Elizabeth K. Mase *Legislative Service Commission*

H.B. 397

123rd General Assembly
(As Introduced)

Rep. Schuler

BILL SUMMARY

- Permits a municipal corporation to create a municipal development commission to act as an urban renewal and redevelopment agency for the municipal corporation.

CONTENT AND OPERATION

Municipal development commissions: creation and general powers

The bill permits a municipal corporation to create, by ordinance, a municipal development commission within the municipal corporation to act as an urban renewal and redevelopment agency for the municipal corporation. The commission, which must consist of seven members appointed in a specified manner, must "concentrate on real estate development while engaging in a full range of economic improvement activities within an urban renewal area." The commission may implement an "urban renewal plan" by (1) acquiring and selling property (including acquisition by the exercise of eminent domain authority), (2) constructing, altering, repairing, or demolishing buildings within a renewal area, (3) leasing or managing buildings within a renewal area, (4) assisting in the relocation of persons living within a renewal area (including making relocation payments), (5) providing neighborhood development programs within a renewal area, and (6) engaging in other activities. In addition, the commission may perform housing or community development functions delegated to it by the municipal legislative authority. (Secs. 763.01 and 763.02(E) and (H).)

The commission also has the power to (1) sue and be sued, (2) issue bonds and notes (revenue bonds could only be issued upon the approval of the municipal legislative authority), (3) conduct preliminary surveys to determine if an urban renewal project is feasible, (4) research methods for and perform demonstrations dealing with the prevention and elimination of urban blight, (5) promote business and industrial expansion within a renewal area, (6) make loans in a specified

manner (see below) for the acquisition or construction of facilities within a renewal area, and (7) apply for an receive governmental and private grants (sec. 763.02(A), (B), (C), (F), (G), (J), and (L)). The commission apparently must comply with local zoning, building, health, fire, safety, and platting laws as well as maintain an accounting system conforming to state law requirements for public funds (sec. 763.02(I) and (K)).

Commission contracts

A municipal development commission has authority to enter into contracts necessary or incidental to the performance of its duties and the execution of its powers. Whenever the cost of any contract other than compensation for personal services involves *an expenditure of more than $10,000*, the commission generally must enter into a written contract with the lowest responsive and responsible bidder, unless the commission rejects all the bids. The competitive bidding process must conform to procedures specified in the bill. An exception to this competitive bidding requirement occurs when the contract is for the *operation* of a facility that the commission built and owns, or when the contract is for the *construction* of a facility that the commission will lease to persons who are *not* governmental agencies for their operation and the cost of the facility is to be amortized exclusively from charges those persons pay to the commission. Those contracts instead may be negotiated on terms that the commission finds reasonable. Finally, *all contractors* must provide the commission with a specified type of surety bond. (Sec. 763.02(D); sec. 9.312--not in the bill.)

Commission loans

The commission may make loans for the acquisition or construction of "facilities" within an urban renewal area whereby the person to whom a facility is to be leased, subleased, or sold, or to whom a loan is to be made for a facility, makes payments sufficient to pay all of the principal of, any premium on, and interest on commission revenue bonds issued for the facility. In addition, the commission may make loans to those *same* persons for acquisition or construction of a facility upon such terms as the commission determines, including secured or unsecured loans, acceptance of notes and other obligations to evidence the indebtedness, and acceptance of mortgages, liens, pledges, assignments, or other security interests, that may be prior to, subordinate to, or on parity with other security interests to secure the indebtedness. (Sec. 763.02(L); sec. 4582.47--not in the bill.)

HISTORY

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