

JAN 13 2006
ECONOMIC GROWTH

HOUSE FILE 2059
BY PETERSEN

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

A BILL FOR

1 An Act relating to residential property and property taxation
2 within a self-supported municipal improvement district and
3 providing that related notices may be sent by first class
4 mail.

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

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HF 2059

1 Section 1. Section 386.1, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4A. "Neighborhood" means an area zoned,
4 in whole or at least in part, for residential use that may
5 include an area zoned for commercial or industrial use.

6 Sec. 2. Section 386.3, subsection 1, paragraph a, Code
7 2005, is amended to read as follows:

8 a. Be comprised of contiguous property wholly located
9 within the boundaries of the city--~~A self-supported municipal~~
10 ~~improvement district shall be comprised only of property in~~
11 ~~districts which are~~ and one of the following:

12 (1) An area zoned for commercial or industrial ~~uses and~~
13 ~~properties within a use.~~

14 (2) A duly designated historic district.

15 (3) A neighborhood.

16 Sec. 3. Section 386.3, subsection 4, Code 2005, is amended
17 to read as follows:

18 4. Upon the receipt of the commission's final report the
19 council shall set a time and place for a meeting at which the
20 council proposes to take action for the establishment of the
21 district, and shall publish notice of the meeting as provided
22 in section 362.3, and the clerk shall send a copy of the
23 notice by certified first class mail not less than fifteen
24 days before the meeting to each owner of property within the
25 proposed district at the owner's address as shown by the
26 records of the county auditor. If a property is shown to be in
27 the name of more than one owner at the same mailing address, a
28 single notice may be mailed addressed to all owners at that
29 address. Failure to receive a mailed notice is not grounds for
30 objection to the council's taking any action authorized in
31 this chapter.

32 Sec. 4. Section 386.8, Code 2005, is amended to read as
33 follows:

34 386.8 OPERATION TAX.

35 A city may establish a self-supported improvement district

1 operation fund, and may certify taxes not to exceed the rate
2 limitation as established in the ordinance creating the
3 district, or any amendment thereto, each year to be levied for
4 the fund against all of the property in the district, for the
5 purpose of paying the administrative expenses of the district,
6 which may include but are not limited to administrative
7 personnel salaries, a separate administrative office, planning
8 costs including consultation fees, engineering fees,
9 architectural fees, and legal fees and all other expenses
10 reasonably associated with the administration of the district
11 and the fulfilling of the purposes of the district. The taxes
12 levied for this fund may also be used for the purpose of
13 paying maintenance expenses of improvements or self-
14 liquidating improvements for a specified length of time with
15 one or more options to renew if such is clearly stated in the
16 petition which requests the council to authorize construction
17 of the improvement or self-liquidating improvement, whether or
18 not such petition is combined with the petition requesting
19 creation of a district. Parcels Except for residential
20 property within a duly designated historic district, parcels
21 of property which are assessed as residential property for
22 property tax purposes and are located within a district
23 created prior to July 1, 2006, are exempt from the tax levied
24 under this section ~~except-residential-properties-within-a-duly~~
25 ~~designated-historic-district~~ until such property is added to
26 the district pursuant to section 386.4. A tax levied under
27 this section is not subject to the levy limitation in section
28 384.1.

29 Sec. 5. Section 386.9, Code 2005, is amended to read as
30 follows:

31 386.9 CAPITAL IMPROVEMENT TAX.

32 A city may establish a capital improvement fund for a
33 district and may certify taxes, not to exceed the rate
34 established by the ordinance creating the district, or any
35 subsequent amendment thereto, each year to be levied for the

1 fund against all of the property in the district, for the
2 purpose of accumulating moneys for the financing or payment of
3 a part or all of the costs of any improvement or self-
4 liquidating improvement. However Except for residential
5 property within a duly designated historic district, parcels
6 of property which are assessed as residential property for
7 property tax purposes and are located within a district
8 created prior to July 1, 2006, are exempt from the tax levied
9 under this section ~~except-residential-properties-within-a-duly~~
10 ~~designated-historic-district~~ until such property is added to
11 the district pursuant to section 386.4. A tax levied under
12 this section is not subject to the levy limitations in section
13 384.1 or 384.7.

14 Sec. 6. Section 386.10, Code 2005, is amended to read as
15 follows:

16 386.10 DEBT SERVICE TAX.

17 A city shall establish a self-supported municipal
18 improvement district debt service fund whenever any self-
19 supported municipal improvement district bonds are issued and
20 outstanding, other than revenue bonds, and shall certify taxes
21 to be levied against all of the property in the district for
22 the debt service fund in the amount necessary to pay interest
23 as it becomes due and the amount necessary to pay, or to
24 create a sinking fund to pay, the principal at maturity of all
25 self-supported municipal improvement district bonds as
26 authorized in section 386.11, issued by the city. However
27 Except for residential property within a duly designated
28 historic district, parcels of property which are assessed as
29 residential property for property tax purposes at the time of
30 the issuance of the bonds and are located within a district
31 created prior to July 1, 2006, are exempt from the tax levied
32 under this section until the parcels are no longer assessed as
33 residential property or until ~~the-residential-properties-are~~
34 ~~designated-as-a-part-of-an-historic-district~~ such property is
35 added to the district pursuant to section 386.4.

1 EXPLANATION

2 Code chapter 386 currently allows a city to create a self-
3 supported municipal improvement district comprised of areas
4 zoned for commercial or industrial use and property within a
5 duly designated historic district. This bill allows the city
6 to create a district comprised of an area zoned, in whole or
7 at least in part, for residential use, known as a
8 neighborhood. Any combination of residential, commercial, or
9 industrial properties may comprise a district.

10 Currently, residential properties located within a district
11 comprised of commercial or industrial properties are exempt
12 from taxes levied under this Code chapter. This exemption
13 will continue for districts created prior to July 1, 2006,
14 until such residential properties are added to the district by
15 amendment pursuant to Code section 386.4.

16 Code chapter 386 requires the city to send notices of
17 meetings, to establish or amend a district, for example, to
18 each affected property owner by certified mail. The bill
19 provides that the notice be sent by first class mail.

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