

IOWA URBAN RENEWAL AND TAX INCREMENT FINANCING REFORM

Prior Law

Counties, cities, and rural improvement zones were required to prepare and publish annual reports showing financial information about, among other things, financial conditions, results of operations, collections and receipts, and amounts due the city or county.

Prior to the approval of an urban renewal plan, a municipality was required to mail a proposed plan by regular mail to the affected taxing entities.

New Provisions

New Reporting Requirements: Cities, counties, and rural improvement zones have new requirements to annually report information about urban renewal and tax increment financing (TIF) areas.

Publicly Available Internet Site: The Department of Management must create and maintain a public internet site that contains a searchable database of all the information in the annual reports.

Analysis of Alternatives to TIF Funding: If a proposed urban renewal plan or area includes the use of TIF money for a tax-exempt, public building, the municipality must provide an analysis of alternative development and funding options that were considered. This information must also be included in the annual reports.

Modification of Urban Renewal Plan: An urban renewal plan can be modified at any time. However, a municipality can, but is not obliged to, require that if the urban renewal plan is modified after the lease or sale of real property in the urban renewal project area, the modification first be approved by the owner, lessee, or successor in interest.

New Urban Renewal Projects: A municipality cannot approve a new urban renewal project for an urban renewal area unless the governing body of the local government has amended or modified the adopted urban renewal plan to include the new urban renewal project.

Classification of Urban Renewal Area: Once a municipality has classified an urban renewal area as a blighted area, a slum area, or an economic development area, the municipality cannot reclassify the urban renewal area for the duration of the urban renewal area's existence.

“Anti-piracy” Provision: Money from the TIF fund cannot be used to relocate a commercial or industrial enterprise not presently in the municipality unless one of the following occurs:

1. There is a written agreement between the local governing bodies of the municipality where the enterprise is currently located and the municipality where the enterprise is proposing to be relocated; or
2. The local governing body of the municipality where the enterprise is proposing to relocate finds that the use of the money in special fund for relocation is in the “public interest.”

Use of Money Deposited into Special TIF Fund: Earnings received on the money deposited into the special TIF fund and the proceeds from the sale of assets purchased using money from the special fund must be deposited into the special fund and used to, among other things, pay principal and interest on loans, or indebtedness incurred by the municipality to finance or refinance an urban renewal area.

Sections Amended

Section 1 of 2012 Iowa Acts House File 2460 amends section 2.48, paragraph b, subparagraph (2), Code 2011, by striking the subparagraph. Section 2 amends section 2.48, subsection 3, paragraph c, Code 2011, by adding new subparagraph (6). Section 3 amends section 11.11, Code Supplement 2011. Section 4 amends section 24.21, Code 2011. Sections 5 and 6 amend section 331.403, subsection 3 and add new subsection 4. Sections 7 and 8 amend section 331.434, Code 2011. Section 9 amends section 357H.9, Code 2011. Section 10 amends section 384.16, Code 2011. Section 12 amends section 384.22, Code 2011. Sections 13 through 22 provide various amendments to Chapter 403, Code and Code Supplement 2011.

Effective Date

July 1, 2012