

Senate Study Bill 3118 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH/REBUILD
IOWA BILL BY CHAIRPERSON
SODDERS)

A BILL FOR

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

1 Section 1. Section 8G.12, Code Supplement 2011, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 3. The internet site made available by the
4 department of management under subsection 1 shall also include
5 the certifications received by the department under section
6 403.19, subsection 7, paragraph "d". Such certifications
7 shall, to the extent possible, be organized and searchable.

8 Sec. 2. Section 403.17, subsection 1, Code 2011, is amended
9 to read as follows:

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

16 Sec. 3. Section 403.17, subsection 10, Code 2011, is amended
17 to read as follows:

18 10. "*Economic development area*" means an area of a
19 municipality designated by the local governing body as
20 appropriate for commercial and industrial enterprises, public
21 improvements related to housing and residential development,
22 or construction of housing and residential development for low
23 and moderate income families, including single or multifamily
24 housing. If an urban renewal plan for an urban renewal area
25 adopted on or after January 1, 1995, but before the effective
26 date of this Act, is based upon a finding that the area is an
27 economic development area and that no part contains slum or
28 blighted conditions, then the division of revenue provided
29 in section 403.19, if adopted prior to the effective date of
30 this Act, and stated in the plan shall be limited to twenty
31 years from the calendar year following the calendar year in
32 which the municipality first certifies to the county auditor
33 the amount of any loans, advances, indebtedness, or bonds which
34 qualify for payment from the division of revenue provided in
35 section 403.19. ~~Such designated~~ An economic development area

1 shall not include agricultural land, including land which is
2 part of a century farm, unless the owner of the agricultural
3 land or century farm agrees to include the agricultural land
4 or century farm in the urban renewal area. For the purposes of
5 this subsection, "century farm" means a farm in which at least
6 forty acres of such farm have been held in continuous ownership
7 by the same family for one hundred years or more.

8 Sec. 4. NEW SECTION. 403.18A Urban renewal area and
9 division of revenue limitations — election filed with county
10 auditor.

11 1. Each municipality having an urban renewal area in
12 existence on the effective date of this Act that is subject in
13 whole or in part to a division of revenue under section 403.19
14 that is not limited in duration under either section 403.17,
15 subsection 10, or section 403.22, subsection 5, shall for each
16 such urban renewal area file a written election with the county
17 auditor not later than July 31, 2012, to impose one of the
18 following conditions on the urban renewal area:

19 a. (1) Except as provided in subparagraph (2), the urban
20 renewal area including all applicable urban renewal plans,
21 projects, and ordinances providing for a division of revenue
22 shall terminate and be of no further force and effect not
23 later than June 30, 2027. The municipality may for such urban
24 renewal area continue to incur or issue additional costs or
25 indebtedness, including loans, advances, and bonds, that
26 qualify for payment from the special fund created under section
27 403.19, subsection 2, on or after the effective date of this
28 Act. Any such additional costs or indebtedness payable from
29 the special fund shall, however, be limited to the amount
30 of taxes resulting from the imposition of the limitation in
31 section 403.19, subsection 1, paragraph "d".

32 (2) A municipality may, with the approval of the governing
33 bodies of all affected taxing entities prior to the date
34 of termination under subparagraph (1), extend the date of
35 termination for the urban renewal area and all applicable urban

1 renewal plans, projects, and ordinances to a date not later
2 than June 30, 2032. All other provisions of subparagraph
3 (1) shall apply to an urban renewal area authorized for an
4 extension under this subparagraph.

5 *b.* The urban renewal area including all applicable urban
6 renewal plans, projects, and ordinances providing for a
7 division of revenue shall continue in effect under this
8 chapter, until such time that the urban renewal area is
9 dissolved by the municipality. The municipality may continue
10 to operate under this chapter and divide revenue under section
11 403.19 for the purpose of paying costs and indebtedness,
12 including loans, advances, and bonds, that qualify for payment
13 from the special fund created under section 403.19, subsection
14 2, incurred or issued before the effective date of this Act.
15 The municipality shall not, however, incur or issue additional
16 costs or indebtedness payable from the division of revenue in
17 the urban renewal area. For the purposes of this paragraph "*b*",
18 the refinancing of indebtedness incurred prior to the effective
19 date of this Act shall not constitute an additional cost or
20 indebtedness, unless such refinancing results in an increase in
21 debt service that qualifies for payment from the special fund.

22 2. Failure to file an election with the county auditor on
23 or before July 31, 2012, shall have the effect of imposing
24 subsection 1, paragraph "*a*", subparagraphs (1) and (2), on the
25 urban renewal area.

26 3. An election under this section is irrevocable once filed,
27 and the provisions of this section shall supersede any powers
28 of a municipality under this chapter to the contrary.

29 Sec. 5. Section 403.19, Code Supplement 2011, is amended to
30 read as follows:

31 **403.19 Division of revenue from taxation — tax increment**
32 **financing.**

33 A municipality may provide by ordinance that taxes levied
34 on taxable property in an urban renewal area each year by or
35 for the benefit of the state, city, county, school district, or

1 other taxing district, shall be divided as follows:

2 1. *a.* Unless otherwise provided in this section and subject
3 to the limitation in paragraph "d", that portion of the taxes
4 which would be produced by the rate at which the tax is levied
5 each year by or for each of the taxing districts upon the total
6 sum of the assessed value of the taxable property in the urban
7 renewal area, as shown on the assessment roll as of January 1
8 of the calendar year preceding the first calendar year in which
9 the municipality certifies to the county auditor the amount
10 of loans, advances, indebtedness, or bonds payable from the
11 division of property tax revenue, or on the assessment roll
12 last equalized prior to the date of initial adoption of the
13 urban renewal plan if the plan was adopted prior to July 1,
14 1972, shall be allocated to and when collected be paid into
15 the fund for the respective taxing district as taxes by or for
16 the taxing district into which all other property taxes are
17 paid. However, the municipality may choose to divide that
18 portion of the taxes which would be produced by levying the
19 municipality's portion of the total tax rate levied by or for
20 the municipality upon the total sum of the assessed value of
21 the taxable property in the urban renewal area, as shown on the
22 assessment roll as of January 1 of the calendar year preceding
23 the effective date of the ordinance and if the municipality so
24 chooses, an affected taxing entity may allow a municipality to
25 divide that portion of the taxes which would be produced by
26 levying the affected taxing district's portion of the total tax
27 rate levied by or for the affected taxing entity upon the total
28 sum of the assessed value of the taxable property in the urban
29 renewal area, as shown on the assessment roll as of January
30 1 of the calendar year preceding the effective date of the
31 ordinance. This choice to divide a portion of the taxes shall
32 not be construed to change the effective date of the division
33 of property tax revenue with respect to an urban renewal plan
34 in existence on July 1, 1994.

35 *b.* For the purpose of allocating taxes levied by or for any

1 taxing district which did not include the territory in an urban
2 renewal area on the effective date of the ordinance or initial
3 adoption of the plan, but to which the territory has been
4 annexed or otherwise included after the effective date, the
5 assessment roll applicable to property in the annexed territory
6 as of January 1 of the calendar year preceding the effective
7 date of the ordinance, which amends the plan to include the
8 annexed area, shall, subject to the limitation in paragraph "d",
9 be used in determining the assessed valuation of the taxable
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
13 "a", subject to the limitation in paragraph "d", shall be the
14 assessment roll as of January 1 of the calendar year preceding
15 the first written agreement providing that all or a portion of
16 program costs are to be paid for by incremental property taxes.
17 The community college shall file a copy of the agreement with
18 the appropriate assessor. The assessor may, within fourteen
19 days of such filing, physically inspect the applicable taxable
20 business property. If upon such inspection the assessor
21 determines that there has been a change in the value of the
22 property from the value as shown on the assessment roll as of
23 January 1 of the calendar year preceding the filing of the
24 agreement and such change in value is due to new construction,
25 additions or improvements to existing structures, or remodeling
26 of existing structures for which a building permit was
27 required, the assessor shall promptly determine the value of
28 the property as of the inspection in the manner provided in
29 chapter 441 and that value shall be included for purposes
30 of the jobs training project in the assessed value of the
31 employer's taxable business property as shown on the assessment
32 roll as of January 1 of the calendar year preceding the filing
33 of the agreement. The assessor, within thirty days of such
34 filing, shall notify the community college and the employer
35 or business of that valuation which shall be included in the

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

6 d. Notwithstanding any provision of this chapter to the
7 contrary, when calculating a division of revenue, for the
8 payment of costs and indebtedness, including all loans,
9 advances, and bonds that qualify for payment from the special
10 fund, incurred or issued on or after the effective date of
11 this Act, the difference between the year of the assessment
12 roll as of January 1 used to calculate the amount of taxes
13 allocated to and when collected paid into the fund for the
14 respective taxing district under this subsection and the year
15 of the assessment roll used to calculate the total amount of
16 property taxes under this section for the fiscal year in which
17 the taxes are due and payable shall not exceed fifteen years.
18 If such difference exceeds fifteen years, the assessment roll
19 used to calculate the amount of taxes under this subsection,
20 shall be the assessment roll for the fifteenth assessment year
21 immediately preceding the year of the assessment roll used to
22 calculate the total amount of property taxes under this section
23 for the fiscal year in which the taxes are due and payable.

24 2. That portion of the taxes each year in excess of such
25 amount shall be allocated to and when collected be paid into a
26 special fund of the municipality to pay the principal of and
27 interest on loans, moneys advanced to, or indebtedness, whether
28 funded, refunded, assumed, or otherwise, including bonds issued
29 under the authority of section 403.9, subsection 1, incurred
30 by the municipality to finance or refinance, in whole or in
31 part, an urban renewal project within the area, and to provide
32 assistance for low and moderate income family housing as
33 provided in section 403.22, ~~except that.~~ However, taxes for
34 the regular and voter-approved physical plant and equipment
35 levy of a school district imposed pursuant to section 298.2,

1 ~~and~~ taxes for the payment of bonds and interest of each taxing
2 district ~~must~~, and the foundation property tax imposed pursuant
3 to section 257.3 shall be collected against all taxable
4 property within the taxing district without limitation by the
5 provisions of this subsection. However, all or a portion of
6 the taxes for the physical plant and equipment levy and the
7 taxes for the foundation property tax shall be paid by the
8 school district to the municipality if the auditor certifies
9 ~~to the school district by July 1 the amount of such levy that~~
10 ~~is necessary to pay the principal and interest on bonds issued~~
11 ~~by the municipality to finance an urban renewal project, which~~
12 ~~bonds were issued before July 1, 2001. Indebtedness incurred~~
13 ~~to refund bonds issued prior to July 1, 2001, shall not be~~
14 ~~included in the certification. Such school district shall pay~~
15 ~~over the amount certified by November 1 and May 1 of the fiscal~~
16 ~~year following certification to the school district~~ subsection
17 9 or 10 applies. Unless and until the total assessed valuation
18 of the taxable property in an urban renewal area exceeds the
19 total assessed value of the taxable property in such area as
20 shown by the last equalized assessment roll referred to in
21 subsection 1, all of the taxes levied and collected upon the
22 taxable property in the urban renewal area shall be paid into
23 the funds for the respective taxing districts as taxes by
24 or for the taxing districts in the same manner as all other
25 property taxes. When such loans, advances, indebtedness, and
26 bonds, if any, and interest thereon, have been paid, all moneys
27 thereafter received from taxes upon the taxable property in
28 such urban renewal area shall be paid into the funds for the
29 respective taxing districts in the same manner as taxes on all
30 other property. In those instances where a school district
31 has entered into an agreement pursuant to section 279.64 for
32 sharing of school district taxes levied and collected from
33 valuation described in this subsection and released to the
34 school district, the school district shall transfer the taxes
35 as provided in the agreement.

1 3. The portion of taxes mentioned in subsection 2 and the
2 special fund into which they shall be paid, may be irrevocably
3 pledged by a municipality for the payment of the principal and
4 interest on loans, advances, bonds issued under the authority
5 of section 403.9, subsection 1, or indebtedness incurred by a
6 municipality to finance or refinance, in whole or in part, the
7 urban renewal project within the area.

8 4. a. Except as provided in paragraph "b" and section
9 403.22, an ordinance providing for a division of revenue under
10 this section that is adopted on or after the effective date of
11 this Act shall be limited to fifteen years from the calendar
12 year following the calendar year in which the municipality
13 first certifies to the county auditor the amount of any loans,
14 advances, indebtedness, or bonds which qualify for payment from
15 the division of revenue. The urban renewal area, including all
16 applicable urban renewal plans, projects, and ordinances shall
17 terminate and be of no further force and effect following the
18 fifteen-year period provided in this subsection.

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

27 ~~4.~~ 5. As used in this section the word "taxes" includes,
28 but is not limited to, all levies on an ad valorem basis upon
29 land or real property.

30 ~~5.~~ 6. An ordinance adopted under this section providing
31 for a division of revenue shall be filed in the office of
32 the county auditor of each county where the property that is
33 subject to the ordinance is located.

34 ~~6.~~ 7. a. (1) A municipality shall certify to the
35 county auditor on or before December 1 the amount of loans,

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

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

24 b. If the amount certified in paragraph "a" is reduced by
25 payment from sources other than the division of taxes, by a
26 refunding or refinancing of the obligation which results in
27 lowered principal and interest on the amount of the obligation,
28 or for any other reason, the municipality on or before December
29 1 of the year the action was taken which resulted in the
30 reduction shall certify the amount of the reduction to the
31 county auditor.

32 c. In any year, the county auditor shall, upon receipt
33 of a certified request from a municipality filed on or
34 before December 1, increase the amount to be allocated under
35 subsection 1 in order to reduce the amount to be allocated

1 in the following fiscal year to the special fund, to the
2 extent that the municipality does not request allocation to
3 the special fund of the full portion of taxes which could be
4 collected. Upon receipt of a certificate from a municipality,
5 the auditor shall mail a copy of the certificate to each
6 affected taxing district.

7 d. The county auditor shall, upon receipt of a certification
8 under this subsection, provide an electronic copy of the
9 certification to the department of management within thirty
10 days of receiving the certification. The department shall
11 make such certifications and information available on the
12 department's searchable database internet site created under
13 section 8G.12.

14 ~~7.~~ 8. Tax collections within each taxing district may be
15 allocated to the entire taxing district including the taxes on
16 the valuations determined under subsection 1 and to the special
17 fund created under subsection 2 in the proportion of their
18 taxable valuations determined as provided in this section.

19 ~~8.~~ 9. a. For any fiscal year, a municipality may certify
20 to the county auditor for physical plant and equipment revenue
21 necessary for payment of principal and interest on bonds issued
22 prior to July 1, 2001, only if the municipality certified for
23 such revenue for the fiscal year beginning July 1, 2000. A
24 municipality shall not certify to the county auditor for a
25 school district more than the amount the municipality certified
26 for the fiscal year beginning July 1, 2000. If for any fiscal
27 year a municipality fails to certify to the county auditor
28 for a school district by July 1 the amount of physical plant
29 and equipment revenue necessary for payment of principal
30 and interest on such bonds, as provided in subsection 2,
31 the school district is not required to pay over the revenue
32 to the municipality. The county auditor shall immediately
33 certify to the school district the amount of such levy that is
34 necessary to pay the principal and interest on bonds issued by
35 the municipality to finance an urban renewal project, which

1 bonds were issued prior to July 1, 2001. Indebtedness incurred
2 to refund bonds issued prior to July 1, 2001, shall not be
3 included in the certification. Such school district shall pay
4 over the amount certified by November 1 and May 1 of the fiscal
5 year following certification to the school district.

6 b. If a school district and a municipality are unable to
7 agree on the amount of physical plant and equipment revenue
8 certified by the municipality for the fiscal year beginning
9 July 1, 2001, either party may request that the state appeal
10 board review and finally pass upon the amount that may
11 be certified. Such appeals must be presented in writing
12 to the state appeal board no later than July 31 following
13 certification. The burden shall be on the municipality to
14 prove that the physical plant and equipment levy revenue is
15 necessary to pay principal and interest on bonds issued prior
16 to July 1, 2001. A final decision must be issued by the state
17 appeal board no later than the following October 1.

18 10. For fiscal years beginning on or after July 1, 2013,
19 the foundation property tax imposed pursuant to section 257.3
20 shall, for the purposes of subsection 2, be collected against
21 all taxable property within the taxing district without
22 limitation and paid to the school district, except for such
23 foundation property taxes necessary for the payment of costs
24 and indebtedness, including loans, advances, and bonds that
25 qualify for payment from the special fund, incurred or issued
26 by the municipality before the effective date of this Act.
27 For the purpose of this subsection, the refinancing of costs
28 or indebtedness incurred or issued prior to the effective
29 date of this Act shall constitute a cost or indebtedness
30 incurred or issued before the effective date of this Act,
31 unless such refinancing results in an increase in debt service
32 that qualifies for payment from the special fund. For any
33 fiscal year beginning on or after July 1, 2013, a municipality
34 may certify to the county auditor for foundation property
35 tax revenue necessary for payment of costs and indebtedness,

1 including all loans, advances, and bonds that qualify for
2 payment from the special fund, incurred or issued by the
3 municipality before the effective date of this Act. The amount
4 of the foundation property taxes necessary to pay such costs
5 and indebtedness shall be paid by the school district to the
6 municipality if the auditor certifies to the school district
7 by July 1 the amount of such levy that is necessary to pay such
8 costs and indebtedness. Such school district shall pay over
9 the amount certified by November 1 and May 1 of the fiscal
10 year following certification to the school district. If for
11 any fiscal year a municipality fails to certify to the county
12 auditor by July 1 the amount of foundation property tax revenue
13 necessary for payment of such costs and indebtedness, the
14 school district is not required to pay over the revenue to
15 the municipality. If a school district and a municipality
16 are unable to agree on the amount of revenue certified by
17 the municipality, either party may request that the state
18 appeal board review and finally pass upon the amount that
19 may be certified. Such appeals must be presented in writing
20 to the state appeal board no later than July 31 following
21 certification. The burden shall be on the municipality to
22 prove that the foundation property tax revenue is necessary
23 to pay such costs and indebtedness. A final decision must be
24 issued by the state appeal board no later than the following
25 October 1.

26 11. Except as authorized in section 403.22, subsection 4,
27 deposits into the special fund that are taxes resulting from a
28 division of revenue under this section shall only be expended
29 from the fund for purposes related to the urban renewal area
30 from which the deposits were collected. Deposits into the
31 special fund under subsection 2 that are taxes for the payment
32 of costs and indebtedness incurred or issued on or after the
33 effective date of this Act, including all loans, advances, and
34 bonds that qualify for payment from the special fund, shall
35 not be used for any of the following unless approved by the

1 governing bodies of all affected taxing entities:

2 a. Public buildings, including but not limited to
3 public works facilities, police stations, fire stations,
4 administration buildings, swimming pools, libraries, hospitals,
5 recreational facilities, city halls, including the site
6 or grounds of, and the erection, equipment, remodeling,
7 or reconstruction of, and additions or extensions to, such
8 buildings or facilities.

9 b. Movable property or equipment.

10 c. Buildings or facilities leased or intended in the future
11 to be leased by a public body for any of the uses specified in
12 paragraph "a".

13 d. The payment of any indebtedness or cost related to
14 paragraphs "a", "b", or "c".

15 Sec. 6. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

17 EXPLANATION

18 This bill relates to Code chapter 403, Iowa's urban renewal
19 law.

20 The bill strikes community colleges from the definition of
21 "affected taxing entity" under Code section 403.17. Under
22 current Code section 403.17, "affected taxing entity" means
23 a city, community college, county, or school district which
24 levied or certified for levy a property tax on any portion of
25 the taxable property located within the urban renewal area
26 in the fiscal year beginning prior to the calendar year in
27 which a proposed urban renewal plan is submitted to the local
28 governing body for approval. Under current Code chapter 403,
29 affected taxing entities are provided notice and consulted by
30 the municipality prior to the approval of an urban renewal
31 plan which provides for a division of revenue pursuant to Code
32 section 403.19.

33 Under new Code section 403.18A, each municipality having
34 an urban renewal area in existence on the effective date of
35 the bill that is subject in whole or in part to a division

1 of revenue under Code section 403.19 that is not limited
2 in duration under either Code section 403.17(10) (20-year
3 limitation), or Code section 403.22(5) (10-year limitation),
4 shall for each such urban renewal area file a written election
5 with the county auditor not later than July 31, 2012, to impose
6 one of the following conditions on the urban renewal area:

7 (1) The urban renewal area including all applicable urban
8 renewal plans, projects, and ordinances providing for a
9 division of revenue shall terminate and be of no further force
10 and effect not later than June 30, 2027. The municipality
11 may for such urban renewal area continue to incur or issue
12 additional costs or indebtedness that qualify for payment
13 from the special fund on or after the effective date of the
14 bill. Any such additional costs or indebtedness payable from
15 the special fund shall, however, be limited to the amount of
16 taxes resulting from the imposition of the 15-year increment
17 limitation on divisions of revenue established in the bill. A
18 municipality under this option may, with the approval of the
19 governing bodies of all affected taxing entities prior to June
20 30, 2027, extend the date of termination for the urban renewal
21 area and all applicable urban renewal plans, projects, and
22 ordinances to a date not later than June 30, 2032. However,
23 all other limitations of this option apply to an urban renewal
24 area authorized for such an extension.

25 (2) The urban renewal area including all applicable urban
26 renewal plans, projects, and ordinances providing for a
27 division of revenue shall continue in effect, until such time
28 that the urban renewal area is dissolved by the municipality.
29 The municipality may continue to operate under Code chapter 403
30 and divide revenue under Code section 403.19 for the purpose of
31 paying costs and indebtedness that qualify for payment from the
32 special fund, incurred or issued before the effective date of
33 the bill. The municipality shall not, however, incur or issue
34 additional costs or indebtedness payable from the division
35 of revenue in the urban renewal area. The refinancing of

1 indebtedness incurred prior to the effective date of the bill
2 does not constitute an additional cost or indebtedness, unless
3 such refinancing results in an increase in debt service payable
4 from the special fund.

5 The bill provides that failure to file an election with
6 the county auditor on or before July 31, 2012, shall have
7 the effect of imposing the June 30, 2027, termination option
8 on the urban renewal area, including the optional extension
9 if approved by the affected taxing entities. An election is
10 irrevocable once filed and the provisions of new Code section
11 403.18A supersede any powers of a municipality under Code
12 chapter 403 to the contrary.

13 The bill provides that, notwithstanding other provisions of
14 Code chapter 403 to the contrary, when calculating a division
15 of revenue (tax increment financing) for the payment of costs
16 and indebtedness incurred or issued on or after the effective
17 date of the bill, the difference between the base year and
18 the assessment year for which such property taxes are due
19 and payable shall not exceed 15 years. If such difference
20 exceeds 15 years, the base year shall be adjusted so that the
21 difference is 15 years. The amount of taxes calculated using
22 the adjusted base year is allocated to and when collected paid
23 into the fund for the respective taxing districts as taxes by
24 or for the taxing district, as is required under current law.

25 The bill provides that except for certain divisions of
26 revenue for public improvements related to housing and
27 residential development, ordinances providing for a division of
28 revenue that are adopted on or after the effective date of the
29 bill are limited to 15 years from the calendar year following
30 the calendar year in which the municipality first certifies
31 to the county auditor the amount of any loans, advances,
32 indebtedness, or bonds which qualify for payment from the
33 division of revenue. The bill further provides that the urban
34 renewal area, including all applicable urban renewal plans,
35 projects, and ordinances shall terminate and shall have no

1 further force and effect following the 15-year period. Under
2 the bill, a municipality may, however, with the approval of
3 the governing bodies of all other affected taxing entities, as
4 amended in the bill, prior to the date of termination, extend
5 the division of revenue and any applicable urban renewal plan,
6 project, and ordinance for up to five years if such extension
7 is determined by the other affected taxing entities to be
8 necessary to sufficiently fund an urban renewal project within
9 the urban renewal area.

10 The bill does not modify the 20-year limitation applicable
11 to divisions of revenue for urban renewal areas based on a
12 finding that the area is an economic development area if the
13 urban renewal plan was adopted on or after January 1, 1995,
14 but before the effective date of the bill, and the ordinance
15 providing for the division of revenue was adopted prior to the
16 effective date of the bill.

17 Current Code section 403.19 requires a municipality to
18 certify to the county auditor on or before December 1 the
19 amount of loans, advances, indebtedness, or bonds which
20 qualify for payment from the municipality's special fund,
21 for each urban renewal area in the municipality. The bill
22 requires the county auditor, upon receipt of the certification
23 from a municipality, to provide an electronic copy of the
24 certification to the department of management within 30 days of
25 receiving the certification. The bill requires the department
26 of management to make such certifications and information
27 available on the department's searchable internet site created
28 under Code section 8G.12.

29 The bill excludes, for fiscal years beginning on or after
30 July 1, 2013, the school district foundation property tax
31 from the division of revenue under Code section 403.19 except
32 for such foundation property taxes necessary for the payment
33 of costs and indebtedness that qualify for payment from the
34 special fund, incurred or issued by the municipality before the
35 effective date of the bill. Under the bill, the refinancing of

1 costs or indebtedness incurred or issued prior to the effective
2 date of the bill constitutes a cost or indebtedness incurred
3 or issued before the effective date of the bill, unless
4 such refinancing results in an increase in debt service that
5 qualifies for payment from the special fund. The bill requires
6 municipalities to certify to the county auditor for foundation
7 property tax revenue necessary for payment of costs and
8 indebtedness that qualify for payment from the special fund,
9 incurred or issued by the municipality before the effective
10 date of the bill. Such certification requirements are similar
11 to those under current Code section 403.19 for taxes collected
12 from the school district physical plant and equipment levy.

13 The bill provides that, except for specified expenses
14 related to low and moderate income housing, deposits into
15 the special fund that are taxes resulting from a division of
16 revenue shall only be expended from the fund for purposes
17 related to the urban renewal area from which the deposits were
18 collected.

19 The bill also specifies that taxes deposited into the
20 special fund under Code section 403.19 resulting from a
21 division of revenue for the payment of costs and indebtedness
22 incurred or issued on or after the effective date of the
23 bill that qualify for payment from the special fund shall
24 not, unless approved by the governing bodies of all affected
25 taxing entities, be used for movable property or equipment,
26 public buildings, including but not limited to public works
27 facilities, fire stations, police stations, administration
28 buildings, swimming pools, libraries, hospitals, recreational
29 facilities, city halls, including the site or grounds of, and
30 the erection, equipment, remodeling, or reconstruction of,
31 and additions or extensions to, the buildings or facilities,
32 or for the payment of indebtedness or expenses related to
33 such purposes. This limitation also applies to buildings or
34 facilities leased or intended to be leased by a public body for
35 any of these purposes.

S.F. _____

1 By operation of law, the bill may apply to divisions of
2 revenue adopted by a community college under Code section
3 260E.4 and rural improvement zones under Code section 357H.9.
4 The bill takes effect upon enactment.