

House File 849 - Introduced

HOUSE FILE 849

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 194)

A BILL FOR

1 An Act relating to Iowa's urban renewal law by modifying the
2 duration of ordinances providing for a division of revenue
3 from taxation and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 260E.4, Code 2021, is amended to read as
2 follows:

3 **260E.4 Incremental property taxes.**

4 If an agreement provides that all or part of program costs
5 are to be paid for by incremental property taxes, the board
6 of directors shall provide by resolution that taxes levied
7 on the employer's taxable business property, where new jobs
8 are created as a result of a project, each year by or for
9 the benefit of the state, city, county, school district,
10 or other taxing district after the effective date of the
11 resolution shall be divided as provided in section 403.19,
12 subsections 1 and 2, in the same manner as if the employer's
13 business property, where new jobs are created as a result of a
14 project, was taxable property in an urban renewal project and
15 the resolution was an ordinance within the meaning of those
16 subsections. The taxes received by the board of directors
17 shall be allocated to and when collected be paid into a special
18 fund of the community college and may be irrevocably pledged
19 by the community college to pay the principal of and interest
20 on the certificates issued by the community college to finance
21 or refinance, in whole or in part, the project. However,
22 with respect to any urban renewal project as to which an
23 ordinance is in effect under [section 403.19](#), the collection
24 of incremental property taxes authorized by [this chapter](#) are
25 suspended in favor of collection of incremental taxes under
26 section 403.19. As used in [this section](#), "taxes" includes, but
27 is not limited to, all levies on an ad valorem basis upon land
28 or real property of the employer's business, where new jobs are
29 created as a result of a project. The duration limitations for
30 ordinances providing for a division of revenue under section
31 403.18A and the limitations on the duration of ordinances under
32 section 403.19, subsection 3A, shall not apply to resolutions
33 adopted under this section.

34 Sec. 2. Section 357H.9, subsection 1, Code 2021, is amended
35 by adding the following new paragraph:

1 NEW PARAGRAPH. *Of.* The duration limitations for ordinances
2 providing for a division of revenue under section 403.18A and
3 the limitations on the duration of ordinances under section
4 403.19, subsection 3A, shall not apply to resolutions adopted
5 under this section.

6 Sec. 3. NEW SECTION. **403.18A Division of revenue ordinance**
7 **limitations.**

8 1. An urban renewal area in existence on the effective date
9 of this Act for which an ordinance providing for a division of
10 revenue under section 403.19 was adopted before the effective
11 date of this Act and that is not limited in duration under
12 either section 403.17, subsection 10, or section 403.22,
13 subsection 5, shall be subject to the ordinance duration
14 limitation in subsection 2.

15 2. Each such ordinance described in subsection 1 shall
16 continue in effect under this chapter, until such time that
17 the ordinance is repealed by the municipality or July 1, 2041,
18 whichever occurs first. At that time, the ordinance shall
19 terminate and be of no further force or effect.

20 Sec. 4. Section 403.19, subsection 1, Code 2021, is amended
21 to read as follows:

22 1. *a.* Unless otherwise provided in [this section](#), that
23 portion of the taxes which would be produced by the rate
24 at which the tax is levied each year by or for each of the
25 taxing districts upon the total sum of the assessed value
26 of the taxable property in the urban renewal area, as shown
27 on the assessment roll as of January 1 of the calendar year
28 preceding the first calendar year in which the municipality
29 certifies to the county auditor the amount of loans, advances,
30 indebtedness, or bonds payable from the division of property
31 tax revenue resulting from the ordinance, or, for division
32 of revenue ordinances adopted before the effective date of
33 this Act, on the assessment roll last equalized prior to the
34 date of initial adoption of the urban renewal plan if the plan
35 was adopted prior to July 1, 1972, shall be allocated to and

1 when collected be paid into the fund for the respective taxing
 2 district as taxes by or for the taxing district into which
 3 all other property taxes are paid. However, the municipality
 4 may choose to divide that portion of the taxes which would be
 5 produced by levying the municipality's portion of the total tax
 6 rate levied by or for the municipality upon the total sum of
 7 the assessed value of the taxable property in the urban renewal
 8 area, as shown on the assessment roll as of January 1 of the
 9 calendar year preceding the effective date of the ordinance and
 10 if the municipality so chooses, an affected taxing entity may
 11 allow a municipality to divide that portion of the taxes which
 12 would be produced by levying the affected taxing district's
 13 portion of the total tax rate levied by or for the affected
 14 taxing entity upon the total sum of the assessed value of the
 15 taxable property in the urban renewal area, as shown on the
 16 assessment roll as of January 1 of the calendar year preceding
 17 the effective date of the ordinance. This choice to divide
 18 a portion of the taxes shall not be construed to change the
 19 effective date of the division of property tax revenue with
 20 respect to an urban renewal plan in existence on July 1, 1994.

21 *b.* For the purpose of allocating taxes levied by or for
 22 any taxing district which did not include the territory in an
 23 urban renewal area on the effective date of the ordinance ~~or~~
 24 ~~initial adoption of the plan~~, but to which the territory has
 25 been annexed or otherwise included after the effective date,
 26 the assessment roll applicable to property in the annexed
 27 territory as of January 1 of the calendar year preceding the
 28 effective date of the ordinance, which amends the plan to
 29 include the annexed area, shall be used in determining the
 30 assessed valuation of the taxable property in the annexed area.

31 Sec. 5. Section 403.19, Code 2021, is amended by adding the
 32 following new subsection:

33 NEW SUBSECTION. 3A. Except as provided in section 403.22,
 34 an ordinance providing for a division of revenue under this
 35 section that is adopted on or after the effective date of

1 this Act, including an ordinance providing for a division
2 of revenue for an economic development area under section
3 403.17, subsection 10, shall be limited to twenty years from
4 the calendar year following the calendar year in which the
5 municipality first certifies to the county auditor the amount
6 of any loans, advances, indebtedness, or bonds that qualify
7 for payment from the division of revenue provided in this
8 section. The ordinance shall terminate and be of no further
9 force and effect following the twenty-year period provided in
10 this subsection.

11 Sec. 6. EFFECTIVE DATE. This Act, being deemed of immediate
12 importance, takes effect upon enactment.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with
15 the explanation's substance by the members of the general assembly.

16 This bill relates to Iowa's urban renewal law by providing
17 that each urban renewal area in existence on the effective date
18 of the bill for which an ordinance providing for a division
19 of revenue (tax increment financing) was adopted before the
20 effective date of the bill, and that is not limited in duration
21 under either Code section 403.17(10) (20 years), or Code
22 section 403.22(5) (10 years), is subject to the ordinance
23 duration limitation provided for in the bill. The bill
24 provides that each such ordinance shall continue in effect
25 under Code chapter 403, until such time that the ordinance is
26 repealed by the municipality or July 1, 2041, whichever occurs
27 first. At that time, the ordinance shall terminate and be of
28 no further force or effect.

29 The bill provides that except for certain divisions of
30 revenue authorized for certain housing and residential
31 development under Code section 403.22, an ordinance providing
32 for a division of revenue under Code section 403.19 that is
33 adopted on or after the effective date of the bill shall be
34 limited to 20 years from the calendar year following the
35 calendar year in which the municipality first certifies to the

1 county auditor the amount of any loans, advances, indebtedness,
2 or bonds which qualify for payment from the division of
3 revenue provided in Code section 403.19. Under the bill, such
4 ordinances shall terminate and be of no further force and
5 effect following the 20-year period provided in the bill.

6 The bill specifies that the ordinance duration limitations
7 under new Code section 403.18A and Code section 403.19,
8 new subsection 3A, shall not apply to divisions of taxes
9 established by community colleges under Code chapter 260E or
10 rural improvement zones under Code chapter 357H.

11 The bill takes effect upon enactment.