

CHAPTER 10

COMMERCIAL PROPERTY TAX EXEMPTIONS

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10.01 DESIGNATION OF URBAN REVITALIZATION AREA. In accordance with Chapter 404 of the *Code of Iowa*, the City has designated an Urban Revitalization Area and has adopted an amended Urban Revitalization Plan for said area. The geographic description of the Urban Revitalization Area is the entire area within the corporate boundaries of the City.

10.02 APPLICABILITY TO COMMERCIAL PROPERTY. The revitalization is applicable to all commercial property within the designated area. The revitalization is for both new construction and rehabilitation/additions of existing structures.

10.03 DEFINITIONS. For use in this chapter, the following terms are defined:

1. “Commercial” For the purposes of tax abatement, “commercial” property is defined as meeting all the following:
 - A. The property is located in either the C-1 Commercial District or the C-2 Light Commercial Office District as identified on the official city zoning map and defined in the City Code.
 - B. The property is assessed by the Union County Assessor at the commercial property tax levy rate. (If the property has more than one assessment, only the portion taxed at the commercial rate qualifies for the abatement.)
 - C. The property offers goods and services and is retail in nature, including offices.
2. “Date of beginning of new construction of a building” means the date on which the building permit is signed.
3. “Date of beginning of rehabilitation of or additions to an existing building” means the date on which the building permit is signed.
4. “Qualified tenant” means the legal occupant of a commercial unit which is located within the Area and who has occupied the same unit continuously since one year prior to the City’s adoption of the Urban Revitalization Plan.

10.04 QUALIFICATIONS FOR ELIGIBILITY. Improvements are eligible for the tax abatement plan provided they satisfy all of the following requirements:

1. The improvements must be added during the time the area is designated as a revitalization area.
2. Improvements, consisting of rehabilitation or additions to existing buildings, must increase the actual value of the qualified real estate by at least fifteen percent (15%).
3. The improvements must be completed in accordance with all applicable zoning and other regulations of the City.

10.05 TAX EXEMPTION SCHEDULE. Each property owner may implement upon application and approval by the Council, as follows: All qualified real estate is eligible to receive a partial exemption from taxation on the actual value added by the improvements for a period of five (5) years. The amount of partial exemption is equal to a percent of the actual value added by the improvements determined as follows:

1. First year, eighty percent (80%);
2. Second year, sixty percent (60%);
3. Third year, forty percent (40%);
4. Fourth year, thirty percent (30%);
5. Fifth year, fifteen percent (15%).

10.06 RELOCATION. In the event relocation occurs as a result of the tax abatement program, the following provisions must be met:

1. Benefits. Upon application for and verification of eligibility for tax abatement to a property owner by the City, qualified tenants in designated areas, whose displacement is due to action on the part of a property owner to qualify for tax abatement under the Urban Revitalization Plan, shall be compensated by the property owner for one month's rent and for actual reasonable moving and related expenses.
2. Eligibility. "Qualified tenant" as used in the Urban Revitalization Plan means the legal occupant of a commercial unit which is located within the Area and who has occupied the same unit continuously since one year prior to the City's adoption of the Urban Revitalization Plan.
3. Actual reasonable moving and related expenses for which a qualified tenant of a commercial unit is entitled to include:

- A. Transportation of the displaced person and personal property from the displacement to the replacement site. Transportation costs for a distance beyond twenty-five (25) miles are not eligible.
 - B. Packing, crating, unpacking and uncrating of personal property.
 - C. Disconnecting, dismantling, removing, reassembling and reinstalling relocated household appliances and other personal property.
4. Least Costly Approach. The amount of compensation for an eligible expense shall not exceed the least costly method of accomplishing the objective of the compensation without causing undue hardship to the displaced tenant and/or landlord.

10.07 OUTSIDE FUNDING ASSISTANCE. The City may seek Federal and/or State grant or loan programs in developing proposed projects. Several State and Federal programs are potentially available.

10.08 APPLICATION AND PRIOR APPROVAL. A person may submit a proposal for an improvement project to the Council to receive prior approval for eligibility for a tax exemption on the project. The Council shall, by resolution, give its prior approval for an improvement project if the project is in conformance with the Urban Revitalization Plan. Such prior approval shall not entitle the owner to exemption from taxation until the improvements have been completed and found to be qualified real estate; however, if the proposal is not approved, the person may submit an amended proposal for the Council to approve or reject. All prior approvals for an improvement project shall be effective for a period of one year from the date of prior approval of the City; if construction has not begun by the date, prior approval is null and void. An application shall be filed for each new exemption claimed.

1. The first application for an exemption shall be filed by the owner of the property with the Council by February 1, of the assessment year for which the exemption is first claimed, but not later than February 1, of the assessment year following the assessment year in which all improvements included in the project are first assessed for taxation. The application shall contain, but not be limited to, the following information:
 - A. The nature of the improvement;
 - B. The cost of the improvement;
 - C. The estimated or actual date of completion;

D. The tenants that occupied the owner's building on the date the City adopted the resolution of finding.

2. The Council shall approve the application, subject to review by the local assessor, if the project is in conformation with the Urban Revitalization Plan developed by the City, is located within a designated revitalization area, and if the improvements were made during the time the area was so designated. The Council shall forward for review all approved applications to the appropriate local assessor by March 1, of each year.

Applications for exemptions for succeeding years for approved projects shall not be required.

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