

**Senate File 2052 - Introduced**

SENATE FILE 2052

BY WILHELM

**A BILL FOR**

1 An Act authorizing the creation of county improvement  
2 districts, authorizing the imposition, collection, and  
3 expenditure of certain tax revenue within a district,  
4 authorizing the issuance of bonds for a district, and  
5 including effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 332.1 Definitions.

2 As used in this chapter, unless the context otherwise  
3 requires:

4 1. "*Board*" means the county board of supervisors.

5 2. "*Book*", "*list*", "*record*", or "*schedule*" kept by a county  
6 auditor, assessor, treasurer, recorder, sheriff, or other  
7 county officer means the county system as defined in section  
8 445.1.

9 3. "*Costs*" of an improvement includes construction contracts  
10 and the cost of engineering, architectural, technical, and  
11 legal services, preliminary reports, property valuations,  
12 estimates, plans, specifications, notices, acquisition  
13 of real and personal property, consequential damages or  
14 costs, easements, rights-of-way, supervision, inspection,  
15 testing, publications, printing and sale of bonds, interest  
16 incurred during construction and for not more than six months  
17 thereafter, and provisions for contingencies.

18 4. "*District*" means a county improvement district created in  
19 accordance with this chapter.

20 5. "*Improvement*" means works, structures, and facilities  
21 located within or outside the district that are necessary  
22 to provide utility services to property within the  
23 district, including but not limited to water, electric, gas,  
24 telecommunications, and sewer utilities.

25 6. "*New consumer*" means a consumer, as defined in section  
26 437A.3, located in the district that was not located in the  
27 area of the district before the effective date of the ordinance  
28 establishing the district, regardless of ownership.

29 7. "*Property*" means real property as defined in section 4.1,  
30 subsection 13, and in section 427A.1, subsection 1, paragraph  
31 "h".

32 8. "*Property owner*" or "*owner*" means the owner of property,  
33 as shown by the transfer books in the office of the county  
34 auditor of the county in which the property is located.

35 Sec. 2. NEW SECTION. 332.2 Authorization.

1 A county that proposes to create a county improvement  
2 district, to provide for its existence and operation, to  
3 provide for improvements, to authorize and issue bonds for the  
4 purposes of the district, and to use the taxes authorized by  
5 this chapter must do so in accordance with the provisions of  
6 this chapter.

7 Sec. 3. NEW SECTION. 332.3 **Creation of district.**

8 1. A county improvement district created by the board of  
9 supervisors shall:

10 a. Be comprised of contiguous property wholly within the  
11 unincorporated area of the county.

12 b. Be comprised only of property that is zoned for  
13 commercial or industrial use.

14 c. Be given a descriptive name containing the words "county  
15 improvement district".

16 d. Be comprised of property related in some manner,  
17 including but not limited to present or potential use, physical  
18 location, condition, relationship to an area, or relationship  
19 to present or potential commercial or industrial activity in an  
20 area, so as to be benefited in any manner.

21 2. The board shall initiate proceedings for creating a  
22 district upon the filing with the county auditor of a petition  
23 containing:

24 a. The signatures of at least fifty percent of all owners of  
25 property within the proposed district. These signatures must  
26 together represent ownership of property with an assessed value  
27 of fifty percent or more of the assessed value of all of the  
28 property in the proposed district.

29 b. A description of the boundaries of the proposed district  
30 or a description of the property within the proposed district.

31 c. The name of the proposed district.

32 d. A statement of the maximum rate of tax that may be  
33 imposed upon property within the proposed district for purposes  
34 of the district. The maximum rate of tax may be stated in terms  
35 of separate maximum rates for the debt service tax and the

1 capital improvement fund tax, or in terms of a maximum combined  
2 rate for both.

3 *e.* The purpose of the district, which may be stated  
4 generally, or in terms of the relationship of the property  
5 within the district or the interests of the owners of property  
6 within the district, or in terms of the improvements proposed  
7 for the district by listing specific improvements or general  
8 categories of improvements, or in terms of any combination of  
9 the foregoing.

10 *f.* A statement as to whether the district is authorized to  
11 use utility replacement tax revenue pursuant to section 332.7.

12 3. *a.* The board shall notify the county zoning commission  
13 upon the receipt of a petition. It shall be the duty of  
14 the county zoning commission to make recommendations to the  
15 board in regard to the proposed district. The county zoning  
16 commission shall, with due diligence, prepare a report for the  
17 board evaluating the merit and feasibility of the proposed  
18 district. Except as otherwise provided in paragraph "b", the  
19 board shall not hold a public hearing or take further action on  
20 the creation of the district until it has received the report  
21 required by this section.

22 *b.* If no county zoning commission exists, the board shall  
23 notify the metropolitan or regional planning commission upon  
24 receipt of a petition, and such commission shall have the  
25 same duties set forth in this subsection as a county zoning  
26 commission. If no county zoning commission or metropolitan  
27 or regional planning commission exists, the board shall call  
28 a public hearing on the petition requesting creation of a  
29 district by publishing and mailing notice in the same manner as  
30 provided in subsection 4.

31 4. *a.* Upon receipt of the commission's final report or  
32 after the public hearing under subsection 3, paragraph "b", as  
33 applicable, the board shall set a time and place for a public  
34 hearing at which the board proposes to take action on creation  
35 of the district, and shall publish notice of the hearing as

1 provided in section 331.305. In addition, the county auditor  
2 shall send a copy of the notice by certified mail not less  
3 than fifteen days before the hearing to each owner of property  
4 within the proposed district at the owner's address as shown by  
5 the records of the county auditor. If a property is shown to be  
6 in the name of more than one owner at the same mailing address,  
7 a single notice may be mailed addressed to all owners at that  
8 address. Failure to receive a mailed notice is not grounds for  
9 objection to the board's taking any action authorized in this  
10 chapter.

11 *b.* In addition to the time and place of the public hearing  
12 on the proposal, the notice must state:

13 (1) That a petition has been filed with the board asking  
14 that a district be established.

15 (2) The name of the district.

16 (3) The purpose of the district.

17 (4) A description of the property proposed to be included in  
18 the district and a map of such property.

19 (5) A description of any proposed improvement to be  
20 undertaken and an estimate of its cost.

21 (6) The funding sources proposed for each improvement  
22 identified under subparagraph (5), and an estimate of the  
23 amount of funding that will be necessary from each funding  
24 source.

25 5. At the time and place set in the notice the board  
26 shall hear all owners of property in the proposed district or  
27 residents of the county desiring to express their views. The  
28 board must wait at least thirty days after the public hearing  
29 required by subsection 4 has been held before it may adopt  
30 an ordinance establishing a district. Property included in  
31 the proposed district need not be included in the established  
32 district. However, property shall not be included in the  
33 established district if the property was not included in the  
34 proposed district unless the board holds another public hearing  
35 after publishing and mailing notice meeting the requirements of

1 subsection 4 to the owners of the additional property or causes  
2 a notice of the inclusion of the property to be personally  
3 served upon each owner of the additional property or receives  
4 a written waiver of notice from each owner of the additional  
5 property.

6 6. Adoption of the ordinance creating a district requires  
7 the affirmative vote of three-fourths of all of the members  
8 of the board. However, adoption of the ordinance requires a  
9 unanimous vote of the board if a remonstrance has been filed  
10 with the county auditor signed by at least fifty percent of all  
11 owners of property within the proposed district representing  
12 ownership of property with an assessed value of fifty percent  
13 or more of the assessed value of all of the property in the  
14 proposed district.

15 7. The county auditor shall cause a copy of the ordinance to  
16 be filed in the office of the county recorder and shall provide  
17 a copy of the ordinance to the director of revenue and the  
18 director of the department of management within fifteen days  
19 of adoption.

20 8. At any time prior to adoption of an ordinance creating  
21 a district, the matter of creating such district shall be  
22 withdrawn from board consideration if a petition objecting  
23 to creating such district is filed with the county auditor  
24 containing the signatures of at least sixty-five percent of all  
25 owners of property within the proposed district or signatures  
26 which together represent ownership of property with an assessed  
27 value of sixty-five percent or more of the assessed value of  
28 all property within the proposed district.

29 9. The adoption of an ordinance creating a district is a  
30 legislative determination that the property within the district  
31 is related in some manner as required under subsection 1,  
32 paragraph "d".

33 10. Any resident or property owner of the county may appeal  
34 the action and the decisions of the board, including the  
35 creation of the district, to the district court of the county

1 in which the district is located, within thirty days after  
2 the date upon which the ordinance creating the district takes  
3 effect, but the action and decision of the board are final  
4 and conclusive unless the court finds that the board exceeded  
5 its authority. An action may not be brought questioning the  
6 regularity of the proceedings pertaining to the creation of  
7 a district or the validity of the district, or the propriety  
8 of the inclusion or exclusion of any property within or from  
9 the district, or the ability of the county to receive taxes  
10 in accordance with the ordinance creating the district, after  
11 thirty days from the date on which the ordinance creating the  
12 district takes effect.

13 11. The procedural steps for the petitioning and creation  
14 of the district may be combined with the procedural steps for  
15 the authorization of any improvement under section 332.6, or  
16 the procedural steps for the authorization of any tax, or any  
17 combination thereof.

18 12. The rate of debt service tax referred to in the  
19 petition and the ordinance creating the district shall only  
20 restrict the amount of bonds which may be issued, and shall  
21 not limit the ability of the county to levy as necessary in  
22 subsequent years to pay interest and amortize the principal  
23 of that amount of bonds. Bonds issued pursuant to section  
24 332.10 shall constitute indebtedness within the meaning of any  
25 constitutional or statutory debt limitations or restrictions.

26 13. The ordinance creating the district may provide for  
27 the division of all of the property within the district into  
28 two or more zones based upon a reasonable difference in the  
29 relationship of the property or the interest of its owners,  
30 whether the difference is qualitative or quantitative. The  
31 ordinance creating the district and establishing the zones  
32 may establish a different maximum rate of tax for each zone,  
33 or may provide that the zone shall be credited with a certain  
34 set percentage of the improvement district taxes levied in the  
35 zone.

1     Sec. 4. NEW SECTION.   **332.4 Amendments to ordinance.**

2     1. *a.* The ordinance creating the district may be amended  
3 by the board.

4     *b.* If the amendment to the ordinance modifies the boundaries  
5 of the district, increases or decreases the maximum rate  
6 of taxes authorized in the ordinance, or authorizes or  
7 discontinues the use of utility replacement taxes under section  
8 332.7, such amendment shall be adopted in the same manner and  
9 by the same procedure as for the creation of a district.

10    *c.* Property added to a district shall be subject to all  
11 taxes currently and thereafter levied, including debt service  
12 levies for bonds previously or thereafter issued.

13    2. An amendment to the ordinance creating the district for  
14 any reason specified under subsection 1, paragraph "b", shall  
15 be adopted by an affirmative vote of three-fourths of all of  
16 the members of the board. However, if a remonstrance has been  
17 filed with the county auditor signed by at least fifty percent  
18 of all owners of property within the district, and all property  
19 proposed to be included if applicable, representing ownership  
20 of property with an assessed value of fifty percent or more of  
21 the assessed value of all the property in the district, and all  
22 property proposed to be included if applicable, the amendment  
23 to the ordinance must be adopted by unanimous vote of the  
24 board.

25    3. The county auditor shall cause a copy of the amended  
26 ordinance to be filed in the office of the county recorder and  
27 shall provide a copy of the amended ordinance to the director  
28 of revenue and the director of the department of management.

29    4. At any time prior to adoption of the amendment to the  
30 ordinance creating the district, the entire matter of amending  
31 the ordinance shall be withdrawn from board consideration  
32 if a petition objecting to amending the ordinance is filed  
33 with the county auditor containing either the signatures of  
34 at least sixty-five percent of all owners of property within  
35 the district, and all property proposed to be included if



1 applicable, or signatures that together represent ownership of  
2 property with an assessed value of sixty-five percent or more  
3 of the assessed value of all property within the district, and  
4 all property proposed to be included if applicable.

5 5. Any resident or property owner of the county may appeal  
6 the action or decisions of the board in amending the ordinance  
7 creating the district to the district court of the county in  
8 which the district is located, within fifteen days after the  
9 date upon which the amendment to the ordinance creating the  
10 district takes effect, but the action and decision of the board  
11 are final and conclusive unless the court finds that the board  
12 exceeded its authority. An action questioning the regularity  
13 of the proceedings pertaining to the amended ordinance or the  
14 validity of the district as amended, or the propriety of the  
15 inclusion or exclusion of any property within or from the  
16 amended district, or the ability of the county to impose or  
17 receive taxes in accordance with the ordinance establishing  
18 the district, as amended, may not be brought after thirty days  
19 from the date upon which the amendment to the ordinance takes  
20 effect.

21 Sec. 5. NEW SECTION. 332.5 Dissolution.

22 1. A district may be dissolved and terminated by action of  
23 the board repealing the ordinance creating the district, and  
24 any subsequent amendments to the ordinance, by an affirmative  
25 vote of three-fourths of all members of the board. However, if  
26 a remonstrance has been filed with the county auditor signed  
27 by at least fifty percent of all owners of property within the  
28 district representing ownership of property with an assessed  
29 value of fifty percent or more of the assessed value of all the  
30 property in the district, the repeal of the ordinance creating  
31 the district, and any subsequent amendments to the ordinance,  
32 requires a unanimous vote of the board.

33 2. At any time prior to action of the board repealing the  
34 ordinance creating the district, and any subsequent amendments  
35 to the ordinance, the matter of dissolving a district shall

1 be withdrawn from board consideration if a petition is filed  
2 with the county auditor containing the signatures of at  
3 least sixty-five percent of all owners of property within the  
4 district or signatures which together represent ownership of  
5 property with an assessed value of sixty-five percent or more  
6 of the assessed value of all property within the district.

7 3. A dissolution of a district shall not become effective  
8 until the indebtedness or other obligations of the district  
9 have been satisfied.

10 Sec. 6. NEW SECTION. 332.6 **Improvements.**

11 1. When a county proposes to construct an improvement the  
12 costs of which are to be paid or financed under the provisions  
13 of this chapter, it must do so in accordance with this section.

14 2. The board shall initiate proceedings for a proposed  
15 improvement upon receipt of a petition signed by at least  
16 fifty percent of all owners of property within the district  
17 representing ownership of property with an assessed value of  
18 fifty percent or more of the assessed value of all the property  
19 in the district.

20 3. Upon receipt of such a petition the board shall  
21 notify the county zoning commission, if one exists, or the  
22 metropolitan or regional planning commission, if one exists,  
23 in the order set forth in section 332.3, subsection 3. Upon  
24 notification by the board, the commission shall prepare a  
25 report for the board evaluating the merit and feasibility of  
26 the improvement and shall carry out all other duties as set  
27 forth in section 332.3, subsection 3. If no planning or zoning  
28 commission exists, the board shall call a public hearing on the  
29 proposed improvement by publishing and mailing notice in the  
30 same manner as provided in section 332.3, subsection 4.

31 4. a. Upon receipt of the commission's report or after the  
32 public hearing under subsection 3, as applicable, the board  
33 shall set a time and place of a public hearing at which the  
34 board proposes to take action on the proposed improvement and  
35 shall publish and mail notice in the same manner as provided

1 in section 332.3, subsection 4.

2     *b.* The notice must include the time and place of the hearing  
3 and a statement that an improvement has been proposed, the  
4 nature of the improvement, and the funding source for the costs  
5 of the improvement.

6     5. At the time and place set in the notice the board shall  
7 hear all owners of property in the district or residents of  
8 the county desiring to express their views. The board must  
9 wait at least thirty days after the public hearing required by  
10 subsection 4 has been held before it may take action to order  
11 construction of the improvement. The provisions of section  
12 332.3, subsections 6 and 8, relating to the adoption of the  
13 ordinance creating a district, the requisite vote therefor, the  
14 remonstrance thereto, and the withdrawal of the matter from  
15 board consideration apply to the adoption of the resolution  
16 ordering the construction of the improvement.

17     6. If the board adopts a resolution ordering the  
18 construction of the improvement, it shall proceed to let  
19 contracts for the improvement in accordance with chapter 26.

20     7. The adoption of a resolution ordering the construction of  
21 an improvement is a legislative determination that the proposed  
22 improvement is in furtherance of the purposes of the district  
23 and that all property in the district will be affected by the  
24 construction of the improvement, or that all owners of property  
25 in the district have an interest in the construction of the  
26 improvement.

27     8. Any resident or property owner of the county may  
28 appeal the action or decisions of the board in ordering the  
29 construction of the improvement to the district court of the  
30 county in which the district is located within thirty days  
31 after the adoption of the resolution ordering construction of  
32 the improvement, but the action and decisions of the board are  
33 final and conclusive unless the court finds that the board  
34 exceeded its authority. No action may be brought questioning  
35 the regularity of the proceedings pertaining to the ordering of

1 the construction of an improvement or the right of the county  
2 to apply moneys in the capital improvement fund established in  
3 section 332.8 to the payment of the costs of the improvement  
4 or the right of the county to issue bonds authorized in this  
5 chapter for the payment of the costs of the improvement or the  
6 right of the county to levy taxes which with any other taxes  
7 authorized by this chapter do not exceed the maximum rate of  
8 tax that may be imposed upon property within the district for  
9 the payment of principal of and interest on bonds issued to  
10 pay the costs of the improvement, after thirty days from the  
11 date of adoption of the resolution ordering construction of the  
12 improvement.

13 Sec. 7. NEW SECTION. 332.7 Utility replacement tax.

14 1. If authorized by the ordinance creating the district,  
15 or any subsequent amendment to such ordinance, the county may  
16 elect to receive each year for a period not to exceed twenty  
17 years following initial creation of the district an amount of  
18 replacement taxes collected under chapter 437A not to exceed  
19 the sum of the following:

20 a. The number of taxable kilowatt-hours of electricity  
21 delivered to new consumers within the district for consumption  
22 within the district during the tax year multiplied by the  
23 electric replacement delivery tax rate in effect for the  
24 applicable electric competitive service area.

25 b. The number of taxable therms of natural gas delivered  
26 to new consumers within the district for consumption within  
27 the district during the tax year multiplied by the natural gas  
28 delivery tax rate in effect for the applicable natural gas  
29 competitive service area.

30 2. Replacement taxes received by a county under this section  
31 shall be deposited in the improvement district's capital  
32 improvement fund established under section 332.8 or in the  
33 improvement district's debt service fund established under  
34 section 332.9.

35 Sec. 8. NEW SECTION. 332.8 Capital improvement tax and

1 fund.

2 1. A county may establish a capital improvement fund  
3 for a district and may certify taxes not to exceed the rate  
4 established by the ordinance creating the district, or any  
5 subsequent amendment thereto, such taxes to be levied each year  
6 for the fund against all of the property in the district for  
7 the purpose of accumulating moneys for the financing or payment  
8 of a part or all of the costs of any improvement. A tax levied  
9 under this section is not a basic levy for purposes of the levy  
10 limitations in section 331.423.

11 2. In addition to taxes levied and collected under  
12 subsection 1, all or a portion of the replacement tax revenue  
13 received by the district under section 332.7 may be deposited  
14 in the capital improvement fund and used for the purposes  
15 authorized under subsection 1. The tax authorized under  
16 subsection 1 is not required to be levied and collected in  
17 order to establish a capital improvement fund and to deposit  
18 replacement tax revenue into the fund.

19 Sec. 9. NEW SECTION. 332.9 Debt service tax and fund.

20 1. A county shall establish an improvement district debt  
21 service fund if county improvement district bonds are issued  
22 and outstanding, other than revenue bonds, and shall certify  
23 taxes to be levied against all of the property in the district  
24 for the improvement district debt service fund in the amount  
25 necessary to pay interest as it becomes due and the amount  
26 necessary to pay, or to create a sinking fund to pay, the  
27 principal at maturity of all county improvement district bonds  
28 issued by the county as authorized in section 332.10.

29 2. In addition to taxes levied and collected under  
30 subsection 1, all or a portion of the replacement tax revenue  
31 received by the district under section 332.7 may be deposited  
32 in the improvement district debt service fund and used for  
33 the purposes authorized under subsection 1 in lieu of all or  
34 a portion of the tax required to be levied under subsection  
35 1. The tax authorized under subsection 1 is not required to

1 be levied and collected in order to establish an improvement  
2 district debt service fund and to deposit replacement tax  
3 revenue into the fund.

4 Sec. 10. NEW SECTION. 332.10 County improvement district  
5 bonds.

6 1. A county may issue county improvement district bonds at  
7 public or private sale payable from taxes levied in accordance  
8 with chapter 76. The bonds are payable from the levy of  
9 unlimited ad valorem taxes on all the taxable property within  
10 the district through the improvement district debt service fund  
11 authorized by section 332.9 and from replacement tax revenue  
12 received under section 332.7 and deposited into the improvement  
13 district debt service fund. When county improvement district  
14 bonds are issued and taxes are levied, the taxes shall continue  
15 to be levied, until the principal and interest on the bonds  
16 are paid in full, against all of the taxable property that was  
17 included in the district at the time of the issuance of the  
18 bonds and against property added to the district by amendment  
19 to the ordinance, and regardless of any subsequent removal of  
20 property from the district or the dissolution of the district.

21 2. The proceeds of the sale of the bonds may be used to  
22 pay the costs of an improvement or may be used to pay any  
23 legal indebtedness incurred for the costs of an improvement,  
24 including bonds or warrants previously issued to pay the costs  
25 of an improvement, or bonds may be exchanged for the evidences  
26 of such legal indebtedness.

27 3. Before the board may institute proceedings for the  
28 issuance of bonds, it shall proceed in the same manner as  
29 is required for instituting proceedings for the issuance of  
30 bonds for an essential county purpose as provided in section  
31 331.443 and all of the provisions of chapter 331 relating to  
32 the issuance of essential county purpose bonds shall apply to  
33 bonds issued pursuant to this section.

34 4. The proceeds of a single bond issue may be used for more  
35 than one improvement.

1 5. The provisions of section 331.446 apply to bonds issued  
2 pursuant to this section, except that the bonds shall be  
3 designated "county improvement district bonds".

4 6. An action questioning the legality of bonds issued  
5 pursuant to this section or the power of a county to issue the  
6 bonds or the effectiveness of any proceedings relating to the  
7 authorization and issuance of the bonds shall not be brought  
8 after thirty days from the time the bonds are ordered issued  
9 by the county.

10 Sec. 11. NEW SECTION. 332.11 **Payment for improvements.**

11 The costs of improvements may be paid from any of the  
12 following funding sources or a combination thereof:

13 1. The capital improvement fund established in section  
14 332.8.

15 2. The proceeds of bonds issued pursuant to section 332.10.

16 3. Any other funds of the county that are legally available  
17 to pay all or a portion of the costs of an improvement. The  
18 fact that an improvement is initiated under this chapter  
19 shall not preclude the county from paying the costs of the  
20 improvement from any fund from which it might otherwise  
21 have been able to pay such costs. In addition, and not in  
22 limitation of the foregoing, an improvement that constitutes  
23 an essential county purpose or a general county purpose, as  
24 defined in section 331.441, may be financed in whole or in part  
25 with the proceeds of the issuance of general obligation bonds  
26 of the county payable from the debt service fund in section  
27 331.430.

28 4. Payment for the costs of an improvement may also be  
29 made in warrants drawn on any fund from which payment for  
30 the improvement may be made. If such funds are depleted,  
31 anticipatory warrants may be issued bearing a rate of interest  
32 not exceeding that permitted by chapter 74A, which do not  
33 constitute a violation of section 331.477, even if the  
34 collection of taxes or income from the sale of bonds applicable  
35 to the improvement is after the end of the fiscal year in

1 which the warrants are issued. If the county arranges for the  
2 private sale of anticipatory warrants, they may be sold and  
3 the proceeds used to pay the costs of the improvement. Such  
4 warrants may be used to pay other persons furnishing services  
5 constituting a part of the costs of the improvement.

6 Sec. 12. NEW SECTION. 332.12 **Independent provisions.**

7 The provisions of this chapter with respect to notice,  
8 hearing, and appeal for the construction of improvements  
9 and for the issuance and sale of bonds are in lieu of the  
10 provisions contained in chapters 73A and 75, or any other law,  
11 unless specifically referred to and made applicable by this  
12 chapter.

13 Sec. 13. Section 437A.8, subsection 1, Code 2014, is amended  
14 by adding the following new paragraph:

15 NEW PARAGRAPH. *g.* All information determined by the  
16 director to be necessary to implement the allocation and  
17 payment of replacement taxes to a county improvement district  
18 that has authorized the use of such revenue pursuant to section  
19 332.7.

20 Sec. 14. Section 437A.15, subsection 3, paragraph a,  
21 subparagraph (1), Code 2014, is amended to read as follows:

22 (1) All replacement taxes owed by a taxpayer shall be  
23 allocated among the local taxing districts in which such  
24 taxpayer's property is located in accordance with a general  
25 allocation formula determined by the department of management  
26 on the basis of general property tax equivalents. General  
27 property tax equivalents shall be determined by applying the  
28 levy rates reported by each local taxing district to the  
29 department of management on or before June 30 following a  
30 tax year to the taxable value of taxpayer property allocated  
31 to each such local taxing district as adjusted and reported  
32 to the department of management in such tax year by the  
33 director pursuant to section 437A.19, subsection 2. The  
34 general allocation formula for a tax year shall allocate to  
35 each local taxing district that portion of the replacement



1 taxes owed by each taxpayer which bears the same ratio as such  
2 taxpayer's general property tax equivalents for each local  
3 taxing district bears to such taxpayer's total general property  
4 tax equivalents for all local taxing districts in Iowa. For  
5 tax years beginning on or after January 1, 2015, the amount of  
6 replacement taxes allocated by the department of management  
7 under this section and paid to local taxing districts located  
8 in whole or in part within a county improvement district  
9 created under chapter 332 shall be adjusted to take into  
10 account the use of replacement taxes under section 332.7 by the  
11 county improvement district.

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

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 This bill authorizes the creation of county improvement  
18 districts.

19 A county improvement district shall be comprised of  
20 contiguous property wholly within the unincorporated area of  
21 the county, be comprised only of property which is zoned for  
22 commercial or industrial use, and be comprised of property  
23 related in some manner, including but not limited to present  
24 or potential use, physical location, condition, relationship  
25 to an area, or relationship to present or potential commercial  
26 or industrial activity in an area, so as to be benefited in any  
27 manner.

28 The county board of supervisors shall initiate proceedings  
29 for creating a district upon the filing with the county auditor  
30 of a petition containing the signatures of at least 50 percent  
31 of all owners of property within the proposed district if those  
32 owners represent ownership of property with an assessed value  
33 of 50 percent or more of the assessed value of all of the  
34 property in the proposed district. The petition shall also  
35 state the maximum rate of tax that may be imposed upon property

1 within the district for purposes of the district, state the  
2 purpose of the district, and state whether the district is  
3 authorized to use utility replacement tax revenue.

4 The board is required to notify and receive recommendations  
5 from the county zoning commission or other applicable entities,  
6 if existing, regarding the creation of the district. Upon the  
7 receipt of the county zoning commission's final report, if  
8 applicable, or the completion of a public hearing if no such  
9 commission exists, the board shall set a time and place for a  
10 public hearing on creation of the district. Adoption of the  
11 ordinance creating a district requires the affirmative vote of  
12 three-fourths of all of the members of the board. However, if  
13 a remonstrance has been filed with the county auditor signed  
14 by at least 50 percent of all owners of property within the  
15 proposed district representing ownership of property with an  
16 assessed value of 50 percent or more of the assessed value of  
17 all of the property in the proposed district, the adoption of  
18 the ordinance requires a unanimous vote of the board.

19 The bill establishes procedures for objecting to the  
20 creation of the district, for appealing the actions of  
21 the board relating to the district, for dissolution of the  
22 district, and for amending the ordinance creating the district.

23 The bill establishes the procedure and requirements for a  
24 county when the county proposes to construct an improvement,  
25 as defined in the bill. The procedure for approving the  
26 construction of an improvement financed with tax revenue  
27 authorized in the bill is similar to the approval process for  
28 the creation of the district. The bill defines "improvement"  
29 to mean works, structures, and facilities located within or  
30 outside the district that are necessary to provide utility  
31 services to property within the district, including but not  
32 limited to water, electric, gas, telecommunications, and sewer  
33 utilities.

34 The bill authorizes the county to utilize three sources  
35 of tax revenue to undertake construction and financing of an

1 improvement. First, the county may elect to receive each year,  
2 for a period not to exceed 20 years following initial creation  
3 of the district, a specified amount of utility replacement  
4 taxes collected under Code chapter 437A. The utility  
5 replacement tax revenue is required to be deposited in either  
6 the district's capital improvement fund or the district's  
7 debt service fund. Second, the county may impose a capital  
8 improvement tax levy for the purpose of accumulating moneys  
9 for the financing or payment of a part or all of the costs of  
10 any improvement. Third, the county may impose a debt service  
11 levy in the amount necessary to pay interest as it becomes due  
12 and the amount necessary to pay, or to create a sinking fund  
13 to pay, the principal at maturity of all county improvement  
14 district bonds issued by the county.

15 The bill authorizes the county to issue county improvement  
16 district bonds at public or private sale payable from the levy  
17 of unlimited ad valorem taxes on all the taxable property  
18 within the district through the improvement district debt  
19 service fund and from replacement tax revenue received and  
20 deposited in the improvement district debt service fund.

21 The costs of improvements undertaken by the county in a  
22 district may be paid from any of the following sources or a  
23 combination thereof: (1) the district's capital improvement  
24 fund; (2) the proceeds of county improvement district  
25 bonds; (3) any other funds of the county which are otherwise  
26 legally available to pay all or a portion of the costs of an  
27 improvement.

28 The bill takes effect upon enactment.