

House Study Bill 675 - Introduced

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

A BILL FOR

1 An Act relating to Iowa's urban renewal law by establishing
2 restrictions on the use of divided revenues, establishing
3 restrictions on the issuance of certain bonds and
4 indebtedness, modifying the methodology for calculating the
5 amount of divided revenues, and including effective date
6 provisions.

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

1 Section 1. Section 403.5, subsection 2, paragraph b,
2 subparagraph (1), Code 2014, is amended to read as follows:

3 (1) Prior to its approval of an urban renewal plan which
4 provides for a division of revenue pursuant to section 403.19,
5 the municipality shall mail the proposed plan by regular mail
6 to the affected taxing entities. The municipality shall
7 include with the proposed plan notification of a consultation
8 to be held between the municipality and affected taxing
9 entities prior to the public hearing on the urban renewal plan.
10 ~~If~~ For urban renewal plans and urban renewal projects approved
11 before the effective date of this Act, if the proposed urban
12 renewal plan or proposed urban renewal project within the urban
13 renewal area includes the use of ~~taxes~~ revenue resulting from a
14 division of ~~revenue~~ taxes under section 403.19, subsection 2,
15 for a public building, including but not limited to a police
16 station, fire station, administration building, swimming
17 pool, hospital, library, recreational building, city hall, or
18 other public building that is exempt from taxation, including
19 the grounds of, and the erection, equipment, remodeling, or
20 reconstruction of, and additions or extensions to, such a
21 building, the municipality shall include with the proposed
22 plan notification an analysis of alternative development
23 options and funding for the urban renewal area or urban renewal
24 project and the reasons such options would be less feasible
25 than the proposed urban renewal plan or proposed urban renewal
26 project. A copy of the analysis required in this subparagraph
27 shall be included with the urban renewal report required under
28 section 331.403 or 384.22, as applicable, and filed by December
29 1 following adoption of the urban renewal plan or project.
30 Urban renewal plans and urban renewal projects approved on or
31 after the effective date of this Act shall not include the use
32 of revenue resulting from a division of taxes under section
33 403.19, subsection 2, for a public building, including but
34 not limited to a police station, fire station, administration
35 building, swimming pool, hospital, library, recreational

1 building, city hall, or other public building that is exempt
2 from taxation, including the grounds of, and the erection,
3 equipment, remodeling, or reconstruction of, and additions or
4 extensions to, such a building.

5 Sec. 2. Section 403.9, subsection 2, Code 2014, is amended
6 to read as follows:

7 2. a. Bonds issued under this section shall not constitute
8 an indebtedness within the meaning of any constitutional or
9 statutory debt limitation or restriction, and shall not be
10 subject to the provisions of any other law or charter relating
11 to the authorization, issuance or sale of bonds. Bonds issued
12 under the provisions of this chapter are declared to be issued
13 for an essential public and governmental purpose and, together
14 with interest thereon and income therefrom, shall be exempted
15 from all taxes.

16 b. A municipality shall not issue bonds or incur
17 indebtedness under this chapter or under another provision of
18 law that qualifies for payment from the special fund created
19 in section 403.19, except for refunding or refinancing of
20 bonds or indebtedness that does not result in an increase in
21 the municipality's total outstanding indebtedness payable from
22 the special fund created in section 403.19, if the sum of
23 the municipality's outstanding indebtedness payable from the
24 special fund created in section 403.19 plus any outstanding
25 indebtedness of the municipality that is subject to the debt
26 limitation of Article XI, section 3, of the Constitution of the
27 State of Iowa and that does not qualify for payment from the
28 special fund created in section 403.19 exceeds an amount equal
29 to five percent of the value of the taxable property within the
30 municipality.

31 Sec. 3. Section 403.12, subsection 1, paragraph f, Code
32 2014, is amended to read as follows:

33 f. Cause Subject to the limitation in section 403.5,
34 subsection 2, paragraph "b", subparagraph (1), cause public
35 buildings and public facilities, including parks, playgrounds,

1 and recreational, community, educational, water, sewer or
2 drainage facilities, or any other works which it is otherwise
3 empowered to undertake to be furnished;

4 Sec. 4. NEW SECTION. 403.18A Urban renewal area and
5 division of revenue limitations.

6 1. Each municipality having an urban renewal area in
7 existence on the effective date of this Act that is subject
8 to a division of revenue under section 403.19 that is not
9 limited in duration under either section 403.17, subsection
10 10, or section 403.22, subsection 5, shall be subject to the
11 limitation in subsection 2.

12 2. a. For each such urban renewal area described in
13 subsection 1, the urban renewal area, including all applicable
14 urban renewal plans, projects, and ordinances providing
15 for a division of revenue, shall continue in effect under
16 this chapter, until such time that the urban renewal area
17 is dissolved by the municipality or until the urban renewal
18 area terminates under the conditions of paragraph "b". The
19 municipality may continue to incur or issue additional costs
20 or indebtedness for such urban renewal area, including loans,
21 advances, and bonds, that qualify for payment from the special
22 fund created in section 403.19 on or after the effective date
23 of this Act and until dissolution or termination of the urban
24 renewal area.

25 b. Notwithstanding any provision of this chapter to the
26 contrary, for fiscal years beginning on or after July 1, 2015,
27 when calculating a division of revenue for an urban renewal
28 area described in subsection 1, and for which the difference
29 between the year of the assessment roll as of January 1 used to
30 calculate the amount of taxes allocated to and when collected
31 paid into the funds for the respective taxing districts under
32 section 403.19, subsection 1, and the year of the assessment
33 roll used to calculate the total amount of property taxes under
34 section 403.19 for the fiscal year in which the taxes are
35 due and payable, first exceeds twenty years, the year of the

1 assessment roll as of January 1 that is otherwise required to
2 be used under section 403.19, subsection 1, shall be adjusted
3 by increasing the year of the assessment roll by two assessment
4 years. The year of the assessment roll used shall be further
5 increased in each subsequent fiscal year by two assessment
6 years until the assessment roll as of January 1 used to
7 calculate the amount of taxes allocated to and when collected
8 paid into the funds for the respective taxing districts under
9 section 403.19, subsection 1, is later in time than the year
10 of the assessment roll used to calculate the total amount of
11 property taxes under section 403.19 for the fiscal year in
12 which the taxes are due and payable, at which time the urban
13 renewal area, including all applicable urban renewal plans,
14 projects, and ordinances providing for a division of revenue,
15 shall terminate and be of no further force and effect.

16 3. The department of management shall adopt rules necessary
17 to implement and administer this section.

18 Sec. 5. Section 403.19, Code 2014, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 3A. Except as provided in section 403.22,
21 an ordinance providing for a division of revenue under this
22 section that is adopted on or after the effective date of
23 this Act shall be limited to twenty years from the calendar
24 year following the calendar year in which the municipality
25 first certifies to the county auditor the amount of any loans,
26 advances, indebtedness, or bonds that qualify for payment from
27 the division of revenue provided in section 403.19. The urban
28 renewal area, including all applicable urban renewal plans,
29 projects, and ordinances, shall terminate and be of no further
30 force and effect following the twenty-year period provided in
31 this subsection.

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

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to Iowa's urban renewal law.

3 The bill provides that urban renewal plans and urban renewal
4 projects approved on or after the effective date of the bill
5 shall not include the use of revenue resulting from a division
6 of taxes for a public building, including but not limited to a
7 police station, fire station, administration building, swimming
8 pool, hospital, library, recreational building, city hall, or
9 other public building that is exempt from taxation, including
10 the grounds of, and the erection, equipment, remodeling, or
11 reconstruction of, and additions or extensions to, such a
12 building.

13 The bill strikes provisions of Code section 403.9 relating
14 to whether the bonds issued under that Code section constitute
15 indebtedness for purposes of constitutional and statutory debt
16 limitations. The bill also provides that a municipality shall
17 not issue bonds or incur indebtedness under Code chapter 403
18 or under another provision of law that qualifies for payment
19 from the municipality's special fund created under Code section
20 403.19, with some exceptions, if the sum of the municipality's
21 outstanding urban renewal indebtedness plus any outstanding
22 indebtedness of the municipality that is subject to the debt
23 limitation in Article XI, section 3, of the Iowa Constitution
24 and not payable from the municipality's special fund exceeds an
25 amount equal to 5 percent of the value of the taxable property
26 within the municipality.

27 New Code section 403.18A provides that each municipality
28 having an urban renewal area in existence on the effective
29 date of the bill that is subject to a division of revenue that
30 is not limited in duration under either Code section 403.17,
31 subsection 10 (20 years) or Code section 403.22, subsection
32 5 (10 years) shall be subject to the limitation provided for
33 in the bill. Under the bill, when calculating a division
34 of revenue for such an urban renewal area, and for which
35 the difference between the year of the assessment roll as of

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

23 The bill provides that except for certain divisions of
24 revenue authorized for certain housing and residential
25 development under Code section 403.22, an ordinance providing
26 for a division of revenue under Code section 403.19 that is
27 adopted on or after the effective date of the bill shall be
28 limited to 20 years from the calendar year following the
29 calendar year in which the municipality first certifies to the
30 county auditor the amount of any loans, advances, indebtedness,
31 or bonds which qualify for payment from the division of revenue
32 provided in Code section 403.19. Under the bill, the urban
33 renewal area, including all applicable urban renewal plans,
34 projects, and ordinances shall terminate and be of no further
35 force and effect following the 20-year period provided in the

H.F. _____

1 bill.

2 The bill takes effect upon enactment.