

**Senate File 587 - Reprinted**

SENATE FILE 587  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1253)

(As Amended and Passed by the Senate April 6, 2021)

**A BILL FOR**

1 An Act relating to state and local government financing,  
2 programs, and operations, by modifying provisions relating  
3 to mental health and disability services funding, school  
4 district funding, commercial and industrial property tax  
5 replacement payments, and other specified tax provisions,  
6 making appropriations, providing penalties, and including  
7 effective date and applicability provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 DIVISION I  
2 MENTAL HEALTH FUNDING  
3 Section 1. Section 123.38, subsection 2, paragraph b, Code  
4 2021, is amended to read as follows:  
5 b. For purposes of this subsection, any portion of license  
6 or permit fees used for the purposes authorized in section  
7 331.424, subsection 1, paragraph "a", subparagraphs (1) and  
8 (2), ~~and in section 331.424A~~, shall not be deemed received  
9 either by the division or by a local authority.  
10 Sec. 2. Section 218.99, Code 2021, is amended to read as  
11 follows:  
12 **218.99 Counties to be notified of patients' personal**  
13 **accounts.**  
14 The administrator in control of a state institution shall  
15 direct the business manager of each institution under the  
16 administrator's jurisdiction which is mentioned in section  
17 331.424, subsection 1, paragraph "a", subparagraphs (1) and  
18 (2), and for which services are paid ~~under section 331.424A~~  
19 by the county of residence or a mental health and disability  
20 services region, to quarterly inform the county of residence  
21 of any patient or resident who has an amount in excess of two  
22 hundred dollars on account in the patients' personal deposit  
23 fund and the amount on deposit. The administrator shall  
24 direct the business manager to further notify the county of  
25 residence at least fifteen days before the release of funds in  
26 excess of two hundred dollars or upon the death of the patient  
27 or resident. If the patient or resident has no residency in  
28 this state or the person's residency is unknown, notice shall  
29 be made to the director of human services and the administrator  
30 in control of the institution involved.  
31 Sec. 3. Section 225.24, Code 2021, is amended to read as  
32 follows:  
33 **225.24 Collection of preliminary expense.**  
34 Unless a committed private patient or those legally  
35 responsible for the patient's support offer to settle the

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1 amount of the claims, the regional administrator for the  
 2 person's county of residence shall collect, by action if  
 3 necessary, the amount of all claims for per diem and expenses  
 4 that have been approved by the regional administrator for the  
 5 county and paid by the regional administrator as provided under  
 6 section 225.21. Any amount collected shall be credited to the  
 7 ~~county mental health and disabilities~~ disability services fund  
 8 region combined account created in accordance with section  
 9 ~~331.424A~~ 331.391.

10 Sec. 4. Section 249N.8, subsection 1, Code 2021, is amended  
 11 to read as follows:

12 1. Biennially, a report of the results of a review, by  
 13 county and region, of mental health services previously funded  
 14 through taxes levied by counties pursuant to section 331.424A,  
 15 Code 2021, or funds administered by a mental health and  
 16 disability services region that are funded during the reporting  
 17 period under the Iowa health and wellness plan.

18 Sec. 5. Section 331.389, subsection 1, paragraph b, Code  
 19 2021, is amended to read as follows:

20 b. If a county has been exempted prior to July 1, 2014, from  
 21 the requirement to enter into a regional service system, the  
 22 county and the county's board of supervisors shall fulfill all  
 23 requirements and be eligible as a region under this chapter and  
 24 chapter chapters 222, 225, 225C, 226, 227, 229, and 230 for a  
 25 regional service system, regional service system management  
 26 plan, regional governing board, and regional administrator,  
 27 and any other provisions applicable to a region of counties  
 28 providing local mental health and disability services.  
 29 Additionally, a county exempted under this subsection shall be  
 30 considered a region for purposes of chapter 426B.

31 Sec. 6. Section 331.389, subsection 5, paragraph a,  
 32 subparagraph (2), Code 2021, is amended to read as follows:

33 (2) Reduce the amount of the annual state funding provided  
 34 for the regional service system or exempted county, including  
 35 amounts received under section 426B.3 or from the risk pool

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1 under section 426B.6, not to exceed fifteen percent of the  
2 amount.

3 Sec. 7. Section 331.391, subsection 1, Code 2021, is amended  
4 to read as follows:

5 1. The funding under the control of the governing board  
6 shall be maintained in a combined account, ~~in separate county~~  
7 ~~accounts that are under the control of the governing board, or~~  
8 ~~pursuant to other arrangements authorized by law that limit the~~  
9 ~~administrative burden of such control while facilitating public~~  
10 ~~scrutiny of financial processes~~ A county exempted under  
11 section 331.389, subsection 1, shall maintain a county mental  
12 health and disability services fund for the deposit of funding  
13 received under section 426B.3 or from the risk pool under  
14 section 426B.6 and appropriations specifically authorized to be  
15 made from the county mental health and disability services fund  
16 shall not be made from any other fund of the county. A county  
17 mental health and disability services fund established by an  
18 exempt county, to the extent feasible, shall be considered to  
19 be the same as a region combined account and shall be subject  
20 to the same requirements as a region's combined account.

21 Sec. 8. Section 331.391, subsection 4, paragraphs a, b, and  
22 c, Code 2021, are amended to read as follows:

23 a. If a region is meeting the financial obligations for  
24 implementation of its regional service system management plan  
25 for a fiscal year and residual funding is anticipated, the  
26 regional administrator ~~shall~~ may reserve an adequate amount of  
27 unobligated and unencumbered funds for cash flow of expenditure  
28 obligations in the next fiscal year.

29 b. Each region shall certify to the department of ~~management~~  
30 human services on or before December 1, ~~2022~~ 2021, and each  
31 December 1 thereafter, the amount of the region's cash flow  
32 amount in the combined account ~~that is attributable to each~~  
33 ~~county within the region based upon each county's proportionate~~  
34 ~~amount of funding and contributions to the region or other~~  
35 ~~methodology specified in the regional governance agreement~~

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1 ~~or certify the cash flow amount for each separate county~~  
 2 ~~account that is under the control of the governing board at the~~  
 3 ~~conclusion of the most recently completed fiscal year.~~

4 c. For fiscal years beginning on or after July 1, 2023,  
 5 the region's cash flow amount, ~~either reserved in the region's~~  
 6 ~~combined account or reserved among all separate county accounts~~  
 7 ~~under the control of the governing board,~~ shall not exceed  
 8 forty five percent of the gross actual expenditures from the  
 9 combined account ~~or from all separate county accounts under~~  
 10 ~~control of the governing board~~ for the fiscal year preceding  
 11 the fiscal year in progress.

12 Sec. 9. Section 331.392, subsection 4, paragraph a, Code  
 13 2021, is amended to read as follows:

14 a. Methods for pooling, management, and expenditure of the  
 15 funding under the control of the regional administrator. ~~If~~  
 16 ~~the agreement does not provide for pooling of the participating~~  
 17 ~~county moneys in a single fund, the agreement shall specify how~~  
 18 ~~the participating county moneys will be subject to the control~~  
 19 ~~of the regional administrator.~~

20 Sec. 10. Section 331.393, subsection 10, Code 2021, is  
 21 amended to read as follows:

22 10. The director's approval of a regional plan shall not be  
 23 construed to constitute certification of the ~~respective county~~  
 24 ~~budgets or of the region's budget.~~

25 Sec. 11. Section 331.394, subsection 4, Code 2021, is  
 26 amended to read as follows:

27 4. ~~If a county of residence is part of a mental health and~~  
 28 ~~disability services region that has agreed to pool funding and~~  
 29 ~~liability for services, the~~ The responsibilities of the county  
 30 under law regarding such mental health and disability services  
 31 shall be performed on behalf of the county by the regional  
 32 administrator. ~~The county of residence or the county's mental~~  
 33 ~~health and disability services region, as applicable, is~~  
 34 responsible for paying the public costs of the mental health  
 35 and disability services that are not covered by the medical

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1 assistance program under chapter 249A and are provided in  
2 accordance with the region's approved service management plan  
3 to persons who are residents of the ~~county or~~ region.

4 Sec. 12. Section 331.424A, subsection 1, paragraph b, Code  
5 2021, is amended by striking the paragraph.

6 Sec. 13. Section 331.424A, subsection 3, Code 2021, is  
7 amended to read as follows:

8 3. a. County revenues from taxes and other sources  
9 designated by a county for mental health and disabilities  
10 services shall be credited to the county mental health and  
11 disabilities services fund which shall be created by the  
12 county. ~~The~~ Until the required transfer of funds under  
13 paragraph "b", the board shall make appropriations from the fund  
14 for payment of services provided under the regional service  
15 system management plan approved pursuant to section 331.393.  
16 ~~The~~ For fiscal years beginning before July 1, 2022, the county  
17 may pay for the services in cooperation with other counties  
18 by pooling appropriations from the county services fund with  
19 appropriations from the county services fund of other counties  
20 through the county's regional administrator, or through another  
21 arrangement specified in the regional governance agreement  
22 entered into by the county under section 331.392.

23 b. Notwithstanding section 331.432, subsection 3, upon  
24 conclusion of the fiscal year beginning July 1, 2021, except  
25 for an exempt county under section 331.391, subsection 1,  
26 the county treasurer shall transfer the remaining balance of  
27 the county's county services fund created under paragraph  
28 "a", including all unobligated and unencumbered funds, to the  
29 county's region to which the county belongs in the fiscal year  
30 beginning July 1, 2022, for deposit in the region's combined  
31 account under section 331.391.

32 Sec. 14. Section 331.424A, subsection 4, paragraph a, Code  
33 2021, is amended to read as follows:

34 a. An amount of unobligated and unencumbered funds, as  
35 specified in the regional governance agreement entered into

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1 by the county under section 331.392, shall, for fiscal years  
 2 beginning before July 1, 2022, be reserved in the county  
 3 services fund to address cash flow obligations in the next  
 4 fiscal year, ~~subject to the limitations of this subsection~~

5 Sec. 15. Section 331.424A, subsection 4, paragraphs c and d,  
 6 Code 2021, are amended by striking the paragraphs.

7 Sec. 16. Section 331.424A, subsections 5, 6, and 9, Code  
 8 2021, are amended to read as follows:

9 5. Receipts from the state or federal government for fiscal  
 10 years beginning before July 1, 2022, for the mental health  
 11 and disability services administered or paid for by a county  
 12 shall be credited to the county services fund, including moneys  
 13 distributed to the county from the department of human services  
 14 and moneys allocated under chapter 426B.

15 6. For each fiscal year beginning before July 1, 2022, the  
 16 county shall certify a levy for payment of services. For each  
 17 such fiscal year, county revenues from taxes imposed by the  
 18 county credited to the county services fund shall not exceed an  
 19 amount equal to the county budgeted amount for the fiscal year.  
 20 A levy certified under this section is not subject to the  
 21 appeal provisions of section 331.426 or to any other provision  
 22 in law authorizing a county to exceed, increase, or appeal a  
 23 property tax levy limit.

24 9. a. For the fiscal year beginning July 1, 2017, and  
 25 each subsequent fiscal year beginning before July 1, 2022, the  
 26 county budgeted amount determined for each county shall be the  
 27 amount necessary to meet the county's financial obligations for  
 28 the payment of services provided under the regional service  
 29 system management plan approved pursuant to section 331.393,  
 30 not to exceed an amount equal to the product of ~~the regional~~  
 31 ~~per capita expenditure target amount~~ twenty-one dollars and  
 32 fourteen cents multiplied by the county's population, ~~and, for~~  
 33 ~~fiscal years beginning on or after July 1, 2023, reduced by~~  
 34 ~~the amount of the county's cash flow reduction amount for the~~  
 35 ~~fiscal year calculated under subsection 4, if applicable~~

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1     b. If a county officially joins a different region, the  
 2 county's budgeted amount for a fiscal year beginning before  
 3 July 1, 2022, shall be the amount necessary to meet the  
 4 county's financial obligations for payment of services provided  
 5 under the new region's regional service system management plan  
 6 approved pursuant to section 331.393, not to exceed an amount  
 7 equal to the product of ~~the new region's regional per capita~~  
 8 ~~expenditure target amount~~ twenty-one dollars and fourteen cents  
 9 multiplied by the county's population, ~~and, for fiscal years~~  
 10 ~~beginning on or after July 1, 2023, reduced by the amount of~~  
 11 ~~the county's cash flow reduction amount for the fiscal year~~  
 12 ~~calculated under subsection 4, if applicable~~

13     Sec. 17. Section 331.424A, Code 2021, is amended by adding  
 14 the following new subsection:

15     NEW SUBSECTION 10. This section is repealed July 1, 2022.

16     Sec. 18. Section 331.432, subsection 3, Code 2021, is  
 17 amended to read as follows:

18     3. a. Except as authorized in section 331.477, transfers  
 19 of moneys between the county services fund created pursuant  
 20 to section 331.424A and any other fund are prohibited. This  
 21 ~~subsection paragraph~~ does not apply to appropriations made or  
 22 the value of in-kind care and treatment provided pursuant to  
 23 section 347.7, subsection 1, paragraph "c", Code 2021, or to  
 24 transfers from a county public hospital fund under section  
 25 347.7. This paragraph is repealed July 1, 2022.

26     b. Payments or transfers of moneys from any fund of the  
 27 county to a mental health and disability services region's  
 28 combined account under section 331.391 are prohibited. This  
 29 paragraph applies to fiscal years beginning on or after July  
 30 1, 2022, but does not apply to transfers from a county public  
 31 hospital fund under section 347.7 for the fiscal year beginning  
 32 July 1, 2022, or the fiscal year beginning July 1, 2023.

33     Sec. 19. Section 347.7, subsection 1, paragraph c, Code  
 34 2021, is amended by striking the paragraph.

35     Sec. 20. Section 426B.1, subsection 2, Code 2021, is amended



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1 to read as follows:

2 2. Moneys shall be distributed from the property tax relief  
3 fund to ~~counties for~~ the mental health and disability regional  
4 service system for mental health and disability services, in  
5 accordance with the appropriations made to the fund and other  
6 statutory requirements.

7 Sec. 21. Section 426B.2, Code 2021, is amended to read as  
8 follows:

9 **426B.2 Property tax relief fund payments.**

10 The director of human services shall draw warrants on the  
11 property tax relief fund, payable to the ~~county treasurer~~  
12 regional administrator in the amount due to a ~~county mental~~  
13 health and disability services region in accordance with  
14 statutory requirements, and mail the warrants to the ~~county~~  
15 auditors regional administrator in July and January of each  
16 year.

17 Sec. 22. NEW SECTION **426B.3 Mental health and disability**  
18 **services regional supplement fund.**

19 1. A mental health and disability services regional  
20 supplement fund is created in the office of the treasurer of  
21 state under the authority of the department of human services.  
22 The fund shall be separate from the general fund of the state  
23 and the balance in the fund shall not be considered part of  
24 the balance of the general fund of the state. Moneys in the  
25 fund include appropriations made to the fund and other moneys  
26 deposited into the fund. Moneys in the fund shall be used  
27 solely for purposes of making regional supplement payments  
28 under this section.

29 2. For each fiscal year beginning on or after July 1, 2021,  
30 there is appropriated from the general fund of the state to the  
31 mental health and disability services regional supplement fund  
32 an amount necessary to make all regional supplement payments  
33 under this section for that fiscal year.

34 3. For each fiscal year beginning on or after July 1, 2021,  
35 the moneys available in a fiscal year in the mental health and

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1 disability services state supplement fund are appropriated to  
 2 the department of human services and shall be distributed to  
 3 each mental health and disability services region, as defined  
 4 in section 426B.6, on a per capita basis calculated under  
 5 subsection 4 using each region's population, as defined in  
 6 section 426B.6, for that fiscal year.

7 4. The amount of each region's regional supplement payment  
 8 shall be determined as follows:

9 a. For the fiscal year beginning July 1, 2021, an amount  
 10 equal to the product of fifteen dollars and eighty-six cents  
 11 multiplied by the sum of the region's population for the fiscal  
 12 year.

13 b. For the fiscal year beginning July 1, 2022, an amount  
 14 equal to the product of thirty-eight dollars multiplied by the  
 15 sum of the region's population for the fiscal year.

16 c. For the fiscal year beginning July 1, 2023, an amount  
 17 equal to the product of forty dollars multiplied by the sum of  
 18 the region's population for the fiscal year.

19 d. For the fiscal year beginning July 1, 2024, an amount  
 20 equal to the product of forty-two dollars multiplied by the sum  
 21 of the region's population for the fiscal year.

22 e. (1) For the fiscal year beginning July 1, 2025, and each  
 23 succeeding fiscal year, an amount equal to the product of the  
 24 sum of the region's population for the fiscal year multiplied  
 25 by the sum of the dollar amount used to calculate the regional  
 26 supplement payments under this subsection for the immediately  
 27 preceding fiscal year plus the regional supplement growth  
 28 factor for the fiscal year.

29 (2) For purposes of this paragraph, "*regional supplement*  
 30 *growth factor*" for a fiscal year is an amount equal to the  
 31 product of the dollar amount used to calculate the regional  
 32 supplement payments under this subsection for the immediately  
 33 preceding fiscal year multiplied by the percent increase, if  
 34 any, in the amount of sales tax revenue deposited into the  
 35 general fund of the state under section 423.2A, subsection

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1 1, paragraph "a", less the transfers required under section  
2 423.2A, subsection 2, between the fiscal year beginning three  
3 years prior to the applicable fiscal year and the fiscal year  
4 beginning two years prior to the applicable year, but not to  
5 exceed one and one-half percent.

6 5. Regional supplement payments received by a region  
7 shall be deposited in the region's combined account under  
8 section 331.391 and used solely for providing mental health  
9 and disability services under the regional service system  
10 management plan.

11 6. Regional supplement payments from the mental health  
12 and disability services regional supplement fund shall be  
13 paid in quarterly installments to the appropriate regional  
14 administrator in July, October, January, and April of each  
15 fiscal year.

16 7. a. For the fiscal year beginning July 1, 2021, each  
17 mental health and disability services region for which the  
18 amount certified during the fiscal year under section 331.391,  
19 subsection 4, paragraph "b", exceeds forty percent of the actual  
20 expenditures of the region for the fiscal year preceding the  
21 fiscal year in progress, the remaining quarterly payments of  
22 the region's regional supplement payment shall be reduced by  
23 an amount equal to the amount by which the region's amount  
24 certified under section 331.391, subsection 4, paragraph "b",  
25 exceeds forty percent of the actual expenditures of the region  
26 for the fiscal year preceding the fiscal year in progress,  
27 but the amount of the reduction shall not exceed the total  
28 amount of the region's regional supplement payment for the  
29 fiscal year. If the region's remaining quarterly payments are  
30 insufficient to effectuate the required reductions under this  
31 paragraph, the region is required to pay to the department of  
32 human services any amount for which the reduction in quarterly  
33 payments could not be made. The amount of reduction to  
34 quarterly payments and amounts paid to the department under  
35 this paragraph shall be transferred and credited to the risk

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1 pool under section 426B.6.

2     b. For the fiscal year beginning July 1, 2022, each mental  
3 health and disability services region for which the amount  
4 certified during the fiscal year under section 331.391,  
5 subsection 4, paragraph "b", exceeds twenty percent of the  
6 actual expenditures of the region for the fiscal year preceding  
7 the fiscal year in progress, the remaining quarterly payments  
8 of the region's regional supplement payment shall be reduced  
9 by an amount equal to the amount by which the region's amount  
10 certified under section 331.391, subsection 4, paragraph "b",  
11 exceeds twenty percent of the actual expenditures of the region  
12 for the fiscal year preceding the fiscal year in progress,  
13 but the amount of the reduction shall not exceed the total  
14 amount of the region's regional supplement payment for the  
15 fiscal year. If the region's remaining quarterly payments are  
16 insufficient to effectuate the required reductions under this  
17 paragraph, the region is required to pay to the department of  
18 human services any amount for which the reduction in quarterly  
19 payments could not be made. The amount of reduction to  
20 quarterly payments and amounts paid to the department under  
21 this paragraph shall be transferred and credited to the risk  
22 pool under section 426B.6.

23     c. For the fiscal year beginning July 1, 2023, and each  
24 succeeding fiscal year, each mental health and disability  
25 services region for which the amount certified during the  
26 fiscal year under section 331.391, subsection 4, paragraph "b",  
27 exceeds five percent of the actual expenditures of the region  
28 for the fiscal year preceding the fiscal year in progress,  
29 the remaining quarterly payments of the region's regional  
30 supplement payment shall be reduced by an amount equal to the  
31 amount by which the region's amount certified under section  
32 331.391, subsection 4, paragraph "b", exceeds five percent  
33 of the actual expenditures of the region for the fiscal year  
34 preceding the fiscal year in progress, but the amount of the  
35 reduction shall not exceed the total amount of the region's

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1 regional supplement payment for the fiscal year. If the  
2 region's remaining quarterly payments are insufficient to  
3 effectuate the required reductions under this paragraph, the  
4 region is required to pay to the department of human services  
5 any amount for which the reduction in quarterly payments could  
6 not be made. The amount of reduction to quarterly payments  
7 and amounts paid to the department under this paragraph shall  
8 be transferred and credited to the risk pool under section  
9 426B.6.

10 Sec. 23. Section 426B.4, Code 2021, is amended to read as  
11 follows:

12 **426B.4 Rules.**

13 The mental health and disability services commission shall  
14 consult with ~~county representatives~~ regional administrators  
15 and the director of human services in prescribing forms and  
16 adopting rules pursuant to chapter 17A to administer this  
17 chapter.

18 Sec. 24. NEW SECTION **426B.6 Risk pool.**

19 1. For the purposes of this chapter, unless the context  
20 otherwise requires:

21 a. *"Mental health and disability services region"* means

22 a mental health and disability services region formed in  
23 accordance with section 331.389.

24 b. *"Population"* means, as of July 1 of the fiscal year  
25 preceding the fiscal year in which the population figure is  
26 applied, the county populations shown by the latest preceding  
27 certified federal census or the latest applicable population  
28 estimate issued by the United States census bureau, whichever  
29 is most recent.

30 c. *"Regional administrator"* means the regional administrator  
31 of a mental health and disability services region, as defined  
32 in section 331.388.

33 2. A risk pool is created in the property tax relief fund  
34 under section 426B.1. The pool shall consist of the moneys  
35 appropriated or credited to the pool by law, including amounts

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1 credited to the risk pool under section 426B.3, subsection 7.  
2 For fiscal years beginning on or after July 1, 2021, there is  
3 appropriated from the general fund of the state to the risk  
4 pool the following amounts to be used for the purposes of this  
5 section:

6 a. For the fiscal year beginning July 1, 2021, nine million  
7 nine hundred sixty thousand five hundred ninety dollars.

8 b. For the fiscal year beginning July 1, 2022, five million  
9 one hundred seven thousand three hundred forty dollars.

10 c. (1) For each fiscal year beginning on or after July 1,  
11 2025, an amount equal to the risk pool growth factor multiplied  
12 by the ending balance of the risk pool at the conclusion of  
13 the fiscal year ending June 30 immediately preceding the  
14 application deadline under subsection 4 for the fiscal year for  
15 which the appropriation is made.

16 (2) For purposes of this paragraph, the "*risk pool growth*  
17 *factor*" for each fiscal year is the percent increase, if any, in  
18 the amount of sales tax revenue deposited into the general fund  
19 of the state under section 423.2A, subsection 1, paragraph "a",  
20 less the transfers required under section 423.2A, subsection  
21 2, between the fiscal year beginning three years prior to the  
22 applicable fiscal year and the fiscal year beginning two years  
23 prior to the applicable year, minus one and one-half percent,  
24 and the risk pool growth factor for any fiscal year shall not  
25 exceed three and one-half percent.

26 3. A risk pool board is created. The board shall consist  
27 of two mental health and disability services region governing  
28 board members, two mental health and disability services region  
29 fiscal officers or agents, a member of the mental health and  
30 disability services commission who is not a governing board  
31 member or chief operating officer of a mental health and  
32 disability services region, a member of the county finance  
33 committee created in chapter 333A who is not an elected  
34 official, a representative of a provider of mental health or  
35 developmental disability services selected from nominees

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1 submitted by the Iowa association of community providers, a  
2 representative of a provider of mental health developmental  
3 disability services selected from nominees submitted by  
4 the Iowa behavioral health association, one member of the  
5 children's behavioral health system state board who is not a  
6 governing board member or chief operating officer of a mental  
7 health and disability services region, and two chief operating  
8 officers of mental health and disability services regions,  
9 all appointed by the governor, and one member appointed by  
10 the director of human services. All members appointed by  
11 the governor shall be subject to confirmation by the senate.  
12 Members shall serve for three-year terms. A vacancy shall  
13 be filled in the same manner as the original appointment.  
14 Expenses and other costs of the risk pool board members  
15 representing counties shall be paid by the region to which  
16 the member's county belongs. Expenses and other costs of risk  
17 pool board members who do not represent counties shall be paid  
18 by the department of human services. Staff assistance to the  
19 board shall be provided by the department of human services.  
20 Actuarial expenses and other direct administrative costs shall  
21 be charged to the pool.

22 4. To receive assistance from the risk pool, a regional  
23 administrator must apply to the risk pool board on or before  
24 October 31 preceding the fiscal year for which assistance is  
25 requested. The purpose of the assistance shall be to provide  
26 financial support for services provided by the regional  
27 administrator's mental health and disability services region.  
28 The risk pool board shall make its final decisions on or  
29 before December 15 regarding acceptance or rejection of the  
30 applications for assistance and the total amount accepted shall  
31 be considered obligated.

32 5. In addition to application and assistance requirements  
33 under subsections 6, 7, and 9, basic eligibility for risk  
34 pool assistance requires that a mental health and disability  
35 services region meet all of the following conditions:

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1 a. The mental health and disability services region is in  
2 compliance with the regional service system management plan  
3 requirements of section 331.393.

4 b. (1) In the fiscal year that commenced two years prior  
5 to the fiscal year of application for assistance, the ending  
6 balance, under generally accepted accounting principles, of  
7 the mental health and disability services region's combined  
8 services funds was equal to or less than the ending balance  
9 threshold under subparagraph (2) for the fiscal year for which  
10 assistance is requested.

11 (2) For purposes of this paragraph "b", "ending balance  
12 threshold" means the following:

13 (a) For applications for assistance for the fiscal  
14 year beginning July 1, 2021, forty percent of the actual  
15 expenditures of the mental health and disability services  
16 region for the fiscal year that commenced two years prior to  
17 the fiscal year of application for assistance.

18 (b) For applications for assistance for the fiscal  
19 year beginning July 1, 2022, twenty percent of the actual  
20 expenditures of the mental health and disability services  
21 region for the fiscal year that commenced two years prior to  
22 the fiscal year of application for assistance.

23 (c) For applications for assistance for fiscal years  
24 beginning on or after July 1, 2023, five percent of the actual  
25 expenditures of the mental health and disability services  
26 region for the fiscal year that commenced two years prior to  
27 the fiscal year of application for assistance.

28 6. The board shall review the fiscal year-end financial  
29 records for all mental health and disability services regions  
30 that are granted risk pool assistance. If the board determines  
31 a mental health and disability services region's actual need  
32 for risk pool assistance was less than the amount of risk pool  
33 assistance granted to the mental health and disability services  
34 region, the mental health and disability services region  
35 shall refund the difference between the amount of assistance

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1 granted and the actual need. The mental health and disability  
2 services region shall submit the refund within thirty days of  
3 receiving notice from the board. Refunds shall be credited  
4 to the risk pool. The mental health and disability services  
5 commission shall adopt rules pursuant to chapter 17A providing  
6 criteria for the purposes of this subsection and as necessary  
7 to implement the other provisions of this section.

8 7. The board shall determine application requirements to  
9 ensure prudent use of risk pool assistance. The board may  
10 accept or reject an application for assistance in whole or in  
11 part. The decision of the board is final.

12 8. The total amount of risk pool assistance shall be limited  
13 to the amount available in the risk pool for a fiscal year. Any  
14 unobligated balance in the risk pool at the close of a fiscal  
15 year shall remain in the risk pool for distribution in the  
16 succeeding fiscal year.

17 9. Risk pool assistance shall only be made available to  
18 address one or more of the following circumstances:

19 a. Continuing support for core services.

20 b. Avoiding the need for reduction or elimination of  
21 critical services when the reduction or elimination places an  
22 individual's health or safety at risk.

23 c. Avoiding the need for reduction or elimination of core  
24 crisis services when the reduction or elimination places the  
25 public's health or safety at risk.

26 d. Avoiding the need for reduction or elimination of  
27 services or other support that maintain an individual in  
28 a community setting or that would create a risk that the  
29 individuals needing services and supports would be placed in  
30 more restrictive, higher cost settings.

31 10. Subject to the amount available and obligated from the  
32 risk pool for a fiscal year, the department of human services  
33 shall annually calculate the amount of money due to eligible  
34 mental health and disability services regions in accordance  
35 with the board's decisions and that amount is appropriated from

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1 the risk pool to the department for payment of the moneys due.  
2 The department shall authorize the issuance of warrants payable  
3 to the mental health and disability services regions for the  
4 amounts due and the warrants shall be issued on or before  
5 January 1.

6 11. On or before March 1 and September 1 of each fiscal  
7 year, the department of human services shall provide the risk  
8 pool board with a report of the financial condition of each  
9 funding source administered by the board. The report shall  
10 include but is not limited to an itemization of the funding  
11 source's balances, types and amount of revenues credited, and  
12 payees and payment amounts for the expenditures made from the  
13 funding source during the reporting period.

14 12. If the board has made its decisions but has determined  
15 that there are otherwise qualifying requests for risk pool  
16 assistance that are beyond the amount available in the risk  
17 pool fund for a fiscal year, the board shall compile a list of  
18 such requests and the supporting information for the requests.  
19 The list and information shall be submitted to the mental  
20 health and disability services commission, the children's  
21 behavioral health system state board, the department of human  
22 services, and the general assembly.

23 Sec. 25. ADJUSTMENT TO PROPERTY TAXES CERTIFIED UNDER  
24 SECTION 331.424A— FY 2021–2022. If this division of this  
25 Act takes effect after March 31, 2021, for each county for  
26 which the amount of taxes certified for levy for the purposes  
27 of section 331.424A for the fiscal year beginning July 1,  
28 2021, exceeds the product of the population of the county as  
29 determined under section 331.424A, subsection 1, paragraph  
30 "e", multiplied by twenty-one dollars and fourteen cents,  
31 the department of management shall reduce the amount of such  
32 taxes certified for levy to an amount not to exceed the  
33 product of the population of the county as determined under  
34 section 331.424A, subsection 1, paragraph "e", multiplied by  
35 twenty-one dollars and fourteen cents and shall revise the rate

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1 of taxation as necessary to raise the reduced amount. The  
2 department of management shall report the reduction in the  
3 certified taxes and the revised rate of taxation to the county  
4 auditors by June 15, 2021.

5 Sec. 26. IMPLEMENTATION OF RISK POOL UNDER SECTION 426B.6  
6 — EMERGENCY RULEMAKING.

7 1. In order to timely implement the provisions of this  
8 division of this Act establishing the risk pool for mental  
9 health and disability services regions for the fiscal year  
10 beginning July 1, 2021, and the fiscal year beginning July  
11 1, 2022, the director of human services shall, subject to  
12 the membership requirements of section 426B.6, subsection 3,  
13 appoint temporary members of the risk pool board to review  
14 and approve risk pool assistance applications and establish  
15 alternative application deadlines and expedited application  
16 review and approval timelines.

17 2. The department of human services may adopt  
18 administrative rules under section 17A.4, subsection 3, and  
19 section 17A.5, subsection 2, paragraph "b", to implement  
20 provisions of this division of this Act and the rules shall  
21 become effective immediately upon filing or on a later  
22 effective date specified in the rules, unless the effective  
23 date of the rules is delayed or the applicability of the rules  
24 is suspended by the administrative rules review committee. Any  
25 rules adopted in accordance with this section shall not take  
26 effect before the rules are reviewed by the administrative  
27 rules review committee. The delay authority provided to the  
28 administrative rules review committee under section 17A.8,  
29 subsection 9, shall be applicable to a delay imposed under this  
30 section, notwithstanding a provision in that section making it  
31 inapplicable to section 17A.5, subsection 2, paragraph "b".  
32 Any rules adopted in accordance with the provisions of this  
33 section shall also be published as a notice of intended action  
34 as provided in section 17A.4.

35 Sec. 27. EFFECTIVE DATE. This division of this Act, being

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1 deemed of immediate importance, takes effect upon enactment.

2 DIVISION II

3 COMMERCIAL AND INDUSTRIAL PROPERTY TAX REPLACEMENT PAYMENTS

4 Sec. 28. Section 2.48, subsection 3, paragraph f,  
5 subparagraph (6), Code 2021, is amended by striking the  
6 subparagraph.

7 Sec. 29. Section 331.512, subsection 15, Code 2021, is  
8 amended by striking the subsection.

9 Sec. 30. Section 331.559, subsection 27, Code 2021, is  
10 amended by striking the subsection.

11 Sec. 31. Section 441.21A, subsection 1, paragraph a, Code  
12 2021, is amended to read as follows:

13 a. For each fiscal year beginning on or after July 1, 2014,  
14 but before July 1, 2027, there is appropriated from the general  
15 fund of the state to the department of revenue an amount  
16 necessary for the payment of all commercial and industrial  
17 property tax replacement claims under this section for the  
18 fiscal year. However, for ~~a~~ the fiscal year years beginning  
19 ~~on or after July 1, 2017, July 1, 2018, July 1, 2019, July 1,~~  
20 ~~2020, and July 1, 2021~~, the total amount of moneys appropriated  
21 from the general fund of the state to the department of revenue  
22 for the payment of commercial and industrial property tax  
23 replacement claims ~~in that~~ each fiscal year shall not exceed  
24 the total amount of money necessary to pay all commercial and  
25 industrial property tax replacement claims for the fiscal year  
26 beginning July 1, 2016.

27 Sec. 32. Section 441.21A, subsections 2 and 3, Code 2021,  
28 are amended to read as follows:

29 2. ~~a. Beginning with the~~ For each fiscal year beginning  
30 on or after July 1, 2014, but before July 1, 2022, each county  
31 treasurer shall be paid by the department of revenue an  
32 amount equal to the amount of the commercial and industrial  
33 property tax replacement claims in the county, as calculated  
34 in subsection 4. If an amount appropriated for ~~a~~ the fiscal  
35 year beginning on July 1, 2017, July 1, 2018, July 1, 2019,

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1 July 1, 2020, or July 1, 2021, is insufficient to pay all  
2 replacement claims for the fiscal year, the director of revenue  
3 shall prorate the payment of replacement claims to the county  
4 treasurers and shall notify the county auditors of the pro rata  
5 percentage on or before September 30.

6 b. For each fiscal year beginning on or after July 1, 2022,  
7 but before July 1, 2027, each county treasurer shall be paid  
8 by the department of revenue an amount equal to the sum of the  
9 commercial and industrial property tax replacement claims for  
10 all taxing authorities, or portion thereof, located in the  
11 county, as calculated in subsection 4A. The county treasurer  
12 shall pay to each taxing authority the taxing authority's  
13 commercial and industrial property tax replacement claim, or  
14 portion thereof, as calculated in subsection 4A.

15 3. a. On or before July 1 of each fiscal year beginning on  
16 or after July 1, 2014, but before July 1, 2022, the assessor  
17 shall report to the county auditor the total actual value of  
18 all commercial property and industrial property in the county  
19 that is subject to assessment and taxation for the assessment  
20 year used to calculate the taxes due and payable in that fiscal  
21 year.

22 b. On or before July 1, 2022, the department of management  
23 shall calculate and report to the department of revenue for  
24 each taxing authority in this state that is a city or a county  
25 all of the following:

26 (1) The total assessed value as of January 1, 2012, of  
27 all taxable property located in the taxing authority that is  
28 subject to assessment and taxation used to calculate taxes  
29 which are due and payable in the fiscal year beginning July 1,  
30 2013, excluding property subject to the statewide property tax  
31 imposed under section 437A.18 or 437B.14.

32 (2) The total assessed value as of January 1, 2019, of  
33 all taxable property located in the taxing authority that is  
34 subject to assessment and taxation used to calculate taxes  
35 which are due and payable in the fiscal year beginning July 1,

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1 2020, excluding property subject to the statewide property tax  
2 imposed under section 437A.18 or 437B.14.

3 Sec. 33. Section 441.21A, subsection 4, unnumbered  
4 paragraph 1, Code 2021, is amended to read as follows:

5 On or before a date established by rule of the department  
6 of revenue of each fiscal year beginning on or after July  
7 1, 2014, but before July 1, 2022, the county auditor shall  
8 prepare a statement, based upon the report received pursuant to  
9 subsection 3, paragraph "a", listing for each taxing district  
10 in the county:

11 Sec. 34. Section 441.21A, Code 2021, is amended by adding  
12 the following new subsection:

13 NEW SUBSECTION 4A. a. As used in this subsection, unless  
14 the context clearly requires otherwise:

15 (1) *"Qualified taxing authority"* means any of the following:

16 (a) A taxing authority that is not a city or a county.

17 (b) A taxing authority that is a city or county for which  
18 the amount determined under subsection 3, paragraph "b",

19 subparagraph (2), is less than one hundred thirty-one and  
20 twenty-four hundredths percent of the amount determined under  
21 subsection 3, paragraph "b", subparagraph (1).

22 (2) *"Taxing authority"* means a city, county, community  
23 college, or other governmental entity or political subdivision  
24 in this state authorized to certify a levy on property located  
25 within such authority, but does not include a school district.

26 b. For fiscal years beginning on or after July 1, 2022,  
27 but before July 1, 2027, the amount of each taxing authority's  
28 replacement claim is as follows:

29 (1) If the taxing authority is a qualified taxing authority:

30 (a) For the fiscal year beginning July 1, 2022, five-sixths  
31 of the amount received by the taxing authority under this  
32 section for the fiscal year beginning July 1, 2021.

33 (b) For the fiscal year beginning July 1, 2023, four-sixths  
34 of the amount received by the taxing authority under this  
35 section for the fiscal year beginning July 1, 2021.

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1 (c) For the fiscal year beginning July 1, 2024, three-sixths  
2 of the amount received by the taxing authority under this  
3 section for the fiscal year beginning July 1, 2021.

4 (d) For the fiscal year beginning July 1, 2025, two-sixths  
5 of the amount received by the taxing authority under this  
6 section for the fiscal year beginning July 1, 2021.

7 (e) For the fiscal year beginning July 1, 2026, one-sixth of  
8 the amount received by the taxing authority under this section  
9 for the fiscal year beginning July 1, 2021.

10 (2) If the taxing authority is not a qualified taxing  
11 authority:

12 (a) For the fiscal year beginning July 1, 2022,  
13 three-fourths of the amount received by the taxing authority  
14 under this section for the fiscal year beginning July 1, 2021.

15 (b) For the fiscal year beginning July 1, 2023, two-fourths  
16 of the amount received by the taxing authority under this  
17 section for the fiscal year beginning July 1, 2021.

18 (c) For the fiscal year beginning July 1, 2024, one-fourth  
19 of the amount received by the taxing authority under this  
20 section for the fiscal year beginning July 1, 2021.

21 (d) For the fiscal year beginning July 1, 2025, and each  
22 succeeding fiscal year beginning before July 1, 2027, zero.

23 (3) The department of management shall calculate and report  
24 to the department of revenue the amount received by each  
25 taxing authority in this state as the result of commercial and  
26 industrial property tax replacement claims paid for the fiscal  
27 year beginning July 1, 2021, and the portion of the amount  
28 attributable to each county where the taxing authority is  
29 located, if applicable.

30 Sec. 35. Section 441.21A, subsection 5, Code 2021, is  
31 amended to read as follows:

32 5. For purposes of computing replacement amounts under  
33 this section for fiscal years beginning on or after July 1,  
34 2014, but before July 1, 2022, that portion of an urban renewal  
35 area defined as the sum of the assessed valuations defined in

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1 section 403.19, subsections 1 and 2, shall be considered a  
2 taxing district.

3 Sec. 36. Section 441.21A, subsection 6, paragraph a, Code  
4 2021, is amended to read as follows:

5 a. ~~The~~ For fiscal years beginning on or after July 1, 2014,  
6 but before July 1, 2022, the county auditor shall certify  
7 and forward one copy of the statement to the department of  
8 revenue not later than a date of each year established by the  
9 department of revenue by rule.

10 Sec. 37. Section 441.21A, subsection 6, Code 2021, is  
11 amended by adding the following new paragraph:

12 NEW PARAGRAPH f. This subsection shall apply to the  
13 apportionment of replacement claim amounts for fiscal years  
14 beginning on or after July 1, 2014, but before July 1, 2022.

15 Sec. 38. Section 441.21A, Code 2021, is amended by adding  
16 the following new subsections:

17 NEW SUBSECTION 7. a. For fiscal years beginning on  
18 or after July 1, 2022, but before July 1, 2027, each taxing  
19 authority's replacement claim calculated under subsection 4A,  
20 or portion thereof, shall be paid to the appropriate county  
21 treasurer, as provided in subsection 2, paragraph "b", in equal  
22 installments in September and March of each year.

23 b. After payment by the county treasurer to the taxing  
24 authority, the taxing authority's replacement claim shall be  
25 apportioned and credited by the governing body of the taxing  
26 authority among the taxing authority's tax levies in the same  
27 proportion that each property tax levy bears to the total of  
28 all property tax levies imposed by the taxing authority for the  
29 fiscal year for which the payment is received.

30 c. Of the amounts allocated and credited to each property  
31 tax levy that is subject to division under section 403.19,  
32 the total amount paid into the fund for the taxing authority  
33 as taxes by or for the taxing authority into which all other  
34 property taxes are paid and the special fund of the applicable  
35 municipality under section 403.19, subsection 2, shall be an



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1 amount of the replacement claim that is proportionate to the  
2 amount of the total sum of the assessed value of the taxable  
3 commercial and industrial property in the urban renewal area as  
4 a share of total assessed value of all taxable property in the  
5 taxing authority and shall be apportioned as follows:

6 (1) To the fund for the taxing authority as taxes by or for  
7 the taxing authority into which all other property taxes are  
8 paid, an amount proportionate to the amount of actual value of  
9 the commercial and industrial property in the urban renewal  
10 area as determined in section 403.19, subsection 1, that was  
11 subtracted pursuant to section 403.20, as it bears to the  
12 total amount of actual value of the commercial and industrial  
13 property in the urban renewal area that was subtracted pursuant  
14 to section 403.20 for the assessment year for property taxes  
15 due and payable in the fiscal year for which the replacement  
16 claim is computed.

17 (2) (a) To the special fund of the applicable municipality  
18 under section 403.19, subsection 2, the remaining amount, if  
19 any.

20 (b) The amount allocated under subparagraph division (a)  
21 shall not exceed the amount equal to the amount certified to  
22 the county auditor under section 403.19 for the fiscal year in  
23 which the claim is paid, after deduction of the amount of other  
24 revenues committed for payment on that amount for the fiscal  
25 year. The amount not allocated as a result of the operation of  
26 this subparagraph division (b) shall be allocated to and paid  
27 into the fund for the taxing authority as taxes by or for the  
28 taxing authority in the manner provided in subparagraph (1).

29 NEW SUBSECTION 8. This section is repealed July 1, 2027.

30 Sec. 39. EFFECTIVE DATE. The following take effect July 1,  
31 2027:

32 1. The section of this division of this Act amending section  
33 331.512.

34 2. The section of this division of this Act amending section  
35 331.559.

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## 1 DIVISION III

## 2 SCHOOL FOUNDATION PERCENTAGE

3 Sec. 40. Section 257.1, subsection 2, paragraph b, Code  
4 2021, is amended to read as follows:

5 b. For the budget year commencing July 1, 1999, and for  
6 each succeeding budget year beginning before July 1, 2022,  
7 the regular program foundation base per pupil is eighty-seven  
8 and five-tenths percent of the regular program state cost per  
9 pupil. For the budget year commencing July 1, 2022, and for  
10 each succeeding budget year, the regular program foundation  
11 base per pupil is eighty-eight and four-tenths percent of the  
12 regular program state cost per pupil. For the budget year  
13 commencing July 1, 1991, and for each succeeding budget year  
14 the special education support services foundation base is  
15 seventy-nine percent of the special education support services  
16 state cost per pupil. The combined foundation base is the sum  
17 of the regular program foundation base, the special education  
18 support services foundation base, the total teacher salary  
19 supplement district cost, the total professional development  
20 supplement district cost, the total early intervention  
21 supplement district cost, the total teacher leadership  
22 supplement district cost, the total area education agency  
23 teacher salary supplement district cost, and the total area  
24 education agency professional development supplement district  
25 cost.

26 Sec. 41. Section 257.3, subsection 1, paragraph d, Code  
27 2021, is amended by striking the paragraph.

28 Sec. 42. EFFECTIVE DATE. The section of this division of  
29 this Act amending section 257.3, subsection 1, paragraph "d",  
30 takes effect July 1, 2022.

## 31 DIVISION IV

## 32 PUBLIC EDUCATION AND RECREATION TAX LEVY

33 Sec. 43. Section 276.10, subsection 1, Code 2021, is amended  
34 to read as follows:

35 1. The board of directors of a local school district

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1 may establish a community education program for schools in  
 2 the district and provide for the general supervision of the  
 3 program. Financial support for the program ~~shall~~ may be  
 4 provided from funds ~~raised pursuant to chapter 300~~ received by  
 5 the school district under chapter 423F and from any private  
 6 funds and any federal funds made available for the purpose of  
 7 implementing this chapter. The program which recognizes that  
 8 the schools belong to the people and which shall be centered  
 9 in the schools may include but shall not be limited to the use  
 10 of the school facilities day and night, year round including  
 11 weekends and regular school vacation periods for educational,  
 12 recreational, cultural, and other community services and  
 13 programs for all age, ethnic, and socioeconomic groups residing  
 14 in the community.

15 Sec. 44. Section 278.1, subsection 1, paragraph e, Code  
 16 2021, is amended to read as follows:

17 e. Direct the transfer of any surplus in the debt service  
 18 fund, physical plant and equipment levy fund, or other capital  
 19 project funds, ~~or public education and recreation levy fund~~ to  
 20 the general fund.

21 Sec. 45. Section 298A.6, Code 2021, is amended to read as  
 22 follows:

23 **298A.6 Public education and recreation levy fund.**

24 The public education and recreation levy fund is a special  
 25 revenue fund. A public education and recreation levy fund  
 26 must be established in any school corporation which ~~levies~~  
 27 levied the tax authorized under section 300.2, Code 2021, or  
 28 which ~~receives~~ received revenue from a chapter 28E agreement  
 29 authorized under section 300.1, Code 2021. Moneys available in  
 30 the fund at the conclusion of the fiscal year beginning July 1,  
 31 2023, and ending June 30, 2024, shall be expended by the school  
 32 corporation for the purposes authorized under chapter 300, Code  
 33 2021.

34 Sec. 46. Section 300.2, Code 2021, is amended by adding the  
 35 following new subsection:

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1 NEW SUBSECTION 4. a. A levy under this chapter shall not  
 2 be approved by the voters on or after the effective date of  
 3 this division of this Act.

4 b. If the levy has not been discontinued under section  
 5 300.3, the authorization to impose the levy under this chapter  
 6 shall terminate July 1, 2024.

7 c. Notwithstanding subsection 2, including a proposition  
 8 approved at an election held before the effective date of this  
 9 division of this Act, the rate of a levy imposed by a board of  
 10 directors under this chapter for the fiscal year beginning July  
 11 1, 2023, shall not exceed one-half of the levy rate imposed by  
 12 the board of directors for the fiscal year beginning July 1,  
 13 2022.

14 Sec. 47. Section 423F.3, subsection 1, paragraph c, Code  
 15 2021, is amended by striking the paragraph.

16 Sec. 48. Section 423F.5, subsection 1, Code 2021, is amended  
 17 to read as follows:

18 1. A school district shall include as part of its financial  
 19 audit for the budget year beginning July 1, 2007, and for  
 20 each subsequent budget year the amount received during the  
 21 year pursuant to chapter 423E or this chapter, as applicable.  
 22 In addition, the financial audit shall include the amount  
 23 of bond levies, and physical plant and equipment levy, ~~and~~  
 24 ~~public educational and recreational levy~~ reduced as a result  
 25 of the moneys received under chapter 423E or this chapter,  
 26 as applicable. The amount of the reduction shall be stated  
 27 in terms of dollars and cents per one thousand dollars of  
 28 valuation and in total amount of property tax dollars. Also  
 29 included shall be an accounting of the amount of moneys  
 30 received which were spent for infrastructure purposes pursuant  
 31 to chapter 423E or this chapter, as applicable.

32 Sec. 49. REPEAL. Sections 276.11 and 276.12, Code 2021,  
 33 are repealed.

34 Sec. 50. REPEAL. Chapter 300, Code 2021, is repealed.

35 Sec. 51. EFFECTIVE DATE. Except as otherwise provided in

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1 this division of this Act, this division of this Act takes  
2 effect July 1, 2024.

3 Sec. 52. EFFECTIVE DATE. The following, being deemed of  
4 immediate importance, takes effect upon enactment:

5 The section of this division of this Act enacting section  
6 300.2, subsection 4.

7 Sec. 53. APPLICABILITY. Except for the section of this  
8 division of this Act enacting section 300.2, subsection 4, this  
9 division of this Act applies to fiscal years beginning on or  
10 after July 1, 2024.

## DIVISION V

## ELDERLY PROPERTY TAX CREDIT

13 Sec. 54. Section 25B.7, subsection 2, paragraph b, Code  
14 2021, is amended to read as follows:

15 b. Low-income property tax credit and elderly and disabled  
16 property tax credit pursuant to sections 425.16 through 425.40,  
17 subject to the limitation of 41, paragraph "b".

18 Sec. 55. Section 425.17, subsection 2, Code 2021, is amended  
19 to read as follows:

20 2. a. "Claimant" means ~~either~~ any of the following:

21 (1) A person filing a claim for credit ~~or reimbursement~~  
22 under this subchapter who has attained the age of sixty-five  
23 years but who has not attained the age of seventy years on  
24 or before December 31 of the base year ~~or, a person filing a~~  
25 claim for credit or reimbursement under this subchapter who  
26 is totally disabled and was totally disabled on or before  
27 December 31 of the base year, or a person filing a claim for  
28 reimbursement under this subchapter who has attained the age of  
29 sixty-five years on or before December 31 of the base year and  
30 who is domiciled in this state at the time the claim is filed or  
31 at the time of the person's death in the case of a claim filed  
32 by the executor or administrator of the claimant's estate.

33 (2) A person filing a claim for credit or reimbursement  
34 under this subchapter who has attained the age of twenty-three  
35 years on or before December 31 of the base year or was a head

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1 of household on December 31 of the base year, as defined in  
 2 the Internal Revenue Code, but has not attained the age or  
 3 disability status described in ~~this paragraph "a"~~, subparagraph  
 4 (1) or the age status and eligibility criteria of subparagraph  
 5 (3), and is domiciled in this state at the time the claim is  
 6 filed or at the time of the person's death in the case of a  
 7 claim filed by the executor or administrator of the claimant's  
 8 estate, and was not claimed as a dependent on any other  
 9 person's tax return for the base year.

10 (3) A person filing a claim for credit under this subchapter  
 11 who has attained the age of seventy years on or before December  
 12 31 of the base year, who has a household income of less than  
 13 two hundred fifty percent of the federal poverty level, as  
 14 defined by the most recently revised poverty income guidelines  
 15 published by the United States department of health and human  
 16 services, and is domiciled in this state at the time the claim  
 17 is filed or at the time of the person's death in the case of a  
 18 claim filed by the executor or administrator of the claimant's  
 19 estate.

20 *b. "Claimant" under paragraph "a", ~~subparagraph (1) or (2)~~,*  
 21 includes a vendee in possession under a contract for deed and  
 22 may include one or more joint tenants or tenants in common.  
 23 In the case of a claim for rent constituting property taxes  
 24 paid, the claimant shall have rented the property during any  
 25 part of the base year. In the case of a claim for property  
 26 taxes due, the claimant shall have occupied the property during  
 27 any part of the fiscal year beginning July 1 of the base year.  
 28 If a homestead is occupied by two or more persons, and more  
 29 than one person is able to qualify as a claimant, the persons  
 30 may each file a claim based upon each person's income and rent  
 31 constituting property taxes paid or property taxes due.

32 Sec. 56. Section 425.23, subsection 1, paragraph a,  
 33 unnumbered paragraph 1, Code 2021, is amended to read as  
 34 follows:

35 The tentative credit or reimbursement for a claimant

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1 described in section 425.17, subsection 2, paragraph "a",  
 2 ~~subparagraph subparagraph (1) and (2), if no appropriation is~~  
 3 ~~made to the fund created in section 425.40~~ shall be determined  
 4 in accordance with the following schedule:

5 Sec. 57. Section 425.23, subsection 1, Code 2021, is amended  
 6 by adding the following new paragraph:

7 NEW PARAGRAPH c. The tentative credit for a claimant  
 8 described in section 425.17, subsection 2, paragraph "a",  
 9 subparagraph (3), shall be the greater of the following:

10 (1) The amount of the credit under the schedule specified  
 11 in paragraph "a" of this subsection as if the claimant was a  
 12 claimant as defined in section 425.17, subsection 2, paragraph  
 13 "a", subparagraph (1), filing for a credit under paragraph "a"  
 14 of this subsection.

15 (2) The difference between the actual amount of property  
 16 taxes due on the homestead during the fiscal year next  
 17 following the base year minus the actual amount of property  
 18 taxes due on the homestead during the first fiscal year for  
 19 which the claimant filed a claim for a credit calculated under  
 20 this paragraph "c" and for which the property taxes due on the  
 21 homestead were calculated on an assessed valuation that was  
 22 not a partial assessment and if the claimant has filed for the  
 23 credit calculated under this paragraph "c" for each of the  
 24 subsequent fiscal years after the first credit claimed.

25 Sec. 58. Section 425.23, subsection 4, paragraph a, Code  
 26 2021, is amended to read as follows:

27 a. For the base year beginning in the 1999 calendar year  
 28 and for each subsequent base year, the dollar amounts set  
 29 forth in ~~subsection~~ subsection 1, paragraphs "a" and "b", and  
 30 subsection 3 shall be multiplied by the cumulative adjustment  
 31 factor for that base year. "Cumulative adjustment factor" means  
 32 the product of the annual adjustment factor for the 1998 base  
 33 year and all annual adjustment factors for subsequent base  
 34 years. The cumulative adjustment factor applies to the base  
 35 year beginning in the calendar year for which the latest annual

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1 adjustment factor has been determined.

2 Sec. 59. Section 425.24, Code 2021, is amended to read as  
3 follows:

4 **425.24 Maximum property tax for purpose of creditor**  
5 **reimbursement.**

6 ~~For claimants under section 425.17, subsection 2,~~  
7 ~~paragraph "a", subparagraphs (1) and (2), and for the~~  
8 ~~calculation under section 425.23, subsection 1, paragraph "c",~~  
9 ~~subparagraph (1), in any case in which property taxes due or~~  
10 ~~rent constituting property taxes paid for any household exceeds~~  
11 ~~one thousand dollars, the amount of property taxes due or rent~~  
12 ~~constituting property taxes paid shall be deemed to have been~~  
13 ~~one thousand dollars for purposes of this subchapter~~

14 Sec. 60. Section 425.39, subsection 1, as amended by 2021  
15 Iowa Acts, House File 368, section 33, is amended to read as  
16 follows:

17 1. a. The elderly and disabled property tax credit fund is  
18 created. There is appropriated annually from the general fund  
19 of the state to the department of revenue to be credited to the  
20 elderly and disabled property tax credit fund, from funds not  
21 otherwise appropriated, an amount sufficient to implement this  
22 subchapter for credits for property taxes due for claimants  
23 described in section 425.17, subsection 2, paragraph "a",  
24 ~~subparagraphs (1) and (3), subject to paragraph~~  
25 ~~"b".~~

26 b. Regardless of the amount of the credit determined under  
27 section 425.23, subsection 1, paragraph "c", the amount paid by  
28 the director of revenue to each county treasurer for credits  
29 for claimants described under section 425.17, subsection 2,  
30 paragraph "a", subparagraph (3), shall not exceed the amount  
31 calculated for the claimant under section 425.23, subsection 1,  
32 paragraph "c", subparagraph (1), and section 25B.7, subsection  
33 1, shall not apply to the amount of the credit in excess of the  
34 amount paid by the director of revenue.

35 Sec. 61. APPLICABILITY. This division of this Act applies

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1 to claims under chapter 425, subchapter II, filed on or after  
2 January 1, 2022.

## DIVISION VI

## FUTURE TAX CHANGES

5 Sec. 62. 2018 Iowa Acts, chapter 1161, section 133, is  
6 amended by striking the section and inserting in lieu thereof  
7 the following:

8 SEC. 133. EFFECTIVE DATE. This division of this Act takes  
9 effect January 1, 2023.

## DIVISION VII

## CHARITABLE CONSERVATION CONTRIBUTION TAX CREDIT

12 Sec. 63. Section 2.48, subsection 3, paragraph e,  
13 subparagraph (6), Code 2021, is amended by striking the  
14 subparagraph.

15 Sec. 64. Section 422.33, subsection 25, Code 2021, is  
16 amended by striking the subsection.

17 Sec. 65. REPEAL. Section 422.11W, Code 2021, is repealed.

18 Sec. 66. APPLICABILITY. This division of this Act applies  
19 to conveyances made on or after July 1, 2021.

## DIVISION VIII

## FOREST RESERVATIONS

22 Sec. 67. Section 427C.1, Code 2021, is amended to read as  
23 follows:

24 **427C.1 Tax exemption.**

25 1. Any person who establishes a forest or The owner of a  
26 fruit-tree reservation as provided in this chapter shall be  
27 entitled to the tax exemption provided by law.

28 2. a. The owner of a forest reservation as provided in this  
29 chapter shall be entitled to the tax exemption provided by law  
30 for assessment years beginning on or after January 1, 2022,  
31 if, subject to the schedule for reapplication adopted under  
32 subsection 3, the owner is actively engaged in the operation or  
33 management of the forest reservation.

34 b. The natural resource commissions shall adopt rules  
35 pursuant to chapter 17A to interpret the requirement of

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1 paragraph "a" that the owner of a forest reservation be  
2 actively engaged in the operation or management of the forest  
3 reservation, including but not limited to standards for  
4 wildlife control practices, invasive species control measures,  
5 conservation measures, and forest practices. The minimum  
6 requirements for being considered actively engaged in the  
7 operation or management of the forest reservation established  
8 by the natural resource commissions shall be based on the  
9 conservation goals for the property as stated by the owner  
10 in the exemption application, the use of the property by the  
11 owner, and the characteristics of the property, including the  
12 pervasiveness of wildlife populations and invasive species  
13 populations on the property and the impact of such populations  
14 on the forest reservation and surrounding properties.  
15 c. (1) For each forest reservation application filed after  
16 February 1, 2021, but on or before February 1, 2022, the owner  
17 must file by February 1, 2022, with the department of natural  
18 resources, evidence that the owner meets the requirement for  
19 active engagement in the operation or management of the forest  
20 reservation.  
21 (2) The department of natural resources shall prepare and  
22 make available a form to assist owners in complying with the  
23 requirement of subparagraph (1).  
24 3. The department of revenue, in consultation with the  
25 department of natural resources, shall by rule establish five  
26 regions within the state. Forest reservation exemptions  
27 for which the application was filed on or before February  
28 1, 2021, shall terminate as provided in this subsection  
29 and the owners of such forest reservations must reapply for  
30 the exemption under this chapter. In order to efficiently  
31 process applications, the five regions shall be established  
32 to include approximately an equal number of acres of forest  
33 reservations in each region. For forest reservations subject  
34 to this subsection, the requirement for the owner to be  
35 actively engaged in the operation or management of the forest

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1 reservations shall not apply until the owner reapplies for the  
 2 forest reservation exemption.

3 a. Exemptions for forest reservations in the first region  
 4 shall end at the conclusion of the assessment year beginning  
 5 January 1, 2021, and in order to continue receiving the  
 6 exemption for the five-year period specified in section 427C.3,  
 7 beginning with the assessment year beginning January 1, 2022,  
 8 each owner must reapply on or before February 1, 2022.

9 b. Exemptions for forest reservations in the second region  
 10 shall end at the conclusion of the assessment year beginning  
 11 January 1, 2022, and in order to continue receiving the  
 12 exemption for the five-year period specified in section 427C.3,  
 13 beginning with the assessment year beginning January 1, 2023,  
 14 each owner must reapply on or before February 1, 2023.

15 c. Exemptions for forest reservations in the third region  
 16 shall end at the conclusion of the assessment year beginning  
 17 January 1, 2023, and in order to continue receiving the  
 18 exemption for the five-year period specified in section 427C.3,  
 19 beginning with the assessment year beginning January 1, 2024,  
 20 each owner must reapply on or before February 1, 2024.

21 d. Exemptions for forest reservations in the fourth region  
 22 shall end at the conclusion of the assessment year beginning  
 23 January 1, 2024, and in order to continue receiving the  
 24 exemption for the five-year period specified in section 427C.3,  
 25 beginning with the assessment year beginning January 1, 2025,  
 26 each owner must reapply on or before February 1, 2025.

27 e. Exemptions for forest reservations in the fifth region  
 28 shall end at the conclusion of the assessment year beginning  
 29 January 1, 2025, and in order to continue receiving the  
 30 exemption for the five-year period specified in section 427C.3,  
 31 beginning with the assessment year beginning January 1, 2026,  
 32 each owner must reapply on or before February 1, 2026.

33 Sec. 68. Section 427C.3, Code 2021, is amended to read as  
 34 follows:

35 **427C.3 Forest reservation— duration of exemption**

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1     1. A forest reservations shall contain not less than two  
 2 hundred growing forest trees on each acre. If the area  
 3 selected is a forest containing the required number of growing  
 4 forest trees, it shall be accepted as a forest reservation  
 5 under this chapter for a period of five years provided  
 6 application is made or on file on or before February 1 of the  
 7 exemption year. If any buildings are standing on an area  
 8 selected as a forest reservation under this section ~~or a~~  
 9 ~~fruit-tree reservation under section 427C.7~~, one acre of that  
 10 area shall be excluded from the tax exemption. However, the  
 11 exclusion of that acre shall not affect the area's meeting the  
 12 acreage requirement of section 427C.2.

13     2. For forest reservation exemption applications filed on  
 14 or after February 2, 2021, but on or before February 1, 2022,  
 15 the five-year period provided under subsection 1 begins with  
 16 the assessment year beginning January 1, 2022, unless the owner  
 17 fails to satisfy the requirement of section 427C.1, subsection  
 18 2, paragraph "c".

19     Sec. 69. Section 427C.7, Code 2021, is amended to read as  
 20 follows:

21     **427C.7 Fruit-tree reservation— duration of exemption.**

22     A fruit-tree reservations shall contain on each acre,  
 23 at least forty apple trees, or seventy other fruit trees,  
 24 growing under proper care and annually pruned and sprayed.  
 25 A reservation may be claimed as a fruit-tree reservation,  
 26 under this chapter, for a period of eight years after planting  
 27 provided application is made or on file on or before February  
 28 1 of the exemption year. If any buildings are standing on an  
 29 area selected as a fruit-tree reservation under this section,  
 30 one acre of that area shall be excluded from the tax exemption.  
 31 However, the exclusion of that acre shall not affect the area's  
 32 meeting the acreage requirement of section 427C.2.

33     Sec. 70. Section 427C.10, Code 2021, is amended to read as  
 34 follows:

35     **427C.10 Restraint of livestock and limitation on use.**

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1     1. Cattle, horses, mules, sheep, goats, ostriches, rheas,  
 2 emus, and swine shall not be permitted upon a ~~fruit-tree or~~  
 3 ~~forest forest or fruit-tree~~ reservation.

4     2. a. ~~Fruit-tree and forest~~ Forest and fruit-tree  
 5 reservation shall not be used for economic gain other than the  
 6 gain from raising fruit or forest trees.

7     b. ~~The prohibition under paragraph "a" includes but is not~~  
 8 ~~limited to leases or charges for persons who enter or go on the~~  
 9 ~~reservation for the recreational use thereof or for hunting.~~

10     Sec. 71. Section 427C.12, Code 2021, is amended to read as  
 11 follows:

12     **~~427C.12 Application— inspection— continuation of~~**  
 13 **~~exemption— recapture of tax.~~**

14     1. It shall be the duty of the assessor to secure the facts  
 15 relative to fruit-tree and forest reservations by taking the  
 16 sworn statement, or affirmation, of the owner or owners making  
 17 application under this chapter; and to make special report to  
 18 the county auditor of all reservations made in the county under  
 19 the provisions of this chapter.

20     2. a. The board of supervisor shall designate the county  
 21 conservation board or the assessor who shall inspect the area  
 22 for which an application is filed for a fruit-tree or ~~forest~~  
 23 reservation tax exemption before the application is accepted.

24     b. ~~The department of natural resources shall review the~~  
 25 ~~application for a forest reservation tax exemption before the~~  
 26 ~~application is accepted.~~

27     c. ~~Use of~~ The department of natural resources shall use  
 28 aerial photographs ~~may be substituted for on-site inspection~~  
 29 ~~when appropriate provided by the county assessor to determine~~  
 30 ~~if the application meets the criteria established by the~~  
 31 ~~natural resource commission to be a forest reservation~~

32     3. ~~The application can only be accepted if it meets the~~  
 33 ~~criteria established by the natural resource commission to~~  
 34 ~~be a fruit-tree or forest reservation~~ department of natural  
 35 ~~resources may conduct an on-site review if necessary to verify~~

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1 the eligibility of a forest reservation application

2 4. Once the application has been accepted, the area shall  
 3 continue to receive the tax exemption during each year of the  
 4 applicable exemption period under section 427C.3 or 427C.7  
 5 in which the area is maintained as a ~~fruit-tree~~ or forest or  
 6 fruit-tree reservation without the owner having to refile. If  
 7 the property is sold or transferred, the seller shall notify  
 8 the buyer that all, or part of, the property is in fruit-tree  
 9 or forest reservation and subject to the recapture tax  
 10 provisions of this section. The tax exemptions shall continue  
 11 to be granted for the remainder of the ~~eight-year~~ exemption  
 12 period for fruit-tree reservation and for the following years  
 13 for forest reservation under section 427C.3 or 427C.7, or until  
 14 the property no longer qualifies as a fruit-tree or forest or  
 15 fruit-tree reservation.

16 5. a. ~~The~~ An area that is a fruit-tree reservation may  
 17 be inspected each year by the county conservation board or  
 18 the assessor to determine if the area is maintained as a  
 19 fruit-tree ~~or forest~~ reservation. An area that is a forest  
 20 reservation may be inspected each year by the department of  
 21 natural resources to determine if the area is maintained as  
 22 forest reservation. If the area is not maintained or is used  
 23 for economic gain other than as a fruit-tree reservation during  
 24 any year of the ~~eight-year~~ exemption period and any year of  
 25 the ~~following five years~~ following the exemption period, if  
 26 the property is no longer receiving an exemption under this  
 27 chapter, or as a forest reservation during any year for which  
 28 of the exemption is granted period and any of the five years  
 29 ~~following those exemption years~~ the exemption period, if  
 30 the property is no longer receiving an exemption under this  
 31 chapter, the assessor shall assess the property for taxation  
 32 at its fair market value as of January 1 of that year and  
 33 in addition the area shall be subject to a recapture tax.  
 34 However, the area shall not be subject to the recapture tax if  
 35 the owner, including one possessing under a contract of sale,

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1 and the owner's direct antecedents or descendants have owned  
2 the area for more than ten years.

3 b. The recapture tax shall be computed by multiplying the  
4 consolidated levy for each of those years, if any, of the five  
5 preceding years for which the area received the exemption for  
6 fruit-tree or forest reservation times the assessed value of  
7 the area that would have been taxed but for the tax exemption.  
8 This tax shall be entered against the property on the tax list  
9 for the current year and shall constitute a lien against the  
10 property in the same manner as a lien for property taxes. The  
11 tax when collected shall be apportioned in the manner provided  
12 for the apportionment of the property taxes for the applicable  
13 tax year.

14 6. Upon expiration of the applicable exemption period, the  
15 owner of a forest or fruit-tree reservation may reapply for  
16 an exemption under this chapter if the property meets all the  
17 criteria for the exemption under this chapter.

18 Sec. 72. Section 441.22, Code 2021, is amended to read as  
19 follows:

20 **441.22 Forest and fruit-tree reservations.**

21 Forest and fruit-tree reservations fulfilling the conditions  
22 of ~~sections 427C.1 to 427C.13~~ chapter 427C shall be exempt from  
23 taxation to the extent authorized in that chapter. In all  
24 other cases where trees are planted upon any tract of land,  
25 without regard to area, for forest, fruit, shade, or ornamental  
26 purposes, or for windbreaks, the assessor shall not increase  
27 the valuation of the property because of such improvements.

28 Sec. 73. SAVINGS PROVISION. This division of this Act,  
29 pursuant to section 4.13, does not affect the operation of,  
30 or prohibit the application of, prior provisions of chapter  
31 427C or section 441.22, or rules adopted under chapter 17A to  
32 administer prior provisions of chapter 427C or section 441.22,  
33 for assessment years beginning before January 1, 2022, and for  
34 duties, powers, protests, appeals, proceedings, actions, or  
35 remedies attributable to an assessment year beginning before

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1 January 1, 2022.

2 Sec. 74. EFFECTIVE DATE. This division of this Act, being  
3 deemed of immediate importance, takes effect upon enactment.

4 Sec. 75. APPLICABILITY. This division of this Act applies  
5 to assessment years beginning on or after January 1, 2022.

6 DIVISION IX

7 TRANSIT FUNDING

8 Sec. 76. Section 28M.3, subsection 1, Code 2021, is amended  
9 to read as follows:

10 1. A regional transit district shall have all the rights,  
11 powers, and duties of a county enterprise pursuant to sections  
12 331.462 through 331.469 as they relate to the purpose for  
13 which the regional transit district is created, including  
14 the authority to issue revenue bonds for the establishment,  
15 construction, reconstruction, repair, equipping, remodeling,  
16 extension, maintenance, and operation of works, vehicles, and  
17 facilities of a regional transit district. In addition, a  
18 regional transit district, with the approval of the board of  
19 supervisors, may issue general obligation bonds as an essential  
20 county purpose pursuant to chapter 331, subchapter IV, part 3,  
21 for the establishment, construction, reconstruction, repair,  
22 equipping, remodeling, extension, maintenance, and operation of  
23 works, vehicles, and facilities of a regional transit district.  
24 Such general obligation bonds are payable from the property tax  
25 levy authorized in section 28M.5 and from the transit hotel and  
26 motel tax imposed under section 423A.4, subsection 1, paragraph  
27 "b", if applicable

28 Sec. 77. Section 28M.4, subsection 3, Code 2021, is amended  
29 to read as follows:

30 3. A commission shall adopt and certify an annual budget  
31 for the regional transit district. A commission in its budget  
32 shall allocate the revenue responsibilities of each county and  
33 city participating in the regional transit district, subject  
34 to reductions in the maximum authorized property tax levy  
35 rate under section 28M.5, if applicable A commission shall

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1 be considered a municipality for purposes of adopting and  
 2 certifying a budget pursuant to chapter 24.

3 Sec. 78. Section 28M.4, Code 2021, is amended by adding the  
 4 following new subsection:

5 NEW SUBSECTION 4A. A commission may, following approval at  
 6 election, impose a transit hotel and motel tax under section  
 7 423A.4, subsection 1, paragraph "b".

8 Sec. 79. Section 28M.4, subsections 5 and 6, Code 2021, are  
 9 amended to read as follows:

10 5. A commission shall levy for the tax under section 28M.5  
 11 and shall control any ~~tax~~ revenues paid to the regional transit  
 12 district ~~the commission administers and, including all moneys~~  
 13 derived from the operation of the regional transit district,  
 14 a transit hotel and motel tax imposed under section 423A.4,  
 15 subsection 1, paragraph "b", the sale of ~~its~~ the district's  
 16 property, interest on investments, or from any other source  
 17 related to the regional transit district.

18 6. Tax revenues collected from a regional transit district  
 19 levy or a transit hotel and motel tax under section 423A.4,  
 20 subsection 1, paragraph "b", shall be held by the county  
 21 treasurer. Before the fifteenth day of each month, the county  
 22 treasurer shall send the amount collected for each fund through  
 23 the last day of the preceding month for direct deposit into  
 24 the depository and account designated by the commission. The  
 25 county treasurer shall send a notice to the secretary of the  
 26 commission or the secretary's designee stating the amount  
 27 deposited, the date, the amount to be credited to each fund  
 28 according to the budget, and the source of the revenue.

29 Sec. 80. Section 28M.5, subsections 1 and 4, Code 2021, are  
 30 amended to read as follows:

31 1. a. The commission, with the approval of the board of  
 32 supervisors of participating counties and the city council of  
 33 participating cities in the chapter 28E agreement, may, subject  
 34 to the reductions required under paragraph "b", levy annually a  
 35 tax not to exceed ninety-five cents per thousand dollars of the

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1 assessed value of all taxable property in a regional transit  
 2 district to the extent provided in this section. The chapter  
 3 28E agreement may authorize the commission to levy the tax at  
 4 different rates within the participating cities and counties in  
 5 amounts sufficient to meet the revenue responsibilities of such  
 6 cities and counties as allocated in the budget adopted by the  
 7 commission. However, for a city participating in a regional  
 8 transit district, the total of all the tax levies imposed in  
 9 the city pursuant to section 384.12, subsection 10, and this  
 10 section shall not exceed the aggregate of ninety-five cents per  
 11 thousand dollars of the assessed value of all taxable property  
 12 in the participating city or the levy rate determined under  
 13 paragraph "b", whichever is less.

14 b. (1) If a regional transit district imposes a transit  
 15 hotel and motel tax under section 423A.4, subsection 1,  
 16 paragraph "b", the maximum levy rate authorized under this  
 17 section shall be reduced as provided in this paragraph. For  
 18 each fiscal year beginning on or after July 1 following the  
 19 first calendar year for which the transit hotel and motel  
 20 tax is imposed in the regional transit district, and until  
 21 subparagraph (4) applies, the levy rate imposed under this  
 22 section shall not exceed a rate equal to the rate that would  
 23 be required for the fiscal year beginning July 1 following the  
 24 election approving the transit hotel and motel tax to collect  
 25 an amount equal to the property taxes collected by the regional  
 26 transit district for the fiscal year beginning July 1 following  
 27 the election approving the transit hotel and motel tax minus  
 28 the amount of transit hotel and motel tax revenue received by  
 29 the regional transit district for the first calendar year for  
 30 which the transit hotel and motel tax is imposed.

31 (2) If the regional transit district authorizes the  
 32 commission to levy the tax at different rates within the  
 33 participating cities and counties, as authorized under  
 34 paragraph "a", the levy rate reduction required under this  
 35 paragraph shall be applied by the department of management

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1 to each participating city and county based upon the revenue  
2 responsibilities of such cities and counties as provided in the  
3 chapter 28E agreement on the date the transit hotel and motel  
4 tax is approved at election.

5 (3) If a regional transit district increases the rate of the  
6 transit hotel and motel tax, further reductions in the maximum  
7 authorized levy rate under this section shall be implemented  
8 in the same manner as provided under subparagraphs (1) and (2)  
9 for the reductions following initial imposition of the transit  
10 hotel and motel tax.

11 (4) If the regional transit district repeals the transit  
12 hotel and motel tax, the maximum authorized levy rate shall be  
13 ninety-five cents per thousand dollars of the assessed value  
14 for fiscal years beginning after the date of termination under  
15 section 423A.4, unless the transit hotel and motel tax is  
16 reinstated.

17 4. The proceeds of the tax levy and other authorized  
18 revenues of the regional transit district shall be used for  
19 the operation and maintenance of a regional transit district,  
20 for payment of debt obligations of the district, and for the  
21 creation of a reserve fund. The commission may divide the  
22 territory of a regional transit district outside the boundaries  
23 of a city into separate service areas and impose a regional  
24 transit district levy not to exceed the maximum rate authorized  
25 by this section in each service area.

26 Sec. 81. Section 303.52, subsection 4, paragraph a, Code  
27 2021, is amended to read as follows:

28 a. The board of trustees may by ordinance impose a local  
29 hotel and motel tax in accordance with chapter 423A.

30 Sec. 82. Section 331.402, subsection 2, paragraph f, Code  
31 2021, is amended to read as follows:

32 f. Impose a local hotel and motel tax in accordance with  
33 chapter 423A.

34 Sec. 83. Section 384.12, subsection 10, Code 2021, is  
35 amended to read as follows:

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1     10. a. A tax for the operation and maintenance of a  
 2 municipal transit system or for operation and maintenance of a  
 3 regional transit district, and for the creation of a reserve  
 4 fund for the system or district, in an amount not to exceed  
 5 ninety-five cents per thousand dollars of assessed value  
 6 each year or the levy rate determined under paragraph "b",  
 7 if applicable when the revenues from the transit system or  
 8 district are insufficient for such purposes.

9     b. (1) If the city participates in a regional transit  
 10 district under chapter 28M that imposes a transit hotel and  
 11 motel tax under section 423A.4, the maximum levy rate shall be  
 12 the levy rate determined under section 28M.5, subsection 1,  
 13 paragraph "b".

14     (2) (a) If the city imposes a transit hotel and motel tax  
 15 under section 423A.4, the maximum levy rate shall be reduced as  
 16 provided in this subparagraph. For each fiscal year beginning  
 17 on or after July 1 following the first calendar year for which  
 18 the transit hotel and motel tax is imposed in the city, and  
 19 until subparagraph division (c) applies, the levy rate imposed  
 20 under this subsection shall not exceed a rate equal to the rate  
 21 that would be required for the fiscal year beginning July 1  
 22 following the election approving the transit hotel and motel  
 23 tax to collect an amount equal to the property taxes collected  
 24 by the city under this subsection for the fiscal year beginning  
 25 July 1 following the election approving the transit hotel and  
 26 motel tax minus the amount of transit hotel and motel tax  
 27 revenue received by the city for the first calendar year for  
 28 which the transit hotel and motel tax is imposed.

29     (b) If a city increases the rate of the transit hotel and  
 30 motel tax, further reductions in the maximum authorized levy  
 31 rate under this subsection shall be implemented in the same  
 32 manner as provided under subparagraph division (a) for the  
 33 reduction following initial imposition of the transit hotel and  
 34 motel tax.

35     (c) If the city repeals the transit hotel and motel tax,

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1 the maximum authorized levy rate shall be ninety-five cents  
 2 per thousand dollars of the assessed value for fiscal years  
 3 beginning after the date of termination under section 423A.4,  
 4 unless the transit hotel and motel tax is reinstated.

5 Sec. 84. Section 423A.4, Code 2021, is amended to read as  
 6 follows:

7 **423A.4 ~~Locally imposed~~ Local hotel and motel tax — transit**  
 8 **hotel and motel tax.**

9 1. a. A city, a county, or a land use district created  
 10 under chapter 303, subchapter IV, may impose, by ordinance of  
 11 the city council or by resolution of the board of supervisors  
 12 or by ordinance of the board of trustees, a local hotel and  
 13 motel tax, at a rate not to exceed seven percent, which shall  
 14 be imposed in increments of one or more full percentage points  
 15 upon the sales price from the renting of lodging. The tax  
 16 when imposed by a city shall apply only within the corporate  
 17 boundaries of that city, when imposed by a county shall apply  
 18 only outside incorporated areas within that county, and when  
 19 imposed by a land use district shall apply only within the  
 20 corporate boundaries of that district. A local hotel and motel  
 21 tax imposed by a city or county shall not be imposed within the  
 22 corporate boundaries of a land use district during any period  
 23 of time that the land use district is imposing a local hotel  
 24 and motel tax.

25 b. A regional transit district or a city that is not  
 26 participating in a regional transit district may impose, by  
 27 resolution of the regional transit district commissioner or by  
 28 ordinance of the city council, a transit hotel and motel tax,  
 29 at a rate not to exceed five percent, which shall be imposed  
 30 in increments of one or more full percentage points upon the  
 31 sales price from the renting of lodging. The tax when imposed  
 32 by a regional transit district shall apply only within the  
 33 boundaries of the regional transit district and may be imposed  
 34 in addition to any tax imposed under paragraph "a". The tax  
 35 when imposed by a city shall apply only within the corporate

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1 boundaries of that city and may be imposed in addition to any  
2 tax imposed under paragraph "a".

3 2. Within ten days of the election at which a majority of  
4 those voting on the question favors the imposition, repeal,  
5 or change in the rate of the local hotel and motel tax or the  
6 transit hotel and motel tax, the county auditor shall give  
7 written notice by sending a copy of the abstract of votes from  
8 the favorable election to the director of revenue.

9 3. A local hotel and motel tax imposed by a city, county,  
10 or land use district shall be imposed on January 1 or July  
11 1, following the notification of the director of revenue. A  
12 transit hotel and motel tax imposed by a regional transit  
13 district or a city shall be imposed on January 1, following the  
14 notification of the director of revenue. Once imposed, the tax  
15 shall remain in effect at the rate imposed for a minimum of  
16 one year. A local hotel and motel tax or a transit hotel and  
17 motel tax shall terminate only on June 30 or December 31. At  
18 least forty-five days prior to the tax being effective or prior  
19 to a revision in the tax rate or prior to the repeal of the  
20 tax, a city, county, ~~or~~ land use district, or regional transit  
21 district shall provide notice by mail of such action to the  
22 director of revenue. The director shall have the authority to  
23 waive the notice requirement.

24 4. a. A city, county, or land use district shall impose  
25 or repeal a hotel and motel tax or increase or reduce the  
26 tax rate only after an election at which a majority of those  
27 voting on the question favors imposition, repeal, or change  
28 in rate. A regional transit district or city shall impose or  
29 repeal a transit hotel and motel tax or increase or reduce the  
30 tax rate only after an election at which a majority of those  
31 voting on the question favors imposition, repeal, or change in  
32 rate. However, a local hotel and motel tax of a city or county  
33 shall not be repealed or reduced in rate if obligations are  
34 outstanding which are payable as provided in section 423A.7,  
35 unless funds sufficient to pay the principal, interest, and

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1 premium, if any, on the outstanding obligations at and prior  
 2 to maturity have been properly set aside and pledged for that  
 3 purpose.

4     b. (1) If the local hotel and motel tax applies only within  
 5 the corporate boundaries of a city, only the registered voters  
 6 of the city shall be permitted to vote. The election shall be  
 7 held at the time of the regular city election or at a special  
 8 election called for that purpose.

9     (2) If the local hotel and motel tax applies only in the  
 10 unincorporated areas of a county or only within the corporate  
 11 boundaries of a land use district, only the registered voters  
 12 of the unincorporated areas of the county or the registered  
 13 voters of the land use district, as applicable, shall be  
 14 permitted to vote. The election shall be held at the time of  
 15 the general election or at a special election called for that  
 16 purpose.

17     (3) For a transit hotel and motel tax imposed by a regional  
 18 transit district, only the registered voters of the regional  
 19 transit district shall be permitted to vote. The election  
 20 shall be held at the time of the general election or the  
 21 regular city election.

22     (4) For a transit hotel and motel tax imposed by a city,  
 23 only the registered voters of the city shall be permitted to  
 24 vote. The election shall be held at the time of the general  
 25 election or the regular city election.

26     5. ~~The locally imposed~~ local hotel and motel tax and the  
 27 transit hotel and motel tax shall be collected and remitted as  
 28 provided in section 423A.5A.

29     Sec. 85. Section 423A.5A, subsection 3, Code 2021, is  
 30 amended to read as follows:

31     3. Unless otherwise provided in this section, the  
 32 state-imposed tax under section 423A.3 ~~and any locally,~~ the  
 33 local hotel and motel tax imposed tax under section 423A.4, and  
 34 the transit hotel and motel tax imposed under section 423A.4,  
 35 shall be collected by the lodging provider from the user of

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1 that lodging and shall be remitted to the department. The  
 2 lodging providers shall add the state-imposed tax to the sales  
 3 price of the lodging and the tax, when collected, shall be  
 4 stated as a distinct item, separate and apart from the sales  
 5 price of the lodging and from the ~~locally imposed tax~~ taxes  
 6 imposed under section 423A.4, if any. The lodging provider  
 7 shall add ~~the locally imposed~~ each tax imposed under section  
 8 423A.4, if any, to the sales price of the lodging and the tax,  
 9 when collected, shall be stated as a distinct item, separate  
 10 and apart from the sales price of the lodging ~~and~~ from the  
 11 state-imposed tax, and from the other taxes imposed under  
 12 section 423A.4.

13 Sec. 86. Section 423A.6, subsections 1, 3, and 4, Code 2021,  
 14 are amended to read as follows:

15 1. The director of revenue shall administer the state,  
 16 ~~and local, and transit~~ hotel and motel ~~tax~~ taxes as nearly as  
 17 possible in conjunction with the administration of the state  
 18 sales tax law, except that portion of the law which implements  
 19 the streamlined sales and use tax agreement. The director  
 20 shall provide appropriate forms, or provide on the regular  
 21 state tax forms, for reporting state, ~~and local, and transit~~  
 22 hotel and motel tax liability. All moneys received or refunded  
 23 one hundred eighty days after the date on which a city, county,  
 24 ~~or land use district, or regional transit district~~, terminates  
 25 its local hotel and motel tax ~~or transit hotel and motel tax~~  
 26 and all moneys received from the state hotel and motel tax  
 27 shall be deposited in or withdrawn from the general fund of the  
 28 state.

29 3. The director, in consultation with local officials,  
 30 shall collect and account for a local hotel and motel tax and a  
 31 transit hotel and motel tax and shall credit all revenues to  
 32 the local transient guest tax fund created in section 423A.7.  
 33 Local authorities shall not require any tax permit not required  
 34 by the director of revenue.

35 4. Section 422.25, subsection 4, sections 422.30, 422.67,

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1 and 422.68, section 422.69, subsection 1, sections 422.70,  
 2 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection  
 3 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,  
 4 423.35, 423.37 through 423.42, and 423.47, consistent with the  
 5 provisions of this chapter, apply with respect to the taxes  
 6 authorized under this chapter, in the same manner and with  
 7 the same effect as if the state, and local, and transit hotel  
 8 and motel taxes were retail sales taxes within the meaning of  
 9 those statutes. Notwithstanding this subsection, the director  
 10 shall provide for quarterly filing of returns and for other  
 11 than quarterly filing of returns both as prescribed in section  
 12 423.31. The director may require all persons who are engaged  
 13 in the business of deriving any sales price subject to tax  
 14 under this chapter to register with the department. All taxes  
 15 collected under this chapter by a retailer, lodging provider,  
 16 lodging facilitator, lodging platform, or any other person are  
 17 deemed to be held in trust for the state of Iowa and the local  
 18 jurisdictions imposing the taxes.

19 Sec. 87. Section 423A.7, subsections 2 and 3, Code 2021, are  
 20 amended to read as follows:

21 2. All moneys in the local transient guest tax fund shall  
 22 be remitted at least quarterly by the department, pursuant to  
 23 rules of the director of revenue, to each city in the amount  
 24 collected under section 423A.4, subsection 1, paragraph "a",  
 25 from businesses in that city, to each county in the amount  
 26 collected under section 423A.4, subsection 1, paragraph "a",  
 27 from businesses in the unincorporated areas of the county, and  
 28 to each land use district in the amount collected under section  
 29 423A.4, subsection 1, paragraph "a", from businesses in that  
 30 land use district, to each regional transit district in the  
 31 amount collected under section 423A.4, subsection 1, paragraph  
 32 "b", from businesses within the boundaries of the regional  
 33 transit district and to each city in the amount collected under  
 34 section 423A.4, subsection 1, paragraph "b", from businesses  
 35 in that city.

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1 3. Moneys received by the city from this fund collected  
2 under section 423A.4, subsection 1, paragraph "a", shall be  
3 credited to the general fund of the city, subject to the  
4 provisions of subsection 4.

5 Sec. 88. Section 423A.7, Code 2021, is amended by adding the  
6 following new subsection:

7 NEW SUBSECTION 6. a. The revenue derived by a regional  
8 transit district from the transit hotel and motel tax  
9 authorized by section 423A.4 shall be expended exclusively for  
10 the purposes of the regional transit district under chapter 28M  
11 and shall result in a reduction in the maximum levy rate for  
12 the regional transit district, as provided in section 28M.5,  
13 subsection 1, paragraph "b". However, the amount of revenue  
14 derived by the regional transit district in the second calendar  
15 year that transit hotel and motel tax is imposed that exceeds  
16 the amount of revenue derived by the regional transit district  
17 in the first calendar year that transit hotel and motel tax  
18 is imposed shall be used for property tax relief for the levy  
19 under section 28M.5 in addition to the reduction to the levy  
20 rate as the result of the revenue derived in the first calendar  
21 year that the transit hotel and motel tax is imposed.

22 b. The revenue derived by a city from the transit hotel  
23 and motel tax authorized by section 423A.4 shall be expended  
24 exclusively for the operation and maintenance of a municipal  
25 transit system and shall result in a reduction in the maximum  
26 levy rate for the city under section 384.12, subsection 10.  
27 However, the amount of revenue derived by the city in the  
28 second calendar year that transit hotel and motel tax is  
29 imposed that exceeds the amount of revenue derived by the  
30 city in the first calendar year that transit hotel and motel  
31 tax is imposed shall be used for property tax relief for the  
32 levy under section 384.12, subsection 10, in addition to the  
33 reduction to the levy rate as the result of the revenue derived  
34 in the first calendar year that the transit hotel and motel tax  
35 is imposed.