

House File 208 - Introduced

HOUSE FILE 208

BY STAED and BENNETT

A BILL FOR

1 An Act relating to residential property and property taxation
2 within a self-supported municipal improvement district,
3 providing a property tax exemption, and providing for mail
4 delivery of notices.

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

1 Section 1. Section 386.1, Code 2015, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4A. "*Neighborhood*" means an area zoned, in
4 whole or at least in part, for residential use that may include
5 an area zoned for commercial or industrial use.

6 Sec. 2. Section 386.3, subsection 1, paragraph a, Code 2015,
7 is amended to read as follows:

8 a. Be comprised of contiguous property wholly located
9 within the boundaries of the city. ~~A self-supported municipal~~
10 ~~improvement district shall be comprised only of property in~~
11 ~~districts which are~~ and one of the following:

12 (1) An area zoned for commercial or industrial uses ~~and~~
13 ~~properties within a use.~~

14 (2) A duly designated historic district.

15 (3) A neighborhood.

16 Sec. 3. Section 386.3, subsection 4, Code 2015, is amended
17 to read as follows:

18 4. Upon the receipt of the commission's final report the
19 council shall set a time and place for a meeting at which the
20 council proposes to take action for the establishment of the
21 district, and shall publish notice of the meeting as provided
22 in section 362.3, and the clerk shall send a copy of the notice
23 by ~~certified~~ first class mail not less than fifteen days before
24 the meeting to each owner of property within the proposed
25 district at the owner's address as shown by the records of
26 the county auditor. If a property is shown to be in the name
27 of more than one owner at the same mailing address, a single
28 notice may be mailed addressed to all owners at that address.
29 Failure to receive a mailed notice is not grounds for objection
30 to the council's taking any action authorized in this chapter.

31 Sec. 4. Section 386.8, Code 2015, is amended to read as
32 follows:

33 **386.8 Operation tax.**

34 A city may establish a self-supported improvement district
35 operation fund, and may certify taxes not to exceed the

1 rate limitation as established in the ordinance creating the
2 district, or any amendment thereto, each year to be levied
3 for the fund against all of the property in the district,
4 for the purpose of paying the administrative expenses of
5 the district, which may include but are not limited to
6 administrative personnel salaries, a separate administrative
7 office, planning costs including consultation fees, engineering
8 fees, architectural fees, and legal fees and all other expenses
9 reasonably associated with the administration of the district
10 and the fulfilling of the purposes of the district. The taxes
11 levied for this fund may also be used for the purpose of paying
12 maintenance expenses of improvements or self-liquidating
13 improvements for a specified length of time with one or more
14 options to renew if such is clearly stated in the petition
15 which requests the council to authorize construction of the
16 improvement or self-liquidating improvement, whether or not
17 such petition is combined with the petition requesting creation
18 of a district. Parcels Except for residential property within
19 a duly designated historic district, parcels of property which
20 are assessed as residential property for property tax purposes
21 and are located within a district created prior to July 1,
22 2015, are exempt from the tax levied under this section except
23 residential properties within a duly designated historic
24 district. However, the ordinance creating a district may be
25 amended pursuant to section 386.4 to specifically identify and
26 add such residential property to the existing district and make
27 such property subject to the tax. A tax levied under this
28 section is not subject to the levy limitation in section 384.1.

29 Sec. 5. Section 386.9, Code 2015, is amended to read as
30 follows:

31 **386.9 Capital improvement tax.**

32 A city may establish a capital improvement fund for a
33 district and may certify taxes, not to exceed the rate
34 established by the ordinance creating the district, or any
35 subsequent amendment thereto, each year to be levied for

1 the fund against all of the property in the district, for
2 the purpose of accumulating moneys for the financing or
3 payment of a part or all of the costs of any improvement or
4 self-liquidating improvement. ~~However~~ Except for residential
5 property within a duly designated historic district, parcels
6 of property which are assessed as residential property for
7 property tax purposes and are located within a district
8 created prior to July 1, 2015, are exempt from the tax levied
9 under this section ~~except residential properties within a~~
10 ~~duly designated historic district.~~ However, the ordinance
11 creating a district may be amended pursuant to section 386.4
12 to specifically identify and add such residential property to
13 the existing district and make such property subject to the
14 tax. A tax levied under this section is not subject to the levy
15 limitations in section 384.1 or 384.7.

16 Sec. 6. Section 386.10, Code 2015, is amended to read as
17 follows:

18 **386.10 Debt service tax.**

19 A city shall establish a self-supported municipal
20 improvement district debt service fund whenever any
21 self-supported municipal 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 debt service fund in the amount necessary to pay
25 interest as it becomes due and the amount necessary to pay,
26 or to create a sinking fund to pay, the principal at maturity
27 of all self-supported municipal improvement district bonds as
28 authorized in section 386.11, issued by the city. ~~However~~
29 Except for residential property within a duly designated
30 historic district, parcels of property which are assessed as
31 residential property for property tax purposes at the time of
32 the issuance of the bonds and are located within a district
33 created prior to July 1, 2015, are exempt from the tax levied
34 under this section until the parcels are no longer assessed
35 as residential property ~~or until the residential properties~~

1 ~~are designated as a part of an historic district. However,~~
2 the ordinance creating a district may be amended pursuant to
3 section 386.4 to specifically identify and add such residential
4 property to the existing district and make such property
5 subject to the tax.

6 Sec. 7. NEW SECTION. 386.15 Taxes not imposed against
7 certain residential property.

8 The property taxes authorized pursuant to sections 386.8,
9 386.9, and 386.10 shall not be imposed against residential
10 property in a neighborhood district if the owner of the
11 residential property occupies the property and, for the fiscal
12 year in which the property taxes are due, has a claim for the
13 low-income elderly and disabled property tax credit certified
14 for payment to the department of revenue under chapter 425,
15 division II.

16 Sec. 8. IMPLEMENTATION OF ACT. Section 25B.7 shall not
17 apply to the property tax exemption created under this Act.

18 EXPLANATION

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

21 Code chapter 386 currently allows a city to create a self-
22 supported municipal improvement district comprised of areas
23 zoned for commercial or industrial use and property within a
24 duly designated historic district. This bill allows the city
25 to create a district comprised of an area zoned, in whole or at
26 least in part, for residential use, known as a neighborhood.
27 Any combination of residential, commercial, or industrial
28 properties may comprise such a district.

29 Currently, residential properties located within a district
30 comprised of commercial or industrial properties are exempt
31 from taxes levied under this Code chapter. This exemption will
32 continue for districts created prior to July 1, 2015. However,
33 the ordinance creating the district may be amended pursuant
34 to Code section 386.4 to specifically identify and add such
35 residential property to the existing district and make such

1 property subject to the tax.

2 The bill exempts certain residential property within a
3 neighborhood district from the property tax authorized pursuant
4 to Code sections 386.8, 386.9, and 386.10 if the owner of the
5 residential property occupies the property and, for the fiscal
6 year in which property taxes are due, has a claim for the
7 low-income elderly and disabled property tax credit.

8 The requirement under Code section 25B.7 that the cost of a
9 property tax exemption be fully funded by the state does not
10 apply to the exemption under new Code section 386.15.

11 Code chapter 386 currently requires the city to send notices
12 of meetings, to establish or amend a district, for example,
13 to each affected property owner by certified mail. The bill
14 provides that the notice be sent by first class mail.