

House Study Bill 225 - 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 modifying
2 requirements for the annual report prepared by the
3 legislative services agency, establishing restrictions on
4 the use of divided revenues, modifying the methodology for
5 calculating the amount of divided revenues, and including
6 effective date provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.403, subsection 3, paragraph d, Code
2 2015, is amended to read as follows:

3 d. The legislative services agency, in consultation with
4 the department of management, shall annually prepare a report
5 for submission to the governor and the general assembly that
6 summarizes and analyzes the information contained in the
7 reports submitted under this subsection, section 357H.9,
8 subsection 2, and section 384.22, subsection 2. The report
9 shall contain a list of each county, city, or rural improvement
10 zone that filed an annual report for the most recently ended
11 fiscal year and each such entity's amount reported under
12 paragraph "b", subparagraph (8), for counties and rural
13 improvement zones, or section 384.22, subsection 2, paragraph
14 "b", subparagraph (8), for cities. The report prepared by the
15 legislative services agency shall be submitted not later than
16 February 15 following the most recently ended fiscal year for
17 which the reports were filed.

18 Sec. 2. Section 403.5, subsection 2, paragraph b,
19 subparagraph (1), Code 2015, is amended to read as follows:

20 (1) Prior to its approval of an urban renewal plan which
21 provides for a division of revenue pursuant to section 403.19,
22 the municipality shall mail the proposed plan by regular mail
23 to the affected taxing entities. The municipality shall
24 include with the proposed plan notification of a consultation
25 to be held between the municipality and affected taxing
26 entities prior to the public hearing on the urban renewal plan.
27 If the proposed urban renewal plan or proposed urban renewal
28 project within the urban renewal area, which plan or project is
29 approved prior to the effective date of this Act, includes the
30 use of ~~taxes~~ revenue resulting from a division of ~~revenue~~ taxes
31 under section 403.19, subsection 2, for a public building,
32 including but not limited to a police station, fire station,
33 administration building, swimming pool, hospital, library,
34 recreational building, city hall, or other public building
35 that is exempt from taxation, including the grounds of, and

1 the erection, equipment, remodeling, maintenance, repair, or
2 reconstruction of, and additions or extensions to, such a
3 building, the municipality shall include with the proposed
4 plan notification an analysis of alternative development
5 options and funding for the urban renewal area or urban renewal
6 project and the reasons such options would be less feasible
7 than the proposed urban renewal plan or proposed urban renewal
8 project. A copy of the analysis required in this subparagraph
9 shall be included with the urban renewal report required under
10 section 331.403 or 384.22, as applicable, and filed by December
11 1 following adoption of the urban renewal plan or project.

12 Urban renewal plans and urban renewal projects approved on or
13 after the effective date of this Act shall not include the use
14 of revenue resulting from a division of taxes under section
15 403.19, subsection 2, for a public building, including but
16 not limited to a police station, fire station, administration
17 building, swimming pool, hospital, library, recreational
18 building, city hall, or other public building that is exempt
19 from taxation, including the grounds of, and the erection,
20 equipment, remodeling, maintenance, repair, or reconstruction
21 of, and additions or extensions to, such a building.

22 Sec. 3. Section 403.12, subsection 1, paragraph f, Code
23 2015, is amended to read as follows:

24 f. Cause Subject to the limitation in section 403.5,
25 subsection 2, paragraph "b", subparagraph (1), cause public
26 buildings and public facilities, including parks, playgrounds,
27 and recreational, community, educational, water, sewer or
28 drainage facilities, or any other works which it is otherwise
29 empowered to undertake to be furnished;

30 Sec. 4. NEW SECTION. 403.18A **Urban renewal area and**
31 **division of revenue limitations.**

32 1. Each municipality having an urban renewal area in
33 existence on the effective date of this Act that is subject to
34 a division of revenue under section 403.19 that is not limited
35 in duration under either section 403.17, subsection 10, or

1 section 403.22, subsection 5, shall be subject to the assessed
2 value adjustment in subsection 2.

3 2. *a.* For each such urban renewal area described in
4 subsection 1, the urban renewal area, including all applicable
5 urban renewal plans, projects, and ordinances providing
6 for a division of revenue, shall continue in effect under
7 this chapter, until such time that the urban renewal area
8 is dissolved by the municipality or until the urban renewal
9 area terminates under the conditions of this section. The
10 municipality may continue to incur or issue additional costs
11 or indebtedness for such urban renewal area, including loans,
12 advances, and bonds, that qualify for payment from the special
13 fund created in section 403.19 on or after the effective date
14 of this Act and until dissolution or termination of the urban
15 renewal area.

16 *b.* Notwithstanding any provision of this chapter to the
17 contrary, for fiscal years beginning on or after July 1, 2016,
18 when calculating a division of revenue for an urban renewal
19 area described in subsection 1 for which the difference between
20 the year of the assessment roll referred to in section 403.19,
21 subsection 1, and the year of the assessment roll used to
22 calculate the total amount of property taxes in the urban
23 renewal area for the fiscal year in which the taxes are due
24 and payable, exceeds twenty years, the assessed value of the
25 taxable property in the urban renewal area used to calculate
26 the amount of taxes under section 403.19, subsection 1, shall
27 be increased by an amount equal to seven and one-half percent
28 of the assessed value of the taxable property used to calculate
29 the total amount of property taxes in the urban renewal area
30 for the fiscal year in which taxes are due and payable.
31 Following the initial adjustment under this paragraph, the
32 assessed value of the taxable property used to calculate the
33 amount of taxes under section 403.19, subsection 1, shall
34 be further increased for each subsequent fiscal year by an
35 amount equal to seven and one-half percent of the assessed

1 value of the taxable property in the urban renewal area used
2 to calculate the total amount of property taxes in the urban
3 renewal area for the fiscal year in which taxes are due and
4 payable, until such time as operation of this paragraph "b"
5 would cause the assessed value of the taxable property used to
6 calculate the amount of taxes under section 403.19, subsection
7 1, to exceed the assessed value of the taxable property in
8 the urban renewal area used to calculate the total amount of
9 property taxes in the urban renewal area for the fiscal year in
10 which the taxes are due and payable, or the twentieth fiscal
11 year following the fiscal year for which the first adjustment
12 is made under this section, whichever is earlier, at which time
13 the urban renewal area, including all applicable urban renewal
14 plans, projects, and ordinances providing for a division of
15 revenue, shall terminate and be of no further force and effect.

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

19 Sec. 5. Section 403.19, Code 2015, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 3A. Except as provided in section 403.22,
22 an ordinance providing for a division of revenue under this
23 section that is adopted on or after the effective date of
24 this Act, including an ordinance providing for a division
25 of revenue for an economic development area under section
26 403.17, subsection 10, shall be limited to twenty years from
27 the calendar year following the calendar year in which the
28 municipality first certifies to the county auditor the amount
29 of any loans, advances, indebtedness, or bonds that qualify for
30 payment from the division of revenue provided in this section.
31 The urban renewal area, including all applicable urban renewal
32 plans, projects, and ordinances, shall terminate and be of
33 no further force and effect following the twenty-year period
34 provided in this subsection.

35 Sec. 6. EFFECTIVE UPON ENACTMENT. This Act, being deemed of

1 immediate importance, takes effect upon enactment.

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EXPLANATION

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

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This bill relates to Iowa's urban renewal law.

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The bill requires the annual report prepared by the
7 legislative services agency, in consultation with the
8 department of management, under Code section 331.403, to
9 contain a list of each county, city, or rural improvement zone
10 that filed an annual report for the most recently ended fiscal
11 year and each such entity's reported amount of loans, advances,
12 indebtedness, or bonds that remain unpaid at the close of the
13 fiscal year, and which qualify for payment from the special
14 fund created in Code section 403.19, including interest
15 negotiated on such loans, advances, indebtedness, or bonds.

The bill provides that urban renewal plans and urban
16 renewal projects approved on or after the effective date of
17 the bill shall not include the use of revenue resulting from
18 a division of taxes for a public building that is exempt
19 from taxation, including the grounds of, and the erection,
20 equipment, remodeling, maintenance, repair, or reconstruction
21 of, and additions or extensions to, such a building. The bill
22 also modifies provisions governing the use of such revenues
23 for public buildings for plans and projects approved before
24 the effective date of the bill to include the maintenance and
25 repair of such public buildings.

New Code section 403.18A provides that each municipality
27 having an urban renewal area in existence on the effective
28 date of the bill that is subject to a division of revenue that
29 is not limited in duration under either Code section 403.17,
30 subsection 10 (20 years) or Code section 403.22, subsection 5
31 (10 years) shall be subject to the assessed value adjustment
32 provided for in the bill. Under the bill, when calculating a
33 division of revenue for such an urban renewal area for a fiscal
34 year beginning on or after July 1, 2016, and for which the
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1 difference between the year of the assessment roll referred
2 to in Code section 403.19, subsection 1, (establishing a base
3 assessed value), and the year of the assessment roll used
4 to calculate the total amount of property taxes under Code
5 section 403.19 for the fiscal year in which the taxes are
6 due and payable, exceeds 20 years, the assessed value of the
7 taxable property in the urban renewal area used to calculate
8 the amount of taxes under Code section 403.19, subsection 1,
9 shall be increased by an amount equal to 7.5 percent of the
10 assessed value used to calculate the total amount of property
11 taxes in the urban renewal area for the applicable fiscal
12 year. Following the initial adjustment, the assessed value
13 of the taxable property used to calculate the amount of taxes
14 under Code section 403.19, subsection 1, shall be further
15 increased for each subsequent fiscal year by an amount equal
16 to 7.5 percent of the assessed value of the taxable property
17 in the urban renewal area used to calculate the total amount
18 of property taxes for the applicable fiscal year, until
19 by operation of the bill the assessed value of the taxable
20 property used to calculate the amount of taxes under Code
21 section 403.19, subsection 1, exceeds the assessed value of the
22 taxable property in the urban renewal area used to calculate
23 the total amount of property taxes in the urban renewal area
24 for the fiscal year in which the taxes are due and payable, or
25 the twentieth fiscal year following the fiscal year for which
26 the first adjustment is made under this section, whichever
27 is earlier, at which time the urban renewal area, including
28 all applicable urban renewal plans, projects, and ordinances
29 providing for a division of revenue, shall terminate and be of
30 no further force and effect.

31 The bill provides that except for certain divisions of
32 revenue authorized for certain housing and residential
33 development under Code section 403.22, an ordinance providing
34 for a division of revenue under Code section 403.19 that is
35 adopted on or after the effective date of the bill shall be

1 limited to 20 years from the calendar year following the
2 calendar year in which the municipality first certifies to the
3 county auditor the amount of any loans, advances, indebtedness,
4 or bonds which qualify for payment from the division of revenue
5 provided in Code section 403.19. Under the bill, the urban
6 renewal area, including all applicable urban renewal plans,
7 projects, and ordinances shall terminate and be of no further
8 force and effect following the 20-year period provided in the
9 bill.

10 The bill takes effect upon enactment.