

## CHAPTER 418

## FLOOD MITIGATION PROGRAM

Referred to in §28F.12, 29C.8, 421.17, 423.2A

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**418.1 Definitions.**

For purposes of [this chapter](#), unless the context otherwise requires:

1. “*Base year*” means the fiscal year ending during the calendar year in which the governmental entity’s project is approved by the board under [section 418.9](#).
2. “*Board*” means the flood mitigation board as created in [section 418.5](#).
3. “*Department*” means the department of homeland security and emergency management.
4. “*Governmental entity*” means any of the following:
  - a. A county.
  - b. A city.
  - c. A joint board or other legal or administrative entity established or designated in an agreement pursuant to [chapter 28E](#) or [28F](#) between any of the following:
    - (1) Two or more cities located in whole or in part within the same county.
    - (2) A county and one or more cities that are located in whole or in part within the county.
    - (3) A county, one or more cities that are located in whole or in part within the county, and a drainage district formed by mutual agreement under [section 468.142](#) located in whole or in part within the county.
    - (4) One or more counties, one or more cities that are located in whole or in part within those counties, and one or more sanitary districts established under [chapter 358](#) or a combined water and sanitary district as provided for in sections [357.1B](#) and [358.1B](#), located in whole or in part within those counties.
5. “*Project*” means the construction and reconstruction of levees, embankments, impounding reservoirs, or conduits that are necessary for the protection of property from the effects of floodwaters and may include the deepening, widening, alteration, change, diversion, or other improvement of watercourses if necessary for the protection of such property from the effects of floodwaters. A project may consist of one or more phases of construction or reconstruction that are contracted for separately if the larger project, of which the project is a part, otherwise meets the requirements of [this subsection](#).
6. “*Retail establishment*” means a business operated by a retailer as defined in [section 423.1](#).
7. “*Sales tax*” means the sales and services tax imposed pursuant to [section 423.2](#).  
[2012 Acts, ch 1094, §4, 18; 2013 Acts, ch 29, §50; 2015 Acts, ch 120, §13, 14, 24, 25](#)  
Referred to in §418.4, 418.11, 418.14, 418.15

**418.2 and 418.3** Reserved.

**418.4 Projects.**

1. *a.* A governmental entity may use the moneys in its flood project fund established pursuant to [section 418.13](#) to fund projects that meet the requirements of [this section](#).
- b.* A governmental entity as defined in [section 418.1, subsection 4](#), paragraph “c”, shall have the power to construct, acquire, own, repair, improve, operate, and maintain a project, may sue and be sued, contract, and acquire and hold real and personal property, subject to the limitation in paragraph “c”, and shall have such other powers as may be included in

the [chapter 28E](#) or [28F](#) agreement. Such a governmental entity may contract with a city or the county participating in the agreement to perform any governmental service, activity, or undertaking that the city or county is authorized by law to perform, including but not limited to contracts for administrative services.

c. A governmental entity's authority, established under paragraph "b" or other provision of law, to acquire or hold real and personal property shall for the purposes of undertaking a project under [this chapter](#) be limited to acquiring and holding that portion of such property which is necessary for infrastructure related to flood mitigation.

2. Prior to undertaking a project, the governmental entity shall adopt a project plan. The project plan shall include a detailed description of the project, including all phases of construction or reconstruction included in the project, state the estimated cost of the project and the maximum amount of debt to be incurred for purposes of funding the project, and include a detailed description of all anticipated funding sources for the project, including information relating to either the proposed use of financial assistance from the flood mitigation fund under [section 418.10](#) or the proposed use of sales tax increment revenues received under [section 418.12](#). The project plan shall also include information related to the approval criteria in [section 418.9, subsection 2](#).

3. A governmental entity shall not award a contract for the construction or reconstruction of or otherwise undertake construction or reconstruction of a project under [this chapter](#) unless all of the following conditions are met:

a. Bidding for the project has been completed. A governmental entity shall comply with the competitive bid procedures in [chapter 26](#) for the bidding and construction of the project and shall comply with the provisions of [chapter 573](#).

b. For projects proposing to use sales tax increment revenues or approved by the board to use sales tax increment revenues, the project, or an earlier phase of the project, has been approved to receive financial assistance in an amount equal to at least twenty percent of the total project cost or thirty million dollars, whichever is less, under a financial assistance program administered by the United States environmental protection agency, the federal Water Resources Development Act, the federal Clean Water Act as defined in [section 455B.291](#), or other federal program providing assistance specifically for hazard mitigation.

c. The project plan has been approved by the board under [section 418.9](#).

d. Following approval of the project plan by the board, the governmental entity has adopted a resolution authorizing the use of sales tax increment revenue from the governmental entity's flood project fund, if sales tax increment revenue was approved by the board as a funding source for the project. Within ten days of adoption, the governmental entity shall provide a copy of the resolution to the department of revenue.

4. A governmental entity shall not seek approval from the board for a project if the governmental entity previously had a project approved pursuant to [section 418.9](#) or if the governmental entity previously was part of a governmental entity as defined in [section 418.1, subsection 4](#), paragraph "c", that had a project approved pursuant to [section 418.9](#).

5. If a project is eligible for state financial assistance under [section 29C.6, subsection 17](#), such project is ineligible for approval by the board under [this chapter](#).

6. Following approval of a project under [section 418.9](#), the governmental entity shall on or before December 15 of each year submit a report to the board detailing all of the following:

a. The current status of the project.

b. Total expenditures and the types of expenditures that have been made related to the project.

c. The amount of the total project cost remaining as of the date the report is submitted.

d. The amounts, types, and sources of funding being used.

e. The amount of bonds issued or other indebtedness incurred for the project, including information related to the rate of interest, length of term, costs of issuance, and net proceeds. The report shall also include the amounts and types of moneys used for payment of such bonds or indebtedness.

7. A governmental entity may contract with a council of governments to perform any duty or power authorized under [this chapter](#) or for the completion of a project.

[2012 Acts, ch 1094, §5, 18; 2012 Acts, ch 1138, §30, 42, 44, 68, 84, 85; 2015 Acts, ch 120, §15, 24, 25](#)

Referred to in [§418.8, 418.9, 418.12, 418.14, 423.2A](#)

#### **418.5 Flood mitigation board.**

1. The flood mitigation board is established consisting of nine voting members and five ex officio, nonvoting members, and is located for administrative purposes within the department. The director of the department shall provide office space, staff assistance, and necessary supplies and equipment for the board. The director shall budget funds to pay the necessary expenses of the board. In performing its functions, the board is performing a public function on behalf of the state and is a public instrumentality of the state.

2. The voting membership of the board shall include all of the following:

a. Four members of the general public. Two general public members shall have demonstrable experience or expertise in the field of natural disaster recovery and two general public members shall have demonstrable experience or expertise in the field of flood mitigation.

b. The director of the department of natural resources or the director's designee.

c. The secretary of agriculture or the secretary's designee.

d. The treasurer of state or the treasurer's designee.

e. The director of the department or the director's designee.

f. The executive director of the Iowa finance authority or the executive director's designee.

3. The general public members shall be appointed by the governor, subject to confirmation by the senate. The appointments shall comply with sections [69.16](#) and [69.16A](#).

4. The chairperson and vice chairperson of the board shall be designated by the governor from the board members listed in [subsection 2](#). In case of the absence or disability of the chairperson and vice chairperson, the members of the board shall elect a temporary chairperson by a majority vote of those members who are present and voting.

5. The members appointed under [subsection 2](#), paragraph "a", shall be appointed to three-year staggered terms and the terms shall commence and end as provided by [section 69.19](#). If a vacancy occurs, a successor shall be appointed to serve the unexpired term. A successor shall be appointed in the same manner and subject to the same qualifications as the original appointment.

6. The board's ex officio membership shall be comprised of the following:

a. Four members of the general assembly with one each appointed by the majority leader of the senate, the minority leader of the senate, the speaker of the house of representatives, and the minority leader of the house of representatives. A legislative member serves for a term as provided in [section 69.16B](#) in an ex officio, nonvoting capacity and is eligible for per diem and expenses as provided in [section 2.10](#).

b. The director of revenue or the director's designee.

7. A majority of the voting members constitutes a quorum.

[2012 Acts, ch 1094, §6, 18; 2012 Acts, ch 1138, §69, 84, 85; 2013 Acts, ch 29, §51, 52; 2013 Acts, ch 140, §65; 2015 Acts, ch 116, §26](#)

Referred to in [§418.1](#)

#### **418.6 Expenses of board members.**

The voting members of the board are entitled to receive reimbursement for actual expenses incurred while engaged in the performance of official duties. A member of the board is not eligible to receive the additional expense allowance provided in [section 7E.6, subsection 2](#).

[2012 Acts, ch 1094, §7, 18](#)

#### **418.7 Department duties.**

The department, subject to approval by the board, shall adopt administrative rules pursuant to [chapter 17A](#) necessary to administer the flood mitigation program. The department shall

provide the board with assistance in implementing administrative functions and providing technical assistance and application assistance to applicants under the program.

[2012 Acts, ch 1094, §8, 18](#); [2013 Acts, ch 29, §53](#)

Referred to in [§418.8](#)

#### **418.8 Flood mitigation program.**

1. The board shall establish and the department, subject to direction and approval by the board, shall administer a flood mitigation program to assist governmental entities in undertaking projects approved under [this chapter](#). The flood mitigation program shall include projects approved by the board to utilize either financial assistance from the flood mitigation fund created under [section 418.10](#) or sales tax revenues remitted to the governmental entity under [section 418.12](#). A governmental entity shall not be approved by the board to utilize both financial assistance from the flood mitigation fund and sales tax revenues remitted to the governmental entity.

2. The board shall, by rules adopted under [section 418.7](#), prescribe application instructions, forms, and other requirements deemed necessary to operate the flood mitigation program.

3. The board may contract with or otherwise consult with the Iowa flood center, established under [section 466C.1](#), to assist the board in administering the flood mitigation program.

4. The board shall submit a written report to the governor and the general assembly on or before January 15 of each year. The report shall include information relating to all projects approved by the board for inclusion in the flood mitigation program, the status of such projects, summaries of each report submitted to the board under [section 418.4, subsection 6](#), information relating to the types of funding being used for each approved project, including all indebtedness incurred by the applicable governmental entities, and any recommendations for legislative action to modify the provisions of [this chapter](#).

[2012 Acts, ch 1094, §9, 18](#); [2013 Acts, ch 29, §54](#)

#### **418.9 Project application review.**

1. *a.* A governmental entity shall submit an application to the board for approval of a project plan. The board shall not approve a project for inclusion in the program if the application is submitted after January 1, 2016.

*b.* The application shall specify whether the governmental entity is requesting financial assistance from the flood mitigation fund or approval for the use of sales tax revenues. Applications for financial assistance from the flood mitigation fund shall describe the type and amount of assistance requested. Applications for the use of sales tax revenues shall state the amount of sales tax revenues necessary for completion of the project.

2. Each application shall include or have attached to the application, the governmental entity's project plan adopted under [section 418.4, subsection 2](#). When reviewing applications, in addition to the project plan, the board shall consider, at a minimum, all of the following:

*a.* Whether the project is designed to mitigate future flooding of property that has sustained significant flood damage and is likely to sustain significant flood damage in the future.

*b.* Whether the project plan addresses the impact of flooding both upstream and downstream from the area where the project is to be undertaken and whether the project conforms to any applicable floodplain ordinance.

*c.* Whether the area that would benefit from the project's flood mitigation efforts is sufficiently valuable to the economic viability of the state or is of sufficient historic value to the state to justify the cost of the project.

*d.* The extent to which the project would utilize local matching funds. The board shall not approve a project unless at least fifty percent of the total cost of the project, less any federal financial assistance for the project, is funded using local matching funds, and unless the project will result in nonpublic investment in the governmental entity's area as defined in [section 418.11, subsection 3](#), of an amount equal to fifty percent of the total cost of the project. For purposes of this paragraph, "nonpublic investment" means investment by

nonpublic entities consisting of capital investment or infrastructure improvements occurring in anticipation of or as a result of the project during the period of time between July 1, 2008, and ten years after the board approved the project.

e. The extent of nonfinancial support committed to the project from public and nonpublic sources.

f. Whether the project is designed in coordination with other watershed management measures adopted by the governmental entity or adopted by the participating jurisdictions of the governmental entity, as applicable.

g. Whether the project plan is consistent with the applicable comprehensive emergency plan in effect and other applicable local hazard mitigation plans.

h. Whether financial assistance through the flood mitigation program is essential to meet the necessary expenses or serious needs of the governmental entity related to flood mitigation.

3. If requested by the board during consideration of an application, the governmental entity shall pay for an independent engineering review of the project to determine the technical feasibility, engineering standards, and total estimated cost of the project. An engineering review required by the board under [this subsection](#) may be completed by the United States army corps of engineers.

4. Upon review of the applications, the board, following consultation with the economic development authority, shall approve, defer, or deny the applications. If a project plan is denied, the board shall state the reasons for the denial and the governmental entity may resubmit the application so long as the application is filed on or before January 1, 2016. If a project plan application is approved, the board shall specify whether the governmental entity is approved for the use of sales tax revenues under [section 418.12](#) or whether the governmental entity is approved to receive financial assistance from the flood mitigation fund under [section 418.10](#). If the board approves a project plan application that includes financial assistance from the flood mitigation fund, the board shall negotiate and execute on behalf of the department all necessary agreements to provide such financial assistance. If the board approves a project plan application that includes the use of sales tax increment revenues, the board shall establish the annual maximum amount of such revenues that may be remitted to the governmental entity not to exceed the limitations in [section 418.12, subsection 4](#). The board may, however, establish remittance limitations for the project lower than the individual project remittance limitations specified for projects under [section 418.12, subsection 4](#).

5. The board shall not approve a project plan application that includes financial assistance from the flood mitigation fund or the use of sales tax revenue to pay principal and interest on or to refinance any debt or other obligation existing prior to the approval of the project.

6. The board shall not approve a project plan application for which the amount of sales tax increment revenue remitted to the governmental entity would exceed fifteen million dollars in any one fiscal year or if approval of the project would result in total remittances in any one fiscal year for all approved projects to exceed, in the aggregate, thirty million dollars.

7. Upon approval of an application for financial assistance under the program, the board shall notify the treasurer of state regarding the amount of moneys needed to satisfy the award of financial assistance and the terms of the award. The treasurer of state shall notify the department any time moneys are disbursed to a recipient of financial assistance under the program.

8. If, following approval of a project application under the program, it is determined that the amount of federal financial assistance exceeds the amount of federal financial assistance specified in the application, the board shall reduce the award of financial assistance from the flood mitigation fund or reduce the amount of sales tax revenue to be received for the project by a corresponding amount. However, in a county with a population of less than one hundred thousand but more than ninety-three thousand five hundred as determined by the 2010 federal decennial census and for projects that received bids during the 2015 calendar year, the amount of sales tax revenue to be received for the project shall not be reduced if the additional federal financial assistance does not reduce the need for sales tax revenue due to

an increase in project costs incurred following the approval of the project application under the program.

2012 Acts, ch 1094, §10, 18; 2012 Acts, ch 1138, §70, 84, 85; 2013 Acts, ch 29, §55; 2015 Acts, ch 138, §17, 161, 162

Referred to in §418.1, 418.4, 418.12, 418.15

#### **418.10 Flood mitigation fund.**

1. A flood mitigation fund is created as a separate and distinct fund in the state treasury under the control of the board and consists of moneys appropriated by the general assembly and any other moneys available to and obtained or accepted by the board for placement in the fund. Moneys in the fund shall only be used for the purposes of [this section](#).

2. Payments of interest, repayments of moneys loaned pursuant to [this chapter](#), and recaptures of grants, if provided for in the financial assistance agreements, shall be deposited in the fund.

3. The moneys in the fund shall be used to provide assistance in the form of grants, loans, and forgivable loans. The board may only provide financial assistance from moneys in the fund.

4. Moneys credited to the fund are not subject to [section 8.33](#) and shall not be transferred, used, obligated, appropriated, or otherwise encumbered except as provided in [this chapter](#). Notwithstanding [section 12C.7, subsection 2](#), interest or earnings on moneys in the fund shall be credited to the fund.

5. If any portion of the moneys appropriated for deposit in the fund have not been awarded during the fiscal year for which the appropriation is made, the portion which has not been awarded may be utilized by the board to provide financial assistance under the program in subsequent fiscal years.

6. The board may make a multiyear commitment to a governmental entity of up to four million dollars in any one fiscal year.

7. Moneys received by a governmental entity from the fund shall be deposited in the governmental entity's flood project fund under [section 418.13](#).

8. The board is not required to award financial assistance pursuant to [this section](#) unless moneys are appropriated to and available from the fund.

9. Following completion of all projects approved to utilize financial assistance from the fund and upon a determination by the board that remaining moneys in the fund are no longer needed for the program, all moneys remaining in the fund or subsequently deposited in the fund shall be credited for deposit in the general fund of the state.

2012 Acts, ch 1094, §11, 18

Referred to in §418.4, 418.8, 418.9, 418.13

#### **418.11 Sales tax increment calculation.**

1. The department of revenue shall calculate quarterly the amount of increased sales tax revenues for each governmental entity approved to use sales tax increment revenues and the amount of such revenues to be transferred to the sales tax increment fund pursuant to [section 423.2A, subsection 2](#).

2. The department of revenue shall calculate the amount of the increase for purposes of [subsection 1](#) as follows:

a. Determine the amount of sales subject to the tax under [section 423.2](#) in each applicable area specified in [subsection 3](#), during the corresponding quarter in the base year from retail establishments in such areas.

b. Determine the amount of sales subject to the tax under [section 423.2](#) in each applicable area specified in [subsection 3](#), during the corresponding quarter in each subsequent calendar year from retail establishments in such areas.

c. Subtract the base year quarterly amount determined under paragraph "a" from the subsequent calendar year quarterly amount in paragraph "b".

d. If the amount determined under paragraph "c" is positive, the product of the amount determined under paragraph "c" times the tax rate imposed under [section 423.2](#) shall constitute the amount of increased sales tax revenue pursuant to [subsection 1](#).



3. *a.* For projects approved for a governmental entity as defined in [section 418.1, subsection 4](#), paragraph “*a*”, the area used to determine the sales tax increment shall include only the unincorporated areas of the county.

*b.* For projects approved for a governmental entity as defined in [section 418.1, subsection 4](#), paragraph “*b*”, the area used to determine the sales tax increment shall include only the incorporated areas of the city.

*c.* For projects approved for a governmental entity as defined in [section 418.1, subsection 4](#), paragraph “*c*”, the area used to determine the sales tax increment shall include the incorporated areas of each participating city, the unincorporated areas of each participating county, the area of any participating drainage district not otherwise included in the areas of the participating cities or county, and the area served by any sanitary district or combined water and sanitary district and not otherwise included in the areas of the participating cities or counties, as applicable.

*d.* For all projects, the area used to determine the sales tax increment shall not include any parcels of real property that are included in a reinvestment district designated pursuant to [chapter 15J](#).

4. Each governmental entity shall assist the department of revenue in identifying retail establishments in the governmental entity’s applicable area that are collecting sales tax. This process shall be ongoing until the governmental entity ceases to utilize sales tax revenue under [this chapter](#).

2012 Acts, ch 1094, §12, 18; 2015 Acts, ch 120, §16, 17, 24, 25; 2018 Acts, ch 1161, §152, 229

Referred to in §418.9, 418.12, 418.15, 423.2A

2015 amendment to subsection 3, paragraph c and 2015 amendment adding paragraph d apply to flood mitigation project plan applications received before, on, or after June 22, 2015; 2015 Acts, ch 120, §25

2018 amendment to subsection 1 effective January 1, 2019; 2018 Acts, ch 1161, §229

Subsection 1 amended

#### **418.12 Sales tax increment fund.**

1. A sales tax increment fund is established as a separate and distinct fund in the state treasury under the control of the department of revenue consisting of the amount of the increased state sales and services tax revenues collected by the department of revenue within each applicable area specified in [section 418.11, subsection 3](#), and deposited in the fund pursuant to [section 423.2A, subsection 2](#). Moneys deposited in the fund are appropriated to the department of revenue for the purposes of [this section](#). Moneys in the fund shall only be used for the purposes of [this section](#).

2. An account is created within the fund for each governmental entity that has adopted a resolution under [section 418.4, subsection 3](#), paragraph “*d*”.

3. The department of revenue shall deposit in the fund the moneys described in [subsection 1](#) beginning the first day of the quarter following receipt of a resolution under [section 418.4, subsection 3](#), paragraph “*d*”. However, in no case shall a sales tax increment be calculated under [section 418.11](#) or such moneys be deposited in the fund under [this section](#) prior to January 1, 2014.

4. *a.* Upon request of a governmental entity, the department of revenue shall remit the moneys in the governmental entity’s account within the fund to the governmental entity for deposit in the governmental entity’s flood project fund. Such requests shall be made not more than quarterly. Requests for remittance shall be submitted on forms prescribed by the department of revenue. In lieu of quarterly requests, a governmental entity may submit a certified schedule of principal and interest payments on bonds issued under [section 418.14](#). If such a certified schedule is submitted, the department of revenue shall, subject to the remittance limitations of [this chapter](#), remit from the governmental entity’s account to the governmental entity for deposit in the governmental entity’s flood project fund the amounts necessary for such principal and interest payments in accordance with the certified schedule. Requests for remittance shall be made for the amount of moneys in the governmental entity’s account necessary to pay the governmental entity’s costs or obligations related to the project, according to the sales tax revenue funding needs specified in the approved project plan. A governmental entity shall not, however, during any fiscal year receive remittances under [this section](#) exceeding fifteen million dollars or seventy percent of the total yearly

amount of increased sales tax increment revenue in the governmental entity's applicable area and deposited in the governmental entity's account, whichever is less. The total amount of remittances during any fiscal year for all governmental entities approved to use sales tax revenues under [this chapter](#) shall not exceed, in the aggregate, thirty million dollars. Remittances from the department of revenue shall be deposited in the governmental entity's flood project fund under [section 418.13](#).

b. The department of revenue shall adopt rules for the remittance of moneys to governmental entities.

5. If the department of revenue determines that the revenue accruing to the fund or accounts within the fund exceeds thirty million dollars for a fiscal year or exceeds the amount necessary for the purposes of [this chapter](#) if the amount necessary is less than thirty million dollars for a fiscal year, then those excess moneys shall be credited by the department of revenue for deposit in the general fund of the state.

6. a. Each governmental entity approved by the board to use sales tax increment revenues for a project under [this chapter](#) shall submit two reports to the board certifying the total amount of nonpublic investment, as defined in [section 418.9, subsection 2](#), paragraph "d", that has occurred in the governmental entity's area as defined in [section 418.11, subsection 3](#). The first report shall be submitted not later than five years after the board approved the project. The second report shall be submitted to the board not later than ten years after the board approved the project.

b. If the nonpublic investment requirements of [section 418.9, subsection 2](#), paragraph "d", are not satisfied, the board shall reduce the governmental entity's amount of sales tax increment revenues eligible to be remitted during the remaining period of time for receiving remittances by an amount equal to the shortfall in nonpublic investment. However, such a reduction shall not be to an amount less than zero.

[2012 Acts, ch 1094, §13, 18; 2016 Acts, ch 1138, §16; 2018 Acts, ch 1161, §153, 229](#)

Referred to in [§418.4, 418.8, 418.9, 418.13, 418.14, 418.15, 423.2A](#)

2018 amendment to subsection 1 effective January 1, 2019; 2018 Acts, ch 1161, §229

Subsection 1 amended

### **418.13 Flood project fund.**

1. Sales tax revenue remitted by the department of revenue to a governmental entity under [section 418.12](#) or financial assistance received by a governmental entity pursuant to [section 418.10](#) shall be deposited in the governmental entity's flood project fund created for purposes of [this chapter](#) and shall be used to fund the costs of the governmental entity's approved project, to reimburse the governmental entity for funds advanced internally or to help make payments on bonds incurred to pay for approved projects, and to pay principal and interest on bonds issued pursuant to [section 418.14](#), if applicable.

2. In addition to the moneys received pursuant to [section 418.10](#) or [418.12](#), a governmental entity may deposit in the flood project fund any other moneys lawfully received by the governmental entity, including but not limited to local sales and services tax receipts collected under [chapter 423B](#).

[2012 Acts, ch 1094, §14, 18; 2018 Acts, ch 1124, §1, 2](#)

Referred to in [§418.4, 418.10, 418.12, 418.14](#)

2018 amendment to subsection 1 applies to the expenditure of funds from a flood project fund for projects approved by the flood mitigation board before, on, or after July 1, 2018; 2018 Acts, ch 1124, §2

Subsection 1 amended

### **418.14 Bond issuance.**

1. a. A governmental entity receiving sales tax revenues pursuant to [this chapter](#) is authorized to issue bonds that are payable from revenues deposited in the governmental entity's flood project fund created pursuant to [section 418.13](#) for the purpose of funding a project in the area from which sales tax revenues will be collected.

b. A governmental entity shall have the authority to pledge irrevocably to the payment of the bonds an amount of revenue derived from the sales tax revenue received by the governmental entity pursuant to [section 418.12](#) for each of the years the bonds remain outstanding, together with other amounts held in the flood project fund of the governmental entity.



c. The costs of a project may include but are not limited to administrative expenses, construction and reconstruction costs, engineering, fiscal, financial and legal expenses, surveys, plans and specifications, interest during construction or reconstruction and for one year after completion of the project, initial reserve funds, acquisition of real or personal property necessary for the construction or reconstruction of the project, subject to the limitation in [section 418.4, subsection 1](#), paragraph “c”, and such other costs as are necessary and incidental to the construction or reconstruction of the project and the financing thereof. The governmental entity shall have the power to retain and enter into agreements with engineers, fiscal agents, financial advisers, attorneys, architects, and other consultants or advisers for planning, supervision, and financing of a project upon such terms and conditions as shall be deemed by the governing body of the governmental entity as advisable and in the best interest of the governmental entity. Bonds issued under the provisions of [this chapter](#) are declared to be investment securities under the laws of the state of Iowa.

2. a. If a governmental entity elects to authorize the issuance of bonds payable as provided in [this section](#), the governmental entity shall follow the authorization procedures for cities set forth in [section 384.83](#).

b. A governmental entity shall have the authority to issue bonds for the purpose of refunding outstanding bonds issued under [this section](#) without otherwise complying with the notice and hearing provisions of [section 384.83](#).

3. a. Except as otherwise provided in [this section](#), bonds issued pursuant to [this section](#) shall not be subject to the provisions of any other law or charter relating to the authorization, issuance, or sale of bonds. Bonds issued under [this section](#) shall not limit or restrict the authority of a governmental entity as defined in [section 418.1, subsection 4](#), paragraphs “a” and “b”, or a city, county, drainage district, sanitary district, or combined water and sanitary district participating in a governmental entity as defined in [section 418.1, subsection 4](#), paragraph “c”, to issue bonds for the project under other provisions of the Code.

b. The bonds may be issued in one or more series and shall comply with all of the following:

- (1) The bonds shall bear the date of issuance.
- (2) The bonds shall specify whether they are payable on demand or the time of maturity.
- (3) The bonds shall bear interest at a rate not exceeding that permitted by [chapter 74A](#).
- (4) The bonds shall be in a denomination or denominations, be in the form, have the rank or priority, be executed in the manner, be payable in the medium of payment, at the place or places, be subject to the terms of redemption, with or without premium, be secured in the manner, and have the other characteristics, as may be provided by the resolution authorizing their issuance. The resolution authorizing the issuance of the bonds may also prescribe additional provisions, terms, conditions, and covenants which the governmental entity deems advisable, including provisions for creating and maintaining reserve funds and the issuance of additional bonds ranking on a parity with such bonds and additional bonds junior and subordinate to such bonds.

c. The bonds may be sold at public or private sale at a price as may be determined by the governmental entity.

d. The principal and interest on the bonds issued by a governmental entity under [this section](#) shall be payable solely and only from and secured by the revenue derived from the sales tax revenues received by the governmental entity pursuant to [section 418.12](#) and from other funds of the governmental entity lawfully available from the governmental entity’s flood project fund established under [section 418.13](#).

4. a. Bonds, notes, or other obligations issued by a governmental entity for purposes of financing a project under [this chapter](#) are not an obligation of this state. Except to the extent a debt service levy is authorized for the payment of a governmental entity’s costs related to bonds, notes, or other obligations as provided in paragraph “b”, bonds, notes, or other obligations issued by a governmental entity for purposes of financing a project under [this chapter](#) are not an obligation of any political subdivision of this state other than the governmental entity, and such bonds, notes, or other obligations shall not constitute an indebtedness of any political subdivision of this state within the meaning of any constitutional or statutory debt limitation or restriction. A governmental entity shall

not pledge the credit or taxing power of this state. Except as provided in paragraph “b”, a governmental entity shall not pledge the credit or taxing power of any political subdivision of this state other than the governmental entity or make its bonds issued under [this section](#) payable out of any moneys except those in the governmental entity’s flood project fund.

b. If the moneys in the governmental entity’s flood project fund are insufficient to pay the governmental entity’s costs related to bonds, notes, or other obligations issued under [this chapter](#), the amounts necessary to pay such costs may be levied and transferred for deposit in the governmental entity’s flood project fund from the debt service fund of the governmental entity or, if applicable, the debt service fund of a participating city or county for a governmental entity as defined in [section 418.1, subsection 4](#), paragraph “c”, but only if and to the extent provided in the resolution authorizing the issuance of bonds and, if applicable, the [chapter 28E](#) or [28F](#) agreement.

c. The sole remedy for a breach or default of a term of a bond issued under [this section](#) is a proceeding in law or in equity by suit, action, or mandamus to enforce and compel performance of the duties required by [this chapter](#) and of the terms of the resolution authorizing the issuance of the bonds.

[2012 Acts, ch 1094, §15, 18; 2015 Acts, ch 120, §18, 19, 24, 25](#)

Referred to in [§331.430, 384.4, 418.12, 418.13](#)

2015 amendments to subsection 3, paragraph a and subsection 4, paragraph b apply to flood mitigation project plan applications received before, on, or after June 22, 2015; [2015 Acts, ch 120, §25](#)

#### **418.15 Durational limitation on use of revenues — property disposition.**

1. a. A governmental entity shall not receive remittances of sales tax revenue under [this chapter](#) after twenty years from the date the governmental entity’s project was approved by the board or after expiration of the additional period of years if approved under paragraph “b” unless the remittance amount is calculated under [section 418.11](#) based on sales subject to the tax under [section 423.2](#) occurring before the expiration of the twenty-year period or expiration of the additional period of years if approved under paragraph “b”.

b. The twenty-year period for receiving remittances of sales tax revenue under [this chapter](#) may be extended upon application by the governmental entity and approval by the board. An application for an extension of the twenty-year period must be filed by the governmental entity with the board prior to expiration of the twenty-year period. The board may approve the governmental entity to receive remittances of sales tax revenue under [this chapter](#) for an additional period of consecutive years beyond the twenty-year period if all of the following are satisfied:

(1) The total amount of remittances actually received by the governmental entity during the twenty-year period are less than the total amount of remittances for which the governmental entity was approved to receive by the board at the time of the project’s approval under [section 418.9, subsection 4](#), and reduced under [section 418.9, subsection 8](#), or [section 418.12, subsection 6](#), paragraph “b”, if applicable.

(2) The amount of the remittances approved in each additional year does not exceed fifteen million dollars or seventy percent of the total yearly amount of increased sales tax increment revenue in the governmental entity’s applicable area and deposited in the governmental entity’s account, whichever is less.

(3) The total amount of remittances in any such additional fiscal year for all governmental entities approved to use sales tax revenues under [this chapter](#) does not exceed, in the aggregate, thirty million dollars.

(4) The total amount of remittances to the governmental entity approved by the board for all additional years does not exceed the difference between the total amount of remittances actually received by the governmental entity during the twenty-year period and the total amount of remittances for which the governmental entity was approved to receive by the board at the time of the project’s approval under [section 418.9, subsection 4](#), and reduced under [section 418.9, subsection 8](#), or [section 418.12, subsection 6](#), paragraph “b”, if applicable.

2. If the governmental entity ceases to need the sales tax revenues prior to the expiration of the limitation under [subsection 1](#), the governmental entity shall notify the director of revenue.

3. Upon the receipt of a notification pursuant to [subsection 2](#), or the expiration of the

limitation under [subsection 1](#), the department of revenue shall cease to deposit revenues into the governmental entity's account in the sales tax increment fund.

4. All property and improvements acquired by a governmental entity as defined in [section 418.1, subsection 4](#), paragraph "c", relating to a project shall be transferred to the county, city, drainage district, sanitary district, or combined water and sanitary district designated in the [chapter 28E](#) or [28F](#) agreement to receive such property and improvements. The county, city, drainage district, sanitary district, or combined water and sanitary district to which such property or improvements are transferred shall, unless otherwise provided in the [chapter 28E](#) or [28F](#) agreement, be solely responsible for the ongoing maintenance and support of such property and improvements.

[2012 Acts, ch 1094, §16, 18; 2015 Acts, ch 120, §20, 24, 25; 2015 Acts, ch 138, §18, 161, 162; 2016 Acts, ch 1138, §36; 2017 Acts, ch 157, §2](#)

2015 amendment to subsection 4 applies to flood mitigation project plan applications received before, on, or after June 22, 2015; 2015 Acts, ch 120, §25