

CHAPTER 273  
REINVESTMENT DISTRICTS PROGRAM

[Prior to 9/7/22, see Revenue Department[701] Ch 237]

**701—273.1(15J) Purpose and definitions.** The Iowa reinvestment Act provides for the reinvestment of as much as \$100 million in state hotel and motel and state sales tax revenues from revenue-generating projects within certain districts. The economic development authority board is authorized to oversee the implementation and administration of certain provisions of this program, including evaluating projects and making funding decisions. This chapter sets forth rules for the department of revenue's administration of the calculation, collection, and remittance of funds for this program. The economic development authority board's administrative rules about this program are found in 261—Chapter 200. Terms mean the same as defined in Iowa Code chapter 15J.

This rule is intended to implement Iowa Code chapter 15J.

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

**701—273.2(15J) New state tax revenue calculations.**

**273.2(1) State sales tax.** For districts established before July 1, 2020, the department will calculate the state sales tax revenues as described in Iowa Code section 15J.5(1)“b”(1). For those established on or after July 1, 2020, the calculations are as described in Iowa Code section 15J.5(1)“b”(2).

**273.2(2) State hotel and motel tax.** For districts established before July 1, 2020, the department will calculate the state hotel and motel tax revenues as described in Iowa Code section 15J.5(2)“b”(1). For those established on or after July 1, 2020, the calculations are as described in Iowa Code section 15J.5(2)“b”(2).

**273.2(3) Identification of new retail establishments and lessors.** Each municipality that has established a district under Iowa Code chapter 15J must notify the department of new retail establishments and lessors in the district that are created as soon as possible. This process shall be ongoing until the municipality ceases to utilize state sales tax revenue or state hotel and motel tax revenue under this chapter or the district is dissolved.

This rule is intended to implement Iowa Code sections 15J.5, 423.2(11) and 423A.6.

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

**701—273.3(15J) State reinvestment district fund.**

**273.3(1) Deposits.** The department shall deposit moneys into the appropriate district fund as described in Iowa Code section 15J.6; however, moneys shall not be deposited in the fund before the period for processing returns is complete.

**273.3(2) Late-filed returns.** Moneys described in Iowa Code section 15J.6 that are collected from late-filed returns shall be deposited in the fund. Such moneys shall be deposited following the period for processing returns for the quarter in which the late return is received, subject to the limitations of Iowa Code chapter 15J.

**273.3(3) Refund claims.** If the moneys described in Iowa Code section 15J.6 are the subject of a refund claim and that claim is granted by the department, the department may offset any refund at a later date against funds remitted to the district in which the new retail establishment or new lessor that had remitted the refunded tax amount is located.

This rule is intended to implement Iowa Code section 15J.6.

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

**701—273.4(15J) Reinvestment project fund.** State sales tax revenue and state hotel and motel tax revenue will be remitted by the department and deposited into reinvestment project funds as described in Iowa Code section 15J.7. Moneys deposited in the fund shall only be used to fund projects as described in Iowa Code section 15J.7(1) and not those projects described in Iowa Code section 15J.7(4).

This rule is intended to implement Iowa Code section 15J.7.

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

**701—273.5(15J) End of deposits—district dissolution.****273.5(1)** *Cessation of deposits.*

*a.* The department shall cease to deposit state sales tax revenues and state hotel and motel revenues once the limitations described in either Iowa Code section 15J.8(1) or 15J.8(2) are met.

*b.* The department shall cease to deposit new tax revenues into a district's account within the fund once the maximum benefit amount approved by the board for the district has been reached. If a district reaches the maximum benefit amount, the department shall notify the municipality and the board within a reasonable amount of time.

**273.5(2)** *District dissolution.*

*a.* If a municipality dissolves a district pursuant to Iowa Code section 15J.8(2), the municipality must notify the department as required by Iowa Code section 15J.8(2).

*b.* When a municipality is notified that its maximum benefit amount has been reached, the municipality shall dissolve the district by ordinance as soon as practicable after notification.

This rule is intended to implement Iowa Code section 15J.8.

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

**701—273.6(15J) Administrative fee.**

**273.6(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 reinvestment district program.

**273.6(2)** *Amount retained.* The amount retained each quarter will be the total of the prorated shares amongst all projects in both the reinvestment districts programs and the flood mitigation program authorized under Iowa Code chapter 418.

**273.6(3)** *Prorated share.* Each entity's prorated share of the administrative fee for each quarter will be calculated as follows:

<u>Reinvestment district 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).

[ARC 8166C, IAB 7/24/24, effective 8/28/24]

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