

MAR 2 2 2006
WAYS & MEANS CALENDAR

HOUSE FILE 2764
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2530)

(SUCCESSOR TO HF 2229)

Passed House, Date 3-30-06 Passed Senate, Date 4/26/06
Vote: Ayes 97 Nays 0 Vote: Ayes 49 Nays 0
Approved 6/1/06

A BILL FOR

1 An Act authorizing a school district to share its portion of
2 incremental property taxes with a contiguous school district.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2764

1 Section 1. NEW SECTION. 279.63 TAX-SHARING AGREEMENTS.

2 A school district may enter into an agreement under chapter
3 28E with a contiguous school district for the purpose of
4 sharing all or a percentage of school district taxes collected
5 from that portion of valuation described in section 403.19,
6 subsection 2, that is released by the municipality to the
7 school district.

8 Upon filing of a copy of the agreement with the auditor of
9 the county in which the urban renewal area is located, the
10 auditor shall provide for the transfer of taxes, as stated in
11 the agreement, for the period of time set forth in the
12 agreement.

13 Sec. 2. Section 403.19, subsection 2, Code 2005, is
14 amended to read as follows:

15 2. That portion of the taxes each year in excess of such
16 amount shall be allocated to and when collected be paid into a
17 special fund of the municipality to pay the principal of and
18 interest on loans, moneys advanced to, or indebtedness,
19 whether funded, refunded, assumed, or otherwise, including
20 bonds issued under the authority of section 403.9, subsection
21 1, incurred by the municipality to finance or refinance, in
22 whole or in part, an urban renewal project within the area,
23 and to provide assistance for low and moderate income family
24 housing as provided in section 403.22, except that taxes for
25 the regular and voter-approved physical plant and equipment
26 levy of a school district imposed pursuant to section 298.2
27 and taxes for the payment of bonds and interest of each taxing
28 district must be collected against all taxable property within
29 the taxing district without limitation by the provisions of
30 this subsection. However, all or a portion of the taxes for
31 the physical plant and equipment levy shall be paid by the
32 school district to the municipality if the auditor certifies
33 to the school district by July 1 the amount of such levy that
34 is necessary to pay the principal and interest on bonds issued
35 by the municipality to finance an urban renewal project, which

1 bonds were issued before July 1, 2001. Indebtedness incurred
2 to refund bonds issued prior to July 1, 2001, shall not be
3 included in the certification. Such school district shall pay
4 over the amount certified by November 1 and May 1 of the
5 fiscal year following certification to the school district.
6 Unless and until the total assessed valuation of the taxable
7 property in an urban renewal area exceeds the total assessed
8 value of the taxable property in such area as shown by the
9 last equalized assessment roll referred to in subsection 1,
10 all of the taxes levied and collected upon the taxable
11 property in the urban renewal area shall be paid into the
12 funds for the respective taxing districts as taxes by or for
13 the taxing districts in the same manner as all other property
14 taxes. When such loans, advances, indebtedness, and bonds, if
15 any, and interest thereon, have been paid, all moneys
16 thereafter received from taxes upon the taxable property in
17 such urban renewal area shall be paid into the funds for the
18 respective taxing districts in the same manner as taxes on all
19 other property. In those instances where a school district
20 has entered into an agreement pursuant to section 279.63 for
21 sharing of school district taxes levied and collected from
22 valuation described in this subsection and released to the
23 school district, the school district's portion shall be
24 allocated as provided in the agreement.

EXPLANATION

25
26 This bill allows a school district to enter into a Code
27 chapter 28E agreement with a contiguous school district to
28 share school property taxes collected from that portion of the
29 incremental value in an urban renewal area that has been
30 released to the school district by the municipality that
31 created the urban renewal area.

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HOUSE FILE 2764

H-8390

1 Amend House File 2764 as follows:

2 1. Page 2, by inserting after line 24 the
3 following:

4 "Sec. ____ . TAX INCREMENT FINANCING STUDY. The
5 department of economic development shall contract with
6 members of the faculty of one or more Iowa
7 institutions of higher education under the control of
8 the state board of regents for the purpose of
9 evaluating the use of tax increment financing for
10 economic development outside of areas designated as
11 slum and blighted areas as opposed to areas designated
12 as slum and blighted areas. The evaluation shall
13 include an analysis as to whether approved projects
14 were likely to have been financially feasible or
15 likely to have occurred without the use of tax
16 increment financing outside of areas designated as
17 slum and blighted areas as opposed to areas designated
18 as slum and blighted areas and whether availability of
19 tax increment financing for economic development
20 projects outside of areas designated as slum and
21 blighted areas diminishes the ability to promote the
22 economic recovery of slum and blighted areas. The
23 department shall report concerning the results of the
24 study on or before December 1, 2006, to the governor
25 and to any legislative interim committee addressing
26 economic development or taxation issues."

27 2. Title page, line 1, by inserting after the
28 word "Act" the following: "relating to certain
29 incremental property taxes by".

30 3. Title page, line 2, by inserting after the
31 word "district" the following: "and by requiring a
32 study of tax increment financing for purposes of urban
33 renewal".

34 4. By renumbering as necessary.

By FORD of Polk

H-8390 FILED MARCH 27, 2006

HOUSE FILE 2764

H-8434

1 Amend House File 2764 as follows:

2 1. Page 1, by striking lines 8 through 12.

3 2. Page 2, by striking lines 23 and 24 and

4 inserting the following: "school district, the school
5 district shall transfer the taxes as provided in the
6 agreement."

By WENDT of Woodbury

DOLECHECK of Ringgold

H-8434 FILED MARCH 29, 2006

HOUSE FILE 2764
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2530)
(SUCCESSOR TO HF 2229)

(As Amended and Passed by the House March 30, 2006)

Passed House, Date _____ Passed Senate, Date 4-26-06
Vote: Ayes _____ Nays _____ Vote: Ayes 49 Nays 0
Approved _____

A BILL FOR

1 An Act authorizing a school district to share its portion of
2 incremental property taxes with a contiguous school district.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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5 Deleted Language *
6 House Amendments _____
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1 Section 1. NEW SECTION. 279.63 TAX-SHARING AGREEMENTS.

2 A school district may enter into an agreement under chapter
3 28E with a contiguous school district for the purpose of
4 sharing all or a percentage of school district taxes collected
5 from that portion of valuation described in section 403.19,
6 subsection 2, that is released by the municipality to the
7 school district.

* 8

9 Sec. 2. Section 403.19, subsection 2, Code 2005, is
10 amended to read as follows:

11 2. That portion of the taxes each year in excess of such
12 amount shall be allocated to and when collected be paid into a
13 special fund of the municipality to pay the principal of and
14 interest on loans, moneys advanced to, or indebtedness,
15 whether funded, refunded, assumed, or otherwise, including
16 bonds issued under the authority of section 403.9, subsection
17 1, incurred by the municipality to finance or refinance, in
18 whole or in part, an urban renewal project within the area,
19 and to provide assistance for low and moderate income family
20 housing as provided in section 403.22, except that taxes for
21 the regular and voter-approved physical plant and equipment
22 levy of a school district imposed pursuant to section 298.2
23 and taxes for the payment of bonds and interest of each taxing
24 district must be collected against all taxable property within
25 the taxing district without limitation by the provisions of
26 this subsection. However, all or a portion of the taxes for
27 the physical plant and equipment levy shall be paid by the
28 school district to the municipality if the auditor certifies
29 to the school district by July 1 the amount of such levy that
30 is necessary to pay the principal and interest on bonds issued
31 by the municipality to finance an urban renewal project, which
32 bonds were issued before July 1, 2001. Indebtedness incurred
33 to refund bonds issued prior to July 1, 2001, shall not be
34 included in the certification. Such school district shall pay
35 over the amount certified by November 1 and May 1 of the
fiscal year following certification to the school district.

1 Unless and until the total assessed valuation of the taxable
2 property in an urban renewal area exceeds the total assessed
3 value of the taxable property in such area as shown by the
4 last equalized assessment roll referred to in subsection 1,
5 all of the taxes levied and collected upon the taxable
6 property in the urban renewal area shall be paid into the
7 funds for the respective taxing districts as taxes by or for
8 the taxing districts in the same manner as all other property
9 taxes. When such loans, advances, indebtedness, and bonds, if
10 any, and interest thereon, have been paid, all moneys
11 thereafter received from taxes upon the taxable property in
12 such urban renewal area shall be paid into the funds for the
13 respective taxing districts in the same manner as taxes on all
14 other property. In those instances where a school district
15 has entered into an agreement pursuant to section 279.63 for
16 sharing of school district taxes levied and collected from
17 valuation described in this subsection and released to the
18 school district, the school district shall transfer the taxes
19 as provided in the agreement.

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HOUSE FILE 2764

AN ACT

AUTHORIZING A SCHOOL DISTRICT TO SHARE ITS PORTION OF
INCREMENTAL PROPERTY TAXES WITH A CONTIGUOUS SCHOOL
DISTRICT.

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

Section 1. NEW SECTION. 279.63 TAX-SHARING AGREEMENTS.

A school district may enter into an agreement under chapter 28E with a contiguous school district for the purpose of sharing all or a percentage of school district taxes collected from that portion of valuation described in section 403.19, subsection 2, that is released by the municipality to the school district.

Sec. 2. Section 403.19, subsection 2, Code 2005, is amended to read as follows:

2. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of section 403.9, subsection 1, incurred by the municipality to finance or refinance, in

whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in section 403.22, except that taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to section 298.2 and taxes for the payment of bonds and interest of each taxing district must be collected against all taxable property within the taxing district without limitation by the provisions of this subsection. However, all or a portion of the taxes for the physical plant and equipment levy shall be paid by the school district to the municipality if the auditor certifies to the school district by July 1 the amount of such levy that is necessary to pay the principal and interest on bonds issued by the municipality to finance an urban renewal project, which bonds were issued before July 1, 2001. Indebtedness incurred to refund bonds issued prior to July 1, 2001, shall not be included in the certification. Such school district shall pay over the amount certified by November 1 and May 1 of the fiscal year following certification to the school district. Unless and until the total assessed valuation of the taxable property in an urban renewal area exceeds the total assessed value of the taxable property in such area as shown by the last equalized assessment roll referred to in subsection 1, all of the taxes levied and collected upon the taxable property in the urban renewal area shall be paid into the funds for the respective taxing districts as taxes by or for the taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in such urban renewal area shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property. In those instances where a school district has entered into an agreement pursuant to section 279.63 for sharing of school district taxes levied and collected from

valuation described in this subsection and released to the school district, the school district shall transfer the taxes as provided in the agreement.

CHRISTOPHER C. RANTS
Speaker of the House

JEFFREY M. LAMBERTI
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2764, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2006

THOMAS J. VILSACK
Governor