

**541—16.1(27B) Denial of state funds.**

**16.1(1) Definitions.** For purposes of this chapter:

“*City*” means a municipal corporation but does not include a county, township, school district, or any special-purpose district or authority.

“*County*” means an administrative subdivision in the state governed by a locally elected board of supervisors and may be comprised of subdivisions, including cities, townships, school districts, or any special-purpose district or authority.

“*Declaratory judgment*” means a judgment issued by a district court declaring a local entity is in full compliance with Iowa Code chapter 27B.

“*Department*” means the Iowa department of management, pursuant to Iowa Code chapter 8.

“*Final judicial determination*” means a district court ruling on a civil action brought by the state attorney general’s office finding a local entity to have violated the provisions of Iowa Code chapter 27B.

“*Fiscal year*” means the time period beginning on July 1 and ending the following June 30, as defined in Iowa Code section 8.36.

“*Governing body*” means the mayor and city council of a city or the board of supervisors of a county.

“*Local entity*” means the governing body of a city or county and includes an officer or employee of a local entity or a division, department, or other body that is part of a local entity, including but not limited to a sheriff, police department, city attorney, or county attorney. “Local entity” includes local city and county boards and commissions in which membership on the board or commission is the result of an appointment by the city council or the county board of supervisors. “Local entity” does not include local city and county boards and commissions whose membership is determined by election or is specifically set forth by the Iowa Code. “Local entity” does not include multijurisdictional boards and commissions in which a city or county is one of multiple local government members.

“*State agency*” means any board, commission, department or other administrative office or unit of the executive branch of the state as defined by Iowa Code section 7E.4.

“*State funds*” means those funds held by the state that originate from revenues, fees or receipts collected by the state and distributed to local entities. Funds held by the state that are not defined as state funds include:

1. Federal funds (unless provided to the state and awarded as a grant by the state).
2. Funds paid out per gubernatorial or presidential emergency proclamation.
3. Any revenue collected and administered by the state on behalf of a local entity due to a locally imposed tax, fee or fine.
4. Any state funds for the provision of wearable body protective gear used for law enforcement purposes.
5. Payment for public protection, utilities, or goods and services.
6. Payment of settlements.
7. Setoffs as described by Iowa Code section 8A.504.

**16.1(2) Denial of state funds.** State funds shall be denied to a local entity pursuant to Iowa Code chapter 27B by all state agencies for each state fiscal year that begins after the date on which a final judicial determination is made in a civil action brought pursuant to Iowa Code section 27B.4(6).

*a.* The department will send written notification to a state agency to deny state funds. Payments will continue to be made to the local entity until the beginning of the state fiscal year that begins after the date on which a final judicial determination is made, at which time payments will be denied.

*b.* If a local entity receives state funds through a county, the department will notify the county so that any needed changes may be made to apportionment systems for property tax credits, exemptions and replacements.

*c.* A state agency will contact a federal granting agency in writing to determine how to administer federal funds when state match funds are denied. The state agency may be required to discontinue drawing federal funds or issue repayments as instructed by the federal granting agency.

*d.* Funds will continue to be denied until issuance of a declaratory judgment.