

4-4-95 Motion to Rk by Palmer  
4-5-95 Motion to Rk by Bennett  
FILED FOR  
\$1195 MTR prevailed by Palmer  
(p.1540)

WITHDRAWN 5-1-95  
(p.1541)

SENATE FILE **466**  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 357)

Passed Senate, Date 4-4-95 (P.1038)  
Vote: Ayes 46 Nays 3  
Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to tax provisions involving income tax,  
2 machinery, equipment and computers property tax reimbursement,  
3 and services paid for by property taxes and property tax  
4 reductions and credits and providing appropriations,  
5 penalties, effective dates, and retroactive applicability  
6 provisions.

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

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S.F. 466

WITHDRAWN

DIVISION I  
INCOME TAX

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2  
3 Section 1. Section 422.7, Code 1995, is amended by adding  
4 the following new subsection:

5 NEW SUBSECTION. 33. For a person who is disabled, or is  
6 fifty-five years of age or older, or is the surviving spouse  
7 of an individual or a survivor having an insurable interest in  
8 an individual who would have qualified for the exemption under  
9 this subsection for the tax year, subtract, to the extent  
10 included, the total amount of a governmental or other pension  
11 or retirement pay, including, but not limited to, defined  
12 benefit or defined contribution plans, annuities, individual  
13 retirement accounts, plans maintained or contributed to by an  
14 employer, or maintained or contributed to by a self-employed  
15 person as an employer, and deferred compensation plans or any  
16 earnings attributable to the deferred compensation plans, up  
17 to a maximum of one thousand five hundred dollars for a person  
18 who files a separate state income tax return for a tax year  
19 beginning in the 1996 calendar year, and up to a maximum of  
20 three thousand dollars for a husband and wife who file a joint  
21 state income tax return for a tax year beginning in the 1996  
22 calendar year. For a tax year beginning in the 1997 calendar  
23 year, and for all subsequent tax years, subtract, to the  
24 extent included, the total amount for a person who files a  
25 separate state income tax return up to a maximum of three  
26 thousand dollars, and for a husband and wife who file a joint  
27 state income tax return up to a maximum of six thousand  
28 dollars. However, a surviving spouse who is not disabled or  
29 fifty-five years of age or older can only exclude the amount  
30 of pension or retirement pay received as a result of the death  
31 of the other spouse.

32 Sec. 2. Section 422.12, subsection 1, paragraph c, Code  
33 1995, is amended to read as follows:

34 c. For each dependent, an additional fifteen forty  
35 dollars. As used in this section, the term "dependent" has

1 the same meaning as provided by the Internal Revenue Code.

2 Sec. 3. CONDITIONAL EFFECTIVENESS -- RETROACTIVE  
3 APPLICABILITY.

4 1. Section 1 of this division of this Act, amending  
5 section 422.7, takes effect September 1, 1995, if the total  
6 amount of revenues credited to the general fund of the state  
7 during the fiscal year ending June 30, 1995, exceeds  
8 \$4,007,000,000. On or before September 1, 1995, the director  
9 of revenue and finance shall provide written certification to  
10 the Code editor as to the total amount of revenues credited to  
11 the general fund of the state during the fiscal year ending  
12 June 30, 1995.

13 2. Section 2 of this division of this Act applies  
14 retroactively to January 1, 1995, for tax years beginning on  
15 or after that date.

16 DIVISION II

17 MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY

18 TAX REIMBURSEMENT

19 Sec. 4. Section 427B.17, subsection 1, Code 1995, is  
20 amended to read as follows:

21 1. Property assessed by the department of revenue and  
22 finance pursuant to sections 428.24 to 428.29, or chapters  
23 433, 434 and 436 to 438 shall not receive the benefits of this  
24 section.

25 Any electric power generating plant which operated during  
26 the preceding assessment year at a net capacity factor of more  
27 than twenty percent, shall not receive the benefits of this  
28 section or of sections 15.332 and 15.334. For purposes of  
29 this section, "electric power generating plant" means any name  
30 plate rated electric power generating plant, in which electric  
31 energy is produced from other forms of energy, including all  
32 taxable land, buildings, and equipment used in the production  
33 of such energy. "Net capacity factor" means net actual  
34 generation divided by the product of net maximum capacity  
35 times the number of hours the unit was in the active state

1 during the assessment year. Upon commissioning, a unit is in  
2 the active state until it is decommissioned. "Net actual  
3 generation" means net electrical megawatt hours produced by  
4 the unit during the preceding assessment year. "Net maximum  
5 capacity" means the capacity the unit can sustain over a  
6 specified period when not restricted by ambient conditions or  
7 equipment deratings, minus the losses associated with station  
8 service or auxiliary loads.

9     Sec. 5. NEW SECTION. 427B.18 INDUSTRIAL MACHINERY,  
10 EQUIPMENT AND COMPUTERS INVESTMENT REIMBURSEMENT FUND --  
11 PENALTY.

12     1. A machinery, equipment and computers investment  
13 reimbursement fund is created under the control of the de-  
14 partment of revenue and finance. For the fiscal year begin-  
15 ning July 1, 1996, there is appropriated from the general fund  
16 of the state to the machinery, equipment and computers  
17 investment reimbursement fund eight million dollars to be used  
18 to pay property tax reimbursement claims filed pursuant to  
19 this section for property taxes due and payable in the fiscal  
20 year beginning July 1, 1995, on property defined in section  
21 427A.1, subsection 1, paragraphs "e" and "j" which are  
22 assessed pursuant to section 427B.17.

23     2. A claim for reimbursement for property taxes paid on  
24 property defined in section 427A.1, subsection 1, paragraphs  
25 "e" and "j" which are assessed pursuant to section 427B.17,  
26 shall not be paid or allowed unless the claim is filed with  
27 and in the possession of the department of revenue and finance  
28 on or before January 1, 1997. The department shall provide  
29 forms for claiming the industrial machinery, equipment and  
30 computers investment reimbursement. Each claimant shall  
31 provide with the application the tax statement received from  
32 the county treasurer and proof of payment of the tax,  
33 including, but not limited to, the taxpayer's cancelled  
34 checks. The director may require any additional proof  
35 necessary to support a claim.

1 The department shall send notice of disallowance of a claim  
2 by regular mail to the claimant at the claimant's last known  
3 address. The claimant may appeal the decision of the director  
4 under this section and the claimant shall have the same rights  
5 of appeal and review as provided in sections 421.1 and 422.55  
6 and the rules of the department of revenue and finance.

7 3. By June 1, 1997, the department shall reimburse  
8 claimants for claims filed under this section. If the amount  
9 appropriated under subsection 1 is insufficient to pay all  
10 claims in full, the director shall prorate the payments among  
11 all claimants whose claims are allowed. Moneys remaining in  
12 the fund after payment of all claims in full shall revert to  
13 the general fund of the state.

14 4. A person who makes a false claim for reimbursement  
15 under this section or who knowingly receives the reimbursement  
16 without being legally entitled to it is guilty of a fraudulent  
17 practice. Prosecution under this subsection shall be brought  
18 in the county of residence of the person to be charged.

19 DIVISION III

20 MENTAL HEALTH EXPENDITURES, PROPERTY TAX REDUCTIONS,  
21 AND PROPERTY TAX CREDITS

22 Sec. 6. NEW SECTION. 24.49 EMERGENCY NEEDS FUNDS.

23 For budget years commencing on or after July 1, 1996, the  
24 state board shall review requests and authorize payment to a  
25 county for emergency needs funds from the property tax relief  
26 fund, in accordance with the provisions of section 426B.1,  
27 subsection 3. Payment of the funds shall be authorized if the  
28 request is for expenditures above a county's fixed budget  
29 amount for services provided in accordance with the requesting  
30 county's management plan for mental health and mental  
31 retardation services approved under section 331.439.

32 Sec. 7. Section 123.38, unnumbered paragraph 2, Code 1995,  
33 is amended to read as follows:

34 Any licensee or permittee, or the licensee's or permittee's  
35 executor or administrator, or any person duly appointed by the

1 court to take charge of and administer the property or assets  
2 of the licensee or permittee for the benefit of the licensee's  
3 or permittee's creditors, may voluntarily surrender a license  
4 or permit to the division. When a license or permit is  
5 surrendered the division shall notify the local authority, and  
6 the division or the local authority shall refund to the person  
7 surrendering the license or permit, a proportionate amount of  
8 the fee received by the division or the local authority for  
9 the license or permit as follows: If a license or permit is  
10 surrendered during the first three months of the period for  
11 which it was issued, the refund shall be three-fourths of the  
12 amount of the fee; if surrendered more than three months but  
13 not more than six months after issuance, the refund shall be  
14 one-half of the amount of the fee; if surrendered more than  
15 six months but not more than nine months after issuance, the  
16 refund shall be one-fourth of the amount of the fee. No  
17 refund shall be made, however, for any special liquor permit,  
18 nor for a liquor control license, wine permit, or beer permit  
19 surrendered more than nine months after issuance. For  
20 purposes of this paragraph, any portion of license or permit  
21 fees used for the purposes authorized in section 331.424,  
22 subsection 1, paragraphs "a", and "b", "c", "d", "e", "f",  
23 "g", and "h", and in section 331.424A, shall not be deemed  
24 received either by the division or by a local authority. No  
25 refund shall be made to any licensee or permittee, upon the  
26 surrender of the license or permit, if there is at the time of  
27 surrender, a complaint filed with the division or local  
28 authority, charging the licensee or permittee with a violation  
29 of this chapter. If upon a hearing on a complaint the license  
30 or permit is not revoked or suspended, then the licensee or  
31 permittee is eligible, upon surrender of the license or  
32 permit, to receive a refund as provided in this section; but  
33 if the license or permit is revoked or suspended upon hearing  
34 the licensee or permittee is not eligible for the refund of  
35 any portion of the license or permit fee.

1 Sec. 8. Section 218.99, Code 1995, is amended to read as  
2 follows:

3 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'  
4 PERSONAL ACCOUNTS.

5 The administrator of a division of the department of human  
6 services in control of a state institution shall direct the  
7 business manager of each institution under the administrator's  
8 jurisdiction which is mentioned in section 331.424, subsection  
9 1, paragraphs "a" ~~through "g"~~ and "b" and for which services  
10 are paid under section 331.424A to quarterly inform the  
11 auditor of the county of legal settlement of any patient or  
12 resident who has an amount in excess of two hundred dollars on  
13 account in the patients' personal deposit fund and the amount  
14 on deposit. The administrators shall direct the business  
15 manager to further notify the auditor of the county at least  
16 fifteen days before the release of funds in excess of two  
17 hundred dollars or upon the death of the patient or resident.  
18 If the patient or resident has no county of legal settlement,  
19 notice shall be made to the director of the department of  
20 human services and the administrator of the division of the  
21 department in control of the institution involved.

22 Sec. 9. Section 225C.4, subsection 2, paragraph b, Code  
23 1995, is amended to read as follows:

24 b. Establish mental health and mental retardation services  
25 for all institutions under the control of the director of  
26 human services and establish an autism unit, following mutual  
27 planning with and consultation from the medical director of  
28 the state psychiatric hospital, at an institution or a  
29 facility administered by the administrator to provide  
30 psychiatric and related services and other specific programs  
31 to meet the needs of autistic persons ~~as defined in section~~  
32 ~~331.424, subsection 1~~, and to furnish appropriate diagnostic  
33 evaluation services.

34 Sec. 10. Section 331.301, subsection 12, Code 1995, is  
35 amended to read as follows:

1 12. The board of supervisors may credit funds to a reserve  
2 for the purposes authorized by subsection 11 of this section;  
3 section 331.424, subsection 1, paragraph "1" "f"; and section  
4 331.441, subsection 2, paragraph "b". Moneys credited to the  
5 reserve, and interest earned on such moneys, shall remain in  
6 the reserve until expended for purposes authorized by  
7 subsection 11 of this section; section 331.424, subsection 1,  
8 paragraph "1" "f"; or section 331.441, subsection 2, paragraph  
9 "b".

10 Sec. 11. Section 331.424, subsection 1, Code 1995, is  
11 amended to read as follows:

12 1. For general county services, an amount sufficient to  
13 pay the charges for the following:

14 a. To the extent that the county is obligated by statute  
15 to pay the charges for:

16 ~~{1}--Care-and-treatment-of-patients-by-a-state-mental~~  
17 ~~health-institute.~~

18 ~~{2}--Care-and-treatment-of-patients-by-either-of-the-state~~  
19 ~~hospital-schools-or-by-any-other-facility-established-under~~  
20 ~~chapter-222-and-diagnostic-evaluation-under-section-222.31.~~

21 ~~{3}--Care-and-treatment-of-patients-under-chapter-225.~~

22 {4} (1) Care and treatment of persons at the alcoholic  
23 treatment center at Oakdale. However, the county may require  
24 that an admission to the center shall be reported to the board  
25 by the center within five days as a condition of the payment  
26 of county funds for that admission.

27 {5} (2) Care of children admitted or committed to the Iowa  
28 juvenile home at Toledo.

29 {6} (3) Clothing, transportation, medical, or other  
30 services provided persons attending the Iowa braille and sight  
31 saving school, the Iowa school for the deaf, or the state  
32 hospital-school for severely handicapped children at Iowa  
33 City, for which the county becomes obligated to pay pursuant  
34 to sections 263.12, 269.2, and 270.4 through 270.7.

35 ~~b.--To-the-extent-that-the-board-deems-it-advisable-to-pay~~

1 the charges for professional evaluation, treatment, training,  
2 habilitation, and care of persons who are mentally retarded,  
3 autistic persons, or persons who are afflicted by any other  
4 developmental disability, at a suitable public or private  
5 facility providing inpatient or outpatient care in the county.  
6 As used in this paragraph:

7 (1) -- "Developmental disability" has the meaning assigned  
8 that term by 42 U.S.C. sec. 6001(7) (1976), Supp. II, 1978,  
9 and Supp. III, 1979.

10 (2) -- "Autistic persons" means persons, regardless of age,  
11 with severe communication and behavior disorders that became  
12 manifest during the early stages of childhood development and  
13 that are characterized by a severely disabling inability to  
14 understand, communicate, learn, and participate in social  
15 relationships. -- "Autistic persons" includes but is not limited  
16 to those persons afflicted by infantile autism, profound  
17 aphasia, and childhood psychosis.

18 c. -- Care and treatment of persons placed in the county  
19 hospital, county care facility, a health care facility as  
20 defined in section 135C.1, subsection 6, or any other public  
21 or private facility, which placement is in lieu of admission  
22 or commitment to or is upon discharge, removal, or transfer  
23 from a state mental health institute, hospital, school, or  
24 other facility established pursuant to chapter 222.

25 d. -- Amounts budgeted by the board for the cost of  
26 establishment and initial operation of a community mental  
27 health center in the manner and subject to the limitations  
28 provided by state law.

29 e. b. Foster care and related services provided under  
30 court order to a child who is under the jurisdiction of the  
31 juvenile court, including court-ordered costs for a guardian  
32 ad litem under section 232.71.

33 f. -- The care, admission, commitment, and transportation of  
34 mentally ill patients in state hospitals, to the extent that  
35 expenses for these services are required to be paid by the

1 county, including compensation for the advocate appointed  
2 under section 229.19.  
3 g. Amounts budgeted by the board for mental health  
4 services or mental retardation services furnished to persons  
5 on either an outpatient or inpatient basis, to a school or  
6 other public agency, or to the community at large, by a  
7 community mental health center or other suitable facility  
8 located in or reasonably near the county, provided that  
9 services meet the standards of the mental health and  
10 developmental disabilities commission created in section  
11 225C.5 and are consistent with the annual plan for services  
12 approved by the board.  
13 h. Reimbursement on behalf of mentally retarded persons  
14 under section 249A.12.  
15 i. c. Elections, and voter registration pursuant to  
16 chapter 48A.  
17 j. d. Employee benefits under chapters 96, 97B, and 97C,  
18 which are associated with salaries for general county  
19 services.  
20 k. e. Joint county and city building authorities  
21 established under section 346.27, as provided in subsection 22  
22 of that section.  
23 l. f. Tort liability insurance, property insurance, and  
24 any other insurance that may be necessary in the operation of  
25 the county, costs of a self-insurance program, costs of a  
26 local government risk pool, and amounts payable under any  
27 insurance agreements to provide or procure such insurance,  
28 self-insurance program, or local government risk pool.  
29 m. g. The maintenance and operation of the courts,  
30 including but not limited to the salary and expenses of the  
31 clerk of the district court and other employees of the clerk's  
32 office, and bailiffs, court costs if the prosecution fails or  
33 if the costs cannot be collected from the person liable, costs  
34 and expenses of prosecution under section 189A.17, salaries  
35 and expenses of juvenile court officers under chapter 602,

1 court-ordered costs in domestic abuse cases under section  
2 236.5, the county's expense for confinement of prisoners under  
3 chapter 356A, temporary assistance to the county attorney,  
4 county contributions to a retirement system for bailiffs,  
5 reimbursement for judicial magistrates under section 602.6501,  
6 claims filed under section 622.93, interpreters' fees under  
7 section 622B.7, uniform citation and complaint supplies under  
8 section 805.6, and costs of prosecution under section 815.13.

9 n-h. Court-ordered costs of conciliation procedures under  
10 section 598.16.

11 o-i. Establishment and maintenance of a joint county  
12 indigent defense fund pursuant to an agreement under section  
13 28E.19.

14 p-j. The maintenance and operation of a local emergency  
15 management agency established pursuant to chapter 29C.

16 The board may require a public or private facility, as a  
17 condition of receiving payment from county funds for services  
18 it has provided, to furnish the board with a statement of the  
19 income, assets, and legal residence including township and  
20 county of each person who has received services from that  
21 facility for which payment has been made from county funds  
22 under paragraphs "a" through "h" and "b". However, the  
23 facility shall not disclose to anyone the name or street or  
24 route address of a person receiving services for which  
25 commitment is not required, without first obtaining that  
26 person's written permission.

27 Parents or other persons may voluntarily reimburse the  
28 county or state for the reasonable cost of caring for a  
29 patient or an inmate in a county or state facility.

30 Sec. 12. NEW SECTION. 331.424A COUNTY MENTAL HEALTH,  
31 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES  
32 FUND.

33 1. For the purposes of this chapter, unless the context  
34 otherwise requires, "services fund" means the county mental  
35 health, mental retardation, and developmental disabilities

1 services fund created in subsection 2. The county finance  
2 committee created in section 333A.2 shall adopt rules and  
3 prescribe forms for administering the services fund.

4 2. For the fiscal year beginning July 1, 1995, and  
5 succeeding fiscal years, county revenues from taxes and other  
6 sources designated for mental health, mental retardation, and  
7 developmental disabilities services shall be credited to the  
8 mental health, mental retardation, and developmental  
9 disabilities services fund of the county. The board may make  
10 appropriations from the fund for payment of services provided  
11 under the county management plan approved pursuant to section  
12 331.439.

13 3. For the fiscal year beginning July 1, 1995, and  
14 succeeding fiscal years, receipts from the state or federal  
15 government for such services shall be credited to the services  
16 fund, including moneys allotted to the county from the state  
17 payment made pursuant to section 331.439 and moneys allotted  
18 to the county for property tax relief pursuant to section  
19 426B.1.

20 4. For the fiscal year beginning July 1, 1995, and for  
21 each subsequent fiscal year, the county shall certify a levy  
22 for payment of services. Unless otherwise provided by state  
23 law, for each fiscal year, county revenues from taxes imposed  
24 by the county credited to the services fund shall not exceed  
25 an amount equal to the amount of base year expenditures for  
26 services in the fiscal year beginning July 1, 1993, and ending  
27 June 30, 1994, as defined in section 331.438 less the amount  
28 of property tax relief to be received pursuant to section  
29 426B.2, subsections 1 and 3, in the fiscal year for which the  
30 budget is certified. The county auditor and the board of  
31 supervisors shall reduce the amount of the levy certified for  
32 the services fund by the amount of property tax relief to be  
33 received.

34 5. Appropriations specifically authorized to be made from  
35 the mental health, mental retardation, and developmental

1 disabilities services fund shall not be made from the general  
2 fund of the county.

3 Sec. 13. Section 331.438, subsection 1, paragraph b, Code  
4 1995, is amended to read as follows:

5 b. "State payment" means the payment made by the state to  
6 a county determined to be eligible for the payment in  
7 accordance with section 331.439.

8 1A. Except as modified based upon the actual amount of the  
9 appropriation for purposes of state payment under section  
10 331.439, the amount of the state payment for a fiscal year  
11 shall be calculated as fifty one hundred percent of the amount  
12 by which the county's qualified expenditures during the  
13 immediately preceding fiscal year were in excess of the amount  
14 of the county's base year expenditures. A state payment is  
15 the state funding a county receives pursuant to section  
16 426B.2, subsection 2. Any state funding received by a county  
17 for property tax relief in accordance with section 426B.2,  
18 subsections 1 and 3, is not a state payment and shall not be  
19 included in the state payment calculation made pursuant to  
20 this subsection.

21 Sec. 14. Section 331.438, subsection 3, paragraph c,  
22 subparagraph (9), Code 1995, is amended to read as follows:

23 (9) Make recommendations to the council on human services  
24 for administrative rules for the county **single-entry-point**  
25 central point of coordination and clinical assessment  
26 processes required under section 331.440 and other rules  
27 necessary for the implementation of county management plans  
28 and expenditure reports required for state payment pursuant to  
29 section 331.439.

30 Sec. 15. Section 331.438, subsection 3, paragraph c, Code  
31 1995, is amended by adding the following new subparagraph:

32 NEW SUBPARAGRAPH. (15) On or before December 1, 1995,  
33 submit to the governor and the general assembly any  
34 recommended changes in the formula for distributing property  
35 tax relief moneys to counties under section 426B.2,

1 subsections 1 through 3.

2 Sec. 16. Section 331.439, Code 1995, is amended by  
3 striking the section and inserting in lieu thereof the  
4 following:

5 331.439 ELIGIBILITY FOR STATE PAYMENT.

6 1. The state payment to eligible counties under this  
7 section shall be made as provided in sections 331.438 and  
8 426B.2. A county is eligible for the state payment, as  
9 defined in section 331.438, for the fiscal year beginning July  
10 1, 1995, and for subsequent fiscal years if the director of  
11 human services, in consultation with the state-county  
12 management committee, determines for a specific fiscal year  
13 that all of the following conditions are met:

14 a. The county accurately reported by December 1 the  
15 county's expenditures for mental health, mental retardation,  
16 and developmental disabilities services for the previous  
17 fiscal year on forms prescribed by the department of human  
18 services.

19 b. The county developed and implemented a county  
20 management plan for the county's mental health and mental  
21 retardation services in accordance with the provisions of this  
22 paragraph. The plan shall comply with the administrative  
23 rules adopted for this purpose by the council on human  
24 services and is subject to the approval of the director of  
25 human services in consultation with the state-county  
26 management committee created in section 331.438. The plan  
27 shall include a description of the county's service management  
28 provision for mental health, mental retardation, and  
29 developmental disabilities services. The plan shall have the  
30 following two parts:

31 (1) For mental health service management, the county may  
32 either directly implement a system of service management and  
33 contract with service providers, or contract with a private  
34 entity to manage the system, provided all requirements of this  
35 subparagraph are met by the private entity. For the fiscal

1 year beginning July 1, 1995, the county shall submit the plan  
2 for approval by January 1, 1996, and implement the approved  
3 plan on or before July 1, 1996. For subsequent fiscal years,  
4 this part of the plan shall be submitted to the department by  
5 April 1 for the succeeding fiscal year.

6 (2) For mental retardation and developmental disabilities  
7 service management, the plan shall describe the county's  
8 development and implementation of a managed system of cost-  
9 effective individualized services and other support to assist  
10 the individuals to be served to be as independent, productive,  
11 and integrated with the community as possible. The plan shall  
12 provide for consideration of the type and level of services  
13 and support needed and desired by the individual. The plan  
14 may allow the provision of services through vouchers or cash  
15 payments to allow individuals to arrange for their own  
16 services or support, if these methods are appropriate and  
17 cost-effective. The county may directly implement the system  
18 and contract with service providers, or contract with a  
19 private entity to manage the system, provided all requirements  
20 of this subparagraph are met by the private entity. For the  
21 fiscal year beginning July 1, 1996, this part of the plan  
22 shall be submitted to the department of human services by  
23 January 1, 1996. For subsequent fiscal years, this part of  
24 the plan shall be submitted prior to April 1 for the  
25 succeeding fiscal year.

26 c. Changes to the approved plan are submitted at least  
27 sixty days prior to the proposed change and are not to be  
28 implemented prior to the director of human services' approval,  
29 following the director's consultation with the state-county  
30 management committee.

31 2. A county may provide services to service populations  
32 with disabilities who are not included in the service  
33 management provisions required under subsection 1, subject to  
34 the availability of funding.

35 3. a. For the fiscal year beginning July 1, 1996, and

1 succeeding fiscal years, the county's mental health, mental  
2 retardation, and developmental disabilities service  
3 expenditures for a fiscal year are limited to a fixed budget  
4 amount. The fixed budget amount shall be the amount  
5 identified in the county's management plan and budget for the  
6 fiscal year. The county shall be allowed an inflation factor  
7 adjustment for services paid from the county's services fund  
8 under section 331.424A which is in accordance with the  
9 county's management plan and budget, implemented pursuant to  
10 this section.

11 b. Based upon information contained in county management  
12 plans and budgets, the state-county management committee shall  
13 recommend an inflation factor adjustment by January 1 for the  
14 succeeding fiscal year. The inflation factor adjustment shall  
15 address costs associated with new consumers of service,  
16 service cost inflation, and investments for economy and  
17 efficiency.

18 4. A county's implementation of the service management  
19 provisions required under subsection 1 for mental health and  
20 mental retardation shall incorporate the central point of  
21 coordination process described in section 331.440.

22 5. The basis for determining whether a managed care system  
23 for mental health proposed by a county is comparable to a  
24 mental health managed care contractor approved by the  
25 department of human services shall include but is not limited  
26 to all of the following elements which shall be specified in  
27 administrative rules adopted by the council on human services  
28 in consultation with the state-county management committee:

- 29 a. The enrollment and eligibility process.
- 30 b. The scope of services included.
- 31 c. The method of plan administration.
- 32 d. The process for managing utilization and access to  
33 services and other assistance.
- 34 e. The quality assurance process.
- 35 f. The risk management provisions and fiscal viability of

1 the provisions, if the county contracts with a private managed  
2 care entity.

3 6. Notwithstanding any other provision of law to the  
4 contrary, a county shall have no obligation to pay for or  
5 provide mental health, mental retardation, or developmental  
6 disabilities services for any person that applies through the  
7 county's central point of coordination and clinical assessment  
8 processes after the moneys in the county services fund under  
9 section 331.424A are expended. If a county has expended its  
10 fixed budget amount for services pursuant to the management  
11 plan approved under subsection 1, the state shall assume  
12 financial responsibility and the county may apply to the state  
13 appeal board for emergency funds reserved in section 426B.1,  
14 subsection 3.

15 7. The director's approval of a county's mental health,  
16 mental retardation, and developmental disabilities services  
17 management plan shall not be construed to constitute  
18 certification of the county's budget.

19 Sec. 17. Section 331.440, Code 1995, is amended to read as  
20 follows:

21 331.440 MENTAL HEALTH, MENTAL RETARDATION, AND  
22 DEVELOPMENTAL DISABILITIES SERVICES -- SINGLE-ENTRY CENTRAL  
23 POINT OF COORDINATION PROCESS.

24 1. a. For the purposes of this section, unless the  
25 context otherwise requires, "single-entry central point of  
26 coordination process" means a single-entry central point of  
27 coordination process established by a county or consortium of  
28 counties for the delivery of mental health, mental  
29 retardation, and developmental disabilities services which are  
30 paid for in whole or in part by county funds. The single  
31 entry central point of coordination process may include but is  
32 not limited to reviewing a person's eligibility for services,  
33 determining the appropriateness of the type, level, and  
34 duration of services, and performing periodic review of the  
35 person's continuing eligibility and need for services. Any

1 recommendations developed concerning a person's plan of  
2 services shall be consistent with the person's unique  
3 strengths, circumstances, priorities, concerns, abilities, and  
4 capabilities. For those services funded under the medical  
5 assistance program, the single-entry central point of  
6 coordination process shall be used to assure that the person  
7 is aware of the appropriate service options available to the  
8 person.

9 b. The single-entry central point of coordination process  
10 may include a clinical assessment process to identify a  
11 person's service needs and to make recommendations regarding  
12 the person's plan for services. The clinical assessment  
13 process shall utilize qualified mental health professionals  
14 and qualified mental retardation professionals.

15 2. The department of human services shall seek federal  
16 approval as necessary for the single-entry central point of  
17 coordination and clinical assessment processes to be eligible  
18 for federal financial participation under medical assistance.  
19 A county may implement the single-entry central point of  
20 coordination process as part of a consortium of counties and  
21 may implement the process beginning with the fiscal year  
22 ending June 30, 1995.

23 3. The council on human services shall consider the  
24 recommendations of the state-county management committee  
25 established in section 331.438 in adopting rules outlining  
26 standards and requirements for implementation of the single  
27 entry central point of coordination and clinical assessment  
28 processes on the date required by subsection 2. The rules  
29 shall permit counties options in implementing the process  
30 based upon a county's consumer population and available  
31 service delivery system.

32 Sec. 18. NEW SECTION. 426B.1 APPROPRIATIONS -- PROPERTY  
33 TAX RELIEF FUND.

34 1. A property tax relief fund is created in the state  
35 treasury under the authority of the department of revenue and

1 finance. The fund shall be separate from the general fund of  
2 the state and shall not be considered part of the general fund  
3 of the state except in determining the cash position of the  
4 state for payment of state obligations. The moneys in the  
5 fund are not subject to the provisions of section 8.33 and  
6 shall not be transferred, used, obligated, appropriated, or  
7 otherwise encumbered except as provided in this section.  
8 Moneys in the fund may be used for cash flow purposes,  
9 provided that any moneys so allocated are returned to the fund  
10 by the end of each fiscal year. However, the fund shall be  
11 considered a special account for the purposes of section 8.53,  
12 relating to elimination of any GAAP deficit. For the purposes  
13 of this chapter, unless the context otherwise requires,  
14 "property tax relief fund" means the property tax relief fund  
15 created in this section.

16 2. There is appropriated to the property tax relief fund  
17 for the indicated fiscal years from the general fund of the  
18 state the following amounts:

- 19 a. For the fiscal year beginning July 1, 1995, sixty-five  
20 million dollars.
- 21 b. For the fiscal year beginning July 1, 1996, eighty-five  
22 million dollars.
- 23 c. For the fiscal year beginning July 1, 1997, one hundred  
24 five million dollars.
- 25 d. For the fiscal year beginning July 1, 1998, one hundred  
26 twenty-five million dollars.
- 27 e. For the fiscal year beginning July 1, 1999, one hundred  
28 forty-five million dollars.
- 29 f. For the fiscal year beginning July 1, 2000, and  
30 succeeding fiscal years, one hundred sixty-five million  
31 dollars.

32 3. In the fiscal year beginning July 1, 1996, and in each  
33 subsequent fiscal year, of the funds appropriated to the  
34 property tax relief fund, the amount necessary to reserve one  
35 million dollars shall be set aside in the fund. The reserved

1 moneys shall be used for payment of county emergency needs for  
2 funds in excess of the fixed budget amount for services  
3 provided in accordance with the county's management plan  
4 approved under section 331.439. Any reserved moneys remaining  
5 unexpended or unobligated at the close of the fiscal year  
6 shall remain available in the succeeding fiscal year to be  
7 combined with the amount of funds appropriated in the  
8 succeeding fiscal year necessary to reach the one million  
9 dollar reserve amount. The director of revenue and finance  
10 shall pay a county's request for funds reserved under this  
11 subsection upon the approval of the request by the state  
12 appeal board pursuant to section 24.49.

13 Sec. 19. NEW SECTION. 426B.2 PROPERTY TAX RELIEF FUND  
14 DISTRIBUTIONS.

15 Moneys in the property tax relief fund shall be utilized in  
16 each fiscal year as follows in the order listed:

17 1. The first sixty-five million dollars plus the amount  
18 paid pursuant to subsection 3 in the previous fiscal year in  
19 the property tax relief fund shall be paid to each county for  
20 property tax relief in the same proportion that the county's  
21 base year expenditure bears to the total of all counties' base  
22 year expenditures as defined in section 331.438.

23 2. Payment of moneys to eligible counties of the state  
24 payment in accordance with the provisions of sections 331.438  
25 and 331.439. Moneys provided to a county for property tax  
26 relief in a fiscal year in accordance with this section shall  
27 not be less than the amount provided for property tax relief  
28 in the previous fiscal year.

29 3. The department of human services shall estimate the  
30 amount of moneys required for the state payment pursuant to  
31 subsection 2. Moneys remaining in the property tax relief  
32 fund following the payment made pursuant to subsection 1 and  
33 the estimated amount of the state payment pursuant to  
34 subsection 2 shall be paid to counties for property tax relief  
35 in the same manner as provided in subsection 1. These

1 payments shall continue until the combined amount of the  
2 payments made under this subsection and subsection 1 are equal  
3 to fifty percent of the total of all counties' base year  
4 expenditures as defined in section 331.438. The amount of  
5 moneys paid to a county pursuant to this subsection shall be  
6 added in subsequent fiscal years to the amount of moneys paid  
7 under subsection 1.

8 4. Moneys remaining in the property tax relief fund  
9 following the payments made pursuant to subsections 1, 2, and  
10 3 shall be transferred to the homestead credit fund created in  
11 section 425.1. This transfer shall continue until the  
12 homestead credit is fully funded.

13 5. Moneys remaining in the property tax relief fund  
14 following the payments made pursuant to subsections 1, 2, and  
15 3, and the transfer made pursuant to subsection 4, shall be  
16 transferred to the appropriation made in section 426A.1 for  
17 funding the military service tax credit. This transfer shall  
18 continue until the combination of the appropriation made in  
19 section 426A.1 and the funds transferred are sufficient to  
20 fully fund the military service tax credit.

21 6. Moneys remaining in the property tax relief fund  
22 following the payments made pursuant to subsections 1, 2, and  
23 3, and the transfers made pursuant to subsections 4 and 5,  
24 shall be transferred to the extraordinary property tax credit  
25 and reimbursement fund created in section 425.39. This  
26 transfer shall continue until the combination of the  
27 appropriation made in section 425.39 and the funds transferred  
28 are sufficient to fully fund all claims on the extraordinary  
29 property tax credit and reimbursement fund.

30 7. Moneys remaining in the property tax relief fund  
31 following the payments made pursuant to subsections 1, 2, and  
32 3, and the transfers made pursuant to subsections 4, 5, and 6,  
33 shall be transferred to the low-income tax credit and  
34 reimbursement fund created in section 425.40. This transfer  
35 shall continue until the low-income tax credit is fully

1 funded.

2 8. Moneys remaining in the property tax relief fund  
3 following the payments made pursuant to subsections 1, 2, and  
4 3, and the transfers made pursuant to subsections 4, 5, 6, and  
5 7, shall be transferred to the agricultural land credit fund  
6 created in section 426.1. This transfer shall continue until  
7 the agricultural land tax credit is fully funded.

8 9. The director of revenue and finance shall draw warrants  
9 on the property tax relief fund, payable to the county  
10 treasurer in the amount due to a county in accordance with  
11 subsections 1 and 3 and mail the warrants to the county  
12 auditors in September and March of each year. Warrants for  
13 the state payment in accordance with subsection 2 shall be  
14 mailed in January of each year. The director shall initiate  
15 the transfers required by this section.

16 Sec. 20. NEW SECTION. 426B.3 NOTIFICATION OF MENTAL  
17 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES  
18 EXPENDITURE RELIEF FUND PAYMENT.

19 1. Before June 1, 1995, and before February 15 of each  
20 succeeding fiscal year, the director of revenue and finance  
21 shall notify the county auditor of each county of the amount  
22 of moneys the county will receive from the property tax relief  
23 fund pursuant to section 426B.2, subsections 1 and 3, for the  
24 succeeding fiscal year. The county auditor shall reduce the  
25 certified budget amount received from the board of supervisors  
26 for the succeeding fiscal year for the county mental health,  
27 mental retardation, and development disabilities services fund  
28 created in section 331.424A by an amount equal to the amount  
29 the county will receive and the auditor shall determine the  
30 rate of taxation necessary to raise the reduced amount. On  
31 the tax list, the county auditor shall compute the amount of  
32 taxes due and payable on each parcel before and after the  
33 amount received from the property tax relief fund is used to  
34 reduce the county budget.

35 2. The amount of property tax dollars reduced on each

1 parcel as a result of the moneys received from the property  
2 tax relief fund pursuant to section 426B.2, subsections 1 and  
3 3, shall be noted on each tax statement prepared by the county  
4 treasurer pursuant to section 445.23.

5 Sec. 21. NEW SECTION. 426B.4 RULES.

6 The director of revenue and finance shall prescribe forms  
7 and adopt rules pursuant to chapter 17A to administer this  
8 chapter.

9 Sec. 22. PILOT PROJECT FOR A MANAGED SYSTEM OF  
10 INDIVIDUALIZED SERVICES.

11 1. The department of human services, in cooperation with a  
12 county or consortium of counties, shall develop, test, and  
13 evaluate a pilot project for a managed system of  
14 individualized services and support for individuals with  
15 mental retardation and developmental disabilities in at least  
16 two areas of the state. One area shall be urban and one  
17 rural. The system shall be designed to provide the  
18 individuals being served with a choice of services and other  
19 support that will assist the individuals to be as independent,  
20 productive, and integrated into the community as possible.

21 2. In implementing the managed system pilot project, the  
22 department and the county or consortium of counties may  
23 directly manage the system and contract with service providers  
24 and others for needed services or support after identifying  
25 the type and level of services and support needed by the  
26 individual. The pilot project shall provide a reasonable rate  
27 of reimbursement. If costs are equal to or less than  
28 providing vouchers or cash payments to the individuals and the  
29 individuals served so desire, vouchers or cash payments may be  
30 provided to the individuals to allow them to arrange for their  
31 own services or support. The department and the county or  
32 consortium of counties may enter into a contract with a  
33 private entity to manage this individualized system provided  
34 all pilot project requirements are met through the private  
35 entity.

1 3. The department and the county or consortium of counties  
2 shall seek the advice of persons with mental retardation and  
3 developmental disabilities and their family members in  
4 designing the pilot project. The state-county management  
5 committee created in section 331.438 shall also have an  
6 opportunity to make recommendations regarding the pilot  
7 project.

8 4. The department shall apply for all necessary federal  
9 waivers so that in addition to state and county funds, federal  
10 moneys available for these services may also be flexibly used  
11 in the pilot project. The planning for the pilot project  
12 shall be completed prior to January 1, 1996, and the pilot  
13 project shall commence on or before March 1, 1996.

14 Sec. 23. FUNDING OF SESSION LAW REQUIREMENTS. If the  
15 appropriations in section 426B.1, subsection 2, as created in  
16 this division of this Act, are enacted by this Act, the  
17 requirements of 1994 Iowa Acts, chapter 1163, section 8,  
18 subsection 2, to fully fund provisions of sections 331.438 and  
19 331.439 shall be considered to be met and the repeals  
20 contained in 1994 Iowa Acts, chapter 1163, section 8,  
21 subsection 2, shall be void.

22 Sec. 24. EFFECTIVE DATE. Sections 7, 8, and 9 take effect  
23 July 1, 1995, and the remainder of this division of this Act,  
24 being deemed of immediate importance, takes effect upon  
25 enactment; however, the provisions of sections 10, 11, and 12,  
26 relating to the supplemental levy and the county mental  
27 health, mental retardation, and developmental disabilities  
28 fund, are applicable to taxes payable in the fiscal year  
29 beginning July 1, 1995.

30 EXPLANATION

31 This bill makes changes relating to income tax and the  
32 property tax on industrial machinery, equipment and computers  
33 and to services paid for by property taxes and property tax  
34 reductions and credits.

35 Division I of the bill allows certain persons to deduct all

1 types of pension income in computing income for state indi-  
2 vidual income tax purposes. The bill allows, for a tax year  
3 beginning in the 1996 calendar year, a deduction of pension  
4 income of up to a maximum of \$1,500 for a person who files a  
5 separate return and \$3,000 for a husband and wife who file a  
6 joint return. For tax years beginning in the 1997 calendar  
7 year and for all subsequent tax years, there is allowed a  
8 deduction of pension income of up to a maximum of \$3,000 for a  
9 person who files a separate return and \$6,000 for a husband  
10 and wife who file a joint return. This provision is  
11 contingent upon the amount of revenues credited to the general  
12 fund of the state in fiscal year 1994-1995 exceeding  
13 \$4,007,000,000.

14 The bill also increases the state income tax credit for  
15 dependents from \$15 to \$40. This increase applies  
16 retroactively to January 1, 1995, for tax years beginning on  
17 or after that date.

18 Division II of the bill appropriates \$8 million to fund a  
19 reimbursement to taxpayers who have paid property taxes on  
20 industrial machinery, equipment and computers for the fiscal  
21 year beginning July 1, 1995. Penalties are provided for  
22 persons who file fraudulent claims. The bill also provides  
23 that industrial machinery, equipment and computers owned by  
24 electric power generating plants shall be assessed as is the  
25 same property owned by other utilities which are assessed by  
26 the state department of revenue and finance. The bill further  
27 provides that such property belonging to an electric power  
28 generating plant may not be exempted from taxation under the  
29 New Jobs and Income Act.

30 Division III relates to property taxes and other provisions  
31 involving mental health, mental retardation, and developmental  
32 disabilities (MH/MR/DD) services.

33 New section 24.49 provides for the state appeals board to  
34 consider requests from counties and authorize payments for  
35 emergency needs funds beginning in fiscal year 1996-1997. The

1 requests are from counties operating under a fixed budget for  
2 MH/MR/DD services.

3 Section 331.424, subsection 1, providing supplemental levy  
4 authority for general county services, is amended to remove  
5 authority to levy under the supplemental levy for MH/MR/DD  
6 services. Conforming amendments are made to sections 123.38,  
7 218.99, 225C.4, and 331.301.

8 New section 331.424A creates a county MH/MR/DD services  
9 fund. County authority to levy for MH/MR/DD services is  
10 provided for under this section and all county revenues and  
11 expenditures for such services are to be paid from this fund.  
12 The levy authority is limited to a base year amount and is  
13 subject to further reductions for property tax relief paid by  
14 the state.

15 Section 331.438 relates to state payment to counties for  
16 the costs of MH/MR/DD services. Under current law, fiscal  
17 year 1993-1994 is established as a base year for net county  
18 expenditures for MH/MR/DD services. Beginning with fiscal  
19 year 1996-1997, the state is to annually provide funding to  
20 eligible counties for 50 percent of the increase in the prior  
21 fiscal year over the amount of base year expenditures. The  
22 bill changes the state funding requirement for the increase to  
23 100 percent.

24 Section 331.438 also pertains to the state-county  
25 management committee which provides recommendations involving  
26 MH/MR/DD services and funding. Under the bill the committee  
27 is required to provide any recommendations by December 1,  
28 1995, for changes in the property tax relief funding formula  
29 provided in the bill.

30 Section 331.439 provides the eligibility requirements for a  
31 county to receive the state payment under section 331.438.  
32 This section is stricken and rewritten. The changes from  
33 current law include a change in date required for a county to  
34 report its prior year MH/MR/DD services expenditures from  
35 October 15 to December 1; change in the dates by which a

1 county must submit for approval and implement a managed care  
2 system for mental health services from submitting by March 1  
3 and implementing in fiscal year 1995-1996 to submitting by  
4 January 1, 1996, and implementing July 1, 1996; revising  
5 provisions involving managed care for mental retardation  
6 services to authorize a county to implement managed care for  
7 mental retardation and developmental disabilities under a  
8 range of options and to set a specific date of January 1,  
9 1996, for the initial report; authorize a county to provide  
10 services to populations which are not included in the service  
11 management provisions if funding is available; requiring  
12 county MH/MR/DD service expenditures to operate under a fixed  
13 budget beginning with fiscal year 1996-1997; providing for an  
14 inflation factor adjustment for the fixed budget; authorizing  
15 the state-county management committee to recommend the  
16 inflation factor adjustment; requiring the county management  
17 plan to incorporate the renamed central point of coordination  
18 provisions required under current law; providing the elements  
19 comprising the basis for determining whether a system for  
20 managed mental health care proposed by a county is comparable  
21 to the state-approved managed care contractor; providing that  
22 a county's obligation to pay for MH/MR/DD services is limited  
23 to the amount of funding available under the county's approved  
24 plan and fixed budget; and, as under current law, providing  
25 that the director of human services' approval of a county  
26 management plan does not constitute certification of the  
27 county's budget.

28 Section 331.440 provides requirements for counties to  
29 implement a "single entry point process" for the delivery of  
30 MH/MR/DD services paid for in whole or part by county funds.  
31 This section is amended to rename the process as a "central  
32 point of coordination process".

33 New section 426B.1 creates a property tax relief fund under  
34 the authority of the department of revenue and finance and  
35 makes standing limited appropriations to the fund. Reserved

1 moneys in the amount of \$1 million are to be set aside in the  
2 fund for the emergency needs requests of counties as  
3 authorized by the state appeals board.

4 New section 426B.2 outlines requirements for making  
5 payments from the property tax relief fund.

6 A three-part formula is incorporated in the permanent  
7 statute for the property tax relief fund. The first \$65  
8 million is to be distributed to counties for property tax  
9 relief based upon a county's proportion of the total of county  
10 base year expenditures for MH/MR/DD assistance in fiscal year  
11 1993-1994. Next, remaining moneys are distributed for the  
12 state payment described above. The third part of the formula  
13 requires any other remaining moneys to be distributed for  
14 property tax relief for MH/MR/DD expenditures until the relief  
15 is equal to 50 percent of the total of county base year  
16 expenditures. The bill then provides for funding of other  
17 property tax credits in the following order: homestead,  
18 military service, extraordinary property tax credit and  
19 reimbursement, low-income, and agricultural land credit.

20 New section 426B.3 requires the director of revenue and  
21 finance to notify counties of the amount the counties will  
22 receive from the fund for property tax relief in the next  
23 fiscal year. The county auditor is required to reduce the  
24 property tax dollars requested for the county's certified  
25 budget in the succeeding fiscal year by the amount the county  
26 will receive for property tax relief. In addition, the county  
27 auditor is to compute the reduction in property taxes for each  
28 parcel as a result of the state funding and to note the  
29 reduction amount in the tax statement for that parcel.

30 New section 426B.4 authorizes the director of revenue and  
31 finance to adopt administrative rules to implement the  
32 codified provisions in the bill.

33 The department of human services is to implement a pilot  
34 project for managed care for persons with mental retardation  
35 or a developmental disability.

1 Included in 1994 Iowa Acts, chapter 1163, which provided an  
2 extension in the property tax limitations on counties for  
3 fiscal years 1995-1996 and 1996-1997, were contingent repeal  
4 provisions of the extension in the event the state does not  
5 enact appropriations to fulfill statutory funding obligations  
6 included in that Act to be enacted by certain dates in 1995  
7 and 1996. The required 1995 legislative session enactment is  
8 not contained in this legislation. However, for 1996, the  
9 bill specifies that, if enacted, the appropriations in the  
10 bill fulfill the statutory funding obligations required by no  
11 later than April 1, 1996, and the contingent repeal which  
12 would take effect on that date does not apply, so the property  
13 tax limitations would continue for the 1996-1997 fiscal year.

14 Except for sections 7, 8, and 9 which take effect July 1,  
15 1995, this division of the bill takes effect upon enactment.  
16 An applicability provision is included.

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**SENATE FILE 466  
FISCAL NOTE**

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A fiscal note for Senate File 466 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.

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Senate File 466 is comprised of three Divisions that relate to income and property tax.

**Division I**

Division I relates to income tax. The Division allows for the exclusion from taxable income of: \$1,500 of pension income (\$3,000 for married filers) beginning in tax year 1996; \$3,000 of pension income (\$6,000 for married filers) beginning in tax year 1997. This provision is contingent upon FY 1995 General Fund revenues of \$4.007 billion. This estimate assumes that FY 1995 General Fund revenues will exceed \$4.007 billion.

Division I also increases the dependent exemption credit to \$40. Under current law, the credit is \$15 per dependent. This provision is not contingent on the General Fund balance, and is effective for tax year 1995.

**Division II**

Division II relates to the property tax on Machinery and Equipment (M&E). This Division appropriates \$8.0 million to a Industrial Machinery, Equipment and Computers Investment Reimbursement Fund in FY 1997. The money in the Fund will be prorated to M&E taxpayers based on each taxpayer's share of total claims. Total claims are expected to exceed \$90.0 million.

**Division III**

Division IV relates to mental health expenditures and property tax credits. The Division appropriates the following amounts to a Property Tax Relief Fund:

FY 1996:	\$ 65.0 million
FY 1997:	\$ 85.0 million
FY 1998:	\$105.0 million
FY 1999:	\$125.0 million
FY 2000:	\$145.0 million
FY 2001:	\$165.0 million

These appropriations are expected to result in a decrease in property tax liability for the years in which the appropriations are made.

**FISCAL IMPACT**

The following table shows the impact of SF 466 through FY 2001. The impact from the property tax provisions is due to appropriations. The indicated

-2-

impact for the income tax provisions are revenue impacts.

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Dependent Credit	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5
Pension	0.0	15.0	22.0	22.0	22.0	22.0
M&E	0.0	8.0	0.0	0.0	0.0	0.0
MH	65.0	85.0	105.0	125.0	145.0	165.0
Total	\$ 81.5	\$124.5	\$143.5	\$163.5	\$183.5	\$203.5

(LSB 2619sv, JAM)

FILED APRIL 4, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 466

S-3336

1 Amend Senate File 466 as follows:

2 1. Page 23, by inserting after line 29 the  
3 following:

4 "DIVISION V

5 SUBCHAPTER S CORPORATIONS

6 Sec. \_\_\_\_ . Section 422.5, subsection 1, paragraph  
7 j, Code 1995, is amended by adding the following new  
8 unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the  
10 taxable income of a resident shareholder in a  
11 corporation which has in effect for the tax year an  
12 election under subchapter S of the Internal Revenue  
13 Code and carries on business within and without the  
14 state shall be computed by reducing the amount  
15 determined pursuant to paragraphs "a" through "i" by  
16 the amounts of nonrefundable credits under this  
17 division and by multiplying this resulting amount by a  
18 fraction of which the resident's net income allocated  
19 to Iowa, as determined in section 422.8, subsection 2,  
20 paragraph "b", is the numerator and the resident's  
21 total net income computed under section 422.7 is the  
22 denominator. This paragraph also applies to  
23 individuals who are residents of Iowa for less than  
24 the entire tax year.

25 Sec. \_\_\_\_ . Section 422.5, subsection 1, paragraph  
26 k, unnumbered paragraph 4, Code 1995, is amended to  
27 read as follows:

28 In the case of a resident, including a resident  
29 estate or trust, the state's apportioned share of the  
30 state alternative minimum tax is one hundred percent  
31 of the state alternative minimum tax computed in this  
32 subsection. In the case of a resident or part year  
33 resident shareholder in a corporation which has in  
34 effect for the tax year an election under subchapter S  
35 of the Internal Revenue Code and carries on business  
36 within and without the state, a nonresident, including  
37 a nonresident estate or trust, or an individual,  
38 estate, or trust that is domiciled in the state for  
39 less than the entire tax year, the state's apportioned  
40 share of the state alternative minimum tax is the  
41 amount of tax computed under this subsection, reduced  
42 by the applicable credits in sections 422.10 through  
43 422.12 and this result multiplied by a fraction with a  
44 numerator of the sum of state net income allocated to  
45 Iowa as determined in section 422.8, subsection 2,  
46 paragraph "a" or "b" as applicable, plus tax  
47 preference items, adjustments, and losses under  
48 subparagraph (1) attributable to Iowa and with a  
49 denominator of the sum of total net income computed  
50 under section 422.7 plus all tax preference items,

S-3336

S-3336

Page 2

1 adjustments, and losses under subparagraph (1). In  
2 computing this fraction, those items excludable under  
3 subparagraph (1) shall not be used in computing the  
4 tax preference items. Married taxpayers electing to  
5 file separate returns or separately on a combined  
6 return must allocate the minimum tax computed in this  
7 subsection in the proportion that each spouse's  
8 respective preference items, adjustments, and losses  
9 under subparagraph (1) bear to the combined preference  
10 items, adjustments, and losses under subparagraph (1)  
11 of both spouses.

12 Sec. \_\_\_\_ . Section 422.8, subsection 2, Code 1995,  
13 is amended to read as follows:

14 2. a. Nonresident's net income allocated to Iowa  
15 is the net income, or portion thereof, which is  
16 derived from a business, trade, profession, or  
17 occupation carried on within this state or income from  
18 any property, trust, estate, or other source within  
19 Iowa. However, income derived from a business, trade,  
20 profession, or occupation carried on within this state  
21 and income from any property, trust, estate, or other  
22 source within Iowa shall not include distributions  
23 from pensions, including defined benefit or defined  
24 contribution plans, annuities, individual retirement  
25 accounts, and deferred compensation plans or any  
26 earnings attributable thereto so long as the  
27 distribution is directly related to an individual's  
28 documented retirement and received while the  
29 individual is a nonresident of this state. If a  
30 business, trade, profession, or occupation is carried  
31 on partly within and partly without the state, only  
32 the portion of the net income which is fairly and  
33 equitably attributable to that part of the business,  
34 trade, profession, or occupation carried on within the  
35 state is allocated to Iowa for purposes of section  
36 422.5, subsection 1, paragraph "j", and section 422.13  
37 and income from any property, trust, estate, or other  
38 source partly within and partly without the state is  
39 allocated to Iowa in the same manner, except that  
40 annuities, interest on bank deposits and interest-  
41 bearing obligations, and dividends are allocated to  
42 Iowa only to the extent to which they are derived from  
43 a business, trade, profession, or occupation carried  
44 on within the state.

45 b. A resident's income allocable to Iowa is the  
46 income determined under section 422.7 reduced by items  
47 of income and expenses from a subchapter S corporation  
48 which pass directly to the shareholders under  
49 provisions of the Internal Revenue Code and increased  
50 by the greater of the following:

S-3336

-2-

S-3336

Page 3

1 (1) The net income or loss of the corporation  
2 which is fairly and equitably attributable to this  
3 state under section 422.33, subsections 2 and 3.  
4 (2) The taxpayer's pro rata share of an amount  
5 deemed distributed to shareholders which when added to  
6 the salaries, wages, or other compensation for  
7 services performed by all shareholders will equal ten  
8 percent of the net income of the corporation computed  
9 in accordance with section 422.35 and considering  
10 items of income and expense which pass directly to the  
11 shareholders under provisions of the Internal Revenue  
12 Code before deduction of shareholder's salaries,  
13 wages, or other compensation for services performed.  
14 (3) Any cash or the value of any property  
15 distributions made to the extent they are paid from  
16 income upon which Iowa income tax has not been paid as  
17 determined under rules of the director.

18 Sec. \_\_\_\_. Section 422.8, Code 1995, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. 6. If the resident or part year  
21 resident is a shareholder of a corporation which has  
22 in effect an election under subchapter S of the  
23 Internal Revenue Code, subsections 1 and 3 do not  
24 apply to any income taxes paid to another state or  
25 foreign country on the income from the corporation  
26 which has in effect an election under subchapter S of  
27 the Internal Revenue Code.

28 Sec. \_\_\_\_. This division of this Act, being deemed  
29 of immediate importance, takes effect upon enactment  
30 and applies retroactively to January 1, 1995, for tax  
31 years beginning on or after that date."

32 2. Title page, line 1, by inserting after the  
33 word "tax," the following: "including treatment of  
34 income from subchapter S corporations,".

By WAYNE BENNETT

S-3336 FILED APRIL 4, 1995  
RULED OUT OF ORDER

p. 1037

## SENATE FILE 466

S-3340

- 1 Amend Senate File 466 as follows:  
2 1. Page 11, line 4, by striking the figure "1995"  
3 and inserting the following: "1996".  
4 2. Page 11, line 13, by striking the figure  
5 "1995" and inserting the following: "1996".  
6 3. Page 11, line 20, by striking the figure  
7 "1995" and inserting the following: "1996".  
8 4. Page 21, line 19, by striking the figures and  
9 word "June 1, 1995," and inserting the following:  
10 "February 15, 1996,".  
11 5. Page 23, by inserting after line 21 the  
12 following:  
13 "Sec. \_\_\_\_ . PROPERTY TAX RELIEF -- FISCAL YEAR  
14 1995-1996. For the fiscal year beginning July 1,  
15 1995, the department of management shall reduce the  
16 amount of a county's certified budget to be raised by  
17 property tax, for that fiscal year by an amount equal  
18 to the amount the county will receive from the  
19 property tax relief fund for property tax relief  
20 pursuant to section 426B.2, subsection 1 and the  
21 department of management shall determine the rate of  
22 taxation necessary to raise the reduced amount."  
23 6. Page 23, line 23, by striking the figure  
24 "1995" and inserting the following: "1996".  
25 7. Page 23, line 29, by striking the figure  
26 "1995" and inserting the following: "1996".  
27 8. By renumbering as necessary.

By SHELDON RITTMER

S-3340 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3337

1 Amend Senate File 466 as follows:

2 1. By striking page 2, line 17, through page 4,  
3 line 18, and inserting the following:

4 "Machinery, Equipment, and Computers

5 Property Tax Exemption

6 Sec. \_\_\_\_ . Section 427B.17, Code 1995, is amended  
7 to read as follows:

8 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

9 1. For property defined in section 427A.1,  
10 subsection 1, paragraphs "e" and "j", acquired or  
11 initially leased on or after January 1, 1982, the  
12 taxpayer's valuation shall be limited to thirty  
13 percent of the net acquisition cost of the property.  
14 For purposes of this section, "net acquisition cost"  
15 means the acquired cost of the property including all  
16 foundations and installation cost less any excess cost  
17 adjustment.

18 2. For purposes of this section:

19 ~~1-~~ a. Property assessed by the department of  
20 revenue and finance pursuant to sections 428.24 to  
21 428.29, or chapters 433, 434 and 436 to 438 shall not  
22 receive the benefits of this section.

23 ~~2-~~ b. Property acquired before January 1, 1982,  
24 which ~~was~~ owned or used before January 1, 1982, by a  
25 related person shall not receive the benefits of this  
26 section.

27 ~~3-~~ c. Property acquired on or after January 1,  
28 1982, which was owned and used by a related person  
29 shall not receive any additional benefits under this  
30 section.

31 ~~4-~~ d. Property which was owned or used before  
32 January 1, 1982, and subsequently acquired by an  
33 exchange of like property shall not receive the  
34 benefits of this section.

35 ~~5-~~ e. Property which was acquired on or after  
36 January 1, 1982, and subsequently exchanged for like  
37 property shall not receive any additional benefits  
38 under this section.

39 ~~6-~~ f. Property acquired before January 1, 1982,  
40 which ~~is~~ subsequently leased to a taxpayer or related  
41 person who previously owned the property shall not  
42 receive the benefits of this section.

43 ~~7-~~ g. Property acquired on or after January 1,  
44 1982, which is subsequently leased to a taxpayer or  
45 related person who previously owned the property shall  
46 not receive any additional benefits under this  
47 section.

48 ~~h. For purposes of this section, "related~~ "Related  
49 person" means a person who owns or controls the  
50 taxpayer's business and another business entity from

S-3337

S-3337

Page 2

1 which property is acquired or leased or to which  
2 property is sold or leased. Business entities are  
3 owned or controlled by the same person if the same  
4 person directly or indirectly owns or controls fifty  
5 percent or more of the assets or any class of stock or  
6 who directly or indirectly has an interest of fifty  
7 percent or more in the ownership or profits.

8 3. Property assessed pursuant to this section  
9 shall not be eligible to receive a partial exemption  
10 under sections 427B.1 to 427B.6.

11 4. a. A city council or county board of  
12 supervisors may provide by ordinance an exemption from  
13 taxation for property defined in this section whose  
14 valuation is computed pursuant to subsection 1, and  
15 which is acquired after December 31, 1994. The  
16 ordinance may be enacted not less than thirty days  
17 after a public hearing on the ordinance is held.  
18 Notice of the hearing shall be published in accordance  
19 with section 331.305 in the case of a county, or  
20 section 362.3 in the case of a city. The exemption  
21 shall not apply to any property acquired or initially  
22 leased prior to the enactment of the ordinance unless  
23 the ordinance specifically allows for retroactive  
24 application.

25 b. If in the opinion of the city council or the  
26 county board of supervisors continuation of the  
27 exemption granted under this subsection ceases to be  
28 of benefit to the city or county, the city council or  
29 the county board of supervisors may repeal the  
30 ordinance authorized by this subsection. Exemptions  
31 allowed prior to repeal of the ordinance shall  
32 continue until their expiration."

33 2. Title page, line 2, by striking the word  
34 "reimbursement" and inserting the following:  
35 "exemption".

36 3. By renumbering as necessary.

By ALLEN BORLAUG  
JACK RIFE  
MAGGIE TINSMAN

S-3337 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3339

1 Amend Senate File 466 as follows:

2 1. Page 1, line 34, by striking the word "forty"  
3 and inserting the following: "fifty-five".

By JIM LIND

S-3339 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3342

- 1 Amend Senate File 466 as follows:  
2 1. Page 2, by inserting after line 18 the  
3 following:  
4 "Sec. \_\_\_\_ . Section 427B.17, unnumbered paragraph  
5 1, Code 1995, is amended to read as follows:  
6 For property defined in section 427A.1, subsection  
7 1, paragraphs "e" and "j", acquired or initially  
8 leased on or after January 1, 1982, and on or before  
9 June 30, 1995, the taxpayer's valuation shall be  
10 limited to thirty percent of the net acquisition cost  
11 of the property. Such property acquired or initially  
12 leased on or after July 1, 1995, shall be exempt from  
13 taxation. For purposes of this section, "net  
14 acquisition cost" means the acquired cost of the  
15 property including all foundations and installation  
16 cost less any excess cost adjustment.  
17 2. Page 4, by inserting after line 18 the  
18 following:  
19 "5. Property taxes paid on property defined in  
20 section 427A.1, subsection 1, paragraphs "e" and "j",  
21 and assessed under section 427B.17, which property is  
22 located in an urban renewal area on or after July 1,  
23 1995, for which there is a division of taxes under  
24 section 403.19, shall not be eligible to receive  
25 reimbursement under this section.  
26 6. Property taxes paid on property defined in  
27 section 427A.1, subsection 1, paragraphs "e" and "j",  
28 and assessed under section 427B.17, which taxes are  
29 being used to fund a new jobs training program on or  
30 after July 1, 1995, under section 260E.4 or 260F.4,  
31 shall not be eligible to receive reimbursement under  
32 this section."  
33 3. Title page, line 2, by inserting after the  
34 word "reimbursement" the following: "and exemption".  
35 4. By renumbering as necessary.

By STEWART IVERSON, JR.  
WAYNE BENNETT

S-3342 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

## S-3341

1 Amend Senate File 466 as follows:

- 2 1. Page 1, line 23, by striking the words "and  
3 for all subsequent tax years,".  
4 2. Page 1, line 28, by inserting after the word  
5 "dollars." the following: "For a tax year beginning  
6 in the 1998 calendar year, subtract, to the extent  
7 included, the total amount for a person who files a  
8 separate state income tax return up to a maximum of  
9 six thousand dollars, and for a husband and wife who  
10 file a joint state income tax return up to a maximum  
11 of twelve thousand dollars. For a tax year beginning  
12 in the 1999 calendar year, subtract, to the extent  
13 included, the total amount for a person who files a  
14 separate state income tax return up to a maximum of  
15 twelve thousand dollars, and for a husband and wife  
16 who file a joint state income tax return up to a  
17 maximum of twenty-four thousand dollars. For a tax  
18 year beginning in the 2000 calendar year, and for all  
19 subsequent tax years, subtract, to the extent  
20 included, the total amount."

By MAGGIE TINSMAN  
SHELDON RITTMER

S-3341 FILED APRIL 4, 1995  
RULED OUT OF ORDER

SENATE FILE 466

S-3345

- 1 Amend Senate File 466 as follows:
- 2 1. Page 3, line 33, by inserting after the word
- 3 "to," the following: "copies of".
- 4 2. Page 3, line 34, by inserting after the word
- 5 "checks." the following: "The claimant shall pay the
- 6 taxes on the industrial machinery, equipment and
- 7 computers by a separate check."

By H. KAY HEDGE

S-3345 FILED APRIL 4, 1995  
RULED OUT OF ORDER

SENATE FILE 466

S-3346

- 1 Amend Senate File 466 as follows:
- 2 1. Page 23, by inserting after line 29 the
- 3 following:
- 4 "DIVISION
- 5 INTERITANCE TAX
- 6 Sec. \_\_\_\_\_. Section 450.2, Code 1995, is amended by
- 7 adding the following new unnumbered paragraph:
- 8 NEW UNNUMBERED PARAGRAPH. Property passing from
- 9 estates of decedents dying on or after July 1, 1999,
- 10 is not subject to tax under this chapter. This
- 11 chapter is repealed July 1, 1999, for property of
- 12 estates of decedents dying on or after July 1, 1999.
- 13 Sec. \_\_\_\_\_. Section 450.10, Code 1995, is amended by
- 14 adding the following new subsection:
- 15 NEW SUBSECTION. 8. For property, interest in
- 16 property, or income from property passing from estates
- 17 of decedents dying during the following fiscal years
- 18 the tax rates under subsections 1 through 6 shall be a
- 19 percentage of those specified as follows:
- 20 a. For the fiscal year beginning July 1, 1995,
- 21 eighty percent.
- 22 b. For the fiscal year beginning July 1, 1996,
- 23 sixty percent.
- 24 c. For the fiscal year beginning July 1, 1997,
- 25 forty percent.
- 26 d. For the fiscal year beginning July 1, 1998,
- 27 twenty percent.
- 28 e. For fiscal years beginning on or after July 1,
- 29 1999, zero percent.
- 30 Sec. \_\_\_\_\_. This division of this Act applies to
- 31 estates of decedents dying on or after July 1, 1995."
- 32 2. Title page, line 1, by inserting after the
- 33 word "tax" the following: "and inheritance tax".

By BRAD BANKS

MAGGIE TINSMAN

STEWART IVERSON, JR.

MARY LOU FREEMAN

S-3346 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

## S-3343

1 Amend Senate File 466 as follows:  
2 1. Page 13, line 9, by inserting after the figure  
3 "331.438," the following: "and for property tax  
4 relief payments under section 426B.2, subsections 1  
5 and 3,".  
6 2. By striking page 13, line 31, through page 14,  
7 line 5, and inserting the following:  
8 "(1) For mental health service management, the  
9 county must contract with a state-approved managed  
10 mental health care contractor or provide a comparable  
11 system of managed care. For the fiscal year beginning  
12 July 1, 1995, this part of the plan shall be submitted  
13 by January 5, 1996, and the county shall implement the  
14 approved plan by March 1, 1996. For subsequent fiscal  
15 years, this part of the plan shall be submitted to the  
16 department by April 1 for the succeeding fiscal year."

By SHELDON RITTMER

S-3343 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

## S-3344

1 Amend Senate File 466 as follows:  
2 1. Page 4, by inserting after line 18 the  
3 following:  
4 "DIVISION  
5 PROPERTY TAX VALUATIONS  
6 Sec. \_\_\_\_ . Section 441.21, subsection 5, Code 1995,  
7 is amended by adding the following new unnumbered  
8 paragraph:  
9 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
10 computations and limitations in this subsection the  
11 percentage of actual value at which residential  
12 property shall be assessed for valuations established  
13 on or after January 1, 1995, shall not exceed the  
14 percentage of actual value at which residential  
15 property was assessed for valuations established as of  
16 January 1, 1994.  
17 Sec. \_\_\_\_ . This division of this Act, being deemed  
18 of immediate importance, takes effect upon enactment."

By WAYNE BENNETT

S-3344 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3347

1 Amend Senate File 466 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 331.424A MENTAL HEALTH,  
5 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES  
6 SERVICES FUND.

7 1. For the purposes of this chapter, unless the  
8 context otherwise requires, "services fund" means the  
9 county mental health, mental retardation, and  
10 developmental disabilities services fund created in  
11 subsection 2.

12 2. For the fiscal year beginning July 1, 1996, and  
13 succeeding fiscal years, county revenues from taxes  
14 and other sources designated for mental health, mental  
15 retardation, and developmental disabilities services  
16 shall be credited to the mental health, mental  
17 retardation, and developmental disabilities services  
18 fund of the county. The board may make appropriations  
19 from the fund for payment of services provided under  
20 the county management plan approved pursuant to  
21 section 331.439.

22 3. For the fiscal year beginning July 1, 1996, and  
23 succeeding fiscal years, receipts from the state or  
24 federal government for such services shall be credited  
25 to the services fund, including moneys allotted to the  
26 county from the state payment made pursuant to section  
27 331.439 and moneys allotted to the county for property  
28 tax relief pursuant to section 426B.1.

29 4. For the fiscal year beginning July 1, 1996, and  
30 for each subsequent fiscal year, the county may  
31 certify a levy for payment of services. Unless  
32 otherwise provided by state law, for each fiscal year,  
33 county revenues from taxes imposed by the county  
34 credited to the services fund shall not exceed an  
35 amount equal to the amount of base year expenditures  
36 for services in the fiscal year beginning July 1,  
37 1993, and ending June 30, 1994, as defined in section  
38 331.438 less the amount of property tax relief to be  
39 received pursuant to section 426B.2, subsections 1 and  
40 3, in the fiscal year for which the budget is  
41 certified.

42 5. Appropriations specifically authorized to be  
43 made from the mental health, mental retardation, and  
44 developmental disabilities services fund shall not be  
45 made from the general fund of the county.

46 Sec. 2. Section 331.438, subsection 1, paragraph  
47 b, Code 1995, is amended to read as follows:

48 b. "State payment" means the payment made by the  
49 state to a county determined to be eligible for the  
50 payment in accordance with section 331.439.

S-3347

S-3347

Page 2

1 1A. Except as modified based upon the actual  
2 amount of the appropriation for purposes of state  
3 payment under section 331.439, the amount of the state  
4 payment for a fiscal year shall be calculated as fifty  
5 one hundred percent of the amount by which the  
6 county's qualified expenditures during the immediately  
7 preceding fiscal year were in excess of the amount of  
8 the county's base year expenditures. Any state  
9 funding received by a county for property tax relief  
10 in accordance with section 426B.2, subsections 1 and  
11 3, is not a state payment and shall not be included in  
12 the state payment calculation made pursuant to this  
13 subsection.

14 Sec. 3. Section 331.438, subsection 3, paragraph  
15 c, Code 1995, is amended by adding the following new  
16 subparagraph:

17 NEW SUBPARAGRAPH. (15) On or before December 1,  
18 1995, submit to the governor and the general assembly  
19 any recommended changes in the formula for  
20 distributing property tax relief moneys to counties  
21 under section 426B.2, subsections 1 through 3.

22 Sec. 4. Section 331.439, Code 1995, is amended by  
23 adding the following new subsection:

24 NEW SUBSECTION. 5. The county's mental health,  
25 mental retardation, and developmental disabilities  
26 assistance expenditures are limited to a fixed budget  
27 amount. The amount of the fixed budget shall be the  
28 total of the county's base year expenditures plus  
29 state moneys paid to the county for such assistance.

30 Sec. 5. NEW SECTION. 426B.1 PROPERTY TAX RELIEF  
31 FUND.

32 1. For the purposes of this chapter, unless the  
33 context otherwise requires, "property tax relief fund"  
34 means the property tax relief fund created in section  
35 8.57A.

36 2. There is appropriated to the property tax  
37 relief fund for the indicated fiscal years from the  
38 general fund of the state the following amounts:

39 a. For the fiscal year beginning July 1, 1995,  
40 seventy-five million dollars.

41 b. For the fiscal year beginning July 1, 1996, one  
42 hundred million dollars.

43 c. For the fiscal year beginning July 1, 1997, one  
44 hundred twenty-five million dollars.

45 d. For the fiscal year beginning July 1, 1998, one  
46 hundred fifty million dollars.

47 e. For the fiscal year beginning July 1, 1999, and  
48 succeeding fiscal years, one hundred seventy-five  
49 million dollars.

50 3. In each fiscal year, the amount appropriated

S-3347

-2-

S-3347

Page 3

1 pursuant to subsection 2 shall be reduced by the  
2 amount of the moneys in the property tax relief fund  
3 which were carried forward from the previous fiscal  
4 year.

5 Sec. 6. NEW SECTION. 426B.2 PROPERTY TAX RELIEF  
6 FUND DISTRIBUTIONS.

7 Moneys in the property tax relief fund shall be  
8 utilized in each fiscal year as follows in the order  
9 listed:

10 1. The first seventy-five million dollars plus the  
11 amount paid pursuant to subsection 3 in the previous  
12 fiscal year in the property tax relief fund shall be  
13 paid to each county for property tax relief in the  
14 same proportion that the county's base year  
15 expenditure bears to the total of all counties' base  
16 year expenditures as defined in section 331.438.

17 2. Payment of moneys to eligible counties of the  
18 state payment in accordance with the provisions of  
19 sections 331.438 and 331.439.

20 3. The department of human services shall estimate  
21 the amount of moneys required for the state payment  
22 pursuant to subsection 2. Moneys remaining in the  
23 expenditure relief fund following the payment made  
24 pursuant to subsection 1 and the estimated amount of  
25 the state payment pursuant to subsection 2 shall be  
26 paid to counties for property tax relief in the same  
27 manner as provided in subsection 1. These payments  
28 shall continue until the combined amount of the  
29 payments made under this subsection and subsection 1  
30 are equal to fifty percent of the total of all  
31 counties' base year expenditures as defined in section  
32 331.438. The amount of moneys paid to a county  
33 pursuant to this subsection shall be added in  
34 subsequent fiscal years to the amount of moneys paid  
35 under subsection 1.

36 4. Moneys remaining in the property tax relief  
37 fund following the payments made pursuant to  
38 subsections 1, 2, and 3 shall be transferred to the  
39 homestead credit fund created in section 425.1. This  
40 transfer shall continue until the homestead credit is  
41 fully funded.

42 5. Moneys remaining in the property tax relief  
43 fund following the payments made pursuant to  
44 subsections 1, 2, and 3, and the transfer made  
45 pursuant to subsection 4, shall be transferred to the  
46 low-income tax credit and reimbursement fund created  
47 in section 425.40. This transfer shall continue until  
48 the low-income credit is fully funded.

49 6. Moneys remaining in the property tax relief  
50 fund following the payments made pursuant to

S-3347

S-3347

Page 4

1 subsections 1, 2, and 3, and the transfers made  
2 pursuant to subsections 4 and 5, shall be transferred  
3 to the agricultural land credit fund created in  
4 section 426.1. This transfer shall continue until the  
5 agricultural land credit is fully funded.

6 7. The director of revenue and finance shall draw  
7 warrants on the property tax relief fund, payable to  
8 the county treasurer in the amount due to a county in  
9 accordance with subsections 1 and 3 and mail the  
10 warrants to the county auditors in September and March  
11 of each year. Warrants for the state payment in  
12 accordance with subsection 2 shall be mailed in  
13 January of each year. The director shall initiate the  
14 transfers required by this section.

15 Sec. 7. NEW SECTION. 426B.3 NOTIFICATION OF  
16 MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES  
17 EXPENDITURE RELIEF FUND PAYMENT.

18 1. Before June 1, 1995, and before June 1 of each  
19 succeeding fiscal year, the director of revenue and  
20 finance shall notify the county auditor of each county  
21 of the amount of moneys the county will receive from  
22 the property tax relief fund pursuant to section  
23 426B.2, subsections 1 and 3, for the succeeding fiscal  
24 year. The county auditor shall reduce the certified  
25 budget amount received from the board of supervisors  
26 for the succeeding fiscal year by an amount equal to  
27 the amount the county will receive and the auditor  
28 shall determine the rate of taxation necessary to  
29 raise the adjusted amount. On the tax list, the  
30 county auditor shall compute the amount of taxes due  
31 and payable on each parcel before and after the amount  
32 received from the expenditure relief fund is used to  
33 reduce the county budget.

34 2. The amount of property tax dollars reduced on  
35 each parcel as a result of the moneys received from  
36 the property tax relief fund pursuant to section  
37 426B.2, subsections 1 and 3, shall be noted on each  
38 tax statement prepared by the county treasurer  
39 pursuant to section 445.23.

40 Sec. 8. NEW SECTION. 426B.4 RULES.

41 The director of revenue and finance shall prescribe  
42 forms and adopt rules pursuant to chapter 17A to  
43 administer this chapter.

44 Sec. 9. FUNDING OF SESSION LAW REQUIREMENTS. If  
45 the appropriations in section 426B.1, subsection 2, as  
46 created in this Act, are enacted by this Act, the  
47 requirements of 1994 Iowa Acts, chapter 1163, section  
48 8, subsection 2, to fully fund provisions of sections  
49 331.438 and 331.439 shall be considered to be met and  
50 the repeals contained in 1994 Iowa Acts, chapter 1163,

S-3347

-4-

S-3347

Page 5

1 section 8, subsection 2, shall be void.

2 Sec. 10. PILOT PROJECT FOR A MANAGED SYSTEM OF  
3 INDIVIDUALIZED SERVICES.

4 1. The department of human services, in  
5 cooperation with a county or consortium of counties,  
6 shall develop, test, and evaluate a pilot project for  
7 a managed system of individualized services and  
8 support for individuals with mental retardation and  
9 developmental disabilities in at least two areas of  
10 the state. One area shall be urban and one rural.  
11 The system shall be designed to provide the  
12 individuals being served with a choice of services and  
13 other support that will assist the individuals to be  
14 as independent, productive, and integrated into the  
15 community as possible.

16 2. In implementing the managed system pilot  
17 project, the department and the county or consortium  
18 of counties may directly manage the system and  
19 contract with service providers and others for needed  
20 services or support after identifying the type and  
21 level of services and support needed by the  
22 individual. The pilot project shall provide a  
23 reasonable rate of reimbursement. If costs are equal  
24 or less than providing vouchers or cash payments to  
25 the individuals and the individuals served so desire,  
26 vouchers or cash payments may be provided to the  
27 individuals to allow them to arrange for their own  
28 services or support. The department and the county or  
29 consortium of counties may enter into a contract with  
30 a private entity to manage this individualized system  
31 provided all pilot project requirements are met  
32 through the private entity.

33 3. The department and the county or consortium of  
34 counties shall seek the advice of persons with mental  
35 retardation and disabilities and their family members  
36 in designing the pilot project. The state-county  
37 management committee created in section 331.438 shall  
38 also have an opportunity to make recommendations  
39 regarding the pilot project.

40 4. The department shall apply for all necessary  
41 federal waivers so that in addition to state and  
42 county funds, federal moneys available for these  
43 services may also be flexibly used in the pilot  
44 project. The planning for the pilot project shall be  
45 completed prior to January 1, 1996, and the pilot  
46 project shall commence on or before March 1, 1996.

47 Sec. 11. EFFECTIVE DATE. This Act, being deemed  
48 of immediate importance, takes effect upon enactment."

49 2. Title page, by striking lines 1 through 6 and  
50 inserting the following: "An Act relating to county

S-3347

S-3347

Page 6

1 expenditures of property taxes for mental health and  
2 developmental disabilities costs by providing for  
3 reduction of property taxes, making appropriations,  
4 and providing an effective date."

By MARY LOU FREEMAN

S-3347 FILED APRIL 4, 1995

ADOPTED

(p. 1037)

SENATE FILE 466

S-3348

1 Amend Senate File 466 as follows:  
2 1. Page 3, by striking lines 14 through 22 and  
3 inserting the following: "partment of revenue and  
4 finance. There is appropriated in each of the  
5 following fiscal years from the general fund of the  
6 state to the machinery, equipment and computers  
7 investment reimbursement fund the following amounts to  
8 be used to pay property tax reimbursement claims filed  
9 pursuant to this section:  
10 a. For the fiscal year beginning July 1, 1996,  
11 eight million, one hundred thousand dollars.  
12 b. For the fiscal year beginning July 1, 1997,  
13 fifteen million, two hundred thousand dollars.  
14 c. For the fiscal year beginning July 1, 1998,  
15 twenty-one million, one hundred thousand dollars.  
16 d. For the fiscal year beginning July 1, 1999,  
17 twenty-three million, four hundred thousand dollars.  
18 e. For the fiscal year beginning July 1, 2000,  
19 twenty-one million, one hundred thousand dollars.  
20 f. For the fiscal year beginning July 1, 2001,  
21 eighteen million, one hundred thousand dollars.  
22 g. For the fiscal year beginning July 1, 2002,  
23 twenty-four million dollars.  
24 h. For the fiscal year beginning July 1, 2003,  
25 twenty-five million, six hundred thousand dollars.  
26 i. For the fiscal year beginning July 1, 2004,  
27 twenty million, four hundred thousand dollars.  
28 j. For the fiscal year beginning July 1, 2005,  
29 fourteen million, five hundred thousand dollars."  
30 2. Page 3, line 28, by inserting after the figure  
31 "1997" the following: ", and on or before January 1  
32 of each subsequent fiscal year".  
33 3. Page 4, line 7, by inserting after the figure  
34 "1997," the following: "and by June 1 of each  
35 subsequent fiscal year,".  
36 4. By renumbering as necessary.

By STEWART IVERSON, JR.

S-3348 FILED APRIL 4, 1995

RULED OUT OF ORDER

## SENATE FILE 466

S-3351

1 Amend Senate File 466 as follows:

2 1. By striking page 2, line 17 through page 4,  
3 line 18 and inserting the following:

4 "MACHINERY AND EQUIPMENT  
5 EXEMPTION AND REPLACEMENT FUNDS

6 Sec. \_\_\_\_ . Section 427B.17, Code 1995, is amended  
7 by striking the section and inserting in lieu thereof  
8 the following:

9 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

10 1. Property defined in section 427A.1, subsection  
11 1, paragraphs "e" and "j", shall be valued by the  
12 local assessor as follows:

13 a. For the assessment year beginning January 1,  
14 1995, at twenty-six percent of the net acquisition  
15 cost.

16 b. For the assessment year beginning January 1,  
17 1996, at twenty-two percent of the net acquisition  
18 cost.

19 c. For the assessment year beginning January 1,  
20 1997, at eighteen percent of the net acquisition cost.

21 d. For the assessment year beginning January 1,  
22 1998, at fourteen percent of the net acquisition cost.

23 e. For the assessment year beginning January 1,  
24 1999, at ten percent of the net acquisition cost.

25 f. For the assessment year beginning January 1,  
26 2000, at six percent of the net acquisition cost.

27 g. For the assessment year beginning January 1,  
28 2001, and all subsequent assessment years, at zero  
29 percent of the net acquisition cost.

30 2. For purposes of this section:

31 a. Property assessed by the department of revenue  
32 and finance pursuant to sections 428.24 to 428.29, or  
33 chapters 433, 434, and 436 to 438 shall not receive  
34 the benefits of this section.

35 Any electric power generating plant which operated  
36 during the preceding assessment year at a net capacity  
37 factor of more than twenty percent, shall not receive  
38 the benefits of this section. For purposes of this  
39 section, "electric power generating plant" means any  
40 name plate rated electric power generating plant, in  
41 which electric energy is produced from other forms of  
42 energy, including all taxable land, buildings, and  
43 equipment used in the production of such energy. "Net  
44 capacity factor" means net actual generation divided  
45 by the product of net maximum capacity times the  
46 number of hours the unit was in the active state  
47 during the assessment year. Upon commissioning, a  
48 unit is in the active state until it is de-  
49 commissioned. "Net actual generation" means net  
50 electrical megawatt hours produced by the unit during

S-3351

-1-

S-3351

Page 2

1 the preceding assessment year. "Net maximum capacity"  
2 means the capacity the unit can sustain over a  
3 specified period when not restricted by ambient  
4 conditions or equipment deratings, minus the losses  
5 associated with station service or auxiliary loads.

6 b. The net acquisition cost of property acquired  
7 before January 1, 1995, which was owned or used by a  
8 related person shall be the net acquisition cost of  
9 the transferor of the property.

10 c. "Related person" means a person who owns or  
11 controls the taxpayer's business and another business  
12 entity from which property is acquired or leased or to  
13 which property is sold or leased. Business entities  
14 are owned or controlled by the same person if the same  
15 person directly or indirectly owns or controls fifty  
16 percent or more of the assets or any class of stock or  
17 who directly or indirectly has an interest of fifty  
18 percent or more in the ownership or profits.

19 d. "Net acquisition cost" means the acquired cost  
20 of the property, including all foundations and  
21 installation cost less any excess cost adjustment.

22 3. Property assessed pursuant to this section  
23 shall not be eligible to receive a partial exemption  
24 under sections 427B.1 to 427B.6.

25 4. The taxpayer's valuation of property defined in  
26 section 427A.1, subsection 1, paragraphs "e" and "j",  
27 and located in an urban renewal area for which an  
28 urban renewal plan provides for the division of taxes  
29 as provided in section 403.19 to pay the principal and  
30 interest on loans, advances, bonds issued under the  
31 authority of section 403.9, subsection 1, or  
32 indebtedness incurred by a city or county to finance  
33 an urban renewal project within the urban renewal  
34 area, if such loans, advances, or bonds were issued or  
35 indebtedness incurred, on or after January 1, 1982,  
36 and on or before June 30, 1995, shall be limited to  
37 thirty percent of the net acquisition cost of the  
38 property. Such property located in an urban renewal  
39 area shall not be valued pursuant to subsection 1  
40 until the assessment year following the calendar year  
41 in which the obligations created by any loans,  
42 advances, bonds, or indebtedness payable from the  
43 division of taxes as provided in section 403.19 have  
44 been retired. The taxpayer's valuation for such  
45 property shall then be the valuation specified in  
46 subsection 1 for the applicable assessment year. If  
47 the loans, advances, or bonds issued, or indebtedness  
48 incurred between January 1, 1982, and June 30, 1995,  
49 are refinanced or refunded after June 30, 1995, the  
50 valuation of such property shall then be the valuation

S-3351

-2-

S-3351

Page 3

1 specified in subsection 1 for the applicable  
2 assessment year beginning with the assessment year  
3 following the calendar year in which any of those  
4 loans, advances, bonds, or other indebtedness are  
5 refinanced or refunded after June 30, 1995.

6 5. For the purpose of dividing taxes under section  
7 260E.4 or 260F.4, the employer's or business's  
8 valuation of property defined in section 427A.1,  
9 subsection 1, paragraphs "e" and "j", and used to fund  
10 a new jobs training project which project's first  
11 written agreement providing for a division of taxes as  
12 provided in section 403.19, is approved on or before  
13 June 30, 1995, shall be limited to thirty percent of  
14 the net acquisition cost of the property. An  
15 employer's or business's taxable property used to fund  
16 a new jobs training project shall not be valued  
17 pursuant to subsection 1 until the assessment year  
18 following the calendar year in which the certificates  
19 or other funding obligations have been retired or  
20 escrowed. The taxpayer's valuation for such property  
21 shall then be the valuation specified in subsection 1  
22 for the applicable assessment year. If the  
23 certificates issued, or other funding obligations  
24 incurred, between January 1, 1982, and June 30, 1995,  
25 are refinanced or refunded after June 30, 1995, the  
26 valuation of such property shall then be the valuation  
27 specified in subsection 1 for the applicable  
28 assessment year beginning with the assessment year  
29 following the calendar year in which those  
30 certificates or other funding obligations are  
31 refinanced or refunded after June 30, 1995.

32 Sec. \_\_\_\_ . NEW SECTION. 427B.18 ASSESSOR AND  
33 COUNTY AUDITOR DUTIES.

34 1. On or before July 1 of each year, the assessor  
35 shall determine the taxpayer's valuation of the  
36 property specified in section 427B.17 for that year  
37 and the valuation of the property if the property were  
38 valued, for assessment purposes, at thirty percent of  
39 net acquisition cost and shall report the valuations  
40 to the county auditor.

41 2. On or before July 1, 1996, and on or before  
42 July 1 of each subsequent year, the county auditor  
43 shall prepare a statement listing for each taxing  
44 district in the county:

45 a. Beginning with the assessment year beginning  
46 January 1, 1995, the difference between the assessed  
47 valuation of property defined in section 427A.1,  
48 subsection 1, paragraphs "e" and "j", and assessed  
49 pursuant to section 427B.17 and the valuation of the  
50 property if the property were valued, for assessment

S-3351

-3-

S-3351

Page 4

- 1 purposes, at thirty percent of net acquisition cost.  
2 b. The tax levy rate for each taxing district  
3 levied against assessments made as of January 1 of the  
4 previous year.  
5 c. The industrial machinery, equipment and  
6 computers tax replacement claim for each taxing  
7 district, which is equal to the amount determined  
8 pursuant to paragraph "a", multiplied by the tax rate  
9 specified in paragraph "b".

10 3. The county auditor shall certify and forward  
11 one copy of the statement to the department of revenue  
12 and finance not later than July 1 of each year.

13 Sec. \_\_\_\_ . NEW SECTION. 427B.19 REPLACEMENT.

14 Each county treasurer shall be paid an amount equal  
15 to the following percentages of the industrial  
16 machinery, equipment and computers tax replacement  
17 claim for that county determined pursuant to section  
18 427B.18, subsection 2:

19 1. For the fiscal year beginning July 1, 1996,  
20 ninety percent.

21 2. For the fiscal year beginning July 1, 1997,  
22 seventy-five percent.

23 3. For the fiscal year beginning July 1, 1998,  
24 sixty percent.

25 4. For the fiscal year beginning July 1, 1999,  
26 forty-five percent.

27 5. For the fiscal year beginning July 1, 2000,  
28 thirty percent.

29 6. For the fiscal year beginning July 1, 2001,  
30 twenty percent.

31 7. For the fiscal year beginning July 1, 2002,  
32 twenty percent.

33 8. For the fiscal year beginning July 1, 2003,  
34 twenty percent.

35 9. For the fiscal year beginning July 1, 2004,  
36 fifteen percent.

37 10. For the fiscal year beginning July 1, 2005,  
38 ten percent.

39 Sec. \_\_\_\_ . NEW SECTION. 427B.19A FUND CREATED.

40 1. The industrial machinery, equipment and  
41 computers property tax replacement fund is created.  
42 There is appropriated annually from the general fund  
43 of the state to the department of revenue and finance  
44 to be credited to the industrial machinery, equipment  
45 and computers property tax replacement fund, the  
46 amounts specified in section 427B.19B.

47 2. Each county treasurer shall be paid from the  
48 fund created in this section the amount calculated  
49 pursuant to section 427B.19. The payment shall be  
50 made in two equal installments on or before September

S-3351

S-3351

Page 5

1 30 and March 30 of each year. The county treasurer  
2 shall apportion the payment in the manner provided in  
3 section 445.57.

4 3. If an amount appropriated in section 427B.19B  
5 for a fiscal year is insufficient to pay all claims  
6 according to the replacement schedule in section  
7 427B.19, the director shall prorate the disbursements  
8 from the fund to the county treasurers and shall  
9 notify the county auditors of the pro rata percentage  
10 on or before August 1. If an amount appropriated in  
11 section 427B.19B for a fiscal year is in excess of the  
12 amount necessary to pay all claims according to the  
13 replacement schedule in section 427B.19, the director  
14 shall prorate the disbursements from the fund to the  
15 county treasurers, notwithstanding the amount  
16 calculated pursuant to section 427B.19, and shall  
17 notify the county auditors of the pro rata percentage  
18 on or before August 1.

19 4. The replacement amount paid to each school  
20 district shall be regarded as property tax for the  
21 purposes of the school foundation property tax levy in  
22 section 257.3 and the additional property tax levy in  
23 section 257.4. The department of management shall  
24 annually make the adjustments necessary to implement  
25 this subsection.

26 Sec. \_\_\_\_ . NEW SECTION. 427B.19B APPROPRIATION.

27 There is appropriated in each of the following  
28 fiscal years from the general fund of the state to the  
29 industrial machinery, equipment and computers property  
30 tax replacement fund the following amounts:

31 1. For the fiscal year beginning July 1, 1996,  
32 eight million, one hundred thousand dollars.

33 2. For the fiscal year beginning July 1, 1997,  
34 fifteen million, two hundred thousand dollars.

35 3. For the fiscal year beginning July 1, 1998,  
36 twenty-one million, one hundred thousand dollars.

37 4. For the fiscal year beginning July 1, 1999,  
38 twenty-three million, four hundred thousand dollars.

39 5. For the fiscal year beginning July 1, 2000,  
40 twenty-one million, one hundred thousand dollars.

41 6. For the fiscal year beginning July 1, 2001,  
42 eighteen million, one hundred thousand dollars.

43 7. For the fiscal year beginning July 1, 2002,  
44 twenty-four million dollars.

45 8. For the fiscal year beginning July 1, 2003,  
46 twenty-five million, six hundred thousand dollars.

47 9. For the fiscal year beginning July 1, 2004,  
48 twenty million, four hundred thousand dollars.

49 10. For the fiscal year beginning July 1, 2005,  
50 fourteen million, five hundred thousand dollars.

S-3351

-5-

S-3351

Page 6

1 Sec. \_\_\_\_ . NEW SECTION. 427B.19C PHASEOUT OF TAX.  
2 Effective on July 1, 2002, all property taxes on  
3 property defined in section 427A.1, subsection 1,  
4 paragraphs "e" and "j", are repealed. For assessment  
5 years beginning on or after January 1, 2005, such  
6 property shall not be listed or assessed. This  
7 section shall prevail over all inconsistent statutes.

8 Sec. \_\_\_\_ . NEW SECTION. 427B.19D GUARANTEE OF  
9 STATE REPLACEMENT FUNDS.

10 If for any reason an appropriation specified in  
11 section 427B.19B is not made or the appropriation made  
12 is less than that specified in section 427B.19B for  
13 the applicable fiscal year, the director of revenue  
14 and finance shall compute for each county the  
15 difference between the total of all replacement claims  
16 for taxing districts within the county and the amount  
17 paid to the county treasurer for disbursement to the  
18 taxing districts in the county. The department shall  
19 divide that difference by the consolidated tax levy  
20 rate in each county computed for the fiscal year in  
21 which the specified appropriation should have been  
22 made and shall certify the amount of taxable value  
23 necessary to raise the difference at that tax rate.  
24 The department shall notify the local assessor of such  
25 amount of taxable value. The assessor, for the  
26 assessment year beginning January 1 preceding the  
27 fiscal year for which the specified appropriation was  
28 not made, shall reassess all taxable property  
29 described in section 427B.17 in the county at a  
30 percentage of net acquisition cost which will yield  
31 such taxable value and the property shall be assessed  
32 and taxed in such manner for taxes due and payable in  
33 the following fiscal year in addition to being  
34 assessed and taxed in the applicable manner under  
35 section 427B.17. Property tax dollar amounts  
36 certified pursuant to this section shall not be  
37 considered property tax dollars certified for purposes  
38 of the property tax limitation in chapter 444.

39 Sec. \_\_\_\_ . NEW SECTION. 427B.19E INDUSTRIAL  
40 MACHINERY, EQUIPMENT AND COMPUTERS RELIEF FUND.

41 1. The industrial machinery, equipment and  
42 computers relief fund is created. There is  
43 appropriated annually from the general fund of the  
44 state to the department of revenue and finance to be  
45 credited to the relief fund, the following amounts:  
46 a. For the fiscal year beginning July 1, 1996, one  
47 million, nine hundred thousand dollars.  
48 b. For the fiscal year beginning July 1, 1997, one  
49 million, eight hundred thousand dollars.  
50 c. For the fiscal year beginning July 1, 1998, one

S-3351

-6-

S-3351

Page 7

1 million, nine hundred thousand dollars.

2 Moneys in the fund at the end of a fiscal year  
3 shall not revert to the general fund of the state,  
4 notwithstanding section 8.33.

5 2. a. The purpose of the industrial machinery,  
6 equipment and computers relief fund is to provide  
7 funds to those taxing districts in which an increase  
8 in property tax revenue has not been realized as a  
9 result of the elimination of the property tax on  
10 property assessed pursuant to section 427B.17.  
11 Beginning with the fiscal year beginning July 1, 1996,  
12 a taxing district may apply for funds under this  
13 section by filing an application with the director of  
14 the department of management not later than March 1  
15 preceding the fiscal year in which the funds will be  
16 distributed. The state appeal board shall approve,  
17 disapprove, or reduce the amount of funds requested by  
18 the taxing district.

19 b. On forms provided by the department of  
20 management, the taxing district shall request an  
21 amount not exceeding the product of the decrease in  
22 assessed valuation for the fiscal year for which the  
23 application is filed compared to the assessed  
24 valuation in the previous fiscal year, as determined  
25 pursuant to subsection 3, and the property tax rate  
26 applied in the previous fiscal year, less any property  
27 tax replacement funds received pursuant to section  
28 427B.19A in the previous fiscal year. The taxing  
29 district shall also submit with the application the  
30 district's plan to improve its future budget position.

31 c. Claims approved by the state appeal board shall  
32 be paid to the taxing district by October 1 following  
33 submission of the application for funds.

34 3. To be eligible to receive funds under this  
35 section, a taxing district must show that there has  
36 been a decrease of more than three percent in the  
37 assessed valuation for taxes payable in the fiscal  
38 year for which the application is submitted compared  
39 to the assessed valuation for taxes payable in the  
40 previous fiscal year, which decrease is attributable  
41 to the elimination of the property tax on industrial  
42 machinery, equipment and computers pursuant to section  
43 427B.17. The taxing district, to be eligible for  
44 funds, must also show that the district has exhausted  
45 all other lawful alternatives for improving the  
46 district's budget position.

47 4. If the amount appropriated in this section is  
48 insufficient to pay all applications approved, the  
49 director of revenue and finance shall prorate the  
50 disbursements from the relief fund and shall report

S-3351

-7-

**S-3351**

Page 8

1 the amount of the shortfall to the director of the  
2 department of management. By January 1 of the  
3 following year, the director of the department of  
4 management shall submit to the general assembly a plan  
5 for the funding of approved applications that were not  
6 fully funded in that fiscal year.

7 5. Amounts received pursuant to this section shall  
8 not be considered property tax dollars certified for  
9 purposes of the property tax limitation in chapter  
10 444.

11 6. The department of revenue and finance and the  
12 department of management shall adopt rules necessary  
13 to implement this section."

14 2. Title page, line 2, by inserting after the  
15 word "reimbursement" the following: "and exemption".

16 3. By renumbering as necessary.

By ALLEN BORLAUG

ANDY McKEAN

BRAD BANKS

MARY A. LUNDBY

**S-3351 FILED APRIL 4, 1995**

RULED OUT OF ORDER

## SENATE FILE 466

S-3352

- 1 Amend Senate File 466 as follows:  
2 1. Page 1, line 19, by striking the figure "1996"  
3 and inserting the following: "1995".  
4 2. Page 1, line 21, by striking the figure "1996"  
5 and inserting the following: "1995".  
6 3. Page 1, line 22, by striking the figure "1997"  
7 and inserting the following: "1996".  
8 4. Page 1, line 23, by striking the words "and  
9 for all subsequent tax years,".  
10 5. Page 1, line 28, by inserting after the word  
11 "dollars." the following: "For a tax year beginning  
12 in the 1997 calendar year, subtract, to the extent  
13 included, the total amount for a person who files a  
14 separate state income tax return up to a maximum of  
15 six thousand dollars, and for a husband and wife who  
16 file a joint state income tax return up to a maximum  
17 of twelve thousand dollars. For a tax year beginning  
18 in the 1998 calendar year, subtract, to the extent  
19 included, the total amount for a person who files a  
20 separate state income tax return up to a maximum of  
21 twelve thousand dollars, and for a husband and wife  
22 who file a joint state income tax return up to a  
23 maximum of twenty-four thousand dollars. For a tax  
24 year beginning in the 1999 calendar year, and for all  
25 subsequent tax years, subtract, to the extent  
26 included, the total amount."  
27 6. Page 2, line 13, by striking the words and  
28 figure "Section 2 of this" and inserting the  
29 following: "This".

By MAGGIE TINSMAN

S-3352 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3349

1 Amend Senate File 466 as follows:  
2 1. Page 1, line 15, by inserting after the figure  
3 "1996," the following: "and succeeding fiscal  
4 years,".  
5 2. Page 3, line 17, by striking the words "eight  
6 million dollars to be used" and inserting the  
7 following: "the amount necessary".  
8 3. Page 3, line 20, by inserting after the figure  
9 "1995," the following: "and succeeding fiscal  
10 years,".  
11 4. Page 3, line 23, by inserting after the word  
12 "paid" the following: "in the previous fiscal year".  
13 5. Page 3, line 28, by striking the figure "  
14 1997" and inserting the following: "of the succeeding  
15 fiscal year".  
16 6. Page 4, by striking lines 7 through 11 and  
17 inserting the following:  
18 "3. By June 1, 1997, and by June 1 of each  
19 succeeding fiscal year the department shall reimburse  
20 claimants for claims filed under this section in that  
21 fiscal year. Moneys remaining in".

By JIM LIND

S-3349 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3350

1 Amend Senate File 466 as follows:  
2 1. Page 17, by inserting after line 31 the  
3 following:  
4 "Sec. 65. Section 425.1, subsection 2, Code 1995,  
5 is amended to read as follows:  
6 2. The homestead credit fund shall be apportioned  
7 each year so as to give a credit against the tax on  
8 each eligible homestead in the state with an assessed  
9 valuation of less than one hundred thousand dollars in  
10 an amount equal to the actual levy on the first four  
11 thousand eight hundred fifty dollars of actual value  
12 for each homestead.  
13 Sec. 66. Section 425.11, Code 1995, is amended by  
14 adding the following new subsection:  
15 NEW SUBSECTION. 1A. "Eligible homestead" means a  
16 homestead with an assessed valuation of less than one  
17 hundred thousand dollars."  
18 2. Page 23, line 29, by inserting after the  
19 figure "1995" the following: "and the provisions of  
20 sections 65 and 66, relating to the homestead credit,  
21 are applicable to property taxes payable in the fiscal  
22 year beginning July 1, 1995".

By JIM LIND

S-3350 FILED APRIL 4, 1995  
RULED OUT OF ORDER

## SENATE FILE 466

S-3360

1 Amend the amendment, S-3347, to Senate File 466 as  
2 follows:

3 1. By striking page 1, line 2 through page 6,  
4 line 4 and inserting the following:

5 "\_\_\_\_. By striking everything after the enacting  
6 clause and inserting the following:

7 "DIVISION I

8 MENTAL HEALTH EXPENDITURES, PROPERTY TAX REDUCTIONS,  
9 AND PROPERTY TAX CREDITS

10 Section 1. NEW SECTION. 24.49 EMERGENCY NEEDS  
11 FUNDS.

12 For budget years commencing on or after July 1,  
13 1996, the state board shall review requests and  
14 authorize payment to a county for emergency needs  
15 funds from the property tax relief fund, in accordance  
16 with the provisions of section 426B.1, subsection 3.  
17 Payment of the funds shall be authorized if the  
18 request is for expenditures above a county's fixed  
19 budget amount for services provided in accordance with  
20 the requesting county's management plan for mental  
21 health and mental retardation services approved under  
22 section 331.439.

23 Sec. 2. Section 123.38, unnumbered paragraph 2,  
24 Code 1995, is amended to read as follows:

25 Any licensee or permittee, or the licensee's or  
26 permittee's executor or administrator, or any person  
27 duly appointed by the court to take charge of and  
28 administer the property or assets of the licensee or  
29 permittee for the benefit of the licensee's or  
30 permittee's creditors, may voluntarily surrender a  
31 license or permit to the division. When a license or  
32 permit is surrendered the division shall notify the  
33 local authority, and the division or the local  
34 authority shall refund to the person surrendering the  
35 license or permit, a proportionate amount of the fee  
36 received by the division or the local authority for  
37 the license or permit as follows: If a license or  
38 permit is surrendered during the first three months of  
39 the period for which it was issued, the refund shall  
40 be three-fourths of the amount of the fee; if  
41 surrendered more than three months but not more than  
42 six months after issuance, the refund shall be one-  
43 half of the amount of the fee; if surrendered more  
44 than six months but not more than nine months after  
45 issuance, the refund shall be one-fourth of the amount  
46 of the fee. No refund shall be made, however, for any  
47 special liquor permit, nor for a liquor control  
48 license, wine permit, or beer permit surrendered more  
49 than nine months after issuance. For purposes of this  
50 paragraph, any portion of license or permit fees used

S-3360

S-3360

Page 2

1 for the purposes authorized in section 331.424,  
2 subsection 1, paragraphs "a", and "b",--"e",--"d",--"e",  
3 "f",--"g",--and--"h", and in section 331.424A, shall not  
4 be deemed received either by the division or by a  
5 local authority. No refund shall be made to any  
6 licensee or permittee, upon the surrender of the  
7 license or permit, if there is at the time of  
8 surrender, a complaint filed with the division or  
9 local authority, charging the licensee or permittee  
10 with a violation of this chapter. If upon a hearing  
11 on a complaint the license or permit is not revoked or  
12 suspended, then the licensee or permittee is eligible,  
13 upon surrender of the license or permit, to receive a  
14 refund as provided in this section; but if the license  
15 or permit is revoked or suspended upon hearing the  
16 licensee or permittee is not eligible for the refund  
17 of any portion of the license or permit fee.

18 Sec. 3. Section 218.99, Code 1995, is amended to  
19 read as follows:

20 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'  
21 PERSONAL ACCOUNTS.

22 The administrator of a division of the department  
23 of human services in control of a state institution  
24 shall direct the business manager of each institution  
25 under the administrator's jurisdiction which is  
26 mentioned in section 331.424, subsection 1, paragraphs  
27 "a" through--"g" and "b" and for which services are  
28 paid under section 331.424A to quarterly inform the  
29 auditor of the county of legal settlement of any  
30 patient or resident who has an amount in excess of two  
31 hundred dollars on account in the patients' personal  
32 deposit fund and the amount on deposit. The  
33 administrators shall direct the business manager to  
34 further notify the auditor of the county at least  
35 fifteen days before the release of funds in excess of  
36 two hundred dollars or upon the death of the patient  
37 or resident. If the patient or resident has no county  
38 of legal settlement, notice shall be made to the  
39 director of the department of human services and the  
40 administrator of the division of the department in  
41 control of the institution involved.

42 Sec. 4. Section 225C.4, subsection 2, paragraph b,  
43 Code 1995, is amended to read as follows:

44 b. Establish mental health and mental retardation  
45 services for all institutions under the control of the  
46 director of human services and establish an autism  
47 unit, following mutual planning with and consultation  
48 from the medical director of the state psychiatric  
49 hospital, at an institution or a facility administered  
50 by the administrator to provide psychiatric and

S-3360

-2-

S-3360

Page 3

1 related services and other specific programs to meet  
 2 the needs of autistic persons as-defined-in-section  
 3 ~~331.424-subsection-1~~, and to furnish appropriate  
 4 diagnostic evaluation services.

5 Sec. 5. Section 331.301, subsection 12, Code 1995,  
 6 is amended to read as follows:

7 12. The board of supervisors may credit funds to a  
 8 reserve for the purposes authorized by subsection 11  
 9 of this section; section 331.424, subsection 1,  
 10 paragraph "~~1~~" "f"; and section 331.441, subsection 2,  
 11 paragraph "b". Moneys credited to the reserve, and  
 12 interest earned on such moneys, shall remain in the  
 13 reserve until expended for purposes authorized by  
 14 subsection 11 of this section; section 331.424,  
 15 subsection 1, paragraph "~~1~~" "f"; or section 331.441,  
 16 subsection 2, paragraph "b".

17 Sec. 6. Section 331.424, subsection 1, Code 1995,  
 18 is amended to read as follows:

19 1. For general county services, an amount  
 20 sufficient to pay the charges for the following:

21 a. To the extent that the county is obligated by  
 22 statute to pay the charges for:

23 ~~(1)--Care-and-treatment-of-patients-by-a-state~~  
 24 ~~mental-health-institute-~~

25 ~~---(2)--Care-and-treatment-of-patients-by-either-of~~  
 26 ~~the-state-hospital-schools-or-by-any-other-facility~~  
 27 ~~established-under-chapter-222-and-diagnostic~~  
 28 ~~evaluation-under-section-222.31-~~

29 ~~---(3)--Care-and-treatment-of-patients-under-chapter~~  
 30 ~~225-~~

31 ~~(4)~~ (1) Care and treatment of persons at the  
 32 alcoholic treatment center at Oakdale. However, the  
 33 county may require that an admission to the center  
 34 shall be reported to the board by the center within  
 35 five days as a condition of the payment of county  
 36 funds for that admission.

37 ~~(5)~~ (2) Care of children admitted or committed to  
 38 the Iowa juvenile home at Toledo.

39 ~~(6)~~ (3) Clothing, transportation, medical, or  
 40 other services provided persons attending the Iowa  
 41 braille and sight saving school, the Iowa school for  
 42 the deaf, or the state hospital-school for severely  
 43 handicapped children at Iowa City, for which the  
 44 county becomes obligated to pay pursuant to sections  
 45 263.12, 269.2, and 270.4 through 270.7.

46 ~~b.--To-the-extent-that-the-board-deems-it-advisable~~  
 47 ~~to-pay-the-charges-for-professional-evaluation,~~  
 48 ~~treatment,-training,-habilitation,-and-care-of-persons~~  
 49 ~~who-are-mentally-retarded,-autistic-persons,-or~~  
 50 ~~persons-who-are-afflicted-by-any-other-developmental~~

S-3360

S-3360

Page 4

1 disability, at a suitable public or private facility  
2 providing inpatient or outpatient care in the county.  
3 As used in this paragraph:  
4 --- (1) --- "Developmental disability" has the meaning  
5 assigned that term by 42 U.S.C. sec. 6001(7) (1976),  
6 Supp. II, 1978, and Supp. III, 1979.  
7 --- (2) --- "Autistic persons" means persons, regardless  
8 of age, with severe communication and behavior  
9 disorders that became manifest during the early stages  
10 of childhood development and that are characterized by  
11 a severely disabling inability to understand,  
12 communicate, learn, and participate in social  
13 relationships. --- "Autistic persons" includes but is not  
14 limited to those persons afflicted by infantile  
15 autism, profound aphasia, and childhood psychosis.  
16 --- c. --- Care and treatment of persons placed in the  
17 county hospital, county care facility, a health care  
18 facility as defined in section 135C.1, subsection 6,  
19 or any other public or private facility, which  
20 placement is in lieu of admission or commitment to or  
21 is upon discharge, removal, or transfer from a state  
22 mental health institute, hospital school, or other  
23 facility established pursuant to chapter 222.  
24 --- d. --- Amounts budgeted by the board for the cost of  
25 establishment and initial operation of a community  
26 mental health center in the manner and subject to the  
27 limitations provided by state law.  
28 --- e. b. Foster care and related services provided  
29 under court order to a child who is under the  
30 jurisdiction of the juvenile court, including court-  
31 ordered costs for a guardian ad litem under section  
32 232.71.  
33 f. --- The care, admission, commitment, and  
34 transportation of mentally ill patients in state  
35 hospitals, to the extent that expenses for these  
36 services are required to be paid by the county,  
37 including compensation for the advocate appointed  
38 under section 229.19.  
39 --- g. --- Amounts budgeted by the board for mental health  
40 services or mental retardation services furnished to  
41 persons on either an outpatient or inpatient basis, to  
42 a school or other public agency, or to the community  
43 at large, by a community mental health center or other  
44 suitable facility located in or reasonably near the  
45 county, provided that services meet the standards of  
46 the mental health and developmental disabilities  
47 commission created in section 225C.5 and are  
48 consistent with the annual plan for services approved  
49 by the board.  
50 --- h. --- Reimbursement on behalf of mentally retarded

S-3360

-4-

S-3360

Page 5

1 ~~persons-under-section-249A-12-~~  
2 ~~i- c.~~ Elections, and voter registration pursuant  
3 to chapter 48A.  
4 ~~j- d.~~ Employee benefits under chapters 96, 97B,  
5 and 97C, which are associated with salaries for  
6 general county services.  
7 ~~k- e.~~ Joint county and city building authorities  
8 established under section 346.27, as provided in  
9 subsection 22 of that section.  
10 ~~l- f.~~ Tort liability insurance, property  
11 insurance, and any other insurance that may be  
12 necessary in the operation of the county, costs of a  
13 self-insurance program, costs of a local government  
14 risk pool, and amounts payable under any insurance  
15 agreements to provide or procure such insurance, self-  
16 insurance program, or local government risk pool.  
17 ~~m- g.~~ The maintenance and operation of the courts,  
18 including but not limited to the salary and expenses  
19 of the clerk of the district court and other employees  
20 of the clerk's office, and bailiffs, court costs if  
21 the prosecution fails or if the costs cannot be  
22 collected from the person liable, costs and expenses  
23 of prosecution under section 189A.17, salaries and  
24 expenses of juvenile court officers under chapter 602,  
25 court-ordered costs in domestic abuse cases under  
26 section 236.5, the county's expense for confinement of  
27 prisoners under chapter 356A, temporary assistance to  
28 the county attorney, county contributions to a  
29 retirement system for bailiffs, reimbursement for  
30 judicial magistrates under section 602.6501, claims  
31 filed under section 622.93, interpreters' fees under  
32 section 622B.7, uniform citation and complaint  
33 supplies under section 805.6, and costs of prosecution  
34 under section 815.13.  
35 ~~n- h.~~ Court-ordered costs of conciliation  
36 procedures under section 598.16.  
37 ~~o- i.~~ Establishment and maintenance of a joint  
38 county indigent defense fund pursuant to an agreement  
39 under section 28E.19.  
40 ~~p- j.~~ The maintenance and operation of a local  
41 emergency management agency established pursuant to  
42 chapter 29C.  
43 The board may require a public or private facility,  
44 as a condition of receiving payment from county funds  
45 for services it has provided, to furnish the board  
46 with a statement of the income, assets, and legal  
47 residence including township and county of each person  
48 who has received services from that facility for which  
49 payment has been made from county funds under  
50 paragraphs "a" through "h" and "b". However, the

S-3360

-5-

S-3360

Page 6

1 facility shall not disclose to anyone the name or  
2 street or route address of a person receiving services  
3 for which commitment is not required, without first  
4 obtaining that person's written permission.

5 Parents or other persons may voluntarily reimburse  
6 the county or state for the reasonable cost of caring  
7 for a patient or an inmate in a county or state  
8 facility.

9 Sec. 7. NEW SECTION. 331.424A COUNTY MENTAL  
10 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL  
11 DISABILITIES SERVICES FUND.

12 1. For the purposes of this chapter, unless the  
13 context otherwise requires, "services fund" means the  
14 county mental health, mental retardation, and  
15 developmental disabilities services fund created in  
16 subsection 2. The county finance committee created in  
17 section 333A.2 shall adopt rules and prescribe forms  
18 for administering the services fund.

19 2. For the fiscal year beginning July 1, 1995, and  
20 succeeding fiscal years, county revenues from taxes  
21 and other sources designated for mental health, mental  
22 retardation, and developmental disabilities services  
23 shall be credited to the mental health, mental  
24 retardation, and developmental disabilities services  
25 fund of the county. The board may make appropriations  
26 from the fund for payment of services provided under  
27 the county management plan approved pursuant to  
28 section 331.439.

29 3. For the fiscal year beginning July 1, 1995, and  
30 succeeding fiscal years, receipts from the state or  
31 federal government for such services shall be credited  
32 to the services fund, including moneys allotted to the  
33 county from the state payment made pursuant to section  
34 331.439 and moneys allotted to the county for property  
35 tax relief pursuant to section 426B.1.

36 4. For the fiscal year beginning July 1, 1995, and  
37 for each subsequent fiscal year, the county shall  
38 certify a levy for payment of services. Unless  
39 otherwise provided by state law, for each fiscal year,  
40 county revenues from taxes imposed by the county  
41 credited to the services fund shall not exceed an  
42 amount equal to the amount of base year expenditures  
43 for services in the fiscal year beginning July 1,  
44 1993, and ending June 30, 1994, as defined in section  
45 331.438 less the amount of property tax relief to be  
46 received pursuant to section 426B.2, subsections 1 and  
47 3, in the fiscal year for which the budget is  
48 certified. The county auditor and the board of  
49 supervisors shall reduce the amount of the levy  
50 certified for the services fund by the amount of

S-3360

-6-

S-3360

Page 7

1 property tax relief to be received.

2 5. Appropriations specifically authorized to be  
3 made from the mental health, mental retardation, and  
4 developmental disabilities services fund shall not be  
5 made from the general fund of the county.

6 Sec. 8. Section 331.438, subsection 1, paragraph  
7 b, Code 1995, is amended to read as follows:

8 b. "State payment" means the payment made by the  
9 state to a county determined to be eligible for the  
10 payment in accordance with section 331.439.

11 1A. Except as modified based upon the actual  
12 amount of the appropriation for purposes of state  
13 payment under section 331.439, the amount of the state  
14 payment for a fiscal year shall be calculated as **fifty**  
15 **one hundred percent** of the amount by which the  
16 county's qualified expenditures during the immediately  
17 preceding fiscal year were in excess of the amount of  
18 the county's base year expenditures. A state payment  
19 is the state funding a county receives pursuant to  
20 section 426B.2, subsection 2. Any state funding  
21 received by a county for property tax relief in  
22 accordance with section 426B.2, subsections 1 and 3,  
23 is not a state payment and shall not be included in  
24 the state payment calculation made pursuant to this  
25 subsection.

26 Sec. 9. Section 331.438, subsection 3, paragraph  
27 c, subparagraph (9), Code 1995, is amended to read as  
28 follows:

29 (9) Make recommendations to the council on human  
30 services for administrative rules for the county  
31 single-entry-point central point of coordination and  
32 clinical assessment processes required under section  
33 331.440 and other rules necessary for the  
34 implementation of county management plans and  
35 expenditure reports required for state payment  
36 pursuant to section 331.439.

37 Sec. 10. Section 331.438, subsection 3, paragraph  
38 c, Code 1995, is amended by adding the following new  
39 subparagraph:

40 NEW SUBPARAGRAPH. (15) On or before December 1,  
41 1995, submit to the governor and the general assembly  
42 any recommended changes in the formula for  
43 distributing property tax relief moneys to counties  
44 under section 426B.2, subsections 1 through 3.

45 Sec. 11. Section 331.439, Code 1995, is amended by  
46 striking the section and inserting in lieu thereof the  
47 following:

48 331.439 ELIGIBILITY FOR STATE PAYMENT.

49 1. The state payment to eligible counties under  
50 this section shall be made as provided in sections

S-3360

-7-

S-3360

Page 8

1 331.438 and 426B.2. A county is eligible for the  
2 state payment, as defined in section 331.438, for the  
3 fiscal year beginning July 1, 1995, and for subsequent  
4 fiscal years if the director of human services, in  
5 consultation with the state-county management  
6 committee, determines for a specific fiscal year that  
7 all of the following conditions are met:

8 a. The county accurately reported by December 1  
9 the county's expenditures for mental health, mental  
10 retardation, and developmental disabilities services  
11 for the previous fiscal year on forms prescribed by  
12 the department of human services.

13 b. The county developed and implemented a county  
14 management plan for the county's mental health and  
15 mental retardation services in accordance with the  
16 provisions of this paragraph. The plan shall comply  
17 with the administrative rules adopted for this purpose  
18 by the council on human services and is subject to the  
19 approval of the director of human services in  
20 consultation with the state-county management  
21 committee created in section 331.438. The plan shall  
22 include a description of the county's service  
23 management provision for mental health, mental  
24 retardation, and developmental disabilities services.  
25 The plan shall have the following two parts:

26 (1) For mental health service management, the  
27 county may either directly implement a system of  
28 service management and contract with service  
29 providers, or contract with a private entity to manage  
30 the system, provided all requirements of this  
31 subparagraph are met by the private entity. For the  
32 fiscal year beginning July 1, 1995, the county shall  
33 submit the plan for approval by January 1, 1996, and  
34 implement the approved plan on or before July 1, 1996.  
35 For subsequent fiscal years, this part of the plan  
36 shall be submitted to the department by April 1 for  
37 the succeeding fiscal year.

38 (2) For mental retardation and developmental  
39 disabilities service management, the plan shall  
40 describe the county's development and implementation  
41 of a managed system of cost-effective individualized  
42 services and other support to assist the individuals  
43 to be served to be as independent, productive, and  
44 integrated with the community as possible. The plan  
45 shall provide for consideration of the type and level  
46 of services and support needed and desired by the  
47 individual. The plan may allow the provision of  
48 services through vouchers or cash payments to allow  
49 individuals to arrange for their own services or  
50 support, if these methods are appropriate and cost-

S-3360

-8-

S-3360

Page 9

1 effective. The county may directly implement the  
2 system and contract with service providers, or  
3 contract with a private entity to manage the system,  
4 provided all requirements of this subparagraph are met  
5 by the private entity. For the fiscal year beginning  
6 July 1, 1996, this part of the plan shall be submitted  
7 to the department of human services by January 1,  
8 1996. For subsequent fiscal years, this part of the  
9 plan shall be submitted prior to April 1 for the  
10 succeeding fiscal year.

11 c. Changes to the approved plan are submitted at  
12 least sixty days prior to the proposed change and are  
13 not to be implemented prior to the director of human  
14 services' approval, following the director's  
15 consultation with the state-county management  
16 committee.

17 2. A county may provide services to service  
18 populations with disabilities who are not included in  
19 the service management provisions required under  
20 subsection 1, subject to the availability of funding.

21 3. a. For the fiscal year beginning July 1, 1996,  
22 and succeeding fiscal years, the county's mental  
23 health, mental retardation, and developmental  
24 disabilities service expenditures for a fiscal year  
25 are limited to a fixed budget amount. The fixed  
26 budget amount shall be the amount identified in the  
27 county's management plan and budget for the fiscal  
28 year. The county shall be allowed an inflation factor  
29 adjustment for services paid from the county's  
30 services fund under section 331.424A which is in  
31 accordance with the county's management plan and  
32 budget, implemented pursuant to this section.

33 b. Based upon information contained in county  
34 management plans and budgets, the state-county  
35 management committee shall recommend an inflation  
36 factor adjustment by January 1 for the succeeding  
37 fiscal year. The inflation factor adjustment shall  
38 address costs associated with new consumers of  
39 service, service cost inflation, and investments for  
40 economy and efficiency.

41 4. A county's implementation of the service  
42 management provisions required under subsection 1 for  
43 mental health and mental retardation shall incorporate  
44 the central point of coordination process described in  
45 section 331.440.

46 5. The basis for determining whether a managed  
47 care system for mental health proposed by a county is  
48 comparable to a mental health managed care contractor  
49 approved by the department of human services shall  
50 include but is not limited to all of the following

S-3360

S-3360

Page 10

1 elements which shall be specified in administrative  
2 rules adopted by the council on human services in  
3 consultation with the state-county management  
4 committee:  
5 a. The enrollment and eligibility process.  
6 b. The scope of services included.  
7 c. The method of plan administration.  
8 d. The process for managing utilization and access  
9 to services and other assistance.  
10 e. The quality assurance process.  
11 f. The risk management provisions and fiscal  
12 viability of the provisions, if the county contracts  
13 with a private managed care entity.

14 6. Notwithstanding any other provision of law to  
15 the contrary, a county shall have no obligation to pay  
16 for or provide mental health, mental retardation, or  
17 developmental disabilities services for any person  
18 that applies through the county's central point of  
19 coordination and clinical assessment processes after  
20 the moneys in the county services fund under section  
21 331.424A are expended. If a county has expended its  
22 fixed budget amount for services pursuant to the  
23 management plan approved under subsection 1, the state  
24 shall assume financial responsibility and the county  
25 may apply to the state appeal board for emergency  
26 funds reserved in section 426B.1, subsection 3.

27 7. The director's approval of a county's mental  
28 health, mental retardation, and developmental  
29 disabilities services management plan shall not be  
30 construed to constitute certification of the county's  
31 budget.

32 Sec. 12. Section 331.440, Code 1995, is amended to  
33 read as follows:

34 331.440 MENTAL HEALTH, MENTAL RETARDATION, AND  
35 DEVELOPMENTAL DISABILITIES SERVICES -- SINGLE-ENTRY  
36 CENTRAL POINT OF COORDINATION PROCESS.

37 1. a. For the purposes of this section, unless  
38 the context otherwise requires, "single-entry central  
39 point of coordination process" means a single-entry  
40 central point of coordination process established by a  
41 county or consortium of counties for the delivery of  
42 mental health, mental retardation, and developmental  
43 disabilities services which are paid for in whole or  
44 in part by county funds. The single-entry central  
45 point of coordination process may include but is not  
46 limited to reviewing a person's eligibility for  
47 services, determining the appropriateness of the type,  
48 level, and duration of services, and performing  
49 periodic review of the person's continuing eligibility  
50 and need for services. Any recommendations developed

S-3360

-10-

S-3360

Page 11

1 concerning a person's plan of services shall be  
2 consistent with the person's unique strengths,  
3 circumstances, priorities, concerns, abilities, and  
4 capabilities. For those services funded under the  
5 medical assistance program, the single-entry central  
6 point of coordination process shall be used to assure  
7 that the person is aware of the appropriate service  
8 options available to the person.

9 b. The single-entry central point of coordination  
10 process may include a clinical assessment process to  
11 identify a person's service needs and to make  
12 recommendations regarding the person's plan for  
13 services. The clinical assessment process shall  
14 utilize qualified mental health professionals and  
15 qualified mental retardation professionals.

16 2. The department of human services shall seek  
17 federal approval as necessary for the single-entry  
18 central point of coordination and clinical assessment  
19 processes to be eligible for federal financial  
20 participation under medical assistance. A county may  
21 implement the single-entry central point of  
22 coordination process as part of a consortium of  
23 counties and may implement the process beginning with  
24 the fiscal year ending June 30, 1995.

25 3. The council on human services shall consider  
26 the recommendations of the state-county management  
27 committee established in section 331.438 in adopting  
28 rules outlining standards and requirements for  
29 implementation of the single-entry central point of  
30 coordination and clinical assessment processes on the  
31 date required by subsection 2. The rules shall permit  
32 counties options in implementing the process based  
33 upon a county's consumer population and available  
34 service delivery system.

35 Sec. 13. NEW SECTION. 426B.1 APPROPRIATIONS --  
36 PROPERTY TAX RELIEF FUND.

37 1. A property tax relief fund is created in the  
38 state treasury under the authority of the department  
39 of revenue and finance. The fund shall be separate  
40 from the general fund of the state and shall not be  
41 considered part of the general fund of the state  
42 except in determining the cash position of the state  
43 for payment of state obligations. The moneys in the  
44 fund are not subject to the provisions of section 8.33  
45 and shall not be transferred, used, obligated,  
46 appropriated, or otherwise encumbered except as  
47 provided in this section. Moneys in the fund may be  
48 used for cash flow purposes, provided that any moneys  
49 so allocated are returned to the fund by the end of  
50 each fiscal year. However, the fund shall be

S-3360

**S-3360**

Page 12

1 considered a special account for the purposes of  
2 section 8.53, relating to elimination of any GAAP  
3 deficit. For the purposes of this chapter, unless the  
4 context otherwise requires, "property tax relief fund"  
5 means the property tax relief fund created in this  
6 section.

7 2. There is appropriated to the property tax  
8 relief fund for the indicated fiscal years from the  
9 general fund of the state the following amounts:

10 a. For the fiscal year beginning July 1, 1995,  
11 sixty-five million dollars.

12 b. For the fiscal year beginning July 1, 1996,  
13 eighty-five million dollars.

14 c. For the fiscal year beginning July 1, 1997, one  
15 hundred five million dollars.

16 d. For the fiscal year beginning July 1, 1998, one  
17 hundred twenty-five million dollars.

18 e. For the fiscal year beginning July 1, 1999, one  
19 hundred forty-five million dollars.

20 f. For the fiscal year beginning July 1, 2000, and  
21 succeeding fiscal years, one hundred sixty-five  
22 million dollars.

23 3. In the fiscal year beginning July 1, 1996, and  
24 in each subsequent fiscal year, of the funds  
25 appropriated to the property tax relief fund, the  
26 amount necessary to reserve one million dollars shall  
27 be set aside in the fund. The reserved moneys shall  
28 be used for payment of county emergency needs for  
29 funds in excess of the fixed budget amount for  
30 services provided in accordance with the county's  
31 management plan approved under section 331.439. Any  
32 reserved moneys remaining unexpended or unobligated at  
33 the close of the fiscal year shall remain available in  
34 the succeeding fiscal year to be combined with the  
35 amount of funds appropriated in the succeeding fiscal  
36 year necessary to reach the one million dollar reserve  
37 amount. The director of revenue and finance shall pay  
38 a county's request for funds reserved under this  
39 subsection upon the approval of the request by the  
40 state appeal board pursuant to section 24.49.

41 Sec. 14. NEW SECTION. 426B.2 PROPERTY TAX RELIEF  
42 FUND DISTRIBUTIONS.

43 Moneys in the property tax relief fund shall be  
44 utilized in each fiscal year as follows in the order  
45 listed:

46 1. The first sixty-five million dollars plus the  
47 amount paid pursuant to subsection 3 in the previous  
48 fiscal year in the property tax relief fund shall be  
49 paid to each county for property tax relief in the  
50 same proportion that the county's base year

**S-3360**

S-3360

Page 13

1 expenditure bears to the total of all counties' base  
2 year expenditures as defined in section 331.438.

3 2. Payment of moneys to eligible counties of the  
4 state payment in accordance with the provisions of  
5 sections 331.438 and 331.439. Moneys provided to a  
6 county for property tax relief in a fiscal year in  
7 accordance with this section shall not be less than  
8 the amount provided for property tax relief in the  
9 previous fiscal year.

10 3. The department of human services shall estimate  
11 the amount of moneys required for the state payment  
12 pursuant to subsection 2. Moneys remaining in the  
13 property tax relief fund following the payment made  
14 pursuant to subsection 1 and the estimated amount of  
15 the state payment pursuant to subsection 2 shall be  
16 paid to counties for property tax relief in the same  
17 manner as provided in subsection 1. These payments  
18 shall continue until the combined amount of the  
19 payments made under this subsection and subsection 1  
20 are equal to fifty percent of the total of all  
21 counties' base year expenditures as defined in section  
22 331.438. The amount of moneys paid to a county  
23 pursuant to this subsection shall be added in  
24 subsequent fiscal years to the amount of moneys paid  
25 under subsection 1.

26 4. Moneys remaining in the property tax relief  
27 fund following the payments made pursuant to  
28 subsections 1, 2, and 3 shall be transferred to the  
29 homestead credit fund created in section 425.1. This  
30 transfer shall continue until the homestead credit is  
31 fully funded.

32 5. Moneys remaining in the property tax relief  
33 fund following the payments made pursuant to  
34 subsections 1, 2, and 3, and the transfer made  
35 pursuant to subsection 4, shall be transferred to the  
36 appropriation made in section 426A.1 for funding the  
37 military service tax credit. This transfer shall  
38 continue until the combination of the appropriation  
39 made in section 426A.1 and the funds transferred are  
40 sufficient to fully fund the military service tax  
41 credit.

42 6. Moneys remaining in the property tax relief  
43 fund following the payments made pursuant to  
44 subsections 1, 2, and 3, and the transfers made  
45 pursuant to subsections 4 and 5, shall be transferred  
46 to the extraordinary property tax credit and re-  
47 imbursement fund created in section 425.39. This  
48 transfer shall continue until the combination of the  
49 appropriation made in section 425.39 and the funds  
50 transferred are sufficient to fully fund all claims on

S-3360

-13-

S-3360

Page 14

1 the extraordinary property tax credit and  
2 reimbursement fund.

3 7. Moneys remaining in the property tax relief  
4 fund following the payments made pursuant to  
5 subsections 1, 2, and 3, and the transfers made  
6 pursuant to subsections 4, 5, and 6, shall be  
7 transferred to the low-income tax credit and  
8 reimbursement fund created in section 425.40. This  
9 transfer shall continue until the low-income tax  
10 credit is fully funded.

11 8. Moneys remaining in the property tax relief  
12 fund following the payments made pursuant to  
13 subsections 1, 2, and 3, and the transfers made  
14 pursuant to subsections 4, 5, 6, and 7, shall be  
15 transferred to the agricultural land credit fund  
16 created in section 426.1. This transfer shall  
17 continue until the agricultural land tax credit is  
18 fully funded.

19 9. The director of revenue and finance shall draw  
20 warrants on the property tax relief fund, payable to  
21 the county treasurer in the amount due to a county in  
22 accordance with subsections 1 and 3 and mail the  
23 warrants to the county auditors in September and March  
24 of each year. Warrants for the state payment in  
25 accordance with subsection 2 shall be mailed in  
26 January of each year. The director shall initiate the  
27 transfers required by this section.

28 Sec. 15. NEW SECTION. 426B.3 NOTIFICATION OF  
29 MENTAL HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL  
30 DISABILITIES EXPENDITURE RELIEF FUND PAYMENT.

31 1. Before June 1, 1995, and before February 15 of  
32 each succeeding fiscal year, the director of revenue  
33 and finance shall notify the county auditor of each  
34 county of the amount of moneys the county will receive  
35 from the property tax relief fund pursuant to section  
36 426B.2, subsections 1 and 3, for the succeeding fiscal  
37 year. The county auditor shall reduce the certified  
38 budget amount received from the board of supervisors  
39 for the succeeding fiscal year for the county mental  
40 health, mental retardation, and development  
41 disabilities services fund created in section 331.424A  
42 by an amount equal to the amount the county will  
43 receive and the auditor shall determine the rate of  
44 taxation necessary to raise the reduced amount. On  
45 the tax list, the county auditor shall compute the  
46 amount of taxes due and payable on each parcel before  
47 and after the amount received from the property tax  
48 relief fund is used to reduce the county budget.

49 2. The amount of property tax dollars reduced on  
50 each parcel as a result of the moneys received from

S-3360

-14-

S-3360

Page 15

1 the property tax relief fund pursuant to section  
2 426B.2, subsections 1 and 3, shall be noted on each  
3 tax statement prepared by the county treasurer  
4 pursuant to section 445.23.

5 Sec. 16. NEW SECTION. 426B.4 RULES.

6 The director of revenue and finance shall prescribe  
7 forms and adopt rules pursuant to chapter 17A to  
8 administer this chapter.

9 Sec. 17. PILOT PROJECT FOR A MANAGED SYSTEM OF  
10 INDIVIDUALIZED SERVICES.

11 1. The department of human services, in  
12 cooperation with a county or consortium of counties,  
13 shall develop, test, and evaluate a pilot project for  
14 a managed system of individualized services and  
15 support for individuals with mental retardation and  
16 developmental disabilities in at least two areas of  
17 the state. One area shall be urban and one rural.  
18 The system shall be designed to provide the  
19 individuals being served with a choice of services and  
20 other support that will assist the individuals to be  
21 as independent, productive, and integrated into the  
22 community as possible.

23 2. In implementing the managed system pilot  
24 project, the department and the county or consortium  
25 of counties may directly manage the system and  
26 contract with service providers and others for needed  
27 services or support after identifying the type and  
28 level of services and support needed by the  
29 individual. The pilot project shall provide a  
30 reasonable rate of reimbursement. If costs are equal  
31 to or less than providing vouchers or cash payments to  
32 the individuals and the individuals served so desire,  
33 vouchers or cash payments may be provided to the  
34 individuals to allow them to arrange for their own  
35 services or support. The department and the county or  
36 consortium of counties may enter into a contract with  
37 a private entity to manage this individualized system  
38 provided all pilot project requirements are met  
39 through the private entity.

40 3. The department and the county or consortium of  
41 counties shall seek the advice of persons with mental  
42 retardation and developmental disabilities and their  
43 family members in designing the pilot project. The  
44 state-county management committee created in section  
45 331.438 shall also have an opportunity to make  
46 recommendations regarding the pilot project.

47 4. The department shall apply for all necessary  
48 federal waivers so that in addition to state and  
49 county funds, federal moneys available for these  
50 services may also be flexibly used in the pilot

S-3360

S-3360

Page 16

1 project. The planning for the pilot project shall be  
2 completed prior to January 1, 1996, and the pilot  
3 project shall commence on or before March 1, 1996.

4 Sec. 18. FUNDING OF SESSION LAW REQUIREMENTS. If  
5 the appropriations in section 426B.1, subsection 2, as  
6 created in this division of this Act, are enacted by  
7 this Act, the requirements of 1994 Iowa Acts, chapter  
8 1163, section 8, subsection 2, to fully fund  
9 provisions of sections 331.438 and 331.439 shall be  
10 considered to be met and the repeals contained in 1994  
11 Iowa Acts, chapter 1163, section 8, subsection 2,  
12 shall be void.

13 Sec. 19. EFFECTIVE DATE. Sections 2, 3, and 4  
14 take effect July 1, 1995, and the remainder of this  
15 division of this Act, being deemed of immediate  
16 importance, takes effect upon enactment; however, the  
17 provisions of sections 5, 6, and 7, relating to the  
18 supplemental levy and the county mental health, mental  
19 retardation, and developmental disabilities fund, are  
20 applicable to taxes payable in the fiscal year  
21 beginning July 1, 1995.

## DIVISION II

## SUBCHAPTER S CORPORATIONS

22  
23  
24 Sec. 20. Section 422.5, subsection 1, paragraph j,  
25 Code 1995, is amended by adding the following new  
26 unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the  
28 taxable income of a resident shareholder in a  
29 corporation which has in effect for the tax year an  
30 election under subchapter S of the Internal Revenue  
31 Code and carries on business within and without the  
32 state shall be computed by reducing the amount  
33 determined pursuant to paragraphs "a" through "i" by  
34 the amounts of nonrefundable credits under this  
35 division and by multiplying this resulting amount by a  
36 fraction of which the resident's net income allocated  
37 to Iowa, as determined in section 422.8, subsection 2,  
38 paragraph "b", is the numerator and the resident's  
39 total net income computed under section 422.7 is the  
40 denominator. This paragraph also applies to  
41 individuals who are residents of Iowa for less than  
42 the entire tax year.

43 Sec. 21. Section 422.5, subsection 1, paragraph k,  
44 unnumbered paragraph 4, Code 1995, is amended to read  
45 as follows:

46 In the case of a resident, including a resident  
47 estate or trust, the state's apportioned share of the  
48 state alternative minimum tax is one hundred percent  
49 of the state alternative minimum tax computed in this  
50 subsection. In the case of a resident or part year

S-3360

-16-

S-3360

Page 17

1 resident shareholder in a corporation which has in  
2 effect for the tax year an election under subchapter S  
3 of the Internal Revenue Code and carries on business  
4 within and without the state, a nonresident, including  
5 a nonresident estate or trust, or an individual,  
6 estate, or trust that is domiciled in the state for  
7 less than the entire tax year, the state's apportioned  
8 share of the state alternative minimum tax is the  
9 amount of tax computed under this subsection, reduced  
10 by the applicable credits in sections 422.10 through  
11 422.12 and this result multiplied by a fraction with a  
12 numerator of the sum of state net income allocated to  
13 Iowa as determined in section 422.8, subsection 2,  
14 paragraph "a" or "b" as applicable, plus tax  
15 preference items, adjustments, and losses under  
16 subparagraph (1) attributable to Iowa and with a  
17 denominator of the sum of total net income computed  
18 under section 422.7 plus all tax preference items,  
19 adjustments, and losses under subparagraph (1). In  
20 computing this fraction, those items excludable under  
21 subparagraph (1) shall not be used in computing the  
22 tax preference items. Married taxpayers electing to  
23 file separate returns or separately on a combined  
24 return must allocate the minimum tax computed in this  
25 subsection in the proportion that each spouse's  
26 respective preference items, adjustments, and losses  
27 under subparagraph (1) bear to the combined preference  
28 items, adjustments, and losses under subparagraph (1)  
29 of both spouses.

30 Sec. 22. Section 422.8, subsection 2, Code 1995,  
31 is amended to read as follows:

32 2. a. Nonresident's net income allocated to Iowa  
33 is the net income, or portion thereof, which is  
34 derived from a business, trade, profession, or  
35 occupation carried on within this state or income from  
36 any property, trust, estate, or other source within  
37 Iowa. However, income derived from a business, trade,  
38 profession, or occupation carried on within this state  
39 and income from any property, trust, estate, or other  
40 source within Iowa shall not include distributions  
41 from pensions, including defined benefit or defined  
42 contribution plans, annuities, individual retirement  
43 accounts, and deferred compensation plans or any  
44 earnings attributable thereto so long as the  
45 distribution is directly related to an individual's  
46 documented retirement and received while the  
47 individual is a nonresident of this state. If a  
48 business, trade, profession, or occupation is carried  
49 on partly within and partly without the state, only  
50 the portion of the net income which is fairly and

S-3360

-17-

S-3360

Page 18

1 equitably attributable to that part of the business,  
2 trade, profession, or occupation carried on within the  
3 state is allocated to Iowa for purposes of section  
4 422.5, subsection 1, paragraph "j", and section 422.13  
5 and income from any property, trust, estate, or other  
6 source partly within and partly without the state is  
7 allocated to Iowa in the same manner, except that  
8 annuities, interest on bank deposits and interest-  
9 bearing obligations, and dividends are allocated to  
10 Iowa only to the extent to which they are derived from  
11 a business, trade, profession, or occupation carried  
12 on within the state.

13 b. A resident's income allocable to Iowa is the  
14 income determined under section 422.7 reduced by items  
15 of income and expenses from a subchapter S corporation  
16 which pass directly to the shareholders under  
17 provisions of the Internal Revenue Code and increased  
18 by the greater of the following:

19 (1) The net income or loss of the corporation  
20 which is fairly and equitably attributable to this  
21 state under section 422.33, subsections 2 and 3.

22 (2) The taxpayer's pro rata share of an amount  
23 deemed distributed to shareholders which when added to  
24 the salaries, wages, or other compensation for  
25 services performed by all shareholders will equal ten  
26 percent of the net income of the corporation computed  
27 in accordance with section 422.35 and considering  
28 items of income and expense which pass directly to the  
29 shareholders under provisions of the Internal Revenue  
30 Code before deduction of shareholder's salaries,  
31 wages, or other compensation for services performed.

32 (3) Any cash or the value of any property  
33 distributions made to the extent they are paid from  
34 income upon which Iowa income tax has not been paid as  
35 determined under rules of the director.

36 Sec. 23. Section 422.8, Code 1995, is amended by  
37 adding the following new subsection:

38 NEW SUBSECTION. 6. If the resident or part year  
39 resident is a shareholder of a corporation which has  
40 in effect an election under subchapter S of the  
41 Internal Revenue Code, subsections 1 and 3 do not  
42 apply to any income taxes paid to another state or  
43 foreign country on the income from the corporation  
44 which has in effect an election under subchapter S of  
45 the Internal Revenue Code.

46 Sec. 24. This division of this Act, being deemed  
47 of immediate importance, takes effect upon enactment  
48 and applies retroactively to January 1, 1995, for tax  
49 years beginning on or after that date.

50

DIVISION III

S-3360

-18-

S-3360

Page 19

1 MACHINERY AND EQUIPMENT  
2 EXEMPTION AND REPLACEMENT FUNDS

3 Sec. 25. Section 427B.17, Code 1995, is amended by  
4 striking the section and inserting in lieu thereof the  
5 following:

6 427B.17 PROPERTY SUBJECT TO SPECIAL VALUATION.

7 1. Property defined in section 427A.1, subsection  
8 1, paragraphs "e" and "j", acquired or initially  
9 leased on or after July 1, 1995, shall be exempt from  
10 taxation.

11 2. Property defined in section 427A.1, subsection  
12 1, paragraphs "e" and "j", and acquired or initially  
13 leased before July 1, 1995, shall be valued by the  
14 local assessor as follows:

15 a. For the assessment year beginning January 1,  
16 1995, at twenty-five percent of the net acquisition  
17 cost.

18 b. For the assessment year beginning January 1,  
19 1996, at twenty percent of the net acquisition cost.

20 c. For the assessment year beginning January 1,  
21 1997, at fifteen percent of the net acquisition cost.

22 d. For the assessment year beginning January 1,  
23 1998, at ten percent of the net acquisition cost.

24 e. For the assessment year beginning January 1,  
25 1999, at five percent of the net acquisition cost.

26 f. For the assessment year beginning January 1,  
27 2000, and all subsequent assessment years, at zero  
28 percent of the net acquisition cost.

29 3. For purposes of this section:

30 a. Property assessed by the department of revenue  
31 and finance pursuant to sections 428.24 to 428.29, or  
32 chapters 433, 434, and 436 to 438 shall not receive  
33 the benefits of this section.

34 Any electric power generating plant which operated  
35 during the preceding assessment year at a net capacity  
36 factor of more than twenty percent, shall not receive  
37 the benefits of this section. For purposes of this  
38 section, "electric power generating plant" means any  
39 name plate rated electric power generating plant, in  
40 which electric energy is produced from other forms of  
41 energy, including all taxable land, buildings, and  
42 equipment used in the production of such energy. "Net  
43 capacity factor" means net actual generation divided  
44 by the product of net maximum capacity times the  
45 number of hours the unit was in the active state  
46 during the assessment year. Upon commissioning, a  
47 unit is in the active state until it is de-  
48 commissioned. "Net actual generation" means net  
49 electrical megawatt hours produced by the unit during  
50 the preceding assessment year. "Net maximum capacity"

S-3360

-19-

S-3360

Page 20

1 means the capacity the unit can sustain over a  
2 specified period when not restricted by ambient  
3 conditions or equipment deratings, minus the losses  
4 associated with station service or auxiliary loads.

5 b. Property acquired or initially leased on or  
6 after July 1, 1995, which was owned or used before  
7 July 1, 1995, by a related person shall be assessed  
8 and taxed in the manner provided in subsection 2, and  
9 the net acquisition cost of the property shall be the  
10 net acquisition cost of the transferor of the  
11 property.

12 c. "Related person" means a person who owns or  
13 controls the taxpayer's business and another business  
14 entity from which property is acquired or leased or to  
15 which property is sold or leased. Business entities  
16 are owned or controlled by the same person if the same  
17 person directly or indirectly owns or controls fifty  
18 percent or more of the assets or any class of stock or  
19 who directly or indirectly has an interest of fifty  
20 percent or more in the ownership or profits.

21 d. "Net acquisition cost" means the acquired cost  
22 of the property, including all foundations and  
23 installation cost less any excess cost adjustment.

24 4. Property assessed pursuant to this section  
25 shall not be eligible to receive a partial exemption  
26 under sections 427B.1 to 427B.6.

27 5. The taxpayer's valuation of property defined in  
28 section 427A.1, subsection 1, paragraphs "e" and "j",  
29 acquired or initially leased before July 1, 1995, and  
30 located in an urban renewal area for which an urban  
31 renewal plan provides for the division of taxes as  
32 provided in section 403.19 to pay the principal and  
33 interest on loans, advances, bonds issued under the  
34 authority of section 403.9, subsection 1, or  
35 indebtedness incurred by a city or county to finance  
36 an urban renewal project within the urban renewal  
37 area, if such loans, advances, or bonds were issued or  
38 indebtedness incurred, on or after January 1, 1982,  
39 and on or before June 30, 1995, shall be limited to  
40 thirty percent of the net acquisition cost of the  
41 property. Such property located in an urban renewal  
42 area shall not be valued pursuant to subsection 2  
43 until the assessment year following the calendar year  
44 in which the obligations created by any loans,  
45 advances, bonds, or indebtedness payable from the  
46 division of taxes as provided in section 403.19 have  
47 been retired. The taxpayer's valuation for such  
48 property shall then be the valuation specified in  
49 subsection 2 for the applicable assessment year. If  
50 the loans, advances, or bonds issued, or indebtedness

S-3360

-20-

S-3360

Page 21

1 incurred between January 1, 1982, and June 30, 1995,  
2 are refinanced or refunded after June 30, 1995, the  
3 valuation of such property shall then be the valuation  
4 specified in subsection 2 for the applicable  
5 assessment year beginning with the assessment year  
6 following the calendar year in which any of those  
7 loans, advances, bonds, or other indebtedness are  
8 refinanced or refunded after June 30, 1995.

9 6. For the purpose of dividing taxes under section  
10 260E.4 or 260F.4, the employer's or business's  
11 valuation of property defined in section 427A.1,  
12 subsection 1, paragraphs "e" and "j", acquired or  
13 initially leased before July 1, 1995, and used to fund  
14 a new jobs training project which project's first  
15 written agreement providing for a division of taxes as  
16 provided in section 403.19, is approved on or before  
17 June 30, 1995, shall be limited to thirty percent of  
18 the net acquisition cost of the property. An  
19 employer's or business's taxable property used to fund  
20 a new jobs training project shall not be valued  
21 pursuant to subsection 2 until the assessment year  
22 following the calendar year in which the certificates  
23 or other funding obligations have been retired or  
24 escrowed. The taxpayer's valuation for such property  
25 shall then be the valuation specified in subsection 2  
26 for the applicable assessment year. If the  
27 certificates issued, or other funding obligations  
28 incurred, between January 1, 1982, and June 30, 1995,  
29 are refinanced or refunded after June 30, 1995, the  
30 valuation of such property shall then be the valuation  
31 specified in subsection 2 for the applicable  
32 assessment year beginning with the assessment year  
33 following the calendar year in which those  
34 certificates or other funding obligations are  
35 refinanced or refunded after June 30, 1995.

36 Sec. 26. NEW SECTION. 427B.18 REPLACEMENT.

37 Each county treasurer shall be paid an amount equal  
38 to the amount of the industrial machinery, equipment  
39 and computers tax replacement claim to replace the  
40 reduction in property tax revenues from the amount  
41 collected in the fiscal year beginning July 1, 1995,  
42 from the industrial machinery, equipment and computers  
43 assessed pursuant to section 427B.17 less the increase  
44 in property tax revenues from the amount collected in  
45 the fiscal year beginning July 1, 1995, from  
46 commercial and industrial property as calculated  
47 pursuant to section 427B.19.

48 Sec. 27. NEW SECTION. 427B.19 ASSESSOR AND  
49 COUNTY AUDITOR DUTIES.

50 1. On or before July 1 of each year, the assessor

S-3360

-21-

S-3360

Page 22

1 shall determine the total valuation of all property  
2 assessed under section 427B.17, for that year and the  
3 valuation of such property assessed as of January 1,  
4 1994, and the value of all commercial and industrial  
5 property assessed for that year and the valuation of  
6 such property assessed as of January 1, 1994, and  
7 shall report the valuations to the county auditor.

8 2. On or before July 1, 1996, and on or before  
9 July 1 of each subsequent year, the county auditor  
10 shall prepare a statement listing for each taxing  
11 district in the county:

12 a. Beginning with the assessment year beginning  
13 January 1, 1995, the difference between the reduced  
14 assessed valuations of property defined in section  
15 427A.1, subsection 1, paragraphs "e" and "j", and  
16 assessed pursuant to section 427B.17, and the  
17 increased assessed valuations of commercial and  
18 industrial property. The auditor shall make other  
19 adjustments as directed by rule of the department of  
20 revenue and finance.

21 b. The tax levy rate for each taxing district  
22 levied against assessments made as of January 1 of the  
23 previous year.

24 c. If the calculation under subsection 2 indicates  
25 a net decrease in aggregate valuation of such  
26 property, the industrial machinery, equipment and  
27 computers tax replacement claim for each taxing  
28 district, which is equal to the net decrease  
29 determined pursuant to paragraph "a", multiplied by  
30 the tax rate specified in paragraph "b".

31 3. The county auditor shall certify and forward  
32 one copy of the statement to the department of revenue  
33 and finance not later than July 1 of each year.

34 Sec. 28. NEW SECTION. 427B.19A FUND CREATED.

35 1. The industrial machinery, equipment and  
36 computers property tax replacement fund is created.  
37 There is appropriated annually from the general fund  
38 of the state to the department of revenue and finance  
39 to be credited to the industrial machinery, equipment  
40 and computers property tax replacement fund, the  
41 amounts specified in section 427B.19B.

42 2. Each county treasurer shall be paid from the  
43 fund created in this section the amount calculated  
44 pursuant to section 427B.19. The payment shall be  
45 made in two equal installments on or before September  
46 30 and March 30 of each year. The county treasurer  
47 shall apportion the payment in the manner provided in  
48 section 445.57.

49 3. If an amount appropriated in section 427B.19B  
50 for a fiscal year is insufficient to pay all claims,

S-3360

-22-

S-3360

Page 23

1 the director shall prorate the disbursements from the  
2 fund to the county treasurers and shall notify the  
3 county auditors of the pro rata percentage on or  
4 before August 1. If an amount appropriated in section  
5 427B.19B for a fiscal year is in excess of the amount  
6 necessary to pay all claims according to the  
7 replacement schedule in section 427B.19, the director  
8 shall prorate the disbursements from the fund to the  
9 county treasurers, notwithstanding the amount of the  
10 claims, and shall notify the county auditors of the  
11 pro rata percentage on or before August 1.

12 4. The replacement amount paid to each school  
13 district shall be regarded as property tax for the  
14 purposes of the school foundation property tax levy in  
15 section 257.3 and the additional property tax levy in  
16 section 257.4. The department of management shall  
17 annually make the adjustments necessary to implement  
18 this subsection.

19 Sec. 29. NEW SECTION. 427B.19B APPROPRIATION.

20 There is appropriated in each of the following  
21 fiscal years from the general fund of the state to the  
22 industrial machinery, equipment and computers property  
23 tax replacement fund the following amounts:

24 1. For the fiscal year beginning July 1, 1996,  
25 nine million, one hundred thousand dollars.

26 2. For the fiscal year beginning July 1, 1997,  
27 twenty-two million, four hundred thousand dollars.

28 3. For the fiscal year beginning July 1, 1998,  
29 thirty-three million, five hundred thousand dollars.

30 4. For the fiscal year beginning July 1, 1999,  
31 forty-one million, six hundred thousand dollars.

32 5. For the fiscal year beginning July 1, 2000,  
33 forty-six million, eight hundred thousand dollars.

34 6. For the fiscal year beginning July 1, 2001,  
35 forty-nine million, five hundred thousand dollars.

36 7. For the fiscal year beginning July 1, 2002,  
37 fifty-two million, nine hundred thousand dollars.

38 8. For the fiscal year beginning July 1, 2003,  
39 forty-five million, two hundred thousand dollars.

40 9. For the fiscal year beginning July 1, 2004,  
41 thirty-six million, six hundred thousand dollars.

42 10. For the fiscal year beginning July 1, 2005,  
43 twenty-six million, nine hundred thousand dollars.

44 11. For the fiscal year beginning July 1, 2006,  
45 sixteen million, one hundred thousand dollars.

46 12. For the fiscal year beginning July 1, 2007,  
47 four million, two hundred thousand dollars.

48 Sec. 30. NEW SECTION. 427B.19C PHASEOUT OF TAX.

49 Effective on July 1, 2001, all property taxes on  
50 property defined in section 427A.1, subsection 1,

S-3360

-23-

S-3360

Page 24

1 paragraphs "e" and "j", which was assessed pursuant to  
2 section 427B.17 are repealed. For assessment years  
3 beginning after January 1, 2006, such property shall  
4 not be listed or assessed. This section shall prevail  
5 over all inconsistent statutes.

6 Sec. 31. NEW SECTION. 427B.19D GUARANTEE OF  
7 STATE REPLACEMENT FUNDS.

8 If for any reason an appropriation specified in  
9 section 427B.19B is not made or the appropriation made  
10 is less than that specified in section 427B.19B for  
11 the applicable fiscal year, the director of revenue  
12 and finance shall compute for each county the  
13 difference between the total of all replacement claims  
14 for taxing districts within the county and the amount  
15 paid to the county treasurer for disbursement to the  
16 taxing districts in the county. The department shall  
17 divide that difference by the consolidated tax levy  
18 rate in each county computed for the fiscal year in  
19 which the specified appropriation should have been  
20 made and shall certify the amount of taxable value  
21 necessary to raise the difference at that tax rate.  
22 The department shall notify the local assessor of such  
23 amount of taxable value. The assessor, for the  
24 assessment year beginning January 1 preceding the  
25 fiscal year for which the specified appropriation was  
26 not made, shall reassess all taxable property  
27 described in section 427B.17, subsection 2, in the  
28 county at a percentage of net acquisition cost which  
29 will yield such taxable value and the property shall  
30 be assessed and taxed in such manner for taxes due and  
31 payable in the following fiscal year in addition to  
32 being assessed and taxed in the applicable manner  
33 under section 427B.17. Property tax dollar amounts  
34 certified pursuant to this section shall not be  
35 considered property tax dollars certified for purposes  
36 of the property tax limitation in chapter 444.

37 DIVISION IV  
38 INCOME TAX

39 Sec. 32. Section 422.5, subsections 2 and 8, Code  
40 1995, are amended to read as follows:

41 2. However, the tax shall not be imposed on a  
42 resident or nonresident whose net income, as defined  
43 in section 422.7, is ~~thirteen~~ fourteen thousand five  
44 hundred dollars or less in the case of married persons  
45 filing jointly or filing separately on a combined  
46 return, unmarried heads of household, and surviving  
47 spouses or ~~nine~~ ten thousand dollars or less in the  
48 case of all other persons; but in the event that the  
49 payment of tax under this division would reduce the  
50 net income to less than ~~thirteen~~ fourteen thousand

S-3360

-24-

S-3360

Page 25

1 five hundred dollars or nine ten thousand dollars as  
2 applicable, then the tax shall be reduced to that  
3 amount which would result in allowing the taxpayer to  
4 retain a net income of thirteen fourteen thousand five  
5 hundred dollars or nine ten thousand dollars as  
6 applicable. The preceding sentence does not apply to  
7 estates or trusts. For the purpose of this  
8 subsection, the entire net income, including any part  
9 of the net income not allocated to Iowa, shall be  
10 taken into account. For purposes of this subsection,  
11 net income includes all amounts of pensions or other  
12 retirement income received from any source which is  
13 not taxable under this division as a result of the  
14 government pension exclusions in section 422.7, or any  
15 other state law. If the combined net income of a  
16 husband and wife exceeds thirteen fourteen thousand  
17 five hundred dollars, neither of them shall receive  
18 the benefit of this subsection, and it is immaterial  
19 whether they file a joint return or separate returns.  
20 However, if a husband and wife file separate returns  
21 and have a combined net income of thirteen fourteen  
22 thousand five hundred dollars or less, neither spouse  
23 shall receive the benefit of this paragraph, if one  
24 spouse has a net operating loss and elects to carry  
25 back or carry forward the loss as provided in section  
26 422.9, subsection 3. A person who is claimed as a  
27 dependent by another person as defined in section  
28 422.12 shall not receive the benefit of this  
29 subsection if the person claiming the dependent has  
30 net income exceeding thirteen fourteen thousand five  
31 hundred dollars or nine ten thousand dollars as  
32 applicable or the person claiming the dependent and  
33 the person's spouse have combined net income exceeding  
34 thirteen fourteen thousand five hundred dollars or  
35 nine ten thousand dollars as applicable.

36 In addition, if the married persons', filing  
37 jointly or filing separately on a combined return,  
38 unmarried head of household's, or surviving spouse's  
39 net income exceeds thirteen fourteen thousand five  
40 hundred dollars, the regular tax imposed under this  
41 division shall be the lesser of the maximum state  
42 individual income tax rate times the portion of the  
43 net income in excess of thirteen fourteen thousand  
44 five hundred dollars or the regular tax liability  
45 computed without regard to this sentence. Taxpayers  
46 electing to file separately shall compute the  
47 alternate tax described in this paragraph using the  
48 total net income of the husband and wife. The  
49 alternate tax described in this paragraph does not  
50 apply if one spouse elects to carry back or carry

S-3360

-25-

S-3360

Page 26

1 forward the loss as provided in section 422.9,  
2 subsection 3.  
3 8. In addition to the other taxes imposed by this  
4 section, a tax is imposed on the amount of a lump sum  
5 distribution for which the taxpayer has elected under  
6 section 402(e) of the Internal Revenue Code to be  
7 separately taxed for federal income tax purposes for  
8 the tax year. The rate of tax is equal to twenty-five  
9 percent of the separate federal tax imposed on the  
10 amount of the lump sum distribution. A nonresident is  
11 liable for this tax only on that portion of the lump  
12 sum distribution allocable to Iowa. The total amount  
13 of the lump sum distribution subject to separate  
14 federal tax shall be included in net income for  
15 purposes of determining eligibility under the ~~thirteen~~  
16 ~~fourteen~~ thousand five hundred dollar or less or ~~nine~~  
17 ~~ten~~ thousand dollar or less exclusion, as applicable.  
18 Sec. 33. Section 422.7, Code 1995, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. 33. For a person who is disabled,  
21 or is fifty-five years of age or older, or is the  
22 surviving spouse of an individual or a survivor having  
23 an insurable interest in an individual who would have  
24 qualified for the exemption under this subsection for  
25 the tax year, subtract, to the extent included, the  
26 total amount of a governmental or other pension or  
27 retirement pay, including, but not limited to, defined  
28 benefit or defined contribution plans, annuities,  
29 individual retirement accounts, plans maintained or  
30 contributed to by an employer, or maintained or  
31 contributed to by a self-employed person as an  
32 employer, and deferred compensation plans or any  
33 earnings attributable to the deferred compensation  
34 plans, up to a maximum of three thousand dollars for a  
35 person who files a separate state income tax return,  
36 and up to a maximum of six thousand dollars for a  
37 husband and wife who file a joint state income tax  
38 return. However, a surviving spouse who is not  
39 disabled or fifty-five years of age or older can only  
40 exclude the amount of annuities or other similar  
41 periodic payments received as a result of the death of  
42 the other spouse.

43 Sec. 34. Section 422.12, subsection 1, paragraph  
44 c, Code 1995, is amended to read as follows:

45 c. For each dependent, an additional ~~fifteen~~ forty  
46 dollars. As used in this section, the term  
47 "dependent" has the same meaning as provided by the  
48 Internal Revenue Code.

49 Sec. 35. Section 422.13, subsection 1, paragraph  
50 a, Code 1995, is amended to read as follows:

S-3360

-26-

S-3360

Page 27

1 a. The individual has net income of nine ten  
2 thousand dollars or more for the tax year from sources  
3 taxable under this division.

4 Sec. 36. APPLICABILITY. This division of this Act  
5 applies retroactively to January 1, 1995, for tax  
6 years beginning on or after that date."

7 \_\_\_\_\_. Title page, by striking lines 1 through 6  
8 and inserting the following: "An Act relating to tax  
9 provisions involving income tax, machinery, equipment  
10 and computers property tax reimbursement, subchapter S  
11 corporations, and services paid for by property taxes  
12 and property tax reductions and credits and providing  
13 appropriations, penalties, effective dates, and  
14 retroactive applicability provisions.""

By WAYNE BENNETT

S-3360 FILED APRIL 5, 1995

Vilsack  
Palmer  
Bennett

SS B. 357

Ways & Means  
Succeeded By  
SF/HF 466

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL  
BY CHAIRPERSON PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to tax provisions involving income tax,  
2 machinery, equipment and computers property tax reimbursement,  
3 and services paid for by property taxes and property tax  
4 reductions and credits and providing appropriations,  
5 penalties, effective dates, and retroactive applicability  
6 provisions.

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

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DIVISION I  
INCOME TAX

Section 1. Section 422.7, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 33. For a person who is disabled, or is fifty-five years of age or older, or is the surviving spouse of an individual or a survivor having an insurable interest in an individual who would have qualified for the exemption under this subsection for the tax year, subtract, to the extent included, the total amount of a governmental or other pension or retirement pay, including, but not limited to, defined benefit or defined contribution plans, annuities, individual retirement accounts, plans maintained or contributed to by an employer, or maintained or contributed to by a self-employed person as an employer, and deferred compensation plans or any earnings attributable to the deferred compensation plans, up to a maximum of one thousand five hundred dollars for a person who files a separate state income tax return for a tax year beginning in the 1996 calendar year, and up to a maximum of three thousand dollars for a husband and wife who file a joint state income tax return for a tax year beginning in the 1996 calendar year. For a tax year beginning in the 1997 calendar year, and for all subsequent tax years, subtract, to the extent included, the total amount for a person who files a separate state income tax return up to a maximum of three thousand dollars, and for a husband and wife who file a joint state income tax return up to a maximum of six thousand dollars. However, a surviving spouse who is not disabled or fifty-five years of age or older can only exclude the amount of pension or retirement pay received as a result of the death of the other spouse.

Sec. 2. Section 422.12, subsection 1, paragraph c, Code 1995, is amended to read as follows:

c. For each dependent, an additional fifteen forty dollars. As used in this section, the term "dependent" has

1 the same meaning as provided by the Internal Revenue Code.

2 Sec. 3. CONDITIONAL EFFECTIVENESS -- RETROACTIVE  
3 APPLICABILITY.

4 1. Section 1 of this division of this Act, amending  
5 section 422.7, takes effect September 1, 1995, if the total  
6 amount of revenues credited to the general fund of the state  
7 during the fiscal year ending June 30, 1995, exceeds  
8 \$4,007,000,000. On or before September 1, 1995, the director  
9 of revenue and finance shall provide written certification to  
10 the Code editor as to the total amount of revenues credited to  
11 the general fund of the state during the fiscal year ending  
12 June 30, 1995.

13 2. Section 2 of this division of this Act applies  
14 retroactively to January 1, 1995, for tax years beginning on  
15 or after that date.

16 DIVISION II

17 MACHINERY, EQUIPMENT AND COMPUTERS PROPERTY

18 TAX REIMBURSEMENT

19 Sec. 4. Section 427B.17, subsection 1, Code 1995, is  
20 amended to read as follows:

21 1. Property assessed by the department of revenue and  
22 finance pursuant to sections 428.24 to 428.29, or chapters  
23 433, 434 and 436 to 438 shall not receive the benefits of this  
24 section.

25 Any electric power generating plant which operated during  
26 the preceding assessment year at a net capacity factor of more  
27 than twenty percent, shall not receive the benefits of this  
28 section or of sections 15.332 and 15.334. For purposes of  
29 this section, "electric power generating plant" means any name  
30 plate rated electric power generating plant, in which electric  
31 energy is produced from other forms of energy, including all  
32 taxable land, buildings, and equipment used in the production  
33 of such energy. "Net capacity factor" means net actual  
34 generation divided by the product of net maximum capacity  
35 times the number of hours the unit was in the active state

1 during the assessment year. Upon commissioning, a unit is in  
2 the active state until it is decommissioned. "Net actual  
3 generation" means net electrical megawatt hours produced by  
4 the unit during the preceding assessment year. "Net maximum  
5 capacity" means the capacity the unit can sustain over a  
6 specified period when not restricted by ambient conditions or  
7 equipment deratings, minus the losses associated with station  
8 service or auxiliary loads.

9       Sec. 5. NEW SECTION. 427B.18 INDUSTRIAL MACHINERY,  
10 EQUIPMENT AND COMPUTERS INVESTMENT REIMBURSEMENT FUND --  
11 PENALTY.

12       1. A machinery, equipment and computers investment  
13 reimbursement fund is created under the control of the de-  
14 partment of revenue and finance. For the fiscal year begin-  
15 ning July 1, 1996, there is appropriated from the general fund  
16 of the state to the machinery, equipment and computers  
17 investment reimbursement fund eight million dollars to be used  
18 to pay property tax reimbursement claims filed pursuant to  
19 this section for property taxes due and payable in the fiscal  
20 year beginning July 1, 1995, on property defined in section  
21 427A.1, subsection 1, paragraphs "e" and "j" which are  
22 assessed pursuant to section 427B.17.

23       2. A claim for reimbursement for property taxes paid on  
24 property defined in section 427A.1, subsection 1, paragraphs  
25 "e" and "j" which are assessed pursuant to section 427B.17,  
26 shall not be paid or allowed unless the claim is filed with  
27 and in the possession of the department of revenue and finance  
28 on or before January 1, 1997. The department shall provide  
29 forms for claiming the industrial machinery, equipment and  
30 computers investment reimbursement. Each claimant shall  
31 provide with the application the tax statement received from  
32 the county treasurer and proof of payment of the tax,  
33 including, but not limited to, the taxpayer's cancelled  
34 checks. The director may require any additional proof  
35 necessary to support a claim.

1 The department shall send notice of disallowance of a claim  
2 by regular mail to the claimant at the claimant's last known  
3 address. The claimant may appeal the decision of the director  
4 under this section and the claimant shall have the same rights  
5 of appeal and review as provided in sections 421.1 and 422.55  
6 and the rules of the department of revenue and finance.

7 3. By June 1, 1997, the department shall reimburse  
8 claimants for claims filed under this section. If the amount  
9 appropriated under subsection 1 is insufficient to pay all  
10 claims in full, the director shall prorate the payments among  
11 all claimants whose claims are allowed. Moneys remaining in  
12 the fund after payment of all claims in full shall revert to  
13 the general fund of the state.

14 4. A person who makes a false claim for reimbursement  
15 under this section or who knowingly receives the reimbursement  
16 without being legally entitled to it is guilty of a fraudulent  
17 practice. Prosecution under this subsection shall be brought  
18 in the county of residence of the person to be charged.

19 DIVISION III

20 MENTAL HEALTH EXPENDITURES, PROPERTY TAX REDUCTIONS,  
21 AND PROPERTY TAX CREDITS

22 Sec. 6. NEW SECTION. 24.49 EMERGENCY NEEDS FUNDS.

23 For budget years commencing on or after July 1, 1996, the  
24 state board shall review requests and authorize payment to a  
25 county for emergency needs funds from the property tax relief  
26 fund, in accordance with the provisions of section 426B.1,  
27 subsection 3. Payment of the funds shall be authorized if the  
28 request is for expenditures above a county's fixed budget  
29 amount for services provided in accordance with the requesting  
30 county's management plan for mental health and mental  
31 retardation services approved under section 331.439.

32 Sec. 7. Section 123.38, unnumbered paragraph 2, Code 1995,  
33 is amended to read as follows:

34 Any licensee or permittee, or the licensee's or permittee's  
35 executor or administrator, or any person duly appointed by the

1 court to take charge of and administer the property or assets  
2 of the licensee or permittee for the benefit of the licensee's  
3 or permittee's creditors, may voluntarily surrender a license  
4 or permit to the division. When a license or permit is  
5 surrendered the division shall notify the local authority, and  
6 the division or the local authority shall refund to the person  
7 surrendering the license or permit, a proportionate amount of  
8 the fee received by the division or the local authority for  
9 the license or permit as follows: If a license or permit is  
10 surrendered during the first three months of the period for  
11 which it was issued, the refund shall be three-fourths of the  
12 amount of the fee; if surrendered more than three months but  
13 not more than six months after issuance, the refund shall be  
14 one-half of the amount of the fee; if surrendered more than  
15 six months but not more than nine months after issuance, the  
16 refund shall be one-fourth of the amount of the fee. No  
17 refund shall be made, however, for any special liquor permit,  
18 nor for a liquor control license, wine permit, or beer permit  
19 surrendered more than nine months after issuance. For  
20 purposes of this paragraph, any portion of license or permit  
21 fees used for the purposes authorized in section 331.424,  
22 subsection 1, paragraphs "a", "b", "c", "d", "e", "f",  
23 "g", and "h", and in section 331.424A, shall not be deemed  
24 received either by the division or by a local authority. No  
25 refund shall be made to any licensee or permittee, upon the  
26 surrender of the license or permit, if there is at the time of  
27 surrender, a complaint filed with the division or local  
28 authority, charging the licensee or permittee with a violation  
29 of this chapter. If upon a hearing on a complaint the license  
30 or permit is not revoked or suspended, then the licensee or  
31 permittee is eligible, upon surrender of the license or  
32 permit, to receive a refund as provided in this section; but  
33 if the license or permit is revoked or suspended upon hearing  
34 the licensee or permittee is not eligible for the refund of  
35 any portion of the license or permit fee.

1 Sec. 8. Section 218.99, Code 1995, is amended to read as  
2 follows:

3 218.99 COUNTY AUDITORS TO BE NOTIFIED OF PATIENTS'  
4 PERSONAL ACCOUNTS.

5 The administrator of a division of the department of human  
6 services in control of a state institution shall direct the  
7 business manager of each institution under the administrator's  
8 jurisdiction which is mentioned in section 331.424, subsection  
9 1, paragraphs "a" through-"g" and "b" and for which services  
10 are paid under section 331.424A to quarterly inform the  
11 auditor of the county of legal settlement of any patient or  
12 resident who has an amount in excess of two hundred dollars on  
13 account in the patients' personal deposit fund and the amount  
14 on deposit. The administrators shall direct the business  
15 manager to further notify the auditor of the county at least  
16 fifteen days before the release of funds in excess of two  
17 hundred dollars or upon the death of the patient or resident.  
18 If the patient or resident has no county of legal settlement,  
19 notice shall be made to the director of the department of  
20 human services and the administrator of the division of the  
21 department in control of the institution involved.

22 Sec. 9. Section 225C.4, subsection 2, paragraph b, Code  
23 1995, is amended to read as follows:

24 b. Establish mental health and mental retardation services  
25 for all institutions under the control of the director of  
26 human services and establish an autism unit, following mutual  
27 planning with and consultation from the medical director of  
28 the state psychiatric hospital, at an institution or a  
29 facility administered by the administrator to provide  
30 psychiatric and related services and other specific programs  
31 to meet the needs of autistic persons ~~as defined in section~~  
32 ~~331.4247-subsection-1~~, and to furnish appropriate diagnostic  
33 evaluation services.

34 Sec. 10. Section 331.301, subsection 12, Code 1995, is  
35 amended to read as follows:

1 12. The board of supervisors may credit funds to a reserve  
2 for the purposes authorized by subsection 11 of this section;  
3 section 331.424, subsection 1, paragraph "f"; and section  
4 331.441, subsection 2, paragraph "b". Moneys credited to the  
5 reserve, and interest earned on such moneys, shall remain in  
6 the reserve until expended for purposes authorized by  
7 subsection 11 of this section; section 331.424, subsection 1,  
8 paragraph "f"; or section 331.441, subsection 2, paragraph  
9 "b".

10 Sec. 11. Section 331.424, subsection 1, Code 1995, is  
11 amended to read as follows:

12 1. For general county services, an amount sufficient to  
13 pay the charges for the following:

14 a. To the extent that the county is obligated by statute  
15 to pay the charges for:

16 ~~(1) Care and treatment of patients by a state mental~~  
17 ~~health institute.~~

18 ~~(2) Care and treatment of patients by either of the state~~  
19 ~~hospital schools or by any other facility established under~~  
20 ~~chapter 222 and diagnostic evaluation under section 222.31.~~

21 ~~(3) Care and treatment of patients under chapter 225.~~

22 (4) (1) Care and treatment of persons at the alcoholic  
23 treatment center at Oakdale. However, the county may require  
24 that an admission to the center shall be reported to the board  
25 by the center within five days as a condition of the payment  
26 of county funds for that admission.

27 (5) (2) Care of children admitted or committed to the Iowa  
28 juvenile home at Toledo.

29 (6) (3) Clothing, transportation, medical, or other  
30 services provided persons attending the Iowa braille and sight  
31 saving school, the Iowa school for the deaf, or the state  
32 hospital-school for severely handicapped children at Iowa  
33 City, for which the county becomes obligated to pay pursuant  
34 to sections 263.12, 269.2, and 270.4 through 270.7.

35 ~~b. To the extent that the board deems it advisable to pay~~

1 the-charges-for-professional-evaluation, treatment, training,  
2 habilitation, and care of persons who are mentally retarded,  
3 autistic persons, or persons who are afflicted by any other  
4 developmental disability, at a suitable public or private  
5 facility providing inpatient or outpatient care in the county.  
6 As used in this paragraph:

7 (1)--"Developmental disability" has the meaning assigned  
8 that term by 42-U.S.C.-sec.-6001(7)-(1976), Supp.-II, 1978,  
9 and Supp.-III, 1979.

10 (2)--"Autistic persons" means persons, regardless of age,  
11 with severe communication and behavior disorders that became  
12 manifest during the early stages of childhood development and  
13 that are characterized by a severely disabling inability to  
14 understand, communicate, learn, and participate in social  
15 relationships.--"Autistic persons" includes but is not limited  
16 to those persons afflicted by infantile autism, profound  
17 aphasia, and childhood psychosis.

18 c.--Care and treatment of persons placed in the county  
19 hospital, county care facility, a health care facility as  
20 defined in section 135C.1, subsection 6, or any other public  
21 or private facility, which placement is in lieu of admission  
22 or commitment to or is upon discharge, removal, or transfer  
23 from a state mental health institute, hospital school, or  
24 other facility established pursuant to chapter 222.

25 d.--Amounts budgeted by the board for the cost of  
26 establishment and initial operation of a community mental  
27 health center in the manner and subject to the limitations  
28 provided by state law.

29 e. b. Foster care and related services provided under  
30 court order to a child who is under the jurisdiction of the  
31 juvenile court, including court-ordered costs for a guardian  
32 ad litem under section 232.71.

33 f.--The care, admission, commitment, and transportation of  
34 mentally ill patients in state hospitals, to the extent that  
35 expenses for these services are required to be paid by the

1 county, including compensation for the advocate appointed  
2 under section 229.19.

3 g. -- Amounts budgeted by the board for mental health  
4 services or mental retardation services furnished to persons  
5 on either an outpatient or inpatient basis, to a school or  
6 other public agency, or to the community at large, by a  
7 community mental health center or other suitable facility  
8 located in or reasonably near the county, provided that  
9 services meet the standards of the mental health and  
10 developmental disabilities commission created in section  
11 225C.5 and are consistent with the annual plan for services  
12 approved by the board.

13 h. -- Reimbursement on behalf of mentally retarded persons  
14 under section 249A.12.

15 i. c. Elections, and voter registration pursuant to  
16 chapter 48A.

17 j. d. Employee benefits under chapters 96, 97B, and 97C,  
18 which are associated with salaries for general county  
19 services.

20 k. e. Joint county and city building authorities  
21 established under section 346.27, as provided in subsection 22  
22 of that section.

23 l. f. Tort liability insurance, property insurance, and  
24 any other insurance that may be necessary in the operation of  
25 the county, costs of a self-insurance program, costs of a  
26 local government risk pool, and amounts payable under any  
27 insurance agreements to provide or procure such insurance,  
28 self-insurance program, or local government risk pool.

29 m. g. The maintenance and operation of the courts,  
30 including but not limited to the salary and expenses of the  
31 clerk of the district court and other employees of the clerk's  
32 office, and bailiffs, court costs if the prosecution fails or  
33 if the costs cannot be collected from the person liable, costs  
34 and expenses of prosecution under section 189A.17, salaries  
35 and expenses of juvenile court officers under chapter 602,

1 court-ordered costs in domestic abuse cases under section  
2 236.5, the county's expense for confinement of prisoners under  
3 chapter 356A, temporary assistance to the county attorney,  
4 county contributions to a retirement system for bailiffs,  
5 reimbursement for judicial magistrates under section 602.6501,  
6 claims filed under section 622.93, interpreters' fees under  
7 section 622B.7, uniform citation and complaint supplies under  
8 section 805.6, and costs of prosecution under section 815.13.

9 n-h. Court-ordered costs of conciliation procedures under  
10 section 598.16.

11 e-i. Establishment and maintenance of a joint county  
12 indigent defense fund pursuant to an agreement under section  
13 28E.19.

14 p-j. The maintenance and operation of a local emergency  
15 management agency established pursuant to chapter 29C.

16 The board may require a public or private facility, as a  
17 condition of receiving payment from county funds for services  
18 it has provided, to furnish the board with a statement of the  
19 income, assets, and legal residence including township and  
20 county of each person who has received services from that  
21 facility for which payment has been made from county funds  
22 under paragraphs "a" through "h" and "b". However, the  
23 facility shall not disclose to anyone the name or street or  
24 route address of a person receiving services for which  
25 commitment is not required, without first obtaining that  
26 person's written permission.

27 Parents or other persons may voluntarily reimburse the  
28 county or state for the reasonable cost of caring for a  
29 patient or an inmate in a county or state facility.

30 Sec. 12. NEW SECTION. 331.424A COUNTY MENTAL HEALTH,  
31 MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES SERVICES  
32 FUND.

33 1. For the purposes of this chapter, unless the context  
34 otherwise requires, "services fund" means the county mental  
35 health, mental retardation, and developmental disabilities

1 services fund created in subsection 2. The county finance  
2 committee created in section 333A.2 shall adopt rules and  
3 prescribe forms for administering the services fund.

4 2. For the fiscal year beginning July 1, 1995, and  
5 succeeding fiscal years, county revenues from taxes and other  
6 sources designated for mental health, mental retardation, and  
7 developmental disabilities services shall be credited to the  
8 mental health, mental retardation, and developmental  
9 disabilities services fund of the county. The board may make  
10 appropriations from the fund for payment of services provided  
11 under the county management plan approved pursuant to section  
12 331.439.

13 3. For the fiscal year beginning July 1, 1995, and  
14 succeeding fiscal years, receipts from the state or federal  
15 government for such services shall be credited to the services  
16 fund, including moneys allotted to the county from the state  
17 payment made pursuant to section 331.439 and moneys allotted  
18 to the county for property tax relief pursuant to section  
19 426B.1.

20 4. For the fiscal year beginning July 1, 1995, and for  
21 each subsequent fiscal year, the county shall certify a levy  
22 for payment of services. Unless otherwise provided by state  
23 law, for each fiscal year, county revenues from taxes imposed  
24 by the county credited to the services fund shall not exceed  
25 an amount equal to the amount of base year expenditures for  
26 services in the fiscal year beginning July 1, 1993, and ending  
27 June 30, 1994, as defined in section 331.438 less the amount  
28 of property tax relief to be received pursuant to section  
29 426B.2, subsections 1 and 3, in the fiscal year for which the  
30 budget is certified. The county auditor and the board of  
31 supervisors shall reduce the amount of the levy certified for  
32 the services fund by the amount of property tax relief to be  
33 received.

34 5. Appropriations specifically authorized to be made from  
35 the mental health, mental retardation, and developmental

1 disabilities services fund shall not be made from the general  
2 fund of the county.

3 Sec. 13. Section 331.438, subsection 1, paragraph b, Code  
4 1995, is amended to read as follows:

5 b. "State payment" means the payment made by the state to  
6 a county determined to be eligible for the payment in  
7 accordance with section 331.439.

8 1A. Except as modified based upon the actual amount of the  
9 appropriation for purposes of state payment under section  
10 331.439, the amount of the state payment for a fiscal year  
11 shall be calculated as fifty one hundred percent of the amount  
12 by which the county's qualified expenditures during the  
13 immediately preceding fiscal year were in excess of the amount  
14 of the county's base year expenditures. A state payment is  
15 the state funding a county receives pursuant to section  
16 426B.2, subsection 2. Any state funding received by a county  
17 for property tax relief in accordance with section 426B.2,  
18 subsections 1 and 3, is not a state payment and shall not be  
19 included in the state payment calculation made pursuant to  
20 this subsection.

21 Sec. 14. Section 331.438, subsection 3, paragraph c,  
22 subparagraph (9), Code 1995, is amended to read as follows:

23 (9) Make recommendations to the council on human services  
24 for administrative rules for the county ~~single-entry-point~~  
25 central point of coordination and clinical assessment  
26 processes required under section 331.440 and other rules  
27 necessary for the implementation of county management plans  
28 and expenditure reports required for state payment pursuant to  
29 section 331.439.

30 Sec. 15. Section 331.438, subsection 3, paragraph c, Code  
31 1995, is amended by adding the following new subparagraph:

32 NEW SUBPARAGRAPH. (15) On or before December 1, 1995,  
33 submit to the governor and the general assembly any  
34 recommended changes in the formula for distributing property  
35 tax relief moneys to counties under section 426B.2,

1 subsections 1 through 3.

2 Sec. 16. Section 331.439, Code 1995, is amended by  
3 striking the section and inserting in lieu thereof the  
4 following:

5 331.439 ELIGIBILITY FOR STATE PAYMENT.

6 1. The state payment to eligible counties under this  
7 section shall be made as provided in sections 331.438 and  
8 426B.2. A county is eligible for the state payment, as  
9 defined in section 331.438, for the fiscal year beginning July  
10 1, 1995, and for subsequent fiscal years if the director of  
11 human services, in consultation with the state-county  
12 management committee, determines for a specific fiscal year  
13 that all of the following conditions are met:

14 a. The county accurately reported by December 1 the  
15 county's expenditures for mental health, mental retardation,  
16 and developmental disabilities services for the previous  
17 fiscal year on forms prescribed by the department of human  
18 services.

19 b. The county developed and implemented a county  
20 management plan for the county's mental health and mental  
21 retardation services in accordance with the provisions of this  
22 paragraph. The plan shall comply with the administrative  
23 rules adopted for this purpose by the council on human  
24 services and is subject to the approval of the director of  
25 human services in consultation with the state-county  
26 management committee created in section 331.438. The plan  
27 shall include a description of the county's service management  
28 provision for mental health, mental retardation, and  
29 developmental disabilities services. The plan shall have the  
30 following two parts:

31 (1) For mental health service management, the county may  
32 either directly implement a system of service management and  
33 contract with service providers, or contract with a private  
34 entity to manage the system, provided all requirements of this  
35 subparagraph are met by the private entity. For the fiscal

1 year beginning July 1, 1995, the county shall submit the plan  
2 for approval by January 1, 1996, and implement the approved  
3 plan on or before July 1, 1996. For subsequent fiscal years,  
4 this part of the plan shall be submitted to the department by  
5 April 1 for the succeeding fiscal year.

6 (2) For mental retardation and developmental disabilities  
7 service management, the plan shall describe the county's  
8 development and implementation of a managed system of cost-  
9 effective individualized services and other support to assist  
10 the individuals to be served to be as independent, productive,  
11 and integrated with the community as possible. The plan shall  
12 provide for consideration of the type and level of services  
13 and support needed and desired by the individual. The plan  
14 may allow the provision of services through vouchers or cash  
15 payments to allow individuals to arrange for their own  
16 services or support, if these methods are appropriate and  
17 cost-effective. The county may directly implement the system  
18 and contract with service providers, or contract with a  
19 private entity to manage the system, provided all requirements  
20 of this subparagraph are met by the private entity. For the  
21 fiscal year beginning July 1, 1996, this part of the plan  
22 shall be submitted to the department of human services by  
23 January 1, 1996. For subsequent fiscal years, this part of  
24 the plan shall be submitted prior to April 1 for the  
25 succeeding fiscal year.

26 c. Changes to the approved plan are submitted at least  
27 sixty days prior to the proposed change and are not to be  
28 implemented prior to the director of human services' approval,  
29 following the director's consultation with the state-county  
30 management committee.

31 2. A county may provide services to service populations  
32 with disabilities who are not included in the service  
33 management provisions required under subsection 1, subject to  
34 the availability of funding.

35 3. a. For the fiscal year beginning July 1, 1996, and

1 succeeding fiscal years, the county's mental health, mental  
2 retardation, and developmental disabilities service  
3 expenditures for a fiscal year are limited to a fixed budget  
4 amount. The fixed budget amount shall be the amount  
5 identified in the county's management plan and budget for the  
6 fiscal year. The county shall be allowed an inflation factor  
7 adjustment for services paid from the county's services fund  
8 under section 331.424A which is in accordance with the  
9 county's management plan and budget, implemented pursuant to  
10 this section.

11 b. Based upon information contained in county management  
12 plans and budgets, the state-county management committee shall  
13 recommend an inflation factor adjustment by January 1 for the  
14 succeeding fiscal year. The inflation factor adjustment shall  
15 address costs associated with new consumers of service,  
16 service cost inflation, and investments for economy and  
17 efficiency.

18 4. A county's implementation of the service management  
19 provisions required under subsection 1 for mental health and  
20 mental retardation shall incorporate the central point of  
21 coordination process described in section 331.440.

22 5. The basis for determining whether a managed care system  
23 for mental health proposed by a county is comparable to a  
24 mental health managed care contractor approved by the  
25 department of human services shall include but is not limited  
26 to all of the following elements which shall be specified in  
27 administrative rules adopted by the council on human services  
28 in consultation with the state-county management committee:

- 29 a. The enrollment and eligibility process.  
30 b. The scope of services included.  
31 c. The method of plan administration.  
32 d. The process for managing utilization and access to  
33 services and other assistance.  
34 e. The quality assurance process.  
35 f. The risk management provisions and fiscal viability of

1 the provisions, if the county contracts with a private managed  
2 care entity.

3 6. Notwithstanding any other provision of law to the  
4 contrary, a county shall have no obligation to pay for or  
5 provide mental health, mental retardation, or developmental  
6 disabilities services for any person that applies through the  
7 county's central point of coordination and clinical assessment  
8 processes after the moneys in the county services fund under  
9 section 331.424A are expended. If a county has expended its  
10 fixed budget amount for services pursuant to the management  
11 plan approved under subsection 1, the state shall assume  
12 financial responsibility and the county may apply to the state  
13 appeal board for emergency funds reserved in section 426B.1,  
14 subsection 3.

15 7. The director's approval of a county's mental health,  
16 mental retardation, and developmental disabilities services  
17 management plan shall not be construed to constitute  
18 certification of the county's budget.

19 Sec. 17. Section 331.440, Code 1995, is amended to read as  
20 follows:

21 331.440 MENTAL HEALTH, MENTAL RETARDATION, AND  
22 DEVELOPMENTAL DISABILITIES SERVICES -- SINGLE-ENTRY CENTRAL  
23 POINT OF COORDINATION PROCESS.

24 1. a. For the purposes of this section, unless the  
25 context otherwise requires, "single-entry central point of  
26 coordination process" means a single-entry central point of  
27 coordination process established by a county or consortium of  
28 counties for the delivery of mental health, mental  
29 retardation, and developmental disabilities services which are  
30 paid for in whole or in part by county funds. The single  
31 entry central point of coordination process may include but is  
32 not limited to reviewing a person's eligibility for services,  
33 determining the appropriateness of the type, level, and  
34 duration of services, and performing periodic review of the  
35 person's continuing eligibility and need for services. Any

1 recommendations developed concerning a person's plan of  
2 services shall be consistent with the person's unique  
3 strengths, circumstances, priorities, concerns, abilities, and  
4 capabilities. For those services funded under the medical  
5 assistance program, the single-entry central point of  
6 coordination process shall be used to assure that the person  
7 is aware of the appropriate service options available to the  
8 person.

9 b. The single-entry central point of coordination process  
10 may include a clinical assessment process to identify a  
11 person's service needs and to make recommendations regarding  
12 the person's plan for services. The clinical assessment  
13 process shall utilize qualified mental health professionals  
14 and qualified mental retardation professionals.

15 2. The department of human services shall seek federal  
16 approval as necessary for the single-entry central point of  
17 coordination and clinical assessment processes to be eligible  
18 for federal financial participation under medical assistance.  
19 A county may implement the single-entry central point of  
20 coordination process as part of a consortium of counties and  
21 may implement the process beginning with the fiscal year  
22 ending June 30, 1995.

23 3. The council on human services shall consider the  
24 recommendations of the state-county management committee  
25 established in section 331.438 in adopting rules outlining  
26 standards and requirements for implementation of the single  
27 entry central point of coordination and clinical assessment  
28 processes on the date required by subsection 2. The rules  
29 shall permit counties options in implementing the process  
30 based upon a county's consumer population and available  
31 service delivery system.

32 Sec. 18. NEW SECTION. 426B.1 APPROPRIATIONS -- PROPERTY  
33 TAX RELIEF FUND.

34 1. A property tax relief fund is created in the state  
35 treasury under the authority of the department of revenue and

1 finance. The fund shall be separate from the general fund of  
2 the state and shall not be considered part of the general fund  
3 of the state except in determining the cash position of the  
4 state for payment of state obligations. The moneys in the  
5 fund are not subject to the provisions of section 8.33 and  
6 shall not be transferred, used, obligated, appropriated, or  
7 otherwise encumbered except as provided in this section.  
8 Moneys in the fund may be used for cash flow purposes,  
9 provided that any moneys so allocated are returned to the fund  
10 by the end of each fiscal year. However, the fund shall be  
11 considered a special account for the purposes of section 8.53,  
12 relating to elimination of any GAAP deficit. For the purposes  
13 of this chapter, unless the context otherwise requires,  
14 "property tax relief fund" means the property tax relief fund  
15 created in this section.

16 2. There is appropriated to the property tax relief fund  
17 for the indicated fiscal years from the general fund of the  
18 state the following amounts:

19 a. For the fiscal year beginning July 1, 1995, sixty-five  
20 million dollars.

21 b. For the fiscal year beginning July 1, 1996, eighty-five  
22 million dollars.

23 c. For the fiscal year beginning July 1, 1997, one hundred  
24 five million dollars.

25 d. For the fiscal year beginning July 1, 1998, one hundred  
26 twenty-five million dollars.

27 e. For the fiscal year beginning July 1, 1999, one hundred  
28 forty-five million.

29 f. For the fiscal year beginning July 1, 2000, and  
30 succeeding fiscal years, one hundred sixty-five million  
31 dollars.

32 3. In the fiscal year beginning July 1, 1996, and in each  
33 subsequent fiscal year, of the funds appropriated to the  
34 property tax relief fund, the amount necessary to reserve one  
35 million dollars shall be set aside in the fund. The reserved

1 moneys shall be used for payment of county emergency needs for  
2 funds in excess of the fixed budget amount for services  
3 provided in accordance with the county's management plan  
4 approved under section 331.439. Any reserved moneys remaining  
5 unexpended or unobligated at the close of the fiscal year  
6 shall remain available in the succeeding fiscal year to be  
7 combined with the amount of funds appropriated in the  
8 succeeding fiscal year necessary to reach the one million  
9 dollar reserve amount. The director of revenue and finance  
10 shall pay a county's request for funds reserved under this  
11 subsection upon the approval of the request by the state  
12 appeal board pursuant to section 24.49.

13 Sec. 19. NEW SECTION. 426B.2 PROPERTY TAX RELIEF FUND  
14 DISTRIBUTIONS.

15 Moneys in the property tax relief fund shall be utilized in  
16 each fiscal year as follows in the order listed:

17 1. The first sixty-five million dollars plus the amount  
18 paid pursuant to subsection 3 in the previous fiscal year in  
19 the property tax relief fund shall be paid to each county for  
20 property tax relief in the same proportion that the county's  
21 base year expenditure bears to the total of all counties' base  
22 year expenditures as defined in section 331.438.

23 2. Payment of moneys to eligible counties of the state  
24 payment in accordance with the provisions of sections 331.438  
25 and 331.439. Moneys provided to a county for property tax  
26 relief in a fiscal year in accordance with this section shall  
27 not be less than the amount provided for property tax relief  
28 in the previous fiscal year.

29 3. The department of human services shall estimate the  
30 amount of moneys required for the state payment pursuant to  
31 subsection 2. Moneys remaining in the property tax relief  
32 fund following the payment made pursuant to subsection 1 and  
33 the estimated amount of the state payment pursuant to  
34 subsection 2 shall be paid to counties for property tax relief  
35 in the same manner as provided in subsection 1. These

1 payments shall continue until the combined amount of the  
2 payments made under this subsection and subsection 1 are equal  
3 to fifty percent of the total of all counties' base year  
4 expenditures as defined in section 331.438. The amount of  
5 moneys paid to a county pursuant to this subsection shall be  
6 added in subsequent fiscal years to the amount of moneys paid  
7 under subsection 1.

8 4. Moneys remaining in the property tax relief fund  
9 following the payments made pursuant to subsections 1, 2, and  
10 3 shall be transferred to the homestead credit fund created in  
11 section 425.1. This transfer shall continue until the  
12 homestead credit is fully funded.

13 5. Moneys remaining in the property tax relief fund  
14 following the payments made pursuant to subsections 1, 2, and  
15 3, and the transfer made pursuant to subsection 4, shall be  
16 transferred to the appropriation made in section 426A.1 for  
17 funding the military service tax credit. This transfer shall  
18 continue until the combination of the appropriation made in  
19 section 426A.1 and the funds transferred are sufficient to  
20 fully fund the military service tax credit.

21 6. Moneys remaining in the property tax relief fund  
22 following the payments made pursuant to subsections 1, 2, and  
23 3, and the transfers made pursuant to subsections 4 and 5,  
24 shall be transferred to the extraordinary property tax credit  
25 and reimbursement fund created in section 425.39. This  
26 transfer shall continue until the combination of the  
27 appropriation made in section 425.39 and the funds transferred  
28 are sufficient to fully fund all claims on the extraordinary  
29 property tax credit and reimbursement fund.

30 7. Moneys remaining in the property tax relief fund  
31 following the payments made pursuant to subsections 1, 2, and  
32 3, and the transfers made pursuant to subsections 4, 5, and 6,  
33 shall be transferred to the low-income tax credit and  
34 reimbursement fund created in section 425.40. This transfer  
35 shall continue until the low-income tax credit is fully

1 funded.

2 8. Moneys remaining in the property tax relief fund  
3 following the payments made pursuant to subsections 1, 2, and  
4 3, and the transfers made pursuant to subsections 4, 5, 6, and  
5 7, shall be transferred to the agricultural land credit fund  
6 created in section 426.1. This transfer shall continue until  
7 the agricultural land tax credit is fully funded.

8 9. The director of revenue and finance shall draw warrants  
9 on the property tax relief fund, payable to the county  
10 treasurer in the amount due to a county in accordance with  
11 subsections 1 and 3 and mail the warrants to the county  
12 auditors in September and March of each year. Warrants for  
13 the state payment in accordance with subsection 2 shall be  
14 mailed in January of each year. The director shall initiate  
15 the transfers required by this section.

16 Sec. 20. NEW SECTION. 426B.3 NOTIFICATION OF MENTAL  
17 HEALTH, MENTAL RETARDATION, AND DEVELOPMENTAL DISABILITIES  
18 EXPENDITURE RELIEF FUND PAYMENT.

19 1. Before June 1, 1995, and before February 15 of each  
20 succeeding fiscal year, the director of revenue and finance  
21 shall notify the county auditor of each county of the amount  
22 of moneys the county will receive from the property tax relief  
23 fund pursuant to section 426B.2, subsections 1 and 3, for the  
24 succeeding fiscal year. The county auditor shall reduce the  
25 certified budget amount received from the board of supervisors  
26 for the succeeding fiscal year for the county mental health,  
27 mental retardation, and development disabilities services fund  
28 created in section 331.424A by an amount equal to the amount  
29 the county will receive and the auditor shall determine the  
30 rate of taxation necessary to raise the reduced amount. On  
31 the tax list, the county auditor shall compute the amount of  
32 taxes due and payable on each parcel before and after the  
33 amount received from the property tax relief fund is used to  
34 reduce the county budget.

35 2. The amount of property tax dollars reduced on each

1 parcel as a result of the moneys received from the property  
2 tax relief fund pursuant to section 426B.2, subsections 1 and  
3 3, shall be noted on each tax statement prepared by the county  
4 treasurer pursuant to section 445.23.

5 Sec. 21. NEW SECTION. 426B.4 RULES.

6 The director of revenue and finance shall prescribe forms  
7 and adopt rules pursuant to chapter 17A to administer this  
8 chapter.

9 Sec. 22. PILOT PROJECT FOR A MANAGED SYSTEM OF  
10 INDIVIDUALIZED SERVICES.

11 1. The department of human services, in cooperation with a  
12 county or consortium of counties, shall develop, test, and  
13 evaluate a pilot project for a managed system of  
14 individualized services and support for individuals with  
15 mental retardation and developmental disabilities in at least  
16 two areas of the state. One area shall be urban and one  
17 rural. The system shall be designed to provide the  
18 individuals being served with a choice of services and other  
19 support that will assist the individuals to be as independent,  
20 productive, and integrated into the community as possible.

21 2. In implementing the managed system pilot project, the  
22 department and the county or consortium of counties may  
23 directly manage the system and contract with service providers  
24 and others for needed services or support after identifying  
25 the type and level of services and support needed by the  
26 individual. The pilot project shall provide a reasonable rate  
27 of reimbursement. If costs are equal to or less than  
28 providing vouchers or cash payments to the individuals and the  
29 individuals served so desire, vouchers or cash payments may be  
30 provided to the individuals to allow them to arrange for their  
31 own services or support. The department and the county or  
32 consortium of counties may enter into a contract with a  
33 private entity to manage this individualized system provided  
34 all pilot project requirements are met through the private  
35 entity.

1 3. The department and the county or consortium of counties  
2 shall seek the advice of persons with mental retardation and  
3 developmental disabilities and their family members in  
4 designing the pilot project. The state-county management  
5 committee created in section 331.438 shall also have an  
6 opportunity to make recommendations regarding the pilot  
7 project.

8 4. The department shall apply for all necessary federal  
9 waivers so that in addition to state and county funds, federal  
10 moneys available for these services may also be flexibly used  
11 in the pilot project. The planning for the pilot project  
12 shall be completed prior to January 1, 1996, and the pilot  
13 project shall commence on or before March 1, 1996.

14 Sec. 23. FUNDING OF SESSION LAW REQUIREMENTS. If the  
15 appropriations in section 426B.1, subsection 2, as created in  
16 this division of this Act, are enacted by this Act, the  
17 requirements of 1994 Iowa Acts, chapter 1163, section 8,  
18 subsection 2, to fully fund provisions of sections 331.438 and  
19 331.439 shall be considered to be met and the repeals  
20 contained in 1994 Iowa Acts, chapter 1163, section 8,  
21 subsection 2, shall be void.

22 Sec. 24. EFFECTIVE DATE. Sections 7, 8, and 9 take effect  
23 July 1, 1995, and the remainder of this division of this Act,  
24 being deemed of immediate importance, takes effect upon  
25 enactment; however, the provisions of sections 10, 11, and 12,  
26 relating to the supplemental levy and the county mental  
27 health, mental retardation, and developmental disabilities  
28 fund, are applicable to taxes payable in the fiscal year  
29 beginning July 1, 1995.

30

#### EXPLANATION

31 This bill makes changes relating to income tax and the  
32 property tax on industrial machinery, equipment and computers  
33 and to services paid for by property taxes and property tax  
34 reductions and credits.

35 Division I of the bill allows certain persons to deduct all

1 types of pension income in computing income for state indi-  
2 vidual income tax purposes. The bill allows, for a tax year  
3 beginning in the 1996 calendar year, a deduction of pension  
4 income of up to a maximum of \$1,500 for a person who files a  
5 separate return and \$3,000 for a husband and wife who file a  
6 joint return. For tax years beginning in the 1997 calendar  
7 year and for all subsequent tax years, there is allowed a  
8 deduction of pension income of up to a maximum of \$3,000 for a  
9 person who files a separate return and \$6,000 for a husband  
10 and wife who file a joint return. This provision is  
11 contingent upon the amount of revenues credited to the general  
12 fund of the state in fiscal year 1994-1995 exceeding  
13 \$4,007,000,000.

14 The bill also increases the state income tax credit for  
15 dependents from \$15 to \$40. This increase applies  
16 retroactively to January 1, 1995, for tax years beginning on  
17 or after that date.

18 Division II of the bill appropriates \$8 million to fund a  
19 reimbursement to taxpayers who have paid property taxes on  
20 industrial machinery, equipment and computers for the fiscal  
21 year beginning July 1, 1995. Penalties are provided for  
22 persons who file fraudulent claims. The bill also provides  
23 that industrial machinery, equipment and computers owned by  
24 electric power generating plants shall be assessed as is the  
25 same property owned by other utilities which are assessed by  
26 the state department of revenue and finance. The bill further  
27 provides that such property belonging to an electric power  
28 generating plant may not be exempted from taxation under the  
29 New Jobs and Income Act.

30 Division III relates to property taxes and other provisions  
31 involving mental health, mental retardation, and developmental  
32 disabilities (MH/MR/DD) services.

33 New section 24.49 provides for the state appeals board to  
34 consider requests from counties and authorize payments for  
35 emergency needs funds beginning in fiscal year 1996-1997. The

1 requests are from counties operating under a fixed budget for  
2 MH/MR/DD services.

3 Section 331.424, subsection 1, providing supplemental levy  
4 authority for general county services, is amended to remove  
5 authority to levy under the supplemental levy for MH/MR/DD  
6 services. Conforming amendments are made to sections 123.38,  
7 218.99, 225C.4, and 331.301.

8 New section 331.424A creates a county MH/MR/DD services  
9 fund. County authority to levy for MH/MR/DD services is  
10 provided for under this section and all county revenues and  
11 expenditures for such services are to be paid from this fund.  
12 The levy authority is limited to a base year amount and is  
13 subject to further reductions for property tax relief paid by  
14 the state.

15 Section 331.438 relates to state payment to counties for  
16 the costs of MH/MR/DD services. Under current law, fiscal  
17 year 1993-1994 is established as a base year for net county  
18 expenditure MH/MR/DD services. Beginning with fiscal year  
19 1996-1997, the state is to annually provide funding to  
20 eligible counties for 50 percent of the increase in the prior  
21 fiscal year over the amount of base year expenditures. The  
22 bill changes the state funding requirement for the increase to  
23 100 percent.

24 Section 331.438 also pertains to the state-county  
25 management committee which provides recommendations involving  
26 MH/MR/DD services and funding. Under the bill the committee  
27 is required to provide any recommendations by December 1,  
28 1995, for changes in the property tax relief funding formula  
29 provided in the bill.

30 Section 331.439 provides the eligibility requirements for a  
31 county to receive the state payment under section 331.438.  
32 This section is stricken and rewritten. The changes from  
33 current law include a change in date required for a county to  
34 report its prior year MH/MR/DD services expenditures from  
35 October 15 to December 1; change in the dates by which a

1 county must submit for approval and implement a managed care  
2 system for mental health services from submitting by March 1  
3 and implementing in fiscal year 1995-1996 to submitting by  
4 January 1, 1996, and implementing July 1, 1996; revising  
5 provisions involving managed care for mental retardation  
6 services to authorize a county to implement managed care for  
7 mental retardation and developmental disabilities under a  
8 range of options and to set a specific date of January 1,  
9 1996, for the initial report; authorize a county to provide  
10 services to populations which are not included in the service  
11 management provisions if funding is available; requiring  
12 county MH/MR/DD service expenditures to operate under a fixed  
13 budget beginning with fiscal year 1996-1997; providing for an  
14 inflation factor adjustment for the fixed budget; authorizing  
15 the state-county management committee to recommend the  
16 inflation factor adjustment; requiring the county management  
17 plan to incorporate the renamed central point of coordination  
18 provisions required under current law; providing the elements  
19 comprising the basis for determining whether a system for  
20 managed mental health care proposed by a county is comparable  
21 to the state-approved managed care contractor; providing that  
22 a county's obligation to pay for MH/MR/DD services is limited  
23 to the amount of funding available under the county's approved  
24 plan and fixed budget; and, as under current law, providing  
25 that the director of human services' approval of county  
26 management plan does not constitute certification of the  
27 county's budget.

28 Section 331.440 provides requirements for counties to  
29 implement a "single entry point process" for the delivery of  
30 MH/MR/DD services paid for in whole or part by county funds.  
31 This section is amended to rename the process as a "central  
32 point of coordination process".

33 New section 426B.1 creates a property tax relief fund under  
34 the authority of the department of revenue and finance and  
35 makes standing limited appropriations to the fund. Reserved

1 moneys in the amount of \$1 million are to be set aside in the  
2 fund for the emergency needs requests of counties as  
3 authorized by the state appeals board.

4 New section 426B.2 outlines requirements for making  
5 payments from the property tax relief fund.

6 A three-part formula is incorporated in the permanent  
7 statute for the property tax relief fund. The first \$65  
8 million is to be distributed to counties for property tax  
9 relief based upon a county's proportion of the total of county  
10 base year expenditures for MH/MR/DD assistance in fiscal year  
11 1993-1994. Next, remaining moneys are distributed for the  
12 state payment described above. The third part of the formula  
13 requires any other remaining moneys to be distributed for  
14 property tax relief for MH/MR/DD expenditures until the relief  
15 is equal to 50 percent of the total of county base year  
16 expenditures. The bill then provides for funding of other  
17 property tax credits in the following order: homestead,  
18 military service, extraordinary credit and reimbursement, low-  
19 income, and agricultural land credit.

20 New section 426B.3 requires the director of revenue and  
21 finance to notify counties of the amount the counties will  
22 receive from the fund for property tax relief in the next  
23 fiscal year. The county auditor is required to reduce the  
24 property tax dollars requested for the county's certified  
25 budget in the succeeding fiscal year by the amount the county  
26 will receive for property tax relief. In addition, the county  
27 auditor is to compute the reduction in property taxes for each  
28 parcel as a result of the state funding and to note the  
29 reduction amount in the tax statement for that parcel.

30 New section 426B.4 authorizes the director of revenue and  
31 finance to adopt administrative rules to implement the  
32 codified provisions in the bill.

33 The department of human services is to implement a pilot  
34 project for managed care for persons with mental retardation  
35 or a developmental disability.

1 Included in 1994 Iowa Acts, chapter 1163, which provided an  
2 extension in the property tax limitations on counties for  
3 fiscal years 1995-1996 and 1996-1997, were contingent repeal  
4 provisions of the extension in the event the state does not  
5 enact appropriations to fulfill statutory funding obligations  
6 included in that Act to be enacted by certain dates in 1995  
7 and 1996. The required 1995 legislative session enactment is  
8 not contained in this legislation. However, for 1996, the  
9 bill specifies that, if enacted, the appropriations in the  
10 bill fulfill the statutory funding obligations required by no  
11 later than April 1, 1996, and the contingent repeal which  
12 would take effect on that date does not apply, so the property  
13 tax limitations would continue for the 1996-1997 fiscal year.

14 Except for sections 7, 8, and 9 which take effect July 1,  
15 1995, this division of the bill takes effect upon enactment.  
16 An applicability provision is included.

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