

SENATE FILE

2211

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FILED FEB 2 1990

(COMPANION TO LSB 7745H BY
FOGARTY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property tax by limiting the supplemental levy
2 for certain mental health services, creating a mental health
3 levy fund and making an appropriation, increasing the
4 homestead tax credit and the agricultural land tax credit, and
5 providing certain applicability dates.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2211

1 Section 1. Section 331.424, Code 1989, is amended by
2 adding the following new unnumbered paragraphs:

3 NEW UNNUMBERED PARAGRAPH. A supplemental levy authorized
4 under this section to pay the charges for mental health ser-
5 vices that the county is obligated by statute to pay shall not
6 exceed the amount levied for the fiscal year beginning July 1,
7 1990. For fiscal years beginning on or after July 1, 1991,
8 the state shall pay the charges for mental health services to
9 the extent that the charges which the county is obligated by
10 statute to pay exceed the limit of the supplemental levy
11 authorized under this unnumbered paragraph.

12 NEW UNNUMBERED PARAGRAPH. A supplemental levy authorized
13 under this section shall be adjusted following payment of
14 charges for mental health services by the state under section
15 331.424A. The county shall determine the amount necessary to
16 pay the charges for mental health services that the county is
17 obligated by statute to pay less the amount of the state
18 payment under section 331.424A and adjust the supplemental
19 levy to pay charges not paid by the state under section
20 331.424A.

21 Sec. 2. NEW SECTION. 331.424A MENTAL HEALTH LEVY FUND --
22 PAYMENT.

23 1. A mental health levy fund is created in the office of
24 the treasurer of state. There is appropriated to the fund
25 from moneys in the general fund of the state not otherwise
26 appropriated for the fiscal year beginning July 1, 1991, the
27 sum of thirty million dollars. For each subsequent fiscal
28 year there is appropriated an additional sum of thirty million
29 dollars. The moneys appropriated in this section shall be
30 used for payments by the state authorized under this section
31 and section 331.424. A balance in the fund on June 30 reverts
32 to the general fund of the state.

33 2. The mental health levy fund shall be apportioned each
34 year among the counties to assist the counties in paying the
35 charges for mental health services which the county is

1 obligated by statute to pay. Each county shall receive an
2 amount from the fund based upon the county's percent of
3 charges for mental health services which all counties are
4 obligated by statute to pay.

5 3. The county auditor shall certify to the department of
6 revenue and finance the charges for mental health services
7 which the county has incurred in the previous fiscal year and
8 is obligated by statute to pay less reimbursements from state
9 or federal programs.

10 4. After receiving from the county auditors the cer-
11 tifications for the previous fiscal year, the director of
12 revenue and finance shall draw warrants on the mental health
13 levy fund created in subsection 1, payable to the county
14 treasurers in the amount certified by the county auditors and
15 mail the warrants to the county auditors on August 15.
16 However, if the mental health levy fund is insufficient to pay
17 in full the total of the amounts certified to the director of
18 revenue and finance, the director shall prorate the payments
19 to the county treasurers as provided in subsection 2 and
20 notify the county auditors of the applicable pro rata
21 percentage on or before August 1.

22 Sec. 3. Section 425.1, subsection 2, Code 1989, is amended
23 to read as follows:

24 2. The homestead credit fund shall be apportioned each
25 year so as to give a credit against the tax on each eligible
26 homestead in the state in an amount equal to the actual levy
27 on the first four five thousand eight four hundred fifty
28 dollars of actual value for each homestead.

29 Sec. 4. Section 425.1, subsection 4, Code 1989, is amended
30 to read as follows:

31 4. Annually the department of revenue and finance shall
32 estimate the credit not to exceed the actual levy on the first
33 four five thousand eight four hundred fifty dollars of actual
34 value of each eligible homestead, and shall certify to the
35 county auditor of each county the credit and its amount in

1 dollars. Each county auditor shall then enter the credit
2 against the tax levied on each eligible homestead in each
3 county payable during the ensuing year, designating on the tax
4 lists the credit as being from the homestead credit fund, and
5 credit shall then be given to the several taxing districts in
6 which eligible homesteads are located in an amount equal to
7 the credits allowed on the taxes of the homesteads. The
8 amount of credits shall be apportioned by each county
9 treasurer to the several taxing districts as provided by law,
10 in the same manner as though the amount of the credit had been
11 paid by the owners of the homesteads. However, the several
12 taxing districts shall not draw the funds so credited until
13 after the semiannual allocations have been received by the
14 county treasurer, as provided in this chapter. Each county
15 treasurer shall show on each tax receipt the amount of credit
16 received from the homestead credit fund.

17 Sec. 5. Section 426.1, Code 1989, is amended to read as
18 follows:

19 426.1 AGRICULTURAL LAND CREDIT FUND.

20 ~~There is hereby created as a~~ A permanent agricultural land
21 credit fund is created in the office of the treasurer of state
22 ~~a fund to be known as the agricultural land credit fund, and~~
23 for. For the purpose of establishing and maintaining said the
24 fund for each fiscal year there is appropriated thereto to the
25 fund from funds moneys in the general fund not otherwise
26 appropriated the sum of ~~forty-three~~ fifty-eight million five
27 hundred thousand dollars. Any A balance in said the fund on
28 June 30 ~~shall revert~~ reverts to the general fund.

29 Sec. 6.

30 Sections 3, 4, and 5 of this Act are applicable to taxes
31 actually paid or payable in the fiscal years beginning on or
32 after July 1, 1990.

33 EXPLANATION

34 This bill provides that a supplemental levy authorized by a
35 county for mental health services that the county is obligated

1 by statute to pay, shall not exceed the amount levied for the
2 fiscal year beginning July 1, 1990, and ending June 30, 1991.
3 The state must pay the additional costs, beginning in the
4 fiscal year starting July 1, 1991.

5 The bill also appropriates \$30,000,000 for fiscal year
6 1991-1992 from the state general fund to a mental health levy
7 fund to pay mental health costs of counties above those costs
8 paid through the county supplemental levy. The \$30,000,000
9 shall be increased each year by an additional appropriation
10 amount of \$30,000,000. The county supplemental levy for
11 payment of mental health costs shall be reduced yearly based
12 upon the moneys paid from the mental health levy fund to the
13 county.

14 The bill increases the amount of valuation for which the
15 homestead credit is based to \$5,450 for taxes paid or payable
16 in fiscal years beginning on or after July 1, 1990.

17 The bill increases the amount appropriated to the agricul-
18 tural land tax credit by \$15,000,000. For taxes paid or
19 payable in fiscal years beginning on or after July 1, 1990,
20 the amount appropriated increases from \$43,500,000 to
21 \$58,500,000.

22 Applicability dates for several sections of the bill are
23 provided. The bill may establish a state mandate as defined
24 in section 25B.3.

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SENATE FILE 2211
FISCAL NOTE

A fiscal note for Senate File 2211 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2211 provides that a supplemental levy authorized by a county for mental health services that the county is obligated by statute to pay, shall not exceed the amount levied for FY 1991. The state must pay the additional costs, beginning FY 1992.

The bill appropriates \$30.0 million for FY 1992 from the state General Fund to a Mental Health Levy Fund to pay certain mental health costs of counties above those costs paid through the county supplemental levy. The \$30.0 million shall be increased each year by an additional appropriation amount of \$30.0 million. If the fund is insufficient to pay in full the total charges certified to the Department of Revenue and Finance, the payments shall be prorated. If there is a balance remaining in the fund at the end of the fiscal year, the remaining balance reverts to the General Fund of the state.

The bill increases the amount of valuation for which the homestead credit is based to \$5,450 for taxes paid or payable in fiscal years beginning on or after July 1, 1990.

The bill increases the amount appropriated to the agricultural land tax credit by \$15.0 million. For taxes paid or payable in fiscal years beginning on or after July 1, 1990, the amount appropriated increases from \$43.5 million to \$58.5 million.

Appropriation--Mental Health Levy Fund

For FY 1992, the bill appropriates \$30.0 million to the Mental Health Levy Fund. For subsequent fiscal years, the bill appropriates an additional \$30.0 million to the Mental Health Levy Fund. Thus, the total appropriation for FY 1993 would be \$60.0 million and for FY 1994 it would be \$90.0 million.

Total state-wide expenditures which may qualify for this reimbursement are currently estimated to range from \$150.0 million to \$200.0 million.

Homestead Credit

Based on current estimates, increasing the current homestead credit on property taxes owed on the first \$4,850 of actual value to \$5,450 is estimated to increase the cost of the program by about \$12.2 million.

Cultural Land Credit

PAGE 2 , FISCAL NOTE, SENATE FILE 2211

-2-

rently, \$43.5 million is appropriated to partially offset the school tax burden borne by agricultural real estate. Credit is allowed for any school general fund tax in excess of \$5.40 per \$1,000 of assessed value. The bill increases the yearly appropriation for the agricultural land credit by \$15.0 million, to a total appropriation of \$58.5 million.

Source: Department of Revenue and Finance
Department of Management
Polk County Health Services

(LSB 7745s, PDD)

FILED FEBRUARY 9, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR