

Senate Study Bill 1214 - Introduced

SENATE FILE _____

BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
DAWSON)

A BILL FOR

1 An Act relating to economic development and housing by modifying
2 provisions concerning economic development programs and
3 modifying provisions concerning Iowa's urban renewal law, and
4 including applicability provisions.

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

unofficial

1 Section 1. Section 15A.1, subsection 1, paragraph b, Code
2 2025, is amended to read as follows:

3 b. For purposes of this chapter, "economic development" means
4 private or joint public and private investment involving the
5 creation of new jobs and income or the retention of existing
6 jobs and income that would otherwise be lost or the provision of
7 workforce housing.

8 Sec. 2. Section 15A.1, subsection 2, Code 2025, is amended by
9 adding the following new paragraph:

10 NEW PARAGRAPH. e. Development policies that advance the
11 development of workforce housing.

12 Sec. 3. Section 403.17, subsection 14, Code 2025, is amended
13 to read as follows:

14 14. "~~Low or~~ and moderate income families" means those
15 families, including single person households, earning no more
16 than eighty percent of the higher of the median family income of
17 the county or the statewide nonmetropolitan area as determined
18 by the latest United States department of housing and urban
19 development, section 8 income guidelines.

20 Sec. 4. Section 403.17, Code 2025, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 14A. "Low and moderate income family
23 housing" means housing for low and moderate income families and
24 includes housing that meets the requirements of section 15.353.

25 Sec. 5. Section 403.19, subsection 2, paragraph a, Code 2025,
26 is amended to read as follows:

27 a. That portion of the taxes each year in excess of such
28 amount shall be allocated to and when collected be paid into a
29 special fund of the municipality to pay the principal of and
30 interest on loans, moneys advanced to, or indebtedness, whether
31 funded, refunded, assumed, or otherwise, including bonds issued
32 under the authority of section 403.9, subsection 1, incurred by
33 the municipality to finance or refinance, in whole or in part, an
34 urban renewal project within the area, and to provide assistance
35 for low and moderate income family housing as provided in section

1 403.22. However, except as provided in paragraph "b", taxes
2 for the regular and voter-approved physical plant and equipment
3 levy of a school district imposed pursuant to section 298.2,
4 foundation property taxes of a school district imposed under
5 section 257.3, and taxes for the instructional support program
6 of a school district imposed pursuant to section 257.19, taxes
7 for the payment of bonds and interest of each taxing district,
8 and taxes imposed under section 346.27, subsection 22, related
9 to joint county-city buildings shall be collected against all
10 taxable property within the taxing district without limitation by
11 the provisions of this subsection.

12 Sec. 6. Section 403.19, subsection 2, Code 2025, is amended
13 by adding the following new paragraph:

14 NEW PARAGRAPH. e. For urban renewal areas for which an
15 ordinance providing for a division of revenue is not limited in
16 duration under section 403.17, subsection 10, or section 402.22,
17 subsection 5, after twenty years following the effective date of
18 this Act or after twenty years from the calendar year following
19 the calendar year in which the municipality first certifies
20 to the county auditor the amount of any loans, advances,
21 indebtedness, or bonds which qualify for payment from the
22 division of revenue, whichever is later, the amount determined
23 under paragraph "a" that may be paid into the municipality's
24 special fund shall not exceed sixty percent of the amount
25 otherwise determined under paragraph "a" but for this paragraph
26 and such excess amounts shall be allocated and paid to the
27 respective taxing districts in the same manner as amounts under
28 subsection 1.

29 Sec. 7. Section 403.22, subsection 1, Code 2025, is amended
30 by adding the following new paragraph:

31 NEW PARAGRAPH. d. (1) For municipalities of any population
32 size, and notwithstanding any minimum low and moderate income
33 family housing requirement, if the public improvement project is
34 approved on or after July 1, 2025, and is related to housing
35 and residential development in an economic development area

1 containing property that has been located entirely within the
2 corporate limits of a city for twenty years or more, the amount
3 to be provided for low and moderate income family housing for
4 such projects shall not be required to be greater than an amount
5 equal to twenty percent of the original project cost.

6 (2) In addition, notwithstanding subsection 5, the division
7 of the revenue under section 403.19 for each project under
8 this paragraph shall be limited to tax collections for twenty
9 fiscal years beginning with the second fiscal year after the
10 year in which the municipality first certifies to the county
11 auditor the amount of any loans, advances, indebtedness, or bonds
12 which qualify for payment from the division of the revenue in
13 connection with the project.

14 Sec. 8. APPLICABILITY. The section of this Act amending
15 section 403.19, subsection 2, applies to property taxes due and
16 payable in fiscal years beginning on or after July 1, 2027, that
17 are levied against any of the following:

18 1. Property located in an urban renewal area for which the
19 ordinance providing for a division of revenue takes effect on or
20 after January 1, 2026.

21 2. Property annexed or otherwise included in an urban renewal
22 area after the effective date of the ordinance providing for a
23 division of revenue if the annexation or inclusion occurs on or
24 after January 1, 2026.

25 EXPLANATION

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

28 This bill relates to economic development and housing by
29 modifying provisions concerning economic development programs and
30 modifying provisions concerning Iowa's urban renewal law.

31 The bill amends the definition of "economic development" for
32 purposes of Code chapter 15 to also include the provision of
33 workforce housing.

34 The bill adds development policies that advance the
35 development of workforce housing to the list of factors required

1 to be considered by the public body before public funds are used
2 for grants, loans, tax incentives, or other financial assistance
3 to private persons or on behalf of private persons for economic
4 development under Code chapter 15.

5 Under current law, any urban renewal area established upon
6 the determination that the area is an economic development area,
7 a division of revenue (tax increment financing) shall not be
8 allowed for the purpose of providing or aiding in the provision
9 of public improvements related to housing and residential
10 development, unless the municipality assures that the project
11 will include assistance for low and moderate income family
12 housing, subject to certain municipality population thresholds.

13 Under the bill, for municipalities of any population size,
14 and notwithstanding any minimum low and moderate income family
15 housing requirement, if the public improvement project is
16 approved on or after July 1, 2025, and is related to housing
17 and residential development in an economic development area
18 containing property that has been located entirely within the
19 corporate limits of a city for 20 years or more, the amount
20 to be provided for low and moderate income family housing for
21 such projects shall not be required to be greater than an amount
22 equal to 20 percent of the original project cost. The bill
23 also extends the division of the revenue for such projects to
24 tax collections for 20 fiscal years instead of the current law
25 maximum of 10 years.

26 The bill also defines "low and moderate income family housing"
27 for Code chapter 403 to mean housing for low and moderate income
28 families and housing that meets the requirements of Code section
29 15.353 (workforce housing).

30 The bill also modifies the defined term "low or moderate
31 income families" in Code chapter 403 to "low and moderate income
32 families" to align with the terminology usage within the Code
33 chapter.

34 The bill excludes the school district foundation property tax
35 imposed under Code section 257.3 from the division of revenue

1 under Code section 403.19 (tax increment financing). The bill
2 prohibits the foundation property tax from being divided and paid
3 into the municipality's special fund for the payment of urban
4 renewal indebtedness but instead requires the tax to be levied,
5 collected, and paid to the school district in the same manner
6 as all other property taxes. The exclusion in the bill applies
7 to property taxes due and payable in fiscal years beginning on
8 or after July 1, 2027, that are levied against either of the
9 following: (1) property located in an urban renewal area for
10 which the ordinance providing for a division of revenue takes
11 effect on or after January 1, 2026; or (2) property annexed or
12 otherwise included in an urban renewal area after the effective
13 date of the ordinance providing for a division of revenue if the
14 annexation or inclusion occurs on or after January 1, 2026.

15 Under the bill, for urban renewal areas for which an
16 ordinance providing for a division of revenue is not limited
17 in duration under Code section 403.17(10) (20 years) or Code
18 section 402.22(5) (10 years), after 20 years following the
19 effective date of the bill or after 20 years from the calendar
20 year following the calendar year in which the municipality
21 first certifies to the county auditor the amount of any loans,
22 advances, indebtedness, or bonds which qualify for payment from
23 the division of revenue, whichever is later, the amount of taxes
24 that is authorized to be paid into the municipality's urban
25 renewal special fund shall not exceed 60 percent of the amount
26 otherwise authorized, but for the bill and such excess amounts
27 shall be allocated and paid to the respective taxing districts in
28 the same manner as other taxes.