

**RE: Linn County LOST election 5/30/2011**

From: Gabrielson, Joel [IDR] <Joel.Gabrielson@iowa.gov> Hide  
To: njdimaggio@aol.com  
Cc: annericrosenthal@aol.com Vos, Stu [IDR] <Stu.Vos@iowa.gov>  
Date: Mon, Apr 18, 2011 2:48 pm

Lisa, I've spoken to Lisa Kuzela, Eric Blumenthal [Eric Rosenthal], and Doug Wagner about the LOST election planned for Linn County on May 3, 2011.

**Iowa code below reflects, "FUNDING URBAN RENEWAL PROJECTS THROUGH LOCAL OPTION SALES TAX". Sales TIF funding**

**423B.10 funding urban renewal projects**

1. For purposes of [this section](#), unless the context otherwise requires:
  - a. "Base year" means the fiscal year during which an ordinance is adopted that provides for funding of an urban renewal project by a designated amount of the increased sales and services tax revenues.
  - b. "Eligible city" means a city in which a local sales and services tax imposed by the county applies or a city described in [section 423B.1, subsection 2](#), paragraph "a", and in which an urban renewal area has been designated.
  - c. "Retail establishment" means a business operated by a retailer as defined in [section 423.1](#).
  - d. "Urban renewal area" and "urban renewal project" mean the same as defined in [section 403.17](#).
2. An eligible city may by ordinance of the city council provide for the use of a designated amount of the increased local sales and services tax revenues collected under [this chapter](#) which are attributable to retail establishments in an urban renewal area to fund urban renewal projects located in the area. The designated amount may be all or a portion of such increased revenues.
3. To determine the revenue increase for purposes of [subsection 2](#), revenue amounts shall be calculated by the department of revenue as follows:
  - a. Determine the amount of local sales and services tax revenue collected from retail establishments located in the area comprising the urban renewal area during the base year.
  - b. Determine the current year revenue amount for each fiscal year following the base year in the manner specified in paragraph "a".
  - c. The excess of the amount determined in paragraph "b" over the base year revenue amount determined in paragraph "a" is the increase in the local sales and services tax revenues of which the designated amount is to be deposited in the special city account created in [section 423B.7, subsection 6](#).
4. The ordinance adopted pursuant to [this section](#) is repealed when the area ceases to be an urban renewal area or twenty years following the base year, whichever is the earlier.
5. In addition to the moneys received pursuant to the ordinance authorized under [subsection 2](#), an eligible city may deposit any other local sales and services tax revenues received by it pursuant to the distribution formula in [section 423B.7](#), subsections 3, 4, and 5, to the special fund described in [section 403.19, subsection 2](#).
6. For purposes of [this section](#), the eligible city shall assist the department of revenue in identifying retail establishments in the urban renewal area that are collecting the local sales and services tax. This process shall be ongoing until the ordinance is repealed.  
2008 Acts, ch [1191, §68](#)

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The problem with doing nothing is not knowing when you're finished. ---Benjamin Franklin

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-----Original Message-----

**From:** Lisa Kuzela [<mailto:njdimaggio@aol.com>] Sent: Monday, April 18, 2011 11:14 AM

**To:** Gabrielson, Joel [IDR]

**Cc:** [annericrosenthal@aol.com](mailto:annericrosenthal@aol.com)

**Subject:** Fwd: Here's the Law

**Sample Ballot language:**

<http://gis.linncounty.org/data/elections/special/05032011/sb/METRO.pdf>

NOTE: There is NOTHING that **says anything about an "extension;"** it is worded as a NEW local option sales tax. Therefore, I would think the first we could attempt a repeal is one year from the effect (7/1/14) of this "new" local sales tax, which would be July 1, 2015.

Below is the info regarding Council to be able to change use of local sales tax revenues without a vote? I just got off the phone with Eric, who said he recently talked with you again about all this. Any clarification would help, especially if we could get that shortly; we are planning to mail a literature piece out today, and we do not want to say something that isn't true. :-)

The way I understood what Eric was explaining to me, ... something about the City could use the amount over the "base" for whatever they want for urban renewal projects. So, if our base income from LOST is \$17 million, and we bring in \$19 million, Council can use that \$2 mill for whatever they choose without a vote. ??

**"FUNDING URBAN RENEWAL PROJECTS THROUGH LOCAL OPTION SALES TAX**

**Prior Law**

*Local option tax revenue received by a city or county could be spent "for any lawful purpose of the city or county." However, that general grant of power was limited by the restriction that local option tax revenue could only be spent for the purposes specified in the "ballot proposition" which was voted upon when the local option sales tax was enacted. Any change in the use of local option revenue from purposes specified in the ballot proposition enacting the tax could come only as a result of another election. No special treatment was accorded tax revenues used to fund urban renewal projects.*

**New Provisions**

*A change in the use of local sale and service tax revenues for the purpose of funding an urban renewal project no longer requires an election but can now be done by ordinance of the city council of an eligible municipality.*

**Section Amended**

*Section 65 of House File 2700 amends section 423B.1, subsection 6, Code Supplement 2007; section 66 amends section 423B.7, subsection 1, Code 2007; section 67 amends section 423.B.7, Code 2007; section 68 amends chapter 423B by creating a new section 423.10B.*

**Effective Date**

**July 1, 2008"**