

House Study Bill 184 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL BY
CHAIRPERSON SCHULTZ)

A BILL FOR

1 An Act relating to the establishment and dissolution of rural
2 improvement zones and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 357H.1, subsection 1, Code 2013, is
2 amended to read as follows:

3 1. The board of supervisors of a county with less than
4 twenty thousand residents, not counting persons admitted or
5 committed to an institution enumerated in section 218.1 or
6 904.102, based upon the 2000 certified federal census, and with
7 a private lake development shall designate an area surrounding
8 the lake, if it is an unincorporated area of the county, a
9 rural improvement zone upon receipt of a petition pursuant to
10 section 357H.2, and upon the board's determination that the
11 area is in need of improvements. In no case, however, shall a
12 rural improvement zone be established under this chapter on or
13 after the effective date of this Act.

14 Sec. 2. Section 357H.10, Code 2013, is amended to read as
15 follows:

16 **357H.10 Dissolution of zone.**

17 1. The Unless otherwise required to be dissolved under
18 subsection 2, the rural improvement zone shall be dissolved
19 upon the adoption of a resolution of the board of trustees
20 which specifies that all improvements have been made in the
21 zone and all indebtedness has been paid.

22 2. Each rural improvement zone is dissolved on the date
23 seven years after the date that the resolution of the board
24 establishing the zone was adopted or June 30, 2014, whichever
25 is later.

26 3. Upon dissolution of the zone, all assets shall be deeded
27 to a nonprofit corporation whose members are property owners of
28 the improvement zone. If a zone is dissolved under subsection
29 2 and indebtedness of the zone remains unpaid on the date of
30 dissolution, such indebtedness shall be assumed by and become
31 an indebtedness of the nonprofit corporation to which the
32 zone's assets are deeded.

33 4. Upon dissolution of the zone, the collection of the
34 property tax authorized under section 357H.8, subsection 4, and
35 the division of taxes authorized under section 357H.9 shall

1 cease immediately.

2 Sec. 3. NEW SECTION. 357H.11 Future repeal.

3 This chapter is repealed July 1, 2021.

4 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

6 EXPLANATION

7 Current Code chapter 357H authorizes the board of
8 supervisors of a county with less than 20,000 residents
9 based upon the 2000 certified federal census to establish
10 a rural improvement zone in an area surrounding a private
11 lake development located in an unincorporated area of the
12 county if the board determines that the area is in need of
13 improvements. A rural improvement zone is governed by a board
14 of trustees and is authorized to enter into contracts and incur
15 indebtedness to provide funds for the costs of improvements,
16 levy a standby property tax upon taxable property within the
17 zone, and divide property tax revenue from the zone in the
18 same manner as an urban renewal area under Code chapter 403.
19 Current Code section 357H.10 provides that a rural improvement
20 zone is dissolved upon the adoption of a resolution of the
21 board of trustees which specifies that all improvements have
22 been made in the zone and all indebtedness has been paid.
23 In addition, current law provides that upon dissolution all
24 assets of the rural improvement zone shall be deeded to a
25 nonprofit corporation whose members are property owners of the
26 improvement zone.

27 This bill provides that each rural improvement zone is
28 dissolved on the date seven years after the date that the
29 resolution of the board of supervisors establishing the zone
30 was adopted or June 30, 2014, whichever is later. The bill
31 provides that if a rural improvement zone is dissolved by
32 operation of the bill and indebtedness of the zone remains
33 unpaid on the date of dissolution, such indebtedness shall
34 be assumed by and become an indebtedness of the nonprofit
35 corporation to which the zone's assets are deeded. The

1 bill also provides that the collection of the property tax
2 authorized under Code section 357H.8(4) and the division
3 of taxes authorized under Code section 357H.9 shall cease
4 immediately upon dissolution of the rural improvement zone.

5 The bill establishes a future repeal date for Code chapter
6 357H of July 1, 2021.

7 The bill takes effect upon enactment.