the sale and acquisition of
14 property; demolition and removal of buildings and improvements;
15 construction, repair, and rehabilitation of buildings or other
16 improvements; and installation, construction, or reconstruction
17 of streets and utilities.

18 Sec. 48. Section 11.6, Code Supplement 2011, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 3A. A county or city for which audits are
21 required under section 402.23, subsection 4, or section 403.23,
22 subsection 4, may contract with or employ the auditor of state
23 or certified public accountants for an audit or examination of
24 the condition of its project development fund or special fund,
25 as applicable, and all financial transactions related thereto,
26 unless the required audit or examination is included as part
27 of another audit or examination as provided in section 402.23,
28 subsection 4, paragraph "b", or section 403.23, subsection
29 4, paragraph "b". The audit or examination shall include a
30 determination of whether the county or city is in compliance
31 with the laws, rules, regulations, and contractual agreements
32 applicable to such fund. Payment for the audit or examination
33 shall be made from the proper public funds of the county or
34 city.

35 Sec. 49. Section 15A.1, subsection 5, paragraph b, Code

1 2011, is amended to read as follows:

2 *b.* The area is a blighted area as defined in section 402.17
3 or section 403.17.

4 Sec. 50. Section 15E.193B, subsection 8, unnumbered
5 paragraph 1, Code Supplement 2011, is amended to read as
6 follows:

7 The amount of the tax credits determined pursuant to
8 subsection 6, paragraph "a", for each project shall be approved
9 by the economic development authority. The authority shall
10 utilize the financial information required to be provided under
11 subsection 5, paragraph "e", to determine the tax credits
12 allowed for each project. In determining the amount of tax
13 credits to be allowed for a project, the authority shall not
14 include the portion of the project cost financed through
15 federal, state, and local government tax credits, grants,
16 and forgivable loans. Upon approving the amount of the tax
17 credit, the economic development authority shall issue a tax
18 credit certificate to the eligible housing business except
19 when low-income housing tax credits authorized under section
20 42 of the Internal Revenue Code are used to assist in the
21 financing of the housing development in which case the tax
22 credit certificate may be issued to a partner if the business
23 is a partnership, a shareholder if the business is an S
24 corporation, or a member if the business is a limited liability
25 company in the amounts designated by the eligible partnership,
26 S corporation, or limited liability company. An eligible
27 housing business or the designated partner if the business
28 is a partnership, designated shareholder if the business is
29 an S corporation, or designated member if the business is
30 a limited liability company, or transferee shall not claim
31 the tax credit unless a tax credit certificate is attached
32 to the taxpayer's return for the tax year for which the tax
33 credit is claimed. The tax credit certificate shall contain
34 the taxpayer's name, address, tax identification number, the
35 amount of the tax credit, and other information required by

1 the department of revenue. The tax credit certificate shall
2 be transferable if the housing development is located in a
3 brownfield site as defined in section 15.291, if the housing
4 development is located in a blighted area as defined in section
5 402.17 or section 403.17, or if low-income housing tax credits
6 authorized under section 42 of the Internal Revenue Code are
7 used to assist in the financing of the housing development.
8 Not more than three million dollars worth of tax credits for
9 housing developments that are located in a brownfield site as
10 defined in section 15.291 or housing developments located in a
11 blighted area as defined in section 402.17 or section 403.17
12 shall be transferred in one calendar year. The three million
13 dollar annual limit does not apply to tax credits awarded to
14 an eligible housing business having low-income housing tax
15 credits authorized under section 42 of the Internal Revenue
16 Code to assist in the financing of the housing development.
17 The authority may approve an application for tax credit
18 certificates for transfer from an eligible housing business
19 located in a brownfield site as defined in section 15.291 or in
20 a blighted area as defined in section 402.17 or section 403.17
21 that would result in the issuance of more than three million
22 dollars of tax credit certificates for transfer, provided the
23 authority, through negotiation with the eligible business,
24 allocates those tax credit certificates for transfer over more
25 than one calendar year. The authority shall not approve more
26 than one million five hundred thousand dollars in tax credit
27 certificates for transfer to any one eligible housing business
28 located in a brownfield site as defined in section 15.291 or
29 in a blighted area as defined in section 402.17 or section
30 403.17 in a calendar year. If three million dollars in tax
31 credit certificates for transfer have not been issued at the
32 end of a calendar year, the remaining tax credit certificates
33 for transfer may be issued in advance to an eligible housing
34 business scheduled to receive a tax credit certificate for
35 transfer in a later calendar year. Any time the authority

1 approves a tax credit certificate for transfer which has not
2 been allocated at the end of a calendar year, the authority may
3 prorate the remaining certificates to more than one eligible
4 applicant. If the entire three million dollars of tax credit
5 certificates for transfer is not issued in a given calendar
6 year, the remaining amount may be carried over to a succeeding
7 calendar year. Tax credit certificates issued under this
8 chapter may be transferred to any person or entity. The
9 economic development authority shall notify the department
10 of revenue of the tax credit certificates which have been
11 approved for transfer. Within ninety days of transfer, the
12 transferee must submit the transferred tax credit certificate
13 to the department of revenue along with a statement containing
14 the transferee's name, tax identification number, and
15 address, and the denomination that each replacement tax credit
16 certificate is to carry and any other information required by
17 the department of revenue. Within thirty days of receiving
18 the transferred tax credit certificate and the transferee's
19 statement, the department of revenue shall issue one or more
20 replacement tax credit certificates to the transferee. Each
21 replacement certificate must contain the information required
22 to receive the original certificate and must have the same
23 expiration date that appeared in the transferred tax credit
24 certificate. Tax credit certificate amounts of less than the
25 minimum amount established by rule of the economic development
26 authority shall not be transferable. A tax credit shall not be
27 claimed by a transferee under subsection 6, paragraph "a", until
28 a replacement tax credit certificate identifying the transferee
29 as the proper holder has been issued.

30 Sec. 51. Section 15E.194, subsection 2, paragraph e, Code
31 Supplement 2011, is amended to read as follows:

32 e. The area is a blighted area, as defined in section 402.17
33 or section 403.17.

34 Sec. 52. Section 15E.194, subsection 3, paragraph a,
35 unnumbered paragraph 1, Code Supplement 2011, is amended to

1 read as follows:

2 A city may designate an area of up to four square miles to be
3 an enterprise zone if the area is a blighted area as defined in
4 section 402.17 or section 403.17 and the area includes or is
5 located within four miles of at least three of the following:

6 Sec. 53. Section 26.2, subsection 3, Code 2011, is amended
7 to read as follows:

8 3. "*Public improvement*" means a building or construction
9 work which is constructed under the control of a governmental
10 entity and is paid for in whole or in part with funds of the
11 governmental entity, including a building or improvement
12 constructed or operated jointly with any other public or
13 private agency, but excluding project development demolition
14 under chapter 402, urban renewal demolition under chapter
15 403, and low-rent housing projects, industrial aid projects
16 authorized under chapter 419, emergency work or repair or
17 maintenance work performed by employees of a governmental
18 entity, and excluding a highway, bridge, or culvert project,
19 and excluding construction or repair or maintenance work
20 performed for a city utility under chapter 388 by its employees
21 or performed for a rural water district under chapter 357A by
22 its employees.

23 Sec. 54. Section 28I.4, subsection 1, Code 2011, is amended
24 to read as follows:

25 1. The commission shall have the power and duty to make
26 comprehensive studies and plans for the development of the
27 area it serves which will guide the unified development of
28 the area and which will eliminate planning duplication and
29 promote economy and efficiency in the coordinated development
30 of the area and the general welfare, convenience, safety, and
31 prosperity of its people. The plan or plans collectively
32 shall be known as the regional or metropolitan development
33 plan. The plans for the development of the area may include
34 but shall not be limited to recommendations with respect to
35 existing and proposed highways, bridges, airports, streets,

1 parks and recreational areas, schools and public institutions
2 and public utilities, public open spaces, and sites for public
3 buildings and structures; districts for residence, business,
4 industry, recreation, agriculture, and forestry; water supply,
5 sanitation, drainage, protection against floods and other
6 disasters; areas for housing developments, slum clearance,
7 project development under chapter 402, and urban renewal and
8 redevelopment; location of private and public utilities,
9 including but not limited to sewerage and water supply
10 systems; and such other recommendations concerning current
11 and impending problems as may affect the area served by the
12 commission. Time and priority schedules and cost estimates for
13 the accomplishment of the recommendations may also be included
14 in the plans. The plans shall be made with consideration of
15 the smart planning principles under section 18B.1. The plans
16 shall be based upon and include appropriate studies of the
17 location and extent of present and anticipated populations;
18 social, physical, and economic resources, problems and trends;
19 and governmental conditions and trends. The commission is
20 also authorized to make surveys, land-use studies, and urban
21 renewal plans, project development plans under chapter 402,
22 provide technical services and other planning work for the
23 area it serves and for cities, counties, and other political
24 subdivisions in the area. A plan or plans of the commission
25 may be adopted, added to, and changed from time to time by a
26 majority vote of the planning commission. The plan or plans
27 may in whole or in part be adopted by the governing bodies
28 of the cooperating cities and counties as the general plans
29 of such cities and counties. The commission may also assist
30 the governing bodies and other public authorities or agencies
31 within the area it serves in carrying out any regional plan
32 or plans, and assist any planning commission, board or agency
33 of the cities and counties and political subdivisions in
34 the preparation or effectuation of local plans and planning
35 consistent with the program of the commission. The commission

1 may cooperate and confer, as far as possible, with planning
2 agencies of other states or of regional groups of states
3 adjoining its area.

4 Sec. 55. Section 260E.2, subsection 8, Code 2011, is amended
5 to read as follows:

6 8. "*Incremental property taxes*" means the taxes as provided
7 in sections 402.19, 403.19, and 260E.4.

8 Sec. 56. Section 260E.4, Code 2011, is amended to read as
9 follows:

10 **260E.4 Incremental property taxes.**

11 1. If an agreement entered into prior to the effective date
12 of this Act provides that all or part of program costs are to be
13 paid for by incremental property taxes, the board of directors
14 shall provide by resolution that taxes levied on the employer's
15 taxable business property, where new jobs are created as a
16 result of a project, each year by or for the benefit of the
17 state, city, county, school district, or other taxing district
18 after the effective date of the resolution shall be divided as
19 provided in section 403.19, subsections 1 and 2, in the same
20 manner as if the employer's business property, where new jobs
21 are created as a result of a project, was taxable property in
22 an urban renewal project and the resolution was an ordinance
23 within the meaning of those subsections.

24 2. If an agreement entered into on or after the effective
25 date of this Act provides that all or part of program costs
26 are to be paid for by incremental property taxes, the board
27 of directors shall provide by resolution that taxes levied
28 on the employer's taxable business property, where new jobs
29 are created as a result of a project, each year by or for the
30 benefit of the state, city, county, school district, or other
31 taxing district after the effective date of the resolution
32 shall be divided as provided in section 402.19, subsections
33 1 and 2, in the same manner as if the employer's business
34 property, where new jobs are created as a result of a project,
35 was taxable property in a project development area and the

1 resolution was an ordinance within the meaning of those
2 subsections.

3 3. The taxes received by the board of directors shall be
4 allocated to and when collected be paid into a special fund
5 of the community college and may be irrevocably pledged by
6 the community college to pay the principal of and interest on
7 the certificates issued by the community college to finance
8 or refinance, in whole or in part, the project. However,
9 with respect to any project as to which an ordinance is in
10 effect under chapter 402 or an urban renewal project as to
11 which an ordinance is in effect under section 402.19 or section
12 403.19, as applicable, the collection of incremental property
13 taxes authorized by this chapter are suspended in favor of
14 collection of incremental taxes under section 402.19 or section
15 403.19. As used in this section, "taxes" includes, but is not
16 limited to, all levies on an ad valorem basis upon land or real
17 property of the employer's business, where new jobs are created
18 as a result of a project.

19 Sec. 57. Section 279.64, Code 2011, is amended to read as
20 follows:

21 **279.64 Tax-sharing agreements.**

22 A school district may enter into an agreement under chapter
23 28E with a contiguous school district for the purpose of
24 sharing all or a percentage of school district taxes collected
25 from that portion of valuation described in section 402.19,
26 subsection 2, or in section 403.19, subsection 2, that is
27 released by the municipality to the school district.

28 Sec. 58. Section 331.434, subsection 1, Code 2011, is
29 amended to read as follows:

30 1. The budget shall show the amount required for each
31 class of proposed expenditures, a comparison of the amounts
32 proposed to be expended with the amounts expended for like
33 purposes for the two preceding years, the revenues from sources
34 other than property taxation, and the amount to be raised by
35 property taxation, in the detail and form prescribed by the

1 director of the department of management. For each county
 2 that has established a project development area or an urban
 3 renewal area, the budget shall include estimated and actual
 4 tax increment financing revenues and all estimated and actual
 5 expenditures of the revenues, proceeds from debt and all
 6 estimated and actual expenditures of the debt proceeds, and
 7 identification of any entity receiving a direct payment of
 8 taxes funded by tax increment financing revenues and shall
 9 include the total amount of loans, advances, indebtedness,
 10 or bonds outstanding at the close of the most recently ended
 11 fiscal year, which qualify for payment from the project
 12 development fund created in section 402.19 or the special fund
 13 created in section 403.19, including interest negotiated on
 14 such loans, advances, indebtedness, or bonds. For purposes of
 15 this subsection, "*indebtedness*" includes written agreements
 16 whereby the county agrees to suspend, abate, exempt, rebate,
 17 refund, or reimburse property taxes, provide a grant for
 18 property taxes paid, or make a direct payment of taxes, with
 19 moneys in the project development fund created in section
 20 402.19 or the special fund created in section 403.19. The
 21 amount of loans, advances, indebtedness, or bonds shall be
 22 listed in the aggregate for each county reporting. The county
 23 finance committee, in consultation with the department of
 24 management and the legislative services agency, shall determine
 25 reporting criteria and shall prepare a form for reports filed
 26 with the department pursuant to this section. The department
 27 shall make the information available by electronic means.

28 Sec. 59. Section 331.441, subsection 2, paragraph b,
 29 subparagraphs (10), (13), and (14), Code 2011, are amended to
 30 read as follows:

31 (10) The establishment or funding of programs to provide
 32 for or assist in providing for the acquisition, restoration, or
 33 demolition of housing, as part of a municipal housing project
 34 under ~~chapter~~ chapters 402 and 403 or otherwise, or for other
 35 purposes as may be authorized under chapter 403A.

1 (13) The acquisition, pursuant to a chapter 28E agreement,
2 of a city convention center or veterans memorial auditorium,
3 including the renovation, remodeling, reconstruction,
4 expansion, improvement, or equipping of such a center or
5 auditorium, provided that debt service funds shall not be
6 derived from the division of taxes under section 402.19 or
7 section 403.19.

8 (14) The aiding of the planning, undertaking, and carrying
9 out of projects under the authority of chapter 402 or urban
10 renewal projects under the authority of chapter 403 and for
11 the purposes set out in ~~section~~ sections 402.12 and 403.12.
12 However, bonds issued for this purpose are subject to the right
13 of petition for an election as provided in section 331.442,
14 subsection 5, without limitation on the amount of the bond
15 issue or the population of the county, and the board shall
16 include notice of the right of petition in the notice of
17 proposed action required under section 331.443, subsection 2.

18 Sec. 60. Section 357H.4, unnumbered paragraph 2, Code 2011,
19 is amended to read as follows:

20 Within ten days after the hearing, the board shall establish
21 the rural improvement zone by resolution or disallow the
22 petition. However, the zone shall not include any area which
23 is part of a project development area under chapter 402 or an
24 urban renewal area under chapter 403.

25 Sec. 61. Section 357H.9, Code 2011, is amended to read as
26 follows:

27 **357H.9 Incremental property taxes.**

28 The board of trustees shall provide by resolution that taxes
29 levied on the taxable property in a rural improvement zone each
30 year by or for the benefit of the state, city, county, school
31 district, or other taxing district after the effective date of
32 the resolution shall be divided as provided in section 403.19,
33 subsections 1 and 2, Code Supplement 2011, in the same manner
34 as if the taxable property in the rural improvement zone was
35 taxable property in an urban renewal area and the resolution

1 was an ordinance within the meaning of those subsections. The
2 taxes received by the board of trustees shall be allocated to,
3 and when collected be paid into, a special fund and may be
4 irrevocably pledged by the trustees to pay the principal of and
5 interest on the certificates, contracts, or other obligations
6 approved by the board of trustees to finance or refinance, in
7 whole or in part, an improvement project. As used in this
8 section, "taxes" includes, but is not limited to, all levies on
9 an ad valorem basis upon land or real property located in the
10 rural improvement zone.

11 Sec. 62. Section 368.26, unnumbered paragraph 3, Code 2011,
12 is amended to read as follows:

13 For the purposes of this section, "*protected farmland*" means
14 land that is part of a century farm as that term is defined
15 in section ~~403.17, subsection 10~~ 402.17. For the purposes
16 of this section, "*county legislation*" means any ordinance,
17 motion, resolution, or amendment adopted by a county pursuant
18 to section 331.302.

19 Sec. 63. Section 380.8, subsection 1, paragraph a, Code
20 2011, is amended to read as follows:

21 a. A city shall compile a code of ordinances containing all
22 of the city ordinances in effect, except grade ordinances, bond
23 ordinances, zoning map ordinances, ordinances vacating streets
24 and alleys, and ordinances containing legal descriptions of
25 urban revitalization areas, project development areas, and
26 urban renewal areas.

27 Sec. 64. Section 384.16, subsection 1, paragraph b, Code
28 2011, is amended to read as follows:

29 b. A budget must show comparisons between the estimated
30 expenditures in each program in the following year, the latest
31 estimated expenditures in each program in the current year,
32 and the actual expenditures in each program from the annual
33 report as provided in section 384.22, or as corrected by a
34 subsequent audit report. Wherever practicable, as provided in
35 rules of the committee, a budget must show comparisons between

1 the levels of service provided by each program as estimated
2 for the following year, and actual levels of service provided
3 by each program during the two preceding years. For each
4 city that has established a project development area or an
5 urban renewal area, the budget shall include estimated and
6 actual tax increment financing revenues and all estimated and
7 actual expenditures of the revenues, proceeds from debt and
8 all estimated and actual expenditures of the debt proceeds,
9 and identification of any entity receiving a direct payment
10 of taxes funded by tax increment financing revenues and shall
11 include the total amount of loans, advances, indebtedness,
12 or bonds outstanding at the close of the most recently ended
13 fiscal year, which qualify for payment from the project
14 development fund created in section 402.19 or the special
15 fund created in section 403.19, including interest negotiated
16 on such loans, advances, indebtedness, or bonds. The amount
17 of loans, advances, indebtedness, or bonds shall be listed
18 in the aggregate for each city reporting. The city finance
19 committee, in consultation with the department of management
20 and the legislative services agency, shall determine reporting
21 criteria and shall prepare a form for reports filed with the
22 department pursuant to this section. The department shall make
23 the information available by electronic means.

24 Sec. 65. Section 384.24, subsection 3, paragraphs q and u,
25 Code 2011, are amended to read as follows:

26 q. The aiding in the planning, undertaking, and carrying
27 out of projects under the authority of chapter 402 or urban
28 renewal projects under the authority of chapter 403, and all
29 of the purposes set out in ~~section~~ sections 402.12 and 403.12.
30 However, bonds issued for this purpose are subject to the right
31 of petition for an election as provided in section 384.26,
32 without limitation on the amount of the bond issue or the
33 size of the city, and the council shall include notice of the
34 right of petition in the notice required under section 384.25,
35 subsection 2.

1 u. The establishment or funding of programs to provide for
2 or assist in providing for the acquisition, restoration, or
3 demolition of housing, as part of a municipal housing project
4 under ~~chapter~~ chapters 402 and 403 or otherwise, or for other
5 purposes as may be authorized under chapter 403A.

6 Sec. 66. Section 403A.22, subsection 2, Code 2011, is
7 amended to read as follows:

8 2. Employment by a state public body, its agencies, and
9 institutions or by any other person as defined in ~~subsection~~
10 ~~18~~ of section 402.17 or section 403.17, having such an
11 interest shall not be deemed an interest by such employee or
12 of any ownership or control by such employee of interests of
13 the employee's employer. Such an employee may participate
14 in a municipal housing project so long as any benefits of
15 such participation accrue to the public generally, such
16 participation affects all or a substantial portion of the
17 properties included or planned to be included in such a
18 project, or such participation promotes the public purposes of
19 such project, and shall limit only that participation by an
20 employee which directly or specifically affects property in
21 which an employer of an employee has an interest.

22 Sec. 67. Section 404.1, subsection 4, Code 2011, is amended
23 to read as follows:

24 4. An area which is appropriate as an economic development
25 area as defined in section 402.17 or 403.17.

26 Sec. 68. Section 404.3, subsection 5, Code 2011, is amended
27 to read as follows:

28 5. A city or county may adopt a different tax exemption
29 schedule than those allowed in subsection 1, 2, 3, or 4. The
30 different schedule adopted shall not allow a greater exemption,
31 but may allow a smaller exemption, in a particular year,
32 than allowed in the schedule specified in the corresponding
33 subsection of this section. A different schedule adopted by
34 a city or county shall apply to every revitalization area
35 within the city or county, unless the qualified property is

1 eligible for an exemption pursuant to section 404.3A or 404.3B,
2 and except in areas of the city or county which have been
3 designated as both urban renewal and urban revitalization
4 areas or as both project development and urban revitalization
5 areas. In an area designated for both urban renewal and urban
6 revitalization, a city or county may adopt a different schedule
7 than has been adopted for revitalization areas which have not
8 been designated as urban renewal areas. In an area designated
9 for both project development and urban revitalization, a city
10 or county may adopt a different schedule than has been adopted
11 for revitalization areas which have not been designated as
12 project development areas.

13 Sec. 69. Section 423B.1, subsection 6, paragraph c, Code
14 2011, is amended by striking the paragraph.

15 Sec. 70. Section 423B.7, subsection 1, Code 2011, is amended
16 to read as follows:

17 1. ~~a. Except as provided in paragraph "b",~~ The director
18 shall credit the local sales and services tax receipts and
19 interest and penalties from a county-imposed tax to the
20 county's account in the local sales and services tax fund and
21 from a city-imposed tax under section 423B.1, subsection 2, to
22 the city's account in the local sales and services tax fund.
23 If the director is unable to determine from which county any of
24 the receipts were collected, those receipts shall be allocated
25 among the possible counties based on allocation rules adopted
26 by the director.

27 ~~b. Notwithstanding paragraph "a", the director shall~~
28 ~~credit the designated amount of the increase in local sales~~
29 ~~and services tax receipts, as computed in section 423B.10,~~
30 ~~collected in an urban renewal area of an eligible city that has~~
31 ~~adopted an ordinance pursuant to section 423B.10, subsection~~
32 ~~2, into a special city account in the local sales and services~~
33 ~~tax fund.~~

34 Sec. 71. Section 423B.7, subsection 6, Code 2011, is amended
35 by striking the subsection.

1 Sec. 72. Section 437A.15, subsections 5 and 6, Code
2 Supplement 2011, are amended to read as follows:

3 5. The replacement tax, as adjusted by any special utility
4 property tax levy or credit and remitted to a county treasurer
5 by each taxpayer, shall be treated as a property tax when
6 received and shall be disposed of by the county treasurer
7 as taxes on real estate. Notwithstanding the allocation
8 provisions of this section, nothing in this section shall deny
9 any affected taxing entity, as defined in section 402.17,
10 subsection 1, or section 403.17, subsection 1, which has
11 enacted an ordinance or entered into an agreement for the
12 division and allocation of taxes authorized under section
13 402.19 or section 403.19, as applicable, and under which
14 ordinance or agreement the taxes collected in respect of
15 properties owned by any of the taxpayers remitting replacement
16 taxes pursuant to the provisions of this chapter are being
17 divided and allocated, the right to receive its share of the
18 replacement tax revenues collected for any year which would
19 otherwise be paid to such affected taxing entity under the
20 terms of any such ordinance or agreement had this chapter not
21 been enacted. To the extent that adjustment must be made to
22 the allocation described in this section to give effect to
23 the terms of such ordinances or agreements, the department
24 of management and the county treasurer shall make such
25 adjustments.

26 6. In lieu of the adjustment provided for in subsection 5,
27 the assessed value of property described in section 402.19,
28 subsection 1, or section 403.19, subsection 1, may be reduced
29 by the city or county by the amount of the taxable value of the
30 property described in section 437A.16 included in such area on
31 January 1, 1997, pursuant to amendment of the ordinance adopted
32 by such city or county pursuant to section 402.19 or section
33 403.19.

34 Sec. 73. Section 455G.9, subsection 1, paragraph h, Code
35 Supplement 2011, is amended to read as follows:

1 *h.* One hundred percent of the costs of corrective action for
2 a governmental subdivision in connection with a tank which was
3 in place on the date the release was discovered or reported if
4 the governmental subdivision did not own or operate the tank
5 which caused the release and if the governmental subdivision
6 did not obtain the property upon which the tank giving rise
7 to the release is located on or after May 3, 1991. Property
8 acquired pursuant to eminent domain in connection with a United
9 States department of housing and urban development approved
10 urban renewal project or a United States department of urban
11 development approved project under chapter 402 is eligible
12 for payment of costs under this paragraph whether or not the
13 property was acquired on or after May 3, 1991.

14 Sec. 74. Section 455H.309, Code 2011, is amended to read as
15 follows:

16 **455H.309 Incremental property taxes.**

17 To encourage economic development and the recycling of
18 contaminated land to promote the purposes of this chapter,
19 cities and counties may provide by ordinance that the costs
20 of carrying out response actions under this chapter are to be
21 reimbursed, in whole or in part, by incremental property taxes
22 over a six-year period. A city or county which implements the
23 option provided for under this section shall provide that taxes
24 levied on property enrolled in the land recycling program under
25 this chapter each year by or for the benefit of the state,
26 city, county, school district, or other taxing district shall
27 be divided as provided in section 403.19, subsections 1 and 2,
28 Code Supplement 2011, in the same manner as if the enrolled
29 property was taxable property in an urban renewal project.
30 Incremental property taxes collected under this section
31 shall be placed in a special fund of the city or county. A
32 participant shall be reimbursed with moneys from the special
33 fund for costs associated with carrying out a response action
34 in accordance with rules adopted by the commission. Beginning
35 in the fourth of the six years of collecting incremental

1 property taxes, the city or county shall begin decreasing
2 by twenty-five percent each year the amount of incremental
3 property taxes computed under this section.

4 Sec. 75. REPEAL. Section 423B.10, Code 2011, is repealed.

5 Sec. 76. EFFECTIVE UPON ENACTMENT. This division of this
6 Act, being deemed of immediate importance, takes effect upon
7 enactment.

8

EXPLANATION

9 This bill relates to city and county authority to address
10 slum and blight and economic development by modifying Iowa's
11 urban renewal law, providing for the future repeal of Iowa's
12 urban renewal law, and authorizing cities and counties
13 to establish project development areas and to utilize tax
14 increment financing for certain projects.

15 Division I of the bill prohibits a municipality (city or
16 county) from adopting a resolution of necessity under Code
17 chapter 403 on or after the effective date of the bill. A
18 resolution of necessity is required for a municipality to
19 exercise the authority provided to them under Code chapter 403
20 (urban renewal). The bill also prohibits a municipality from
21 approving an urban renewal plan under Code chapter 403 on or
22 after the effective date of the bill. A municipality may,
23 however, amend urban renewal plans currently in effect unless
24 such amendment would result in an extension of the date of
25 termination otherwise required for the urban renewal area under
26 new Code section 403.24.

27 Division I of the bill establishes a definition of
28 "indebtedness" for Code chapter 403. The bill provides
29 that "indebtedness" includes but is not limited to a written
30 agreement to suspend, abate, exempt, rebate, refund, or
31 reimburse property taxes, to make a direct payment of taxes, or
32 to provide a grant for property taxes paid.

33 Division I of the bill prohibits an urban renewal area from
34 including territory located within a project development area
35 under new Code chapter 402.

1 Division I of the bill phases out the \$5.40 school district
2 foundation property tax from the division of revenue under Code
3 section 403.19 beginning with the fiscal year beginning on
4 July 1, 2018. The foundation property tax is phased-out over
5 a five-year period until it is completely excluded from the
6 division of revenue under Code section 403.19 for fiscal years
7 beginning on or after July 1, 2022.

8 Division I of the bill requires that when a municipality
9 certifies to the county auditor the amount of loans, advances,
10 indebtedness, or bonds which qualify for payment from the
11 municipality's special fund, such certification must include a
12 schedule of payments of such amounts.

13 Division I of the bill prohibits a municipality from
14 adopting an ordinance providing for a division of revenue under
15 Code section 403.19 on or after the effective date of the bill.
16 A municipality may, however, on or after the effective date
17 of the bill, amend an existing ordinance that provides for a
18 division of revenue under this Code section, subject to the
19 limitations of Code chapter 403, as amended in the bill.

20 Division I of the bill provides that for the allocation and
21 division of taxes related to a community college's new jobs
22 training project, as defined in Code chapters 260E or 260F,
23 agreements entered into or joint plans adopted before the
24 effective date of the bill are governed by Code section 403.21
25 and those entered into or adopted on or after the effective
26 date of the bill are governed by new Code section 402.21.

27 Division I of the bill, in new Code section 403.23, provides
28 that on or before December 1 of each year, each municipality
29 that has established an urban renewal area shall report to the
30 department of management and to the appropriate county auditor
31 the total amount of loans, advances, indebtedness, or bonds
32 outstanding at the close of the most recently ended fiscal
33 year, which qualify for payment from the special fund created
34 in Code section 403.19, including interest negotiated on such
35 loans, advances, indebtedness, or bonds. The bill requires

1 each such amount to be identified by the urban renewal area and
2 by the specific urban renewal project for which such amount
3 was incurred. Such information must also be available to the
4 legislative services agency upon request, and the department
5 of management is required to consult with the legislative
6 services agency when establishing the reporting criteria. If
7 a municipality does not file the required report, the county
8 treasurer shall withhold disbursement of incremental taxes to
9 the municipality until the report is filed.

10 Division I also requires each municipality that has
11 established an urban renewal area which utilizes, or which
12 plans to utilize, revenues from the special fund created in
13 Code section 403.19, to in each odd-numbered year contract
14 with or employ the auditor of state or certified public
15 accountants for an audit or examination of its special fund and
16 financial transactions related thereto. The bill also makes
17 such an audit mandatory on application by a specified number
18 of taxpayers. The bill allows the audit or examination to be
19 part of another audit or examination conducted under another
20 provision of law.

21 Division I of the bill provides that all urban renewal
22 areas established under Code chapter 403, all applicable urban
23 renewal plans, all urban renewal projects within those urban
24 renewal areas, and all ordinances providing for a division
25 of revenue under Code section 403.19, shall terminate on or
26 before June 30, 2023, unless an urban renewal area providing
27 for a division of revenue pursuant to Code section 403.19 is
28 subject to the 20-year limitation under Code section 403.17(10)
29 (economic development areas). In such case, the urban renewal
30 area, urban renewal plan, and all applicable projects and
31 ordinances shall terminate upon expiration of the applicable
32 20-year period.

33 Division I of the bill repeals Code chapter 403 on June
34 30, 2035. The repeal of Code chapter 403, effective June 30,
35 2035, includes Code section 403.19A, relating to targeted job

1 withholding tax credits under a pilot program. Under current
2 law, withholding agreements under the program may not be
3 entered into after June 30, 2013, and may only be in effect for
4 10 years.

5 Division I of the bill takes effect upon enactment.

6 Division II of the bill establishes new Code chapter 402,
7 which may be referred to and cited as the "Project Development
8 Area Law".

9 Division II specifies the findings and policies for new
10 Code chapter 402. The bill identifies the need for programs
11 to alleviate and prevent slum and blighted areas, conditions
12 of unemployment, and shortages of affordable housing and
13 residential development for low and moderate income families.
14 The bill provides that it is necessary to assist and retain
15 local industries and commercial enterprises to strengthen and
16 revitalize the economy of this state and its municipalities,
17 provide means and methods for the encouragement and assistance
18 of industrial and commercial enterprises in this state, provide
19 means and methods for completion of public improvements related
20 to housing and residential development, and provide means and
21 methods for the construction of housing for low and moderate
22 income families. The bill authorizes municipalities (cities
23 and counties) to designate areas as project development areas
24 for the purpose of undertaking projects, as defined in the
25 bill, related to such policies.

26 New Code section 402.3 authorizes the local governing body
27 of a municipality to formulate a workable program for utilizing
28 appropriate private and public resources to establish a project
29 development area and undertake a project.

30 New Code section 402.4 requires a municipality to adopt a
31 resolution of necessity that makes specified findings prior to
32 exercising the authority conferred upon municipalities by new
33 Code chapter 402.

34 New Code section 402.5 requires a municipality, before
35 undertaking a project in a project development area, to

1 determine the area to be a slum area, blighted area, economic
2 development area, or a combination of those areas, and adopt a
3 project development plan for the area. The bill provides that
4 the actual value in the aggregate of all property located in
5 project development areas established by a municipality shall
6 not exceed 25 percent of the total actual value of all property
7 within the municipality's area of operation, as defined in the
8 bill.

9 Division II imposes certain restrictions on the authority
10 of a municipality to acquire open land, including agricultural
11 land, as defined in the bill.

12 Division II of the bill specifies the notice, hearing, and
13 approval procedures for a project development plan under new
14 Code chapter 402. Prior to approval of a project development
15 plan which provides for a division of revenue pursuant to Code
16 section 402.19, the municipality shall provide notice to and
17 consult with the affected taxing entities. The municipality
18 is prohibited from holding the required public hearing on a
19 proposed project development plan that includes a division of
20 revenue unless each affected taxing entity has by resolution
21 approved the proposed division of revenue, following the
22 required notice and consultation.

23 Division II specifies the procedures and requirements for
24 amending a project development plan.

25 Division II excludes certain project development plans
26 and projects from specified notice, hearing, and approval
27 requirements if the local governing body certifies that an area
28 is in need of redevelopment or rehabilitation as a result of a
29 flood, fire, hurricane, earthquake, storm, or other catastrophe
30 respecting which the governor of the state has certified the
31 need for disaster assistance under federal law.

32 Division II of the bill specifies the powers of each
33 municipality under new Code chapter 402 and provides that
34 such provisions are to be liberally construed to achieve the
35 purposes of the Code chapter. Many of the powers are similar

1 to those provided to municipalities under Code chapter 403.
2 New Code section 402.7 specifies the rights of a
3 municipality to acquire by condemnation any interest in real
4 property, which it may deem necessary for or in connection with
5 a project under Code chapter 402, subject to the limitations
6 of new Code chapter 402 on eminent domain authority in
7 Code chapter 6A. New Code section 402.8 specifies each
8 municipality's authority relating to the sale or lease of
9 property in connection with project development areas. New
10 Code section 402.9 specifies the authority of a municipality to
11 periodically issue bonds in its discretion to pay the costs of
12 carrying out the purposes and provisions of new Code chapter
13 402 including but not limited to the payment of principal
14 and interest upon any advances for surveys and planning, and
15 the payment of interest on bonds not to exceed three years
16 from the date the bonds are issued. The bill also authorizes
17 a municipality to issue refunding bonds for the payment or
18 retirement of such bonds previously issued by the municipality.
19 The bonds issued under new Code section 402.9 constitute an
20 indebtedness within the meaning of any constitutional or
21 statutory debt limitation or restriction.

22 Division II of the bill provides that a municipality may
23 itself exercise its project development powers, as defined
24 in the bill, or may by resolution have such powers exercised
25 by a project development agency. The bill establishes the
26 requirements, authority, and limitations of project development
27 agencies. If the municipality does not elect to make such
28 determination, the municipality in its discretion may exercise
29 its project development powers through a board or commissioner,
30 or through such officers of the municipality. The bill
31 provides that for the period of time beginning on the effective
32 date of the bill until June 30, 2023, a municipality may
33 designate the urban renewal agency of the municipality under
34 Code chapter 403 to carry out the duties and exercise the
35 authority of the project development agency under Code chapter

1 402.

2 Division II of the bill establishes prohibitions on personal
3 interest by public officials or employees of a municipality
4 related to a project development area and projects undertaken
5 within the area.

6 Division II of the bill authorizes a county to proceed with
7 activities authorized under new Code chapter 402 in an area
8 inside the boundaries of a city, provided a joint agreement is
9 entered into with respect to such activities between a city and
10 a county and provided that the city would not be prohibited
11 from proceeding with such activities by the provision in new
12 Code section 402.5, which limits the amount of actual value of
13 a municipality which may be included in project development
14 areas, if the city were to undertake the activities itself.

15 Division II of the bill prohibits a project development area
16 from including territory located within an urban renewal area
17 under Code chapter 403.

18 Division II of the bill authorizes a municipality to,
19 following the required consent of all affected taxing entities,
20 provide by ordinance that taxes levied on taxable property in
21 a project development area each year by or for the benefit
22 of the state, city, county, school district, or other taxing
23 district be divided (tax increment financing). That portion of
24 the taxes which would be produced by the rate at which the tax
25 is levied each year by or for each of the taxing districts upon
26 the total sum of the taxable value of the taxable property in
27 the project development area, as shown on the assessment roll
28 last equalized prior to the date of initial adoption of the
29 project development plan, are allocated to and when collected
30 paid into the fund for the respective taxing district as taxes
31 by or for the taxing district into which all other property
32 taxes are paid. That portion of the taxes each year in excess
33 of such amount are allocated to and when collected paid into
34 a project development fund of the municipality to pay the
35 principal of and interest on loans, moneys advanced to, or

1 indebtedness, whether funded, refunded, assumed, or otherwise,
2 including bonds issued under the authority of Code section
3 402.9, incurred by the municipality to finance or refinance,
4 in whole or in part, a project within the project development
5 area. The bill, however, excludes from the division of revenue
6 in new Code section 402.19 the taxes for the regular and
7 voter-approved physical plant and equipment levy of a school
8 district, taxes for the payment of bonds and interest of each
9 taxing district, and the school district foundation property
10 tax.

11 Division II provides that the division of revenue provided
12 in new Code section 402.19 is limited to 10 years from
13 the calendar year following the calendar year in which the
14 municipality first certifies to the county auditor the
15 amount of any loans, advances, indebtedness, or bonds which
16 qualify for payment from the division of revenue. The project
17 development area, including all applicable project development
18 plans, projects, and ordinances expire following the 10-year
19 period.

20 Division II of the bill specifies that, except for specified
21 expenses related to low and moderate income housing, deposits
22 into the project development fund that are taxes resulting
23 from a division of revenue under new Code section 402.19 shall
24 only be expended from the fund for expenses related to the
25 project development area from which the deposits were collected
26 and shall not be used for salaries, benefits, per diems, or
27 expenses of any employee of the municipality, for any public
28 building, including the site or grounds of, and the erection,
29 equipment, remodeling, or reconstruction of, and additions
30 or extensions to the buildings or facilities or for movable
31 equipment.

32 Division II of the bill provides that for the allocation and
33 division of taxes related to a community college's new jobs
34 training project, as defined in Code chapters 260E or 260F,
35 agreements entered into or joint plans adopted on or after the

1 effective date of the division are governed by new Code section
2 402.21.

3 Division II of the bill includes specific requirements
4 related to project development areas that are an economic
5 development area, as defined in the bill, and imposes certain
6 income-based housing requirements on such areas that are
7 similar to those imposed on similar urban renewal areas under
8 Code chapter 403.

9 Division II also requires each municipality that has
10 established a project development area which utilizes, or which
11 plans to utilize, revenues from the project development fund
12 created in Code section 402.19, to in each odd-numbered year
13 contract with or employ the auditor of state or certified
14 public accountants for an audit or examination of its project
15 development fund and financial transactions related thereto.
16 The bill also makes such an audit mandatory on application by
17 a specified number of taxpayers. The bill allows the audit
18 or examination to be part of another audit or examination
19 conducted under another provision of law.

20 Division II of the bill takes effect upon enactment.

21 Division III of the bill makes various related changes to
22 other provisions of law relating to Code chapter 403 and new
23 Code chapter 402.

24 Division III requires the legislative tax expenditure
25 committee to conduct a periodic review of the division of
26 revenue under new Code section 402.19 beginning in 2015.

27 Division III repeals Code section 423B.10 relating to the
28 funding of urban renewal projects using designated amounts
29 of increased sales and services tax revenues within an urban
30 renewal area.

31 Division III of the bill takes effect upon enactment.