

**CHAPTER 112**  
**PROPERTY TAX INTEREST PENALTY**  
*H.F. 640*

**AN ACT** relating to the computation of interest penalties on delinquent property taxes.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 445.39, Code 1985, is amended to read as follows:  
445.39 INTEREST AS PENALTY.

If the first installment of taxes is not paid by the delinquent date specified in section 445.37, the installment shall become due and draw interest, as a penalty, of one percent per month until paid, from the delinquent date following the levy; and if the last half is not paid by April 1 following the levy, the same interest shall be charged from the date the last half became delinquent. However, after April 1 in a fiscal year when late certification of the tax list results in a penalty date later than October 1 for the first installment, penalties on delinquent first installments shall accrue as if certification were made on the previous June 30. The interest penalty imposed under this section shall be computed to the nearest whole dollar and the amount of interest shall not be less than one dollar.

Approved May 14, 1985

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**CHAPTER 113**  
**SELF-SUPPORTED IMPROVEMENT DISTRICTS**  
*H.F. 652*

**AN ACT** authorizing the creation of self-supported improvement districts within residential areas which are designated as historic districts.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 386.3, subsection 1, paragraph a, Code 1985, is amended to read as follows:

a. Be comprised of contiguous property wholly within the boundaries of the city. A self-supported municipal improvement district shall be comprised only of property in districts which are zoned for commercial or industrial uses and properties within a duly designated historic district.

Sec. 2. Section 386.8, Code 1985, is amended to read as follows:

**386.8 OPERATION TAX.**

A city may establish a self-supported improvement district operation fund, and may certify taxes not to exceed the rate limitation as established in the ordinance creating the district, or any amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of paying the administrative expenses of the district, which may include but are not limited to administrative personnel salaries, a separate administrative office, planning costs including consultation fees, engineering fees, architectural fees, and legal fees and all other expenses reasonably associated with the administration of the district and the fulfilling of the purposes of the district. The taxes levied for this fund may also be used for the purpose of paying maintenance expenses of improvements or self-liquidating improvements ~~financed pursuant to this chapter~~ for a specified length of time with one or more options to renew if such is clearly stated in the petition which requests the council to authorize construction of the improvement or self-liquidating improvement, whether or not such petition is combined with the petition requesting creation of a district. Parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under this section except residential properties within a duly designated historic district. A tax levied under this section is not subject to the levy limitation in section 384.1.

Sec. 3. Section 386.9, Code 1985, is amended to read as follows:

**386.9 CAPITAL IMPROVEMENT FUND.**

A city may establish a capital improvement fund for a district and may certify taxes, not to exceed the rate established by the ordinance creating the district, or any subsequent amendment thereto, each year to be levied for the fund against all of the property in the district, for the purpose of accumulating moneys for the financing or payment of a part or all of the costs of any improvement or self-liquidating improvement. However, parcels of property which are assessed as residential property for property tax purposes are exempt from the tax levied under this section except residential properties within a duly designated historic district. A tax levied under this section is not subject to the levy limitations in section 384.1 or 384.7.

Sec. 4. Section 386.10, Code 1985, is amended to read as follows:

**386.10 DEBT SERVICE FUND.**

A city shall establish a self-supported municipal improvement district debt service fund whenever any self-supported municipal improvement district bonds are issued and outstanding, other than revenue bonds, and shall certify taxes to be levied against all of the property in the district for the debt service fund in the amount necessary to pay interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all self-supported municipal improvement district bonds as authorized in section 386.11, issued by the city. However, parcels of property which are assessed as residential property for property tax purposes at the time of the issuance of the bonds are exempt from the tax levied under this section until such time as the parcels are no longer assessed as residential property or until the residential properties are designated as a part of an historic district.

Approved May 14, 1985