

**House File 656 - Introduced**

HOUSE FILE 656

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 195)

**A BILL FOR**

1 An Act relating to Iowa's urban renewal law by excluding the  
2 school foundation property tax from certain divisions of  
3 tax revenue and including effective date and applicability  
4 provisions.

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

1 Section 1. Section 403.19, subsection 2, paragraph a, Code  
2 2017, is amended to read as follows:

3 a. That portion of the taxes each year in excess of such  
4 amount shall be allocated to and when collected be paid into a  
5 special fund of the municipality to pay the principal of and  
6 interest on loans, moneys advanced to, or indebtedness, whether  
7 funded, refunded, assumed, or otherwise, including bonds  
8 issued under the authority of [section 403.9, subsection 1](#),  
9 incurred by the municipality to finance or refinance, in whole  
10 or in part, an urban renewal project within the area, and to  
11 provide assistance for low and moderate income family housing  
12 as provided in [section 403.22](#). However, except as provided  
13 in paragraph "b", taxes for the regular and voter-approved  
14 physical plant and equipment levy of a school district imposed  
15 pursuant to [section 298.2](#), ~~and~~ taxes for the instructional  
16 support program of a school district imposed pursuant to  
17 section 257.19, foundation property taxes of a school district  
18 imposed under section 257.3, taxes for the payment of bonds  
19 and interest of each taxing district, and taxes imposed under  
20 section 346.27, subsection 22, related to joint county-city  
21 buildings shall be collected against all taxable property  
22 within the taxing district without limitation by the provisions  
23 of [this subsection](#).

24 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
25 immediate importance, takes effect upon enactment.

26 Sec. 3. APPLICABILITY. This Act applies to property taxes  
27 due and payable in fiscal years beginning on or after July 1,  
28 2018, that are levied against any of the following:

29 1. Property located in an urban renewal area for which the  
30 ordinance providing for a division of revenue takes effect on  
31 or after the effective date of this Act.

32 2. Property annexed or otherwise included in an urban  
33 renewal area after the effective date of the ordinance  
34 providing for a division of revenue if the annexation or  
35 inclusion occurs on or after the effective date of this Act.

1

EXPLANATION

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

3

4 This bill excludes the school district foundation property  
5 tax imposed under Code section 257.3 from the division of  
6 revenue under Code section 403.19 (tax increment financing).  
7 Under the bill, the foundation property tax is not divided  
8 and paid into the municipality's special fund for the payment  
9 of urban renewal indebtedness but instead is required to be  
10 levied, collected, and paid to the school district in the same  
11 manner as all other property taxes.

12 Under Iowa's urban renewal law, "municipality" includes  
13 cities and counties. In addition, by operation of law, the  
14 bill applies to divisions of revenue adopted by a community  
15 college under Code section 260E.4 and rural improvement zones  
16 under Code section 357H.9.

17 The bill takes effect upon enactment. The bill applies  
18 to property taxes due and payable in fiscal years beginning  
19 on or after July 1, 2018, that are levied against any of the  
20 following: (1) property located in an urban renewal area  
21 for which the ordinance providing for a division of revenue  
22 takes effect on or after the effective date of the bill; or  
23 (2) property annexed or otherwise included in an urban renewal  
24 area after the effective date of the ordinance providing for a  
25 division of revenue if the annexation or inclusion occurs on or  
26 after the effective date of the bill.