

Dix, Chair
Siewers
Warnstadt

HSB 199

LOCAL GOVERNMENT

Succeeded By
HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BILL
BY CHAIRPERSON HOUSER)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to urban renewal and urban revitalization and
2 providing for the Act's applicability.

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

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1 Section 1. Section 403.5, subsection 5, Code 2001, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
4 amended and the amendment to the plan provides for the
5 addition of territory to the urban renewal area, the
6 assessment year established for the territory added for
7 purposes of dividing revenue under section 403.19 shall be the
8 assessment year determined pursuant to section 403.19,
9 subsection 7.

10 Sec. 2. Section 403.5, Code 2001, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 8. The designation of an urban renewal
13 area pursuant to this section shall be limited in duration to
14 twenty years counting from July 1 of the fiscal year in which
15 the first payment was due on any loans, advances,
16 indebtedness, or bonds which qualify for payment from the
17 division of revenue provided in section 403.19. However, the
18 duration of an urban renewal area established before July 1,
19 2000, shall be limited to twenty years counting from July 1 of
20 the first fiscal year in which the municipality received
21 moneys from a division of revenue pursuant to section 403.19,
22 or, shall end on June 30 of the fiscal year in which the
23 amount of loans, advances, indebtedness, or bonds due and
24 owing on the effective date of this Act is paid, whichever is
25 later.

26 Sec. 3. Section 403.5, Code 2001, is amended by adding the
27 following new subsection:

28 NEW SUBSECTION. 9. A municipality shall not designate as
29 a proposed urban renewal area an urban renewal area, or any
30 part of an urban renewal area, whose designation has expired
31 or will expire pursuant to subsection 8, until three years
32 after the expiration.

33 Sec. 4. Section 403.5, Code 2001, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 10. An urban renewal area shall not

1 include any part of an area designated by ordinance as an
2 urban revitalization area pursuant to chapter 404 until three
3 years after expiration of the property tax exemption granted
4 to qualified real estate in the urban revitalization area. As
5 of July 1, 2001, an exemption from taxation pursuant to
6 chapter 404 shall not be granted if the qualified property is
7 located in an urban renewal area. This subsection applies to
8 an urban renewal area designated in the resolution of
9 necessity as an economic development area and does not apply
10 to urban renewal areas designated by the municipality in its
11 resolution of necessity as a slum or blighted area.

12 Sec. 5. Section 403.17, subsection 10, Code 2001, is
13 amended to read as follows:

14 10. "Economic development area" means an area of a
15 municipality designated by the local governing body as
16 appropriate for commercial and industrial enterprises, public
17 improvements related to housing and residential development,
18 or construction of housing and residential development for low
19 and moderate income families, including single or multifamily
20 housing. ~~If an urban renewal plan for an urban renewal area~~
21 ~~is based upon a finding that the area is an economic~~
22 ~~development area and that no part contains slum or blighted~~
23 ~~conditions, then the division of revenue provided in section~~
24 ~~403.19 and stated in the plan shall be limited to twenty years~~
25 ~~from the calendar year following the calendar year in which~~
26 ~~the city first certifies to the county auditor the amount of~~
27 ~~any loans, advances, indebtedness, or bonds which qualify for~~
28 ~~payment from the division of revenue provided in section~~
29 ~~403.19.~~ Such designated area shall not include agricultural
30 land, including land which is part of a century farm, unless
31 the owner of the agricultural land or century farm agrees to
32 include the agricultural land or century farm in the urban
33 renewal area. For the purposes of this subsection, "century
34 farm" means a farm in which at least forty acres of such farm
35 have been held in continuous ownership by the same family for

1 one hundred years or more.

2 Sec. 6. Section 403.19, subsection 3, Code 2001, is
3 amended to read as follows:

4 3. The portion of taxes ~~mentioned in subsection 2 and~~
5 allocated to the special fund into which they shall be paid,
6 may be irrevocably pledged by a municipality for the payment
7 of the principal and interest on loans, advances, bonds issued
8 under the authority of section 403.9, subsection 1, or
9 indebtedness incurred by a municipality to finance or
10 refinance, in whole or in part, the urban renewal project
11 within the area. That portion of taxes allocable to the
12 special fund which exceeds the amount certified pursuant to
13 subsection 5 shall be treated as taxes collected under
14 subsection 1 and disbursed by the treasurer as regular taxes.

15 Sec. 7. Section 403.19, subsection 5, Code 2001, is
16 amended to read as follows:

17 5. A municipality shall certify to the county auditor on
18 or before December 1 of each year an amount equal to one
19 hundred ten percent of the amount of loans, advances,
20 indebtedness, or bonds which qualify for payment during the
21 next fiscal year from the special fund referred to in
22 subsection 2, and the filing of the certificate shall make it
23 a duty of the auditor to provide for the division of taxes in
24 the amount certified for each subsequent fiscal year until the
25 amount of the loans, advances, indebtedness, or bonds is paid
26 to the special fund or until such time as specified in section
27 403.5, subsection 8, or section 403.22, subsection 5. In any
28 ~~year, the county auditor shall, upon receipt of a certified~~
29 ~~request from a municipality filed on or before December 1,~~
30 ~~increase the amount to be allocated under subsection 1 in~~
31 ~~order to reduce the amount to be allocated in the following~~
32 ~~fiscal year to the special fund, to the extent that the~~
33 ~~municipality does not request allocation to the special fund~~
34 ~~of the full portion of taxes which could be collected.~~ Upon
35 receipt of a certificate from a municipality, the auditor

1 shall mail a copy of the certificate to each affected taxing
2 district.

3 Sec. 8. Section 403.19, subsection 6, Code 2001, is
4 amended by striking the subsection.

5 Sec. 9. Section 403.19, Code 2001, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 7. If an urban renewal plan is amended
8 and the amendment to the plan provides for the addition of
9 territory to the urban renewal area, the assessment year for
10 the territory added for purposes of dividing revenue under
11 this section shall be the assessment year beginning January 1
12 of the calendar year preceding the calendar year in which the
13 municipality adopted the amendment.

14 Sec. 10. Section 403.22, subsection 5, Code 2001, is
15 amended to read as follows:

16 5. Except for a municipality with a population under
17 fifteen thousand, the division of the revenue under section
18 403.19 for each project under this section shall be limited to
19 tax collections for ten fiscal years beginning with the second
20 fiscal year after the year in which the municipality first
21 certifies to the county auditor the amount of any loans,
22 advances, indebtedness, or bonds which qualify for payment
23 from the division of the revenue in connection with the
24 project. However, in no case shall the urban renewal area
25 containing the project extend beyond the durational limit in
26 section 403.5, subsection 8. A municipality with a population
27 under fifteen thousand may, with the approval of the governing
28 bodies of all other affected taxing districts, extend the
29 division of revenue under section 403.19 for up to five years
30 if necessary to adequately fund the project. The portion of
31 the urban renewal area which is involved in a project under
32 this section shall not be subject to any subsequent division
33 of revenue under section 403.19.

34 Sec. 11. Section 403.22, Code 2001, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 7. For purposes of this section and
2 section 403.17, subsection 10, "public improvements" does not
3 include improvements that would otherwise be chargeable
4 against the property as a special assessment as provided in
5 sections 384.37 through 384.79 or sections 331.485 through
6 331.491. This subsection does not apply to construction of
7 housing and residential development for low and moderate
8 income families. This subsection does not apply to
9 improvements to property assessed as commercial or industrial
10 property.

11 Sec. 12. Section 404.2, subsection 2, paragraph a, Code
12 2001, is amended to read as follows:

13 a. A legal description of the real estate forming the
14 boundaries of the proposed area along with a map depicting the
15 existing parcels of real estate. An urban revitalization area
16 shall not include any part of an area designated as an urban
17 renewal area pursuant to chapter 403 unless the urban renewal
18 area is designated in the resolution of necessity as a slum or
19 blighted area.

20 Sec. 13. Section 404.3, subsection 6, Code 2001, is
21 amended to read as follows:

22 6. The tax exemption schedule specified in subsection 1,
23 2, 3, or 4 shall apply to every revitalization area within a
24 city or county unless a different schedule is adopted in the
25 city or county plan as provided in section 404.2. However, a
26 city or county shall not adopt a different schedule unless
27 every revitalization area within the city or county has the
28 same schedule applied to it, ~~except in areas of the city or~~
29 ~~county which have been designated as both urban renewal and~~
30 ~~urban revitalization areas. In an area designated for both~~
31 ~~urban renewal and urban revitalization, a city or county may~~
32 ~~adopt a different schedule than has been adopted for~~
33 ~~revitalization areas which have not been designated as urban~~
34 ~~renewal areas.~~ The different schedule adopted shall not
35 provide for a larger tax exemption in a particular year than

1 is provided for that year in the schedule specified in the
2 corresponding subsection of this section.

3 Sec. 14. Section 403.20, Code 2001, is repealed.

4 Sec. 15. APPLICABILITY. This Act applies to urban renewal
5 areas and urban revitalization areas established before, on,
6 or after the effective date of this Act. Sections 6, 7, 8,
7 and 9, of this Act, amending section 403.19, subsections 3, 5,
8 6, and 7, apply to amounts certified for purposes of urban
9 renewal for taxes due and payable for the fiscal year
10 beginning July 1, 2001.

11

EXPLANATION

12 This bill makes several changes to the urban renewal law.

13 The bill provides that if an urban renewal plan is amended
14 to add territory to an urban renewal area, the assessment year
15 for the territory added for purposes of tax increment
16 financing is the calendar year preceding the year in which the
17 amendment was adopted.

18 The bill limits all urban renewal areas to 20 years in
19 duration. However, the duration of an urban renewal area
20 established before July 1, 2000, is 20 years from the first
21 year revenues are divided or the year in which indebtedness is
22 retired, whichever is later.

23 The bill provides that an area may not be redesignated an
24 urban renewal area until three years after the expiration of
25 the urban renewal area. The bill prohibits the location of
26 any part of an urban revitalization area in an urban renewal
27 area and provides that an area formerly designated as an urban
28 revitalization area may not be included in an urban renewal
29 area until three years after the expiration of the urban
30 revitalization property tax exemptions.

31 The bill requires that of the property taxes collected from
32 the urban renewal area, only that portion necessary to pay the
33 amount of indebtedness due in the fiscal year as certified by
34 the municipality to the county auditor may be retained by the
35 municipality and expended for purposes of the urban renewal

1 area.

2 The bill provides that public improvements for residential
3 development in an economic development area paid for with tax
4 increment revenues shall not include improvements that are
5 otherwise payable by special assessment. However, this
6 restriction does not apply to residential development for low
7 and moderate income housing or to property assessed as
8 commercial or industrial.

9 The bill provides that a revitalization area not include
10 any area designated as an urban renewal area. This applies to
11 urban renewal areas whose resolution of necessity designates
12 the area as an economic development area.

13 The bill further provides that as of July 1, 2001, an urban
14 revitalization tax exemption shall not be granted if the
15 qualified property is located in an urban renewal area.

16 The bill applies to urban renewal areas established before,
17 on, or after the effective date of the bill. The portion of
18 the bill amending provisions relating to the certification and
19 allocation of tax increment revenues applies to amounts
20 certified for urban renewal for taxes due and payable in the
21 fiscal year beginning July 1, 2001.

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MAR 21 2001
WAYS AND MEANS

HOUSE FILE 679
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 199)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to urban renewal and urban revitalization and
2 providing for the Act's applicability.

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

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HF 679

1 Section 1. Section 403.5, subsection 5, Code 2001, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. If an urban renewal plan is
4 amended and the amendment to the plan provides for the
5 addition of territory to the urban renewal area, the
6 assessment year established for the territory added for
7 purposes of dividing revenue under section 403.19 shall be the
8 assessment year determined pursuant to section 403.19,
9 subsection 7.

10 Sec. 2. Section 403.5, Code 2001, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 8. If an urban renewal plan for an urban
13 renewal area is based upon a finding that the area is an
14 economic development area and that no part contains slum or
15 blighted conditions, the designation of the urban renewal area
16 pursuant to this section shall be limited in duration to
17 twenty years counting from July 1 of the fiscal year in which
18 the first payment was due on any loans, advances,
19 indebtedness, or bonds which qualify for payment from the
20 division of revenue provided in section 403.19. However, the
21 duration of an urban renewal area established before July 1,
22 2001, shall be limited to twenty years counting from July 1 of
23 the first fiscal year in which the municipality received
24 moneys from a division of revenue pursuant to section 403.19,
25 or, shall end on June 30 of the fiscal year in which the
26 amount of loans, advances, indebtedness, or bonds due and
27 owing on the effective date of this Act is paid, whichever is
28 later.

29 Sec. 3. Section 403.5, Code 2001, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 9. A municipality shall not designate as
32 a proposed urban renewal area an urban renewal area, or any
33 part of an urban renewal area, whose designation has expired
34 or will expire pursuant to subsection 8, until three years
35 after the expiration.

1 Sec. 4. Section 403.5, Code 2001, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 10. An urban renewal area shall not
4 include any part of an area designated by ordinance as an
5 urban revitalization area pursuant to chapter 404 until three
6 years after expiration of the property tax exemption granted
7 to qualified real estate in the urban revitalization area. As
8 of July 1, 2001, an exemption from taxation pursuant to
9 chapter 404 shall not be granted if the qualified property is
10 located in an urban renewal area. Exemptions granted before
11 July 1, 2001, shall continue until their expiration. This
12 subsection applies to an urban renewal area designated in the
13 resolution of necessity as an economic development area and
14 does not apply to urban renewal areas designated by the
15 municipality in its resolution of necessity as a slum or
16 blighted area.

17 Sec. 5. Section 403.17, subsection 10, Code 2001, is
18 amended to read as follows:

19 10. "Economic development area" means an area of a
20 municipality designated by the local governing body as
21 appropriate for commercial and industrial enterprises, public
22 improvements related to housing and residential development,
23 or construction of housing and residential development for low
24 and moderate income families, including single or multifamily
25 housing. ~~If an urban renewal plan for an urban renewal area~~
26 ~~is based upon a finding that the area is an economic~~
27 ~~development area and that no part contains slum or blighted~~
28 ~~conditions, then the division of revenue provided in section~~
29 ~~403.19 and stated in the plan shall be limited to twenty years~~
30 ~~from the calendar year following the calendar year in which~~
31 ~~the city first certifies to the county auditor the amount of~~
32 ~~any loans, advances, indebtedness, or bonds which qualify for~~
33 ~~payment from the division of revenue provided in section~~
34 ~~403.19.~~ Such designated area shall not include agricultural
35 land, including land which is part of a century farm, unless

1 the owner of the agricultural land or century farm agrees to
2 include the agricultural land or century farm in the urban
3 renewal area. For the purposes of this subsection, "century
4 farm" means a farm in which at least forty acres of such farm
5 have been held in continuous ownership by the same family for
6 one hundred years or more.

7 Sec. 6. Section 403.19, Code 2001, is amended by adding
8 the following new subsection:

9 NEW SUBSECTION. 7. If an urban renewal plan is amended
10 and the amendment to the plan provides for the addition of
11 territory to the urban renewal area, the assessment year for
12 the territory added for purposes of dividing revenue under
13 this section shall be the assessment year beginning January 1
14 of the calendar year preceding the calendar year in which the
15 municipality adopted the amendment.

16 Sec. 7. Section 403.20, Code 2001, is amended to read as
17 follows:

18 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE
19 ASSESSMENT.

20 In determining the assessed value of property within an
21 urban renewal area which is subject to a division of tax
22 revenues pursuant to section 403.19, the difference between
23 the actual value of the property as determined by the assessor
24 each year and the percentage of adjustment certified for that
25 year by the director of revenue and finance on or before
26 November 1 pursuant to section 441.21, subsection 9,
27 multiplied by the actual value of the property as determined
28 by the assessor, shall be subtracted from the actual value of
29 the property in the ratio that the amount of the property
30 value as determined pursuant to section 403.19, subsection 1,
31 bears to the total value of the property, and in the ratio
32 that the amount of the property value as determined in section
33 403.19, subsection 2, bears to the total value of the
34 property. If the assessed value of the property as determined
35 pursuant to section 403.19, subsection 1, is reduced to zero,

1 the additional valuation reduction shall be subtracted from
2 the actual value of the property as determined ~~by the assessor~~
3 in section 403.19, subsection 2.

4 Taxes collected under section 403.19, subsection 1, shall
5 be paid over by the county treasurer to the municipality if
6 the amount certified by the municipality to the county auditor
7 to pay principal and interest on loans, advances, bonds, or
8 other indebtedness incurred prior to July 1, 2001, to finance
9 an urban renewal project exceeds the amount that can be
10 collected and deposited in the special fund under section
11 403.19, subsection 2. The amount of taxes paid over shall be
12 to the extent that the assessment limitation applied pursuant
13 to this section lowered the valuation available to be levied
14 against under section 403.19, subsection 2. This paragraph
15 does not apply to payment of loans, advances, bonds, or other
16 indebtedness refunded or originally incurred after July 1,
17 2001.

18 Sec. 8. Section 403.22, subsection 5, Code 2001, is
19 amended to read as follows:

20 5. Except for a municipality with a population under
21 fifteen thousand, the division of the revenue under section
22 403.19 for each project under this section shall be limited to
23 tax collections for ten fiscal years beginning with the second
24 fiscal year after the year in which the municipality first
25 certifies to the county auditor the amount of any loans,
26 advances, indebtedness, or bonds which qualify for payment
27 from the division of the revenue in connection with the
28 project. However, in no case shall the urban renewal area
29 containing the project extend beyond the durational limit in
30 section 403.5, subsection 8. A municipality with a population
31 under fifteen thousand may, with the approval of the governing
32 bodies of all other affected taxing districts, extend the
33 division of revenue under section 403.19 for up to five years
34 if necessary to adequately fund the project. The portion of
35 the urban renewal area which is involved in a project under

1 this section shall not be subject to any subsequent division
2 of revenue under section 403.19.

3 Sec. 9. Section 403.22, Code 2001, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 7. For purposes of this section and
6 section 403.17, subsection 10, "public improvements" does not
7 include improvements that would otherwise be chargeable
8 against the property as a special assessment as provided in
9 sections 384.37 through 384.79 or sections 331.485 through
10 331.491. This subsection does not apply to construction of
11 housing and residential development for low and moderate
12 income families. This subsection does not apply to
13 improvements to property assessed as commercial or industrial
14 property.

15 Sec. 10. Section 404.2, subsection 2, paragraph a, Code
16 2001, is amended to read as follows:

17 a. A legal description of the real estate forming the
18 boundaries of the proposed area along with a map depicting the
19 existing parcels of real estate. An urban revitalization area
20 shall not include any part of an area designated as an urban
21 renewal area pursuant to chapter 403 unless the urban renewal
22 area is designated in the resolution of necessity as a slum or
23 blighted area.

24 Sec. 11. APPLICABILITY. This Act applies to urban renewal
25 areas and urban revitalization areas established before, on,
26 or after the effective date of this Act. Section 6 of this
27 Act, amending section 403.19, applies to amounts certified for
28 purposes of urban renewal for taxes due and payable for the
29 fiscal year beginning July 1, 2002. Section 7 of this Act
30 applies to assessment years beginning on or after January 1,
31 2002.

32 EXPLANATION

33 This bill makes several changes to the urban renewal law.
34 The bill provides that if an urban renewal plan is amended
35 to add territory to an urban renewal area, the assessment year

1 for the territory added for purposes of tax increment
2 financing is the calendar year preceding the year in which the
3 amendment was adopted.

4 The bill limits economic development urban renewal areas to
5 20 years in duration. However, the duration of an urban
6 renewal area established before July 1, 2001, is 20 years from
7 the first year revenues are divided or the year in which
8 indebtedness is retired, whichever is later.

9 The bill provides that an area may not be redesignated an
10 urban renewal area until three years after the expiration of
11 the urban renewal area. The bill prohibits the location of
12 any part of an urban revitalization area in an urban renewal
13 area and provides that an area formerly designated as an urban
14 revitalization area may not be included in an urban renewal
15 area until three years after the expiration of the urban
16 revitalization property tax exemptions.

17 The bill further provides that as of July 1, 2001, an urban
18 revitalization tax exemption shall not be granted if the
19 qualified property is located in an urban renewal area. Those
20 granted before July 1, 2001, shall continue until their
21 expiration.

22 The bill provides that the rollback amount resulting from
23 the property tax assessment limitation shall be subtracted
24 from the increment value amount and the base value amount in
25 the proportion that the value of each bears to the total value
26 of the property. The bill also provides that if, because of
27 the application of the assessment limitation to the base value
28 and the incremental value, a municipality is not able to pay
29 amounts due on debt incurred prior to July 1, 2001, the county
30 treasurer is to pay over taxes collected from the base to the
31 extent that the valuation of the increment was lowered. This
32 portion of the bill applies to assessment years beginning on
33 or after January 1, 2002.

34 The bill provides that public improvements for residential
35 development in an economic development area paid for with tax

1 increment revenues shall not include improvements that are
2 otherwise payable by special assessment. However, this
3 restriction does not apply to residential development for low
4 and moderate income housing or to property assessed as
5 commercial or industrial.

6 The bill provides that a revitalization area not include
7 any area designated as an urban renewal area. Those granted
8 before July 1, 2001, shall continue until their expiration.

9 This applies to urban renewal areas whose resolution of
10 necessity designates the area as an economic development area.

11 The bill applies to urban renewal areas established before,
12 on, or after the effective date of the bill.

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