

CHAPTER 272
FLOOD MITIGATION PROGRAM
[Prior to 9/7/22, see Revenue Department[701] Ch 238]

701—272.1(418) Flood mitigation program. Iowa Code chapter 418 authorizes and governs the flood mitigation program to assist governmental entities in undertaking approved projects. This chapter sets forth rules for the department of revenue's administration of the calculation and remittance of the sales tax increment funding. The Iowa department of homeland security and emergency management's administrative rules for other aspects of this program are found at 605—Chapter 14.

This rule is intended to implement Iowa Code chapter 418 and sections 423.2(11), 423.2A(2) and 423.2A(3).

[ARC 8165C, IAB 7/24/24, effective 8/28/24]

701—272.2(418) Definitions. For purposes of this chapter, terms mean the same as defined in Iowa Code chapter 418. Additionally, the following definitions apply:

“*Corresponding quarter*” means the quarter in the base year and the quarter in the year in which the increment is measured that end in the same month. For example, if the base year is fiscal year 2013 and the year in which the increment is first measured is 2014, then the quarter ending in September 2012 of the base year would correspond to the quarter ending in September 2014 of the calendar year.

“*Department*” means the Iowa department of revenue.

This rule is intended to implement Iowa Code section 418.1.

[ARC 8165C, IAB 7/24/24, effective 8/28/24]

701—272.3(418) Sales tax increment calculation.

272.3(1) Sales tax increment calculation formula. The department will calculate quarterly the amount of the sales tax increment as described in Iowa Code section 418.11(2). To do so, the department will determine the base year for the flood mitigation project when the period for processing returns for the final quarter in the base year is complete.

272.3(2) Sales considered within the calculation formula. Only sales that are made by retail establishments in the area are taken into consideration when the sales subject to tax are determined. Sales otherwise sourced to the area are not considered in the calculation.

272.3(3) Identification of retailers. Each governmental entity that has established a project under Iowa Code chapter 418 must notify the department of retail establishments in the governmental entity's applicable area that are collecting sales tax as soon as possible. This process shall be ongoing until the governmental entity ceases to utilize sales tax revenue under Iowa Code chapter 418.

This rule is intended to implement Iowa Code sections 418.11 and 423.2A(2).

[ARC 8165C, IAB 7/24/24, effective 8/28/24]

701—272.4(418) Sales tax increment fund.

272.4(1) Deposits. For each governmental entity that establishes a flood mitigation project under Iowa Code chapter 418, the department will deposit collected funds into each applicable area's sales tax increment fund as described in Iowa Code section 418.12(3). Additionally, moneys will not be deposited in the fund before the period for processing returns is complete.

272.4(2) Requests for remittances; limitations.

a. Each quarter, the department will transfer into the sales tax increment fund the full amount of the increased sales tax subject to the limitations described in Iowa Code section 418.12(4) “*a.*” The director of the department may adjust the amount transferred during the year if it becomes apparent that the total amount transferred will exceed the limitations stated in this rule. If, when the total of all of the transfers made to a governmental entity during the year is calculated at the end of the fiscal year, it is determined that the governmental entity received more than the maximum amount permissible under this rule, the department may withhold funds in the subsequent fiscal year to recoup the excess payments.

b. If the governmental entity has unused funds from a prior quarter in its account within the sales tax increment fund, subject to the limitations in Iowa Code section 418.12(4) “a,” those funds will be available in subsequent quarters so long as the amount is necessary for the purposes of this chapter.

272.4(3) *Authorized expenditures.* Funds from requests for remittances made to the department by a governmental entity shall only be used for the governmental entities’ costs or obligation to the project as described in Iowa Code section 418.13(1).

272.4(4) *Remittance of funds to the general fund.* The board shall assist the department in determining whether the fund or accounts within the fund have met the limitations found in Iowa Code section 418.12(5).

This rule is intended to implement Iowa Code sections 418.12, 418.13 and 423.2A(2).

[ARC 8165C, IAB 7/24/24, effective 8/28/24]

701—272.5(418) Administrative fee.

272.5(1) *Administrative fee.* Pursuant to Iowa Code section 423.2A(3), the department will retain an administrative fee from the amount it would otherwise distribute to the flood mitigation program.

272.5(2) *Amount retained.* The amount retained each quarter will be the total of the prorated shares amongst all projects in both the flood mitigation program and the reinvestment districts program authorized under Iowa Code chapter 15J.

272.5(3) *Prorated share.* Each entity’s prorated share of the administrative fee for each quarter will be calculated as follows:

<u>Flood mitigation entity’s distribution for the quarter</u>		Either \$25,000 or the department’s
Total distributions of both the flood mitigation and reinvestment districts for the quarter	x	actual expenses, whichever is less

This rule is intended to implement Iowa Code section 423.2A(3).

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