

**House File 334 - Introduced**

HOUSE FILE 334

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**A BILL FOR**

1 An Act relating to the establishment, operation, and

2 dissolution of rural improvement zones.

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

1 Section 1. Section 357H.1, subsection 1, Code 2015, 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~~ most recent certified federal  
7 census, and with a private lake development ~~shall~~ may designate  
8 an area surrounding the lake, if it is an unincorporated  
9 area of the county, a rural improvement zone upon receipt of  
10 a petition pursuant to section 357H.2, and upon the board's  
11 determination that the area is in need of improvements.

12 Sec. 2. Section 357H.1, subsection 2, Code 2015, is amended  
13 by adding the following new paragraph:

14 NEW PARAGRAPH. c. "Lake" means a body of water that has  
15 a surface area of at least eighty acres and is not a river or  
16 stream.

17 Sec. 3. Section 357H.2, subsection 1, unnumbered paragraph  
18 1, Code 2015, is amended to read as follows:

19 The board shall, on the petition of twenty-five percent  
20 of the residents of a proposed rural improvement zone who  
21 own a homestead within the proposed rural improvement zone  
22 that is eligible for the credit under chapter 425 at the  
23 time the petition is filed, and if the assessed valuation of  
24 the property owned by the petitioners represents at least  
25 twenty-five percent of the total assessed value of the proposed  
26 zone, hold a public hearing concerning the establishment of  
27 a proposed zone. The petition shall include a statement  
28 containing the following information:

29 Sec. 4. Section 357H.2, subsection 1, paragraph a, Code  
30 2015, is amended to read as follows:

31 a. The need for the proposed zone, including all of the  
32 following which shall be based upon a report prepared by a  
33 licensed professional engineer:

34 (1) Surface area of the lake in acres.

35 (2) Number of acres of land comprising the lake's watershed.

1     (3) Soil classification of the land comprising the lake's  
2 watershed.

3     (4) Description of all current land uses within the lake's  
4 watershed.

5     (5) Estimate of historical annual silt accumulation for the  
6 lake.

7     (6) Estimate of the amount of silt currently accumulated in  
8 the lake.

9     (7) Estimates of annual silt accumulation in the lake for  
10 the twenty-year period following establishment of the rural  
11 improvement zone.

12     (8) Estimate of existing space available to the proposed  
13 zone for storage of dredged and removed silt.

14     (9) Estimate of storage space that will be required to store  
15 dredged and removed silt from the lake for the twenty-year  
16 period following establishment of the rural improvement zone.

17     (10) Estimate of the cost to effectively address erosion  
18 control for the twenty-year period following establishment of  
19 the rural improvement zone.

20     Sec. 5. Section 357H.3, Code 2015, is amended to read as  
21 follows:

22     **357H.3 Time of public hearing.**

23     1. The If the petition substantially meets the requirements  
24 of section 357H.2, the public hearing required in section  
25 357H.2 shall be held within thirty sixty days of the  
26 presentation of the petition. Notice of hearing shall be  
27 given by publication as provided in section 331.305. Holding  
28 a public hearing pursuant to this section is not dispositive  
29 of the approval or denial of a petition by the board under this  
30 chapter.

31     2. If the board determines that the petition does not  
32 substantially meet the requirements of section 357H.2, the  
33 board may, within thirty days of presentation of the petition,  
34 request additional information from the petitioners. The  
35 board's request for additional information shall be limited

1 to the information required under section 357H.2 that was not  
2 contained in the petition. The board shall be limited to one  
3 request for additional information under this section. Upon  
4 presentation of the additional information, the public hearing  
5 required in section 357H.2 shall be held within sixty days of  
6 receiving the additional information. Notice of hearing shall  
7 be given in the same manner as required under subsection 1.

8 Sec. 6. Section 357H.4, Code 2015, is amended to read as  
9 follows:

10 **357H.4 Hearing on petition — action by board.**

11 1. At the public hearing ~~required in section 357H.3,~~  
12 the board may consider the boundaries of a proposed rural  
13 improvement zone, whether the boundaries shall be as described  
14 in the petition or otherwise, and for that purpose may amend  
15 the petition and change the boundaries of the proposed zone as  
16 stated in the petition. The board may adjust the boundaries  
17 of a proposed zone as needed to exclude land that has no  
18 reasonable likelihood of benefit from inclusion in a rural  
19 improvement zone. However, the boundaries of a proposed zone  
20 shall not be changed to incorporate property which is not  
21 included in the original petition.

22 2. Within ten days after the hearing, the board shall  
23 establish the rural improvement zone by resolution or disallow  
24 the petition. However, the zone shall not include any area  
25 which is part of an urban renewal area under chapter 403.

26 Sec. 7. Section 357H.8, subsection 2, Code 2015, is amended  
27 to read as follows:

28 2. Certificates may be issued with respect to a single  
29 improvement project or multiple projects and may contain  
30 terms or conditions as the board of trustees may provide by  
31 resolution authorizing the issuance of the certificates.  
32 However, certificates, including those to refund other  
33 certificates under subsection 3, shall not be issued  
34 ~~after January 1, 2007, except to refund other certificates~~  
35 ~~as provided in subsection 3~~ if the maturity date of the

1 certificate is after the date the rural improvement zone is  
2 authorized to operate under section 357H.10.

3 Sec. 8. Section 357H.9, subsection 1, Code 2015, is amended  
4 to read as follows:

5 1. The board of trustees shall provide by resolution that  
6 taxes levied on the taxable property in a rural improvement  
7 zone each year by or for the benefit of the state, city,  
8 county, school district, or other taxing district after the  
9 effective date of the resolution shall be divided as provided  
10 in section 403.19, subsections 1 and 2, in the same manner  
11 as if the taxable property in the rural improvement zone was  
12 taxable property in an urban renewal area and the resolution  
13 was an ordinance within the meaning of those subsections. The  
14 taxes received by the board of trustees shall be allocated to,  
15 and when collected be paid into, a special fund and may be  
16 irrevocably pledged by the trustees to pay the principal of and  
17 interest on the certificates, contracts, or other obligations  
18 approved by the board of trustees to finance or refinance, in  
19 whole or in part, an improvement project. However, for fiscal  
20 years beginning on or after July 1, 2015, when calculating  
21 the amount of taxes subject to the division of taxes, if  
22 the assessed value of the taxable property in the rural  
23 improvement zone used to calculate the amount of taxes under  
24 section 403.19, subsection 1, is less than fifty percent of the  
25 assessed value of the taxable property in the rural improvement  
26 zone used to calculate the total amount of property taxes in  
27 the rural improvement zone for the fiscal year in which the  
28 taxes are due and payable, the assessed value of the taxable  
29 property in the rural improvement zone used to calculate the  
30 amount of taxes under section 403.19, subsection 1, shall be  
31 increased for that fiscal year until the amount is equal to  
32 fifty percent of the assessed value of the taxable property in  
33 the rural improvement zone used to calculate the total amount  
34 of property taxes in the rural improvement zone for the fiscal  
35 year in which the taxes are due and payable. In addition, upon

1 the board's approval of each extension of the rural improvement  
 2 zone's dissolution date under section 357H.10, subsection 2,  
 3 paragraph "b", the year of the assessment roll as of January  
 4 1 used to calculate the amount of taxes allocated to and  
 5 when collected paid into the funds for the respective taxing  
 6 districts under section 403.19, subsection 1, shall be adjusted  
 7 by increasing the year of the assessment roll by ten assessment  
 8 years. As used in this section, "taxes" includes but is not  
 9 limited to all levies on an ad valorem basis upon land or real  
 10 property located in the rural improvement zone.

11 **Sec. 9. NEW SECTION. 357H.9A Annual financial report —**  
 12 **audit.**

13 1. Not later than December 1 of each year on forms and  
 14 pursuant to the instructions prescribed by the department  
 15 of management, the board of trustees shall file with the  
 16 county auditor an annual financial report showing the rural  
 17 improvement zone's financial condition as of June 30 and the  
 18 results of operations for the year then ended.

19 2. A rural improvement zone is subject to annual audit by  
 20 the auditor of state. In lieu of an audit by the auditor of  
 21 state, the rural improvement zone may contract with or employ  
 22 a certified public accountant to conduct the audit pursuant  
 23 to the applicable terms and conditions prescribed by sections  
 24 11.6, 11.14, 11.19, and 11.41. The audit format shall be as  
 25 prescribed by the auditor of state. The rural improvement zone  
 26 shall pay all expenses incurred by the auditor of state in  
 27 conducting an audit under this section.

28 **Sec. 10. Section 357H.10, Code 2015, is amended to read as**  
 29 **follows:**

30 **357H.10 Dissolution of zone.**

31 1. The Prior to the date required for dissolution under  
 32 subsection 2, a rural improvement zone shall may be dissolved  
 33 upon the adoption of a resolution of the board of trustees  
 34 which specifies that all improvements have been made in the  
 35 zone, the need for the zone, as identified under section

1 357H.2, subsection 1, has been satisfied, and all indebtedness  
2 has been paid.

3 2. a. Each rural improvement zone is dissolved on the day  
4 four years after the effective date of this Act or twenty years  
5 from the first day of the calendar year following the calendar  
6 year in which the rural improvement zone first certifies to the  
7 county auditor the amount of any loans, advances, indebtedness,  
8 or bonds that qualify for payment from the division of taxes,  
9 whichever date is later.

10 b. The date required under this subsection for dissolution  
11 of a rural improvement zone may be extended by resolution of  
12 the board adopted not less than eighteen months prior to the  
13 date required for dissolution under paragraph "a" or a date  
14 not less than eighteen months prior to the date to which the  
15 rural improvement zone was previously extended by the board  
16 under this subsection. Each extension approved by the board  
17 under this subsection shall be for a period not to exceed  
18 ten years. However, the date required for dissolution of a  
19 rural improvement zone may only be extended two times under  
20 the provisions of this paragraph. Prior to approval of an  
21 extension by the board under this subsection, all of the  
22 following requirements shall be met:

23 (1) Not less than thirty-six months prior to the date  
24 required for dissolution, the board of trustees shall request  
25 in writing that the board review the zone's dissolution date.  
26 Upon receipt of the board of trustees' request, the board shall  
27 within three months notify the board of trustees in writing  
28 of the board's intent or lack of intent to review the zone's  
29 dissolution date.

30 (2) Following receipt of the board's notice of intent to  
31 review and not less than twenty-four months prior to the date  
32 required for dissolution, the board of trustees shall submit to  
33 the board a report prepared by a licensed professional engineer  
34 that includes the information required under section 357H.2,  
35 subsection 1, paragraph "a".





1 bill strikes "shall" from that provision and inserts "may".

2 The bill provides that as part of the approval process  
3 for a rural improvement zone, the petition must include  
4 a statement of the need for the proposed zone including  
5 specified information based upon a report prepared by a  
6 licensed professional engineer. The information required to be  
7 included relates to the size of the lake, soil classification,  
8 silt accumulation data and estimates, and cost estimates.  
9 In addition, the petition must be signed by 25 percent of  
10 the residents of a proposed rural improvement zone who own  
11 a homestead within the proposed zone that is eligible for  
12 the homestead credit under Code chapter 425 at the time the  
13 petition is filed. Current law requires that the petitioners  
14 be residents of the proposed rural improvement zone.

15 The bill changes the period of time required for holding  
16 a public hearing on the petition from within 30 days of  
17 presentation of the petition to within 60 days. In addition,  
18 the bill provides that if the board of supervisors determines  
19 that the petition does not substantially meet the statutory  
20 requirements, the board may, within 30 days of presentation  
21 of the petition, request additional information from the  
22 petitioners. The board's request for additional information is  
23 limited to the statutorily required information that was not  
24 contained in the petition. The bill limits the board to one  
25 request for additional information. Upon presentation of the  
26 additional information, the public hearing must be held within  
27 60 days of receiving the additional information.

28 The bill specifies that holding a public hearing relating  
29 to the establishment of a rural improvement zone is not  
30 dispositive of the approval or denial of a petition by the  
31 board.

32 The bill strikes the provision which prohibited the issuance  
33 of certificates for the payment of a rural improvement zone's  
34 improvements and activities after January 1, 2007, and provides  
35 that such certificates, including those to refund other

1 certificates, may not be issued if the maturity date of the  
2 certificate is after the date the rural improvement zone is  
3 authorized to operate, as provided by the bill.

4 Current Code section 357H.9 authorizes rural improvement  
5 zones to authorize the use of taxes from a division of taxes  
6 (tax increment financing). The bill provides that for fiscal  
7 years beginning on or after July 1, 2015, when calculating  
8 the amount of taxes subject to the division of taxes, if the  
9 assessed value of the taxable property in the rural improvement  
10 zone used to calculate the amount of taxes to be paid to the  
11 other taxing districts (base value) is less than 50 percent  
12 of the assessed value of the taxable property in the rural  
13 improvement zone used to calculate the total amount of property  
14 taxes in the rural improvement zone for the fiscal year in  
15 which the taxes are due and payable, the assessed value of  
16 the taxable property in the rural improvement zone used to  
17 calculate the amount of taxes to be paid to the other taxing  
18 districts (base value) shall be increased for that fiscal  
19 year to an amount equal to 50 percent of the assessed value  
20 of the taxable property in the rural improvement zone used  
21 to calculate the total amount of property taxes in the rural  
22 improvement zone for the fiscal year in which the taxes are  
23 due and payable. In addition, upon the board of supervisors'  
24 approval of each extension of the rural improvement zone's  
25 dissolution date, as provided in the bill, the year of the  
26 assessment roll used to calculate the amount of taxes to be  
27 paid to the other taxing districts is adjusted by increasing  
28 the year of the assessment roll by 10 assessment years.

29 The bill provides that not later than December 1 of each  
30 year the board of trustees of a zone shall file with the  
31 county auditor an annual financial report showing the rural  
32 improvement zone's financial condition as of June 30 and the  
33 results of operations for the year then ended. The bill also  
34 provides that all rural improvement zones are subject to annual  
35 audit either by the auditor of state or by a certified public

1 accountant contracted with or employed by the rural improvement  
2 zone to conduct the audit.

3     The bill provides that each rural improvement zone is  
4 dissolved on the date four years after the effective date of  
5 the bill or 20 years from the first day of the calendar year  
6 following the calendar year in which the rural improvement  
7 zone first certifies to the county auditor for payment from  
8 the division of taxes, whichever is later. The bill further  
9 provides that the date required for dissolution may be extended  
10 by resolution of the board of supervisors adopted not less  
11 than 18 months prior to the date required for dissolution or  
12 a date not less than 18 months prior to the date to which  
13 the rural improvement zone was previously extended by the  
14 board of supervisors under the provisions of the bill. Each  
15 extension shall be for a period not to exceed 10 years. The  
16 date required for dissolution of a rural improvement zone  
17 may only be extended two times under the provisions of the  
18 bill. Prior to an extension, the board of trustees must  
19 request in writing a review of the zone's dissolution date  
20 by the board of supervisors, the board of supervisors must  
21 notify the board of trustees in writing of the board's intent  
22 to review or not to review the zone's dissolution date, and,  
23 if the board intends to review, the board of trustees must  
24 submit a report prepared by a licensed professional engineer  
25 that includes the information required in the petition seeking  
26 establishment of the zone, and the board of supervisors must  
27 hold a public hearing to determine the continued need for the  
28 rural improvement zone. The bill specifies that holding a  
29 public hearing relating to the extension of a rural improvement  
30 zone's dissolution date is not dispositive of the approval or  
31 denial of such an extension.