

701—272.4(418) Sales tax increment fund.

272.4(1) *Establishment of the sales tax increment fund.* A sales tax increment fund is established as a separate and distinct fund in the state treasury under the control of the department. The fund consists of the amount of the increased state sales and services tax revenues collected by the department within each applicable area specified in Iowa Code section 418.11(3) and deposited in the fund pursuant to Iowa Code section 423.2(11)“b.” Moneys deposited in the fund are appropriated to the department for the purposes of this rule. Moneys in the fund shall only be used for the purposes of this rule.

272.4(2) *Sales tax increment accounts.* An account is created within the fund for each governmental entity that has adopted a resolution under Iowa Code section 418.4(3)“d.”

272.4(3) *Deposits into the sales tax increment fund.* The department shall deposit in the fund the moneys described in subrule 272.4(1) beginning the first day of the quarter following receipt of a resolution under Iowa Code section 418.4(3)“d.” However, in no case shall a sales tax increment be calculated under Iowa Code section 418.11 or such moneys be deposited in the fund under this rule prior to January 1, 2014. Additionally, moneys will not be deposited in the fund before the period for processing returns for a given quarter is complete.

272.4(4) *Requests for remittances; limitations.*

a. Upon request of a governmental entity, the department shall remit the moneys in the governmental entity’s account within the fund to the governmental entity for deposit in the governmental entity’s flood project fund. Such requests shall be made not more than quarterly. Requests for remittance shall be submitted on forms prescribed by the department.

b. In lieu of quarterly requests, a governmental entity may submit a certified schedule of principal and interest payments on bonds issued under Iowa Code section 418.4. If such a certified schedule is submitted, the department shall, subject to the remittance limitations of this chapter, remit from the governmental entity’s account to the governmental entity for deposit in the governmental entity’s flood project fund the amounts necessary for such principal and interest payments in accordance with the certified schedule.

c. A governmental entity shall not during any fiscal year receive remittances under this rule exceeding \$15 million or 70 percent of the total yearly amount of increased sales tax increment revenue in the governmental entity’s applicable area and deposited in the governmental entity’s account or the annual maximum amount established by the board pursuant to Iowa Code section 418.9(4), whichever is less.

d. The total amount of remittances during any fiscal year for all governmental entities approved to use sales tax revenues under this chapter shall not exceed, in the aggregate, \$30 million. Remittances from the department of revenue shall be deposited in the governmental entity’s flood project fund under Iowa Code section 418.13.

e. Each quarter, the department will transfer into the sales tax increment fund the full amount of the increased sales tax subject to the limitations stated in this rule. 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 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.

f. If the governmental entity has unused funds from a prior quarter in its account within the sales tax increment fund, subject to paragraphs 272.4(4)“a” to “e,” those funds will be available in subsequent quarters so long as the amount is necessary for the purposes of this chapter.

272.4(5) *Authorized expenditures.*

a. Requests for remittance shall be made for the amount of moneys in the governmental entity’s account necessary to pay the governmental entity’s costs or obligations related to the project, according to the sales tax revenue funding needs specified in the approved project plan.

b. Allowed costs or obligations under Iowa Code section 418.13(1) include the costs of the approved project, reimbursements for funds advanced internally or to help make payments on bonds

incurred to pay for approved projects, and principal and interest on bonds issued under Iowa Code section 418.14.

272.4(6) *Remittance of funds to the general fund.* If the department determines that the revenue accruing to the fund or accounts within the fund exceeds \$30 million, or exceeds the amount necessary for the purposes of this chapter if the amount necessary is less than \$30 million, then those excess moneys shall be credited by the department for deposit in the general fund of the state. The board shall assist the department in determining whether the fund or accounts within the fund have met the limitations of this rule.

272.4(7) *Reporting requirements.* Each governmental entity approved by the board to use sales tax increment revenues for a project under this chapter shall submit two reports to the board certifying the total amount of nonpublic investment, as defined in Iowa Code section 418.9(2) “d,” that has occurred in the governmental entity’s area as defined in Iowa Code section 418.11(3). The first report shall be submitted not later than five years after the board approved the project. The second report shall be submitted to the board not later than ten years after the board approved the project.

272.4(8) *Failure to meet nonpublic investment requirements.* If the nonpublic investment requirements of Iowa Code section 418.9(2) “d” are not satisfied, the board shall reduce the governmental entity’s amount of sales tax increment revenues eligible to be remitted during the remaining period of time for receiving remittances by an amount equal to the shortfall in nonpublic investment. However, such a reduction shall not be to an amount less than zero.

This rule is intended to implement Iowa Code sections 418.12 and 418.13.

[ARC 1103C, IAB 10/16/13, effective 11/20/13; ARC 4311C, IAB 2/13/19, effective 3/20/19; ARC 6508C, IAB 9/7/22, effective 10/12/22; Editorial change: IAC Supplement 10/18/23]