

TITLE 4

REVENUE AND TAXATION

<u>SUBJECT</u>	<u>CHAPTER</u>
Hotel-Motel Tax	1
Value Added Exemption; Industrial Property	2
Urban Renewal Tax Increment Areas	3
Urban Revitalization Areas	4
Muscatine Riverview Reinvestment District	5

Title 4 - Revenue and Taxation
Chapter 1 – Hotel-Motel Tax

SECTIONS:

4-1-1 Definitions

4-1-2 Imposition of Tax

4-1-3 Exemptions

4-1-1 Definitions. For the purposes of this Chapter, unless the context otherwise requires:

- A. "Lodging" means rooms, apartments, or sleeping quarters in a hotel, motel, inn, public lodging house, rooming house, or manufactured or mobile home which is tangible personal property, or in a tourist court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals. Lodging does not include rooms that are not used for sleeping accommodations.
- B. "Renting" or "rent" means a transfer of possession or control of lodging for a fixed or indeterminate term for consideration and includes any kind of direct or indirect charge for such lodging or its use.
- C. "Sales price" means the consideration for renting of lodging.

(Code of Iowa, Section 423A.2)

4-1-2 Imposition of Tax. There is hereby imposed a hotel and motel tax of seven percent (7%) upon sales price from the renting of lodging.

(Code of Iowa, Section 423A.4)

4-1-3 Exemptions. There are exempted from the provisions of this Chapter and from the computation of any amount of tax imposed by Section 4-1-2 the following:

- A. The sales price from the renting of lodging which is rented by the same person for a period of more than thirty-one (31) consecutive days.
- B. The sales price of lodging furnished to the guests of a religious institution if the property is exempt under Section 427.1, Subsection 8, and the purpose of renting is to provide a place for a religious retreat or function and not a place for transient guests generally.

(Code of Iowa, Section 423A.5)

Title 4 - Revenue and Taxation
Chapter 2 - Value Added Exemption; Industrial Property

SECTIONS:

- 4-2-1 Partial Exemption
- 4-2-2 Definitions
- 4-2-3 Amount Eligible for Partial Exemption
- 4-2-4 Duration of Partial Exemption
- 4-2-5 Assessment Restriction
- 4-2-6 Application
- 4-2-7 Repeal
- 4-2-8 Dual Exemptions Prohibited

4-2-1 Partial Exemption. This article does hereby provide for a partial exemption pursuant to Chapter 427B of the Code of Iowa from property taxation of the actual value added to the industrial real estate.

(Code of Iowa, Section 427B.1[1])

4-2-2 Definitions:

- A. **New Construction.** New construction as referred to herein means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures.

(Code of Iowa, Section 427B.1[1])

- B. **Reconstruction.** New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure, unless the reconstruction of an existing building or structure is required due to economic obsolescence and the reconstruction is necessary to implement recognized industry standards for the manufacturing and processing of specific products and the reconstruction is required for the owner of the building or structure to continue to competitively manufacture or process those products which determination shall receive prior approval from the City Council of the City upon the recommendation of the Iowa Development Commission.

(Code of Iowa, Section 427B.1[1])

- C. **Actual Value Added.** Actual Value Added, as used in this Chapter, means the actual value added as of the first year for which the exemption is received, except that actual value added by improvements to machinery and equipment means the actual value as determined by the assessor as of January 1 of each year for which the exemption is received.

(Code of Iowa, Section 427B.3[1])

4-2-3 Amount Eligible for Partial Exemption. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

- A. For the first year, seventy-five percent.
- B. For the second year, sixty percent.
- C. For the third year, forty-five percent.
- D. For the fourth year, thirty percent.
- E. For the fifth year, fifteen percent.

(Code of Iowa, Section 427B.3[3a])

4-2-4 Duration of Partial Exemption. The actual value added to industrial real estate for the reasons specified in Section 427B.1 is eligible to receive a partial exemption from taxation for a period of five years. However, if property ceases to be classified as industrial real estate or ceases to be used as a warehouse or distribution center, the partial exemption for the value added shall not be allowed for subsequent assessment years.

(Code of Iowa, Section 427B.3[2])

4-2-5 Assessment Restriction: The granting of the exemption under this Section for new construction constituting complete replacement of an existing building or structure shall not result in the assessed value of the industrial real estate being reduced below the assessed value of the industrial real estate before the start of the new construction added.

(Code of Iowa, Section 427B.3[4])

4-2-6 Application. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the local assessor by February 1 of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the director of revenue and shall contain information pertaining to the nature of the improvement, its cost, and other information deemed necessary by the director of revenue.

A person may submit a proposal to the City Council of the City to receive prior approval for eligibility for a tax exemption on new construction. The City Council, by ordinance, may give its prior approval of a tax exemption for new construction if the new construction is in conformance with the zoning plans for the City. The prior approval shall also be subject to the hearing requirements of Section 427B.1.

Prior approval does not entitle the owner to exemption from taxation until the new construction has been completed and found to be qualified real estate. However, if the tax exemption for new construction is not approved, the person may submit an amended proposal to the City Council to approve or reject.

(Code of Iowa, Section 427B.4)

4-2-7 Repeal. When in the opinion of the City Council continuation of the exemption granted in this Article ceases to be of benefit to the City, the City Council may repeal this Ordinance, but all existing exemptions shall continue until their expiration.

(Code of Iowa, Section 427B.5)

4-2-8 Dual Exemptions Prohibited. A property tax exemption under this Chapter shall not be granted if the property for which the exemption is claimed has received any other property tax exemption authorized by law.

(Code of Iowa, Section 427B.6)

Title 4 – REVENUE AND TAXATION
Chapter 3 – Urban Renewal Tax Increment Areas

The following ordinances not codified herein, and specifically saved from repeal, have been adopted establishing Urban Renewal Tax Increment Areas in the City and remain in full force and effect.		
ORDINANCE NO.	ADOPTED	NAME OF AREA
Ord. 85596	August 29, 1994	Downtown and Industrial Connector Urban Renewal Area
Ord. 86359-1196 as amended by Ord. 94493-0111 and Ord. 92035-0512	November 7, 1996; January 6, 2011; May 17, 2012	Highway 38 Northeast Urban Renewal Area
Ord. 88960-0104	January 15, 2004	Northeast Urban Renewal Area (Cedar Development)
Ord. 88962-1206	December 7, 2006	Muscatine Mall Urban Renewal Area
Ord. 91144-0310	March 4, 2010	2010 Industrial Urban Renewal Area
Ord. 91998-0412	April 19, 2012	2012 Addition to Urban Renewal Area (Fridley's)

Title 4 – Revenue and Taxation
Chapter 4 – Urban Revitalization Areas

The following ordinances not codified herein, and specifically saved from repeal, have been adopted establishing Urban Revitalization Areas in the City and remain in full force and effect.		
ORDINANCE NO.	ADOPTED	NAME OF AREA
Ord. 88554-1102	November 21, 2002	Downtown Area
Ord. 92403-0513	May 16, 2013	2013 Muscatine Housing Urban Revitalization Area
Ord. 93672-1216	December 1, 2016	Muscatine Grandview Avenue Urban Revitalization Area
Ord. 93673-1216	December 1, 2016	Muscatine Park Avenue Urban Revitalization Area

Title 4 - Revenue and Taxation
Chapter 5 – Muscatine Riverview Reinvestment District

SECTIONS:

- 4-5-1 Establishment of Muscatine Riverview Reinvestment District
- 4-5-2 Commencement Date
- 4-5-3 Manner of Financing Projects
- 4-5-4 Repealer
- 4-5-5 Saving Clause

4-5-1 Establishment of Muscatine Riverview Reinvestment District. In accordance with the Iowa Reinvestment Act and in consideration of the recitations set out in the preamble hereof, the Property is hereby established as a reinvestment district under the Iowa Reinvestment Act, which shall be known as the Muscatine Riverview Reinvestment District.

4-5-2 Commencement Date. The Commencement Date of the Reinvestment District as established by the Board of IEDA shall be July 1, 2017.

4-5-3 Manner of Financing Projects. It is the intention of the City to finance the Project with (1) funds received from private investors (55%); (2) tax increment financing (15%); (3) loans from private lenders (5.66%); and from the proceeds (the "Reinvestment District Proceeds") received from the State of Iowa in connection with the establishment of the Reinvestment District (24.34%).

The Reinvestment District Proceeds will be used to pay the debt service requirements of credit facilities issued by the City to pay the costs of the Parking Ramp and Sky Bridges Project and the acquisition of furniture, fixtures and equipment for the Project.

It is anticipated that the Funding Uses and Funding Source for the Project are as follows:

Funding Uses	Fund Sources
<i>Site Preparation</i>	Loans (\$350,000)
Building Acquisition	Loans (\$1,250,000)
Building Construction (hotel)	Investors (\$21,501,811)
Building Remodeling (conference center)	Investors (\$5,214,056)
Parking Ramp	Loans (\$5,573,225)
Fixtures (FF&E)	Loans (\$1,809,891)
<i>Sky Bridges</i>	Loans (\$2,387,000)
All Design and Engineering Services	Loans (\$3,000,0000)

The City has entered into a Development Agreement with Riverview Hotel Development (the "Company") pursuant to which the Company has agreed to construct a hotel and conference center in the Reinvestment District and the City has agreed to make twenty (20) annual economic development tax increment payments (the "Payments") to the Company in the maximum amount of \$6,000,000. The Payments are subject to annual appropriation by the City Council.

4-5-4 Repealer. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

4-5-5 Saving Clause. If any section, provision, or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.