

FEB 5 2002
WAYS AND MEANS

HOUSE FILE 2210
BY FINCH

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

A BILL FOR

1 An Act relating to school district property taxes levied in an
2 urban renewal area and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2210

1 Section 1. Section 403.19, subsection 2, Code Supplement
2 2001, is amended to read as follows:

3 2. 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,
7 whether funded, refunded, assumed, or otherwise, including
8 bonds issued under the authority of section 403.9, subsection
9 1, incurred by the municipality to finance or refinance, in
10 whole or in part, an urban renewal project within the area,
11 and to provide assistance for low and moderate income family
12 housing as provided in section 403.22, except that taxes for
13 ~~the-regular-and-voter-approved-physical-plant-and-equipment~~
14 ~~levy-of~~ levied by a school district ~~imposed-pursuant-to~~
15 ~~section-298-2~~ and taxes for the payment of bonds and interest
16 of each taxing district must be collected against all taxable
17 property within the taxing district without limitation by the
18 provisions of this subsection. However, all or a portion of
19 ~~the-taxes-for-the-physical-plant-and-equipment-levy~~ school
20 district revenue shall be paid by the school district to the
21 municipality if the auditor certifies to the school district
22 by July 1 the amount of such ~~levy~~ school district revenue that
23 is necessary to pay the principal and interest on bonds issued
24 by the municipality to finance an urban renewal project, which
25 bonds were issued before July 1, 2001. Indebtedness incurred
26 to refund bonds issued prior to July 1, 2001, shall not be
27 included in the certification. Such school district shall pay
28 over the amount certified by November 1 and May 1 of the
29 fiscal year following certification to the school district.
30 Unless and until the total assessed valuation of the taxable
31 property in an urban renewal area exceeds the total assessed
32 value of the taxable property in such area as shown by the
33 last equalized assessment roll referred to in subsection 1,
34 all of the taxes levied and collected upon the taxable
35 property in the urban renewal area shall be paid into the

1 funds for the respective taxing districts as taxes by or for
2 the taxing districts in the same manner as all other property
3 taxes. When such loans, advances, indebtedness, and bonds, if
4 any, and interest thereon, have been paid, all moneys
5 thereafter received from taxes upon the taxable property in
6 such urban renewal area shall be paid into the funds for the
7 respective taxing districts in the same manner as taxes on all
8 other property.

9 Sec. 2. Section 403.19, subsection 7, Code Supplement
10 2001, is amended by striking the subsection and inserting in
11 lieu thereof the following:

12 7. For any fiscal year, a municipality may certify to the
13 county auditor for school district revenue necessary for
14 payment of principal and interest on bonds issued prior to
15 July 1, 2001. The municipality may receive physical plant and
16 equipment revenue only if the municipality certified for such
17 revenue for the fiscal year beginning July 1, 2000. The
18 municipality may receive school district revenue other than
19 physical plant and equipment revenue only if the municipality
20 certified for such revenue for the fiscal year beginning July
21 1, 2002. A municipality shall not certify more than the sum
22 of the amount the municipality certified for the fiscal years
23 beginning July 1, 2000, and July 1, 2002. If for any fiscal
24 year a municipality fails to certify to the county auditor for
25 a school district by July 1 the amount of school district
26 revenue necessary for payment of principal and interest on
27 such bonds, as provided in subsection 2, the school district
28 is not required to pay over the revenue to the municipality.

29 If in any fiscal year a school district and a municipality
30 are unable to agree on the amount of school district revenue
31 for which a municipality may certify, either party may request
32 that the state appeal board review and finally pass upon the
33 amount that may be certified. Such appeals must be presented
34 in writing to the state appeal board no later than July 31
following certification. The burden shall be on the

1 municipality to prove that the school district revenue is
2 necessary to pay principal and interest on bonds issued prior
3 to July 1, 2001. A final decision must be issued by the state
4 appeal board no later than the following October 1.

5 Sec. 3. Section 403.19, Code Supplement 2001, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 8. For purposes of this section, "school
8 district revenue" means revenue generated by school district
9 property tax levies, except for those levies authorized
10 pursuant to sections 257.3 and 257.4.

11 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
12 immediate importance, takes effect upon enactment.

13 EXPLANATION

14 This bill provides that the revenues from school district
15 property taxes imposed in an urban renewal area that is
16 utilizing tax increment financing shall not be paid to the
17 municipality implementing the urban renewal plan, but shall be
18 paid to the school district imposing the taxes unless the
19 school district revenue is needed to pay indebtedness for the
20 urban renewal area incurred before July 1, 2001. The
21 municipality must have certified for physical plant and
22 equipment revenue by July 1, 2000, and for the remaining
23 school revenue by July 1, 2002. School district revenue is
24 defined as school district property taxes except for the
25 foundation level property tax levy (\$5.40 per \$1,000 of value)
26 and the additional foundation property tax levy. The amount
27 certified is to be paid to the municipality by November 1 and
28 May 1 following certification.

29 The bill takes effect upon enactment.

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