

House Amendment to
Senate File 512

S-3387

1 Amend Senate File 512, as amended, passed, and reprinted by
2 the Senate, as follows:

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

5 <Section 1. NEW SECTION. **8.57B Water quality**
6 **infrastructure fund — creation — appropriations.**

7 1. A water quality infrastructure fund is created within
8 the division of soil conservation and water quality of the
9 department of agriculture and land stewardship. The fund shall
10 consist of all of the following:

11 a. (1) Moneys transferred to the fund pursuant to section
12 423G.6.

13 (2) This paragraph "a" is repealed upon the date on which
14 chapter 423G is repealed pursuant to section 423G.7.

15 b. Appropriations made to the fund and transfers of
16 interest, earnings, and moneys from other funds as provided by
17 law.

18 2. The fund shall be separate from the general fund of the
19 state and the balance in the fund shall not be considered part
20 of the balance of the general fund of the state. However, the
21 fund shall be considered a special account for the purposes
22 of section 8.53, relating to generally accepted accounting
23 principles.

24 3. Moneys in the fund are appropriated to the division
25 of soil conservation and water quality of the department of
26 agriculture and land stewardship for the exclusive purpose of
27 supporting water quality agriculture infrastructure programs
28 created in section 466B.43.

29 4. Notwithstanding section 8.33, moneys in the fund
30 that remain unencumbered or unobligated at the close of a
31 fiscal year shall not revert but shall remain available for
32 expenditure for the purposes designated. Notwithstanding
33 section 12C.7, subsection 2, interest or earnings on moneys in
34 the fund shall be credited to the fund.

35 Sec. 2. NEW SECTION. **16.140 Water quality protection and**

1 wastewater treatment grant program — fund.

2 1. As used in this section, unless the context otherwise
3 requires:

4 a. "*Clean Water Act*" means the same as defined in section
5 16.131A.

6 b. "*Eligible entity*" means either of the following:

7 (1) An entity engaged in an industry identified in the Iowa
8 nutrient reduction strategy, as determined by the authority,
9 which industry is or will be required pursuant to the Iowa
10 nutrient reduction strategy to collect data on the source,
11 concentration, and mass of total nitrogen or total phosphorus
12 in its effluent, and to evaluate alternatives for reducing the
13 amount of nutrients in its discharge.

14 (2) An entity implementing technology or operational
15 improvements to reduce nutrients in its discharge.

16 c. "*Iowa nutrient reduction strategy*" means a water
17 quality initiative developed and updated by the department of
18 agriculture and land stewardship, the department of natural
19 resources, and the college of agriculture and life sciences at
20 Iowa state university of science and technology in order to
21 assess and reduce nutrients in this state's watersheds that
22 utilizes a pragmatic, strategic, and coordinated approach with
23 the goal of accomplishing reductions over time.

24 d. "*Municipality*" means a city or a rural water district or
25 association empowered by law to provide sewage collection and
26 treatment services or drinking water, or a public utility as
27 defined in section 476.1.

28 e. "*Program*" means the water quality protection and
29 wastewater treatment grant program created in this section.

30 f. "*Safe Drinking Water Act*" means the same as defined in
31 section 16.131A.

32 g. "*Source water protection project*" means a project or
33 activity designed to prevent pollutants from entering public
34 drinking water sources.

35 h. "*Wastewater infrastructure improvement*" includes

1 the acquisition, construction, reconstruction, extension,
2 equipping, improvement, or rehabilitation of any works or
3 facilities useful for the collection, treatment, and disposal
4 of sewage or industrial waste in a sanitary manner, including
5 treatment works as defined in section 212 of the Clean Water
6 Act, and including the implementation and development of
7 sponsor projects under section 455B.199.

8 *i.* "Water infrastructure improvement" includes the
9 acquisition, construction, reconstruction, extending,
10 remodeling, improving, repairing, or equipping of waterworks,
11 water mains, extensions, or treatment facilities useful
12 for providing potable water to residents served by a water
13 system, including the acquisition of real property needed
14 for such purposes, and such other purposes and programs as
15 may be authorized under the Safe Drinking Water Act. "Water
16 infrastructure improvement" does not include the acquisition of
17 real property through the use of eminent domain.

18 2. The Iowa finance authority shall establish and
19 administer a water quality protection and wastewater treatment
20 grant program for the purpose of providing financial assistance
21 in the form of grants to enhance water quality, upgrade water
22 and wastewater infrastructure, and to implement the Iowa
23 nutrient reduction strategy. The program shall be administered
24 in accordance with rules adopted by the authority pursuant to
25 chapter 17A.

26 3. *a.* A water quality protection and wastewater treatment
27 grant fund is created in the state treasury and shall consist
28 of appropriations made to the fund, transfers of interest,
29 earnings, moneys from other funds as provided by law, and
30 moneys accepted by the authority for deposit in the fund
31 from other public or private sources. Moneys credited
32 or transferred to the fund pursuant to section 16.198 are
33 appropriated to the authority for purposes of the program.
34 Moneys in the fund shall be used exclusively for purposes of
35 the program.

1 *b.* Notwithstanding section 8.33, moneys in the fund
2 that remain unencumbered or unobligated at the close of a
3 fiscal year shall not revert but shall remain available for
4 expenditure for the purposes designated. Notwithstanding
5 section 12C.7, subsection 2, interest or earnings on moneys in
6 the fund shall be credited to the fund.

7 4. Grants may be awarded under the program for any of the
8 following:

9 *a.* To a municipality or an eligible entity participating in
10 a nutrient reduction exchange, for the purpose of purchasing
11 nutrient reduction credits or for implementing water quality
12 practices as described in the Iowa nutrient reduction strategy.
13 For purposes of this paragraph, "*nutrient reduction credit*" and
14 "*nutrient reduction exchange*" both mean the same as defined in
15 section 16.206, section 1, paragraph "*d*".

16 *b.* To a municipality or an eligible entity for up to fifty
17 percent of the costs associated with conducting economic and
18 technical feasibility studies or developing implementation
19 plans and reports required by the Iowa nutrient reduction
20 strategy.

21 *c.* To a municipality for a source water protection project.

22 *d.* To a municipality or an eligible entity for water
23 infrastructure improvements or for wastewater infrastructure
24 improvements.

25 5. Priority for grants shall be given to projects or
26 activities that will provide improvement to water quality in
27 the relevant watershed.

28 6. Priority for grants shall be given to projects or
29 activities that also have private financing, or financing
30 pursuant to section 16.131 under the water pollution control
31 works and drinking water facilities financing program created
32 pursuant to section 455B.294, or other federal or state
33 financing.

34 7. Priority for grants shall be given to projects or
35 activities that are part of a project receiving financing under

1 the water quality project financial assistance program under
2 sections 16.201 through 16.206.

3 8. Grants awarded under the program shall not exceed five
4 hundred thousand dollars per recipient.

5 9. By October 1 of each year, the authority shall submit
6 a report to the governor and the general assembly itemizing
7 expenditures under the program during the previous fiscal year,
8 if any.

9 10. *a.* Beginning September 1, 2027, and every ten years
10 thereafter, a program review committee is established for
11 purposes of reviewing the program. By December 1 of the
12 same year, the review committee shall file a report with
13 the governor and the general assembly that reviews the
14 effectiveness of the program during the previous ten fiscal
15 years.

16 *b.* The program review committee shall consist of the
17 following members:

18 (1) The governor or the governor's designee.

19 (2) The secretary of agriculture or the secretary's
20 designee.

21 (3) The executive director of the authority or the executive
22 director's designee.

23 (4) The director of the department of natural resources or
24 the director's designee.

25 (5) Four members of the general assembly, with two from the
26 senate and two from the house of representatives and not more
27 than one member from each chamber being from the same political
28 party. The two senators shall be designated one member each
29 by the president of the senate, after consultation with the
30 majority leader of the senate, and by the minority leader of
31 the senate. The two representatives shall be designated one
32 member each by the speaker of the house of representatives,
33 after consultation with the majority leader of the house of
34 representatives, and by the minority leader of the house of
35 representatives.

1 c. Staffing services shall be provided by the authority.

2 Sec. 3. NEW SECTION. 16.198 Water quality financial
3 assistance fund.

4 1. A water quality financial assistance fund is created in
5 the state treasury.

6 2. The fund shall consist of all of the following:

7 a. (1) Moneys transferred to the fund pursuant to section
8 423G.6.

9 (2) This paragraph "a" is repealed upon the date on which
10 chapter 423G is repealed pursuant to section 423G.7.

11 b. Appropriations made to the fund and transfers of
12 interest, earnings, and moneys from other funds as provided by
13 law.

14 3. For each fiscal year in the period beginning July 1,
15 2018, and ending when chapter 423G is repealed pursuant to
16 section 423G.7, there is appropriated the following amounts of
17 the balance of the fund for the following purposes:

18 a. One-sixth of the balance of the fund to the Iowa finance
19 authority to be credited to the water quality protection and
20 wastewater treatment grant fund created pursuant to section
21 16.140, subsection 3.

22 b. Five-sixths of the balance of the fund to the Iowa
23 finance authority to be credited to the water quality project
24 financial assistance fund created pursuant to section 16.204.

25 4. Moneys in the fund are not subject to section 8.33.
26 Notwithstanding section 12C.7, subsection 2, interest or
27 earnings on moneys in the fund shall be credited to the fund.

28 Sec. 4. NEW SECTION. 16.201 Definitions.

29 As used in this part, unless the context otherwise requires:

30 1. "Committee" means the water quality project financing
31 committee created in section 16.205, subsection 4.

32 2. "Eligible entity" means a financing entity meeting the
33 requirements of section 16.206, as determined by the committee.

34 3. "Financing entity" means two or more persons that have
35 entered into an agreement for purposes of joint financing of a

1 project under the program. A financing entity may include but
2 is not limited to a governmental body such as a state agency or
3 a political subdivision of the state, a city or a city utility,
4 a public utility as defined in section 476.1 that furnishes
5 drinking water, sanitary sewage, or storm water services to the
6 public for compensation, a county, a rural water district or
7 association, a soil and water conservation district, a sanitary
8 district, a subdistrict of any of the foregoing districts, a
9 governmental body or corporation empowered to provide sewage
10 collection and treatment services or drinking water, an entity
11 jointly exercising governmental powers pursuant to chapter 28E
12 or 28F, or any other combination of two or more public agencies
13 or private agencies as defined in section 28E.2, acting jointly
14 under Iowa law in connection with a project.

15 4. "*Iowa nutrient reduction strategy*" means a water
16 quality initiative developed and updated by the department of
17 agriculture and land stewardship, the department of natural
18 resources, and the college of agriculture and life sciences at
19 Iowa state university of science and technology in order to
20 assess and reduce nutrients in this state's watersheds that
21 utilizes a pragmatic, strategic, and coordinated approach with
22 the goal of accomplishing reductions over time.

23 5. "*Loan recipient*" means an eligible entity that has
24 received a loan under the program.

25 6. "*Program*" means the water quality project financial
26 assistance program created in this part.

27 7. "*Project*" means any combination of works, facilities,
28 improvements, structures, developments, tasks, activities,
29 constructions, modifications, operations, or practices designed
30 to improve water quality or water resource management that are
31 proposed by an eligible entity and approved by the committee.
32 "*Project*" includes but is not limited to the following:

33 a. A project meeting the requirements of part 2 of this
34 subchapter.

35 b. A project, operation, or practice undertaken or carried

1 out pursuant to chapter 161A, 161C, 161E, or 161F.

2 *c.* A project meeting the requirements of a sponsor project
3 under section 455B.199.

4 *d.* Other water resource restoration projects as defined in
5 section 384.80, including ones financed pursuant to section
6 28F.1.

7 *e.* An agricultural nonpoint source project eligible for a
8 water quality agriculture infrastructure program under section
9 466B.43.

10 8. "*Revolving fund*" means the fund created in section
11 16.204.

12 Sec. 5. NEW SECTION. 16.202 **Water quality project financial**
13 **assistance program — funding — bonds and notes.**

14 1. The authority shall cooperate with the department of
15 natural resources and the department of agriculture and land
16 stewardship in the creation, administration, and financing of
17 the program established in this part.

18 2. The authority may issue its bonds and notes until June
19 30, 2042, for the purposes of this part, including for the
20 purposes of funding the program established under section
21 16.205 and of funding any fund or account created under section
22 16.204.

23 3. The authority may enter into one or more loan agreements
24 or purchase agreements with one or more bondholders or
25 noteholders containing the terms and conditions of the
26 repayment of and the security for the bonds or notes. The
27 authority and the bondholders or noteholders or a trustee
28 agent designated by the authority may enter into agreements to
29 provide for any of the following:

30 *a.* That the proceeds of the bonds and notes and the
31 investments of the proceeds may be received, held, and
32 disbursed by the authority or by a trustee or agent designated
33 by the authority.

34 *b.* That the bondholders or noteholders or a trustee or
35 agent designated by the authority may collect, invest, and

1 apply the amount payable under the loan agreements or any
2 other instruments securing the debt obligations under the loan
3 agreements.

4 *c.* That the bondholders or noteholders may enforce the
5 remedies provided in the loan agreements or other instruments
6 on their own behalf without the appointment or designation of a
7 trustee. If there is a default in the principal of or interest
8 on the bonds or notes or in the performance of any agreement
9 contained in the loan agreements or other instruments, the
10 payment or performance may be enforced in accordance with the
11 loan agreement or other instrument.

12 *d.* Other terms and conditions as deemed necessary or
13 appropriate by the authority.

14 4. The powers granted the authority under this section
15 are in addition to other powers contained in this chapter.
16 All other provisions of this chapter, except section 16.28,
17 subsection 4, apply to bonds or notes issued and powers granted
18 to the authority under this section except to the extent they
19 are inconsistent with this section.

20 5. All bonds or notes issued by the authority in connection
21 with the program are exempt from taxation by this state and the
22 interest on the bonds or notes is exempt from state income tax.

23 **Sec. 6. NEW SECTION. 16.203 Security — reserve funds —**
24 **pledges — nonliability — irrevocable contracts.**

25 1. The authority may provide in the resolution, trust
26 agreement, or other instrument authorizing the issuance of its
27 bonds or notes pursuant to section 16.202 that the principal
28 of, premium, and interest on the bonds or notes are payable
29 from any of the following and may pledge the same to its bonds
30 and notes:

31 *a.* The income and receipts or other moneys derived from the
32 projects financed with the proceeds of the bonds or notes.

33 *b.* The income and receipts or other moneys derived from
34 designated projects whether or not the projects are financed in
35 whole or in part with the proceeds of the bonds or notes.

1 *c.* The amounts on deposit in the revolving fund.

2 *d.* The amounts payable to the authority by eligible entities
3 pursuant to loan agreements with eligible entities.

4 *e.* Any other funds or accounts established by the authority
5 in connection with the program or the sale and issuance of its
6 bonds or notes.

7 2. The authority may establish reserve funds to secure
8 one or more issues of its bonds or notes. The authority may
9 deposit in a reserve fund established under this subsection the
10 proceeds of the sale of its bonds or notes and other moneys
11 that are made available from any other source.

12 3. It is the intention of the general assembly that a pledge
13 made in respect of bonds or notes issued under this part shall
14 be valid and binding from the time the pledge is made, that the
15 moneys or property so pledged and received after the pledge
16 by the authority shall immediately be subject to the lien of
17 the pledge without physical delivery or further act, and that
18 the lien of the pledge shall be valid and binding as against
19 all parties having claims of any kind in tort, contract, or
20 otherwise against the authority whether or not the parties have
21 notice of the lien. Neither the resolution, trust agreement,
22 nor any other instrument by which a pledge is created needs to
23 be recorded or filed under the Iowa uniform commercial code,
24 chapter 554, to be valid, binding, or effective against the
25 parties.

26 4. Neither the members of the authority nor persons
27 executing the bonds or notes are liable personally on the bonds
28 or notes or are subject to personal liability or accountability
29 by reason of the issuance of the bonds or notes.

30 5. The bonds or notes issued by the authority are not
31 an indebtedness or other liability of the state or of a
32 political subdivision of the state within the meaning of
33 any constitutional or statutory debt limitations but are
34 special obligations of the authority, and are payable solely
35 from the income and receipts or other funds or property of

1 the authority, and the amounts on deposit in the revolving
2 fund, and the amounts payable to the authority under its loan
3 agreements with eligible entities to the extent that the
4 amounts are designated in the resolution, trust agreement, or
5 other instrument of the authority authorizing the issuance of
6 the bonds or notes as being available as security for such
7 bonds or notes. The authority shall not pledge the faith or
8 credit of the state or of a political subdivision of the state
9 to the payment of any bonds or notes. The issuance of any bonds
10 or notes by the authority does not directly, indirectly, or
11 contingently obligate the state or a political subdivision of
12 the state to apply moneys from, or levy or pledge any form of
13 taxation whatever to, the payment of the bonds or notes.

14 6. It is the intent of the general assembly, and the state
15 hereby pledges to the holders of bonds or notes issued under
16 this part, that the state will not limit or alter the rights
17 and powers vested in the authority to fulfill the terms of a
18 contract made by the authority with respect to the bonds or
19 notes, or in any way impair the rights and remedies of the
20 holders until the bonds or notes, together with the interest on
21 the bonds or notes, including interest on unpaid installments
22 of interest, and all costs and expenses in connection with an
23 action or proceeding by or on behalf of the holders, are fully
24 met and discharged. The authority is authorized to include
25 this pledge and agreement of the state, as it refers to holders
26 of bonds or notes of the authority, in a contract with the
27 holders.

28 **Sec. 7. NEW SECTION. 16.204 Water quality project financial**
29 **assistance fund — other funds and accounts.**

30 1. a. A water quality project financial assistance
31 fund is created in the state treasury and shall consist of
32 appropriations made to the fund, moneys credited or transferred
33 to the fund pursuant to section 16.198, and transfers of
34 interest, earnings, and moneys from other funds as provided
35 by law. The fund shall be administered by the authority as a

1 revolving fund.

2 *b.* Moneys in the fund are not subject to section 8.33.
3 Notwithstanding section 12C.7, subsection 2, interest or
4 earnings on moneys in the fund shall be credited to the fund.

5 *c.* The authority shall use the moneys in the fund to provide
6 financial assistance to eligible entities under the program
7 pursuant to section 16.205.

8 *d.* The authority may use an amount of not more than one
9 percent of the moneys in the fund for administrative purposes.

10 2. The authority may establish and maintain other funds
11 and accounts determined to be necessary to carry out the
12 purposes of the program and shall provide for the funding,
13 administration, investment, restrictions, and disposition of
14 the funds and accounts.

15 3. Moneys appropriated to and used by the authority for
16 purposes of paying the costs and expenses associated with
17 the administration of the program shall be administered as
18 determined by the authority.

19 4. The funds or accounts held by the authority, or a trustee
20 acting on behalf of the authority pursuant to a trust agreement
21 related to the program, shall not be considered part of the
22 general fund of the state, are not subject to appropriation for
23 any other purpose by the general assembly, and in determining
24 a general fund balance shall not be included in the general
25 fund of the state, but shall remain in the funds and accounts
26 maintained by the authority or trustee pursuant to a trust
27 agreement. Funds and accounts held by the authority, or a
28 trustee acting on behalf of the authority pursuant to a trust
29 agreement related to the program, are separate dedicated funds
30 and accounts under the administration and control of the
31 authority and subject to section 16.31.

32 **Sec. 8. NEW SECTION. 16.205 Water quality project financial**
33 **assistance program — committee created — rules — use of funds.**

34 1. The authority, in cooperation with the department of
35 natural resources and the department of agriculture and land

1 stewardship, shall establish and administer a water quality
2 project financial assistance program. The purpose of the
3 program shall be to provide financial assistance to enhance
4 the quality of surface water and groundwater, particularly
5 by providing financial assistance for projects designed to
6 improve water quality through collaboration between point
7 and nonpoint sources. The authority may provide financial
8 assistance in the form deemed most convenient for the efficient
9 financing of projects, including loans, forgivable loans, and
10 grants. However, the authority shall administer the fund and
11 the program in such a manner as to provide a permanent source
12 of water quality project financial assistance to eligible
13 entities.

14 2. The program shall be administered by the authority
15 in accordance with rules adopted by the authority pursuant
16 to chapter 17A. In adopting such rules, the authority shall
17 consult with the department of natural resources and the
18 department of agriculture and land stewardship.

19 3. The authority shall process and review financial
20 assistance applications and make recommendations to the
21 committee.

22 4. *a.* A water quality project financing committee is
23 created to consider applications for financial assistance from
24 eligible entities and approve awards of financial assistance
25 under the program. The committee shall consist of three
26 members, one appointed by the executive director of the
27 authority, one appointed by the director of the department
28 of natural resources, and one appointed by the secretary of
29 agriculture.

30 *b.* The committee shall review project plans submitted
31 pursuant to section 16.206, negotiate project details with
32 eligible entities, and make financial assistance awards. The
33 provision of financial assistance under the program shall take
34 into account the number of persons comprising an eligible
35 entity and the eligible entity's financing capacity as well as

1 the extent to which the proposed projects will improve water
2 quality.

3 c. The committee shall score applications for financial
4 assistance according to rules adopted pursuant to this part.
5 The committee shall only provide financial assistance to
6 eligible entities that have sufficient financing capacity and
7 that propose a plan likely to make progress toward achieving
8 the goals for agricultural and nonpoint sources described in
9 the Iowa nutrient reduction strategy.

10 5. The authority shall determine the interest rate
11 and repayment terms for loans made under the program, in
12 cooperation with the department of natural resources and
13 the department of agriculture and land stewardship, and the
14 authority shall enter into loan agreements with eligible
15 entities in compliance with and subject to the terms and
16 conditions of the program.

17 6. The authority shall adopt rules relating to the
18 proportional liability, if any, of members of an eligible
19 entity when such eligible entity enters into a loan agreement
20 under the program.

21 7. The authority may charge loan recipients fees and assess
22 costs against such recipients necessary for the continued
23 operation of the program. Such fees and costs shall not exceed
24 the costs directly associated with the administration of the
25 program. Fees and costs collected pursuant to this subsection
26 shall be deposited in the appropriate fund or account created
27 in section 16.204.

28 8. Financial assistance under the program shall be used by
29 eligible entities to fund projects designed to improve water
30 quality.

31 9. Notwithstanding any other provision in this part to the
32 contrary, beginning on July 1, 2018, the authority may use any
33 amount available to support the water quality project financial
34 assistance program to instead extend and support the three-year
35 data collection of in-field agricultural practices project as

1 enacted in 2015 Iowa Acts, ch. 132, §18.

2 Sec. 9. NEW SECTION. 16.206 Eligible entities — project
3 plans — agreements required.

4 1. A financing entity may apply to the authority for
5 financial assistance under the program. To be eligible, a
6 financing entity shall meet the following requirements:

7 a. The financing entity shall include two or more entities
8 acting jointly to propose a project plan designed to improve
9 water quality in a local area or watershed.

10 b. The plan shall include one or more projects that
11 substantially improve water quality in the local area or
12 watershed. Preference shall be given to projects that will
13 have the greatest impact on achieving the goals of the Iowa
14 nutrient reduction strategy, and plans designed to achieve
15 those goals shall be presumed to substantially improve water
16 quality in the local area or watershed.

17 c. The plan shall describe in detail the manner in which
18 the projects will be financed and undertaken, including the
19 sources of financing for the projects as well as the public or
20 private entities that will be receiving the revenues and how
21 such revenues will be spent on the projects. In describing the
22 projects and financing, the plan should attempt to quantify
23 the amount of nutrient reduction to be achieved under the
24 plan and should provide a reasonable means for verification
25 of the amount of nutrient reduction after the projects have
26 been financed and completed. Preference shall be given to
27 a financing entity that has had its plan evaluated by the
28 Iowa nutrient research center established in section 466B.47.
29 Preference shall also be given to a financing entity that has
30 contracted with the Iowa nutrient research center to verify
31 the amount of nutrient reduction achieved by the project upon
32 project completion.

33 d. (1) The plan may include a nutrient reduction exchange
34 between two or more members of the financing entity. A plan
35 that includes a nutrient reduction exchange shall be presumed

1 to substantially improve water quality in the local area or
2 watershed.

3 (2) For purposes of this paragraph:

4 (a) "*Nutrient reduction*" means a reduction in nitrogen or
5 phosphorus as measured against standards or goals established
6 or adopted by the committee.

7 (b) "*Nutrient reduction credit*" means an amount of nutrient
8 reduction expressed as a unit of measurement that is calculated
9 using research-based modeling or other methods established or
10 adopted by the committee.

11 (c) "*Nutrient reduction exchange*" means an agreement between
12 one or more point source or nonpoint source contributors
13 and one or more other parties whereby nutrient reduction
14 credits are purchased, sold, traded, or exchanged for legal
15 consideration through a trading system approved by the
16 department of natural resources and approved in an Act of the
17 general assembly.

18 2. Any eligible entity receiving financial assistance under
19 the program shall enter into an agreement with the authority.
20 The agreement shall include standard terms for the receipt of
21 program funds and any other terms the authority deems necessary
22 and convenient for the efficient administration of the program.

23 Sec. 10. Section 28F.1, subsection 1, Code 2017, is amended
24 to read as follows:

25 1. **This chapter** provides a means for the joint financing
26 by public agencies of works or facilities useful and necessary
27 for the collection, treatment, purification, and disposal
28 in a sanitary manner of liquid and solid waste, sewage, and
29 industrial waste, facilities used for the conversion of solid
30 waste to energy, facilities, improvements, or projects in a
31 watershed useful for flood control, erosion control, or water
32 quality restoration by a water utility, wastewater utility,
33 or storm water utility, whether located within or without the
34 corporate boundaries of a municipal corporation, and also
35 electric power facilities constructed within the state of

1 Iowa, except that hydroelectric power facilities may also be
2 located in the waters and on the dams of or on land adjacent
3 to either side of the Mississippi or Missouri river bordering
4 the state of Iowa, water supply systems, swimming pools
5 or golf courses. **This chapter** applies to the acquisition,
6 construction, reconstruction, ownership, operation, repair,
7 extension, or improvement of such works or facilities, by a
8 separate administrative or legal entity created pursuant to
9 chapter 28E or **chapter 389**. When the legal entity created
10 under **this chapter** is comprised solely of cities, counties,
11 and sanitary districts established under **chapter 358**, or any
12 combination thereof or any combination of the foregoing with
13 other public agencies, the entity shall be both a corporation
14 and a political subdivision with the name under which it was
15 organized. The legal entity may sue and be sued, contract,
16 acquire and hold real and personal property necessary for
17 corporate purposes, adopt a corporate seal and alter the seal
18 at pleasure, and execute all the powers conferred in this
19 chapter. This section shall not be construed or interpreted to
20 create or expand the authority to acquire real property through
21 the use of eminent domain.

22 Sec. 11. Section 161A.7, subsection 1, paragraph d, Code
23 2017, is amended to read as follows:

24 *d.* To cooperate, or enter into agreements with, and within
25 the limits of appropriations duly made available to it by law,
26 to furnish financial or other aid to any agency, governmental
27 or otherwise, or any owner or occupier of lands within the
28 district, in the carrying on of erosion-control and watershed
29 protection and flood prevention operations, or in the carrying
30 out of projects pursuant to paragraph "g", within the district,
31 subject to such conditions as the commissioners may deem
32 necessary to advance the purposes of **this chapter**.

33 Sec. 12. Section 161A.7, subsection 1, Code 2017, is amended
34 by adding the following new paragraphs:

35 NEW PARAGRAPH. *p.* To apply for financial assistance under

1 the water quality project financial assistance program under
2 sections 16.201 through 16.206.

3 NEW PARAGRAPH. *g.* To carry out soil erosion control,
4 watershed protection or improvement, flood prevention, and
5 water quality protection projects and operations within the
6 district, including but not limited to projects and operations
7 to support water protection practices, to protect this
8 state's groundwater and surface water from point and nonpoint
9 sources of pollution, including but not limited to pollution
10 by agricultural drainage wells, sinkholes, sedimentation,
11 or chemical pollutants, to reduce or remove nutrients and
12 pollution in or from surface water and groundwater, to reduce
13 or eliminate nutrient loads to surface water and groundwater
14 from both point and nonpoint sources, to maintain, protect,
15 and improve the quality of surface water and groundwater, and
16 to achieve or further any of the goals and targets described
17 in the Iowa nutrient reduction strategy as defined in section
18 16.201.

19 Sec. 13. Section 161C.1, Code 2017, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 4A. "*Financing entity*" means the same as
22 defined in section 16.201.

23 Sec. 14. Section 161C.2, subsection 1, paragraph a, Code
24 2017, is amended to read as follows:

25 *a.* Each soil and water conservation district, alone and
26 whenever practical in conjunction with other districts, ~~shall~~
27 financing entities, or political subdivisions of the state,
28 or other local agencies, may carry out district-wide and
29 multiple-district projects to support soil erosion control,
30 water resource restoration projects, watershed protection,
31 flood prevention, and water quality protection practices,
32 projects, and operations in the district or districts,
33 including but not limited to projects carried out in order to
34 protect this state's groundwater and surface water from point
35 and nonpoint sources of ~~contamination~~ pollution, including but

1 not limited to ~~contamination~~ pollution by agricultural drainage
2 wells, sinkholes, sedimentation, or chemical pollutants, as
3 described in the Iowa nutrient reduction strategy as defined
4 in section 16.201.

5 Sec. 15. Section 161C.3, Code 2017, is amended to read as
6 follows:

7 **161C.3 Cooperation with other agencies.**

8 Soil and water conservation districts may enter into
9 agreements with the United States, as provided by state law,
10 or with the state of Iowa or any agency of the state, any
11 other soil and water conservation district, or other political
12 subdivision of this state, or any financing entity, or other
13 local agency, for cooperation in preventing, controlling, or
14 attempting to prevent or control ~~contamination~~ pollution of
15 groundwater or surface water by point and nonpoint sources
16 of pollution. Soil and water conservation districts may
17 accept, as provided by state law, any money disbursed for water
18 quality preservation purposes by the federal government or any
19 agency of the federal government, and expend the money for the
20 purposes for which it was received.

21 Sec. 16. Section 161E.1, Code 2017, is amended to read as
22 follows:

23 **161E.1 Authority of board.**

24 1. If a county, soil and water conservation district,
25 subdistrict of a soil and water conservation district,
26 financing entity, or political subdivision of the state, or
27 other local agency engages or participates in or carries out
28 a project for flood or soil erosion control, a water resource
29 restoration project, watershed protection or improvement
30 project, flood prevention, water quality protection project or
31 operation, including but not limited to a project or operation
32 described in the Iowa nutrient reduction strategy as defined
33 in section 16.201, within a county, or engages or participates
34 in the conservation, development, utilization, and disposal
35 of water, in cooperation with the federal government, or a

1 department or agency of the federal government, in cooperation
2 with other districts, subdistricts, financing entities,
3 political subdivisions, or other local agencies, the counties
4 in which the project is carried on may, through the board of
5 supervisors or through an intergovernmental agreement under
6 chapter 28E or chapter 28F, construct, operate, and maintain
7 the project on lands under the control or jurisdiction of the
8 county dedicated to county use, or furnish financial and other
9 assistance in connection with the projects or operations.
10 Flood control, soil erosion control, watershed protection
11 projects, flood prevention, water quality improvement projects,
12 water resource restoration projects, and watershed improvement
13 projects and operations, including but not limited to projects
14 or operations described in the Iowa nutrient reduction strategy
15 as defined in section 16.201, are presumed to be for the
16 protection of the tax base of the county, for the protection of
17 public roads and lands, and for the protection of the public
18 health, sanitation, safety, and general welfare.

19 2. For purposes of this chapter, "financing entity" means
20 the same as defined in section 16.201.

21 Sec. 17. Section 161E.2, Code 2017, is amended to read as
22 follows:

23 **161E.2 Federal aid.**

24 A county may, in accordance with **this chapter**, accept
25 federal funds for aid in a project for flood or soil erosion
26 control, flood prevention, or the conservation, development,
27 utilization, and disposal of water, and may cooperate with
28 the federal government or a department or agency of the
29 federal government, a soil and water conservation district,
30 subdistrict of a soil and water conservation district,
31 political subdivision of the state, or other local agency, or
32 a financing entity, and the county may assume a proportion of
33 the cost of the project as deemed appropriate, and may assume
34 the maintenance cost of the project on lands under the control
35 or jurisdiction of the county which will not be discharged by

1 federal aid or grant.

2 Sec. 18. Section 161E.3, Code 2017, is amended to read as
3 follows:

4 **161E.3 Cooperation.**

5 The counties, soil and water conservation districts,
6 and subdistricts of soil and water conservation districts
7 concerned, shall advise and consult with each other, upon the
8 request of any of them or any affected landowners, and may
9 cooperate with each other or with other state subdivisions or
10 instrumentalities, and affected landowners, as well as with the
11 federal government or a department or agency of the federal
12 government, or a financing entity or other local agency, to
13 construct, operate, and maintain suitable projects for flood
14 or soil erosion control, water resource restoration projects,
15 watershed protection or improvement projects, flood prevention,
16 water quality protection or improvement projects, or the
17 conservation, development, utilization, and disposal of water
18 on public roads or other public lands or other land granted
19 county use.

20 Sec. 19. Section 161E.5, Code 2017, is amended to read as
21 follows:

22 **161E.5 Maintenance cost.**

23 If construction of projects has been completed by the soil
24 and water conservation district, subdistricts of soil and
25 water conservation districts, political subdivisions of the
26 state, or other local agencies, or the federal government, or a
27 department or agency of the federal government, or a financing
28 entity on private lands under the easement granted to the
29 county, only the cost of maintenance may be assumed by the
30 county.

31 Sec. 20. Section 161E.9, Code 2017, is amended to read as
32 follows:

33 **161E.9 Tax levy.**

34 The county board of supervisors may annually levy a tax not
35 to exceed six and three-fourths cents per thousand dollars of

1 assessed value of all agricultural lands in the county, to
2 be used for flood and soil erosion control, water resource
3 restoration projects, watershed protection or improvement
4 projects, flood prevention and water quality protection
5 projects and operations within a county, including but not
6 limited to projects or operations described in the Iowa
7 nutrient reduction strategy as defined in section 16.201, and
8 including acquisition of land or interests in land, and repair,
9 alteration, maintenance, and operation of works of improvement
10 on lands under the control or jurisdiction of the county as
11 provided in this chapter, or to furnish financial assistance in
12 connection with such projects and operations.

13 Sec. 21. Section 161E.10, Code 2017, is amended to read as
14 follows:

15 **161E.10 Assumption of obligations.**

16 This chapter contemplates that actual direction of the
17 project, or projects, and the actual work done in connection
18 with ~~them~~ the projects, will be assumed by the soil and water
19 conservation district, a subdistrict of a soil and water
20 conservation district, or the federal government, and that the
21 county or other state subdivisions or instrumentalities or
22 financing entities jointly will meet the obligation required
23 for federal cooperation and may make proper commitment for
24 the care and maintenance of the project after its completion
25 for the general welfare of the public and residents of the
26 respective counties.

27 Sec. 22. Section 161F.1, Code 2017, is amended to read as
28 follows:

29 **161F.1 Presumption of benefit — definitions.**

30 1. The conservation of the soil resources of the state
31 of Iowa, the improvement of water quality through projects,
32 the proper control of water resources of the state and the
33 prevention of damage to property and lands through the control
34 of floods, the drainage of surface waters or the protection of
35 lands from overflow shall be presumed to be a public benefit

1 and conducive to the public health, convenience and welfare and
2 essential to the economic well-being of the state.

3 2. For purposes of this chapter, "financing entity" and
4 "project" both mean the same as defined in section 16.201.

5 Sec. 23. Section 161F.2, Code 2017, is amended to read as
6 follows:

7 **161F.2 Board of supervisors to establish districts — strip**
8 **coal mining.**

9 1. The board of supervisors of any county shall have
10 jurisdiction, power and authority at any regular, special or
11 adjourned session to establish, subject to the provisions
12 of **this chapter**, districts having for their purpose soil
13 conservation and the control of flood waters, or the
14 improvement of water quality, and to cause to be constructed
15 as hereinafter provided, such improvements, projects, and
16 facilities as shall be deemed essential for the accomplishment
17 of the purpose of soil conservation and flood control, or of
18 water quality improvement.

19 2. ~~Such~~ The board of supervisors shall also have
20 jurisdiction, power, and authority at any regular, special,
21 or adjourned session to establish, in the same manner that
22 the districts ~~hereinabove referred to~~ in subsection 1
23 are established, districts having for their purpose soil
24 conservation in mining areas within the county, and provide
25 that anyone engaged in removing the surface soil over any
26 bed or strata of coal in such district for the purpose of
27 obtaining ~~such~~ coal shall replace the surface soil as nearly
28 as practicable to its original position, and provide that,
29 upon abandonment of such removal operation, all surface soil
30 shall be so replaced. ~~This section~~ subsection shall apply only
31 to surface soil so removed after July 4, 1949, and then only
32 if it is essential for the accomplishment of the purpose of
33 soil conservation and flood control within the purview of this
34 chapter.

35 Sec. 24. Section 161F.3, Code 2017, is amended to read as

1 follows:

2 **161F.3 Combination of functions.**

3 Such districts shall have the power to combine in their
4 functions activities affecting soil conservation, flood control
5 and drainage, water quality improvement, or any of these
6 objects, singly or in combination with another district or
7 financing entity under the provisions of an intergovernmental
8 agreement pursuant to chapter 28E or 28F.

9 Sec. 25. Section 161F.6, subsection 1, Code 2017, is amended
10 to read as follows:

11 1. In the organization, operation, and financing of
12 districts established under **this chapter**, the provisions of
13 chapter 468 shall apply and any procedure provided under
14 chapter 468 in connection with the organization, financing,
15 and operation of any drainage district shall apply to the
16 organization, financing, and operation of districts organized
17 under **this chapter**. However, a district established under this
18 chapter shall not be considered a drainage district established
19 pursuant to chapter 468.

20 Sec. 26. Section 384.80, subsection 15, Code 2017, is
21 amended to read as follows:

22 15. *"Water resource restoration project"* means the
23 acquisition of real property or improvements, a project as
24 defined in section 16.201, or any other activity or undertaking
25 that will assist in improving flood control, erosion control,
26 or the quality of the water in the watershed where a city
27 water, storm water, or wastewater utility is located.

28 Sec. 27. Section 384.84, subsection 2, Code 2017, is amended
29 to read as follows:

30 2. The governing body of a city water or wastewater utility
31 may enter into an agreement with a qualified entity to use
32 proceeds from revenue bonds for a water resource restoration
33 project if the rate imposed is no greater than if there was not
34 a water resource restoration project agreement. For purposes
35 of **this subsection**, *"qualified entity"* is an entity created

1 pursuant to chapter 28E or chapter 28F or two entities that
2 have entered into an agreement pursuant to chapter 28E or
3 chapter 28F, whose purpose is to undertake a watershed project
4 that has been approved for water quality improvements in the
5 watershed.

6 Sec. 28. Section 422.7, subsection 2, Code 2017, is amended
7 by adding the following new paragraph:

8 NEW PARAGRAPH. *Oh.* Iowa finance authority water quality
9 project financial assistance program bonds or notes pursuant to
10 section 16.202, subsection 5.

11 Sec. 29. Section 423.3, Code 2017, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 103. *a.* The sales price from the sale or
14 furnishing by a water utility of a water service in the state
15 to consumers or users.

16 *b.* For purposes of this subsection:

17 (1) "*Water service*" means the delivery of water by piped
18 distribution system.

19 (2) "*Water utility*" means a public utility as defined in
20 section 476.1 that furnishes water by piped distribution system
21 to the public for compensation.

22 Sec. 30. NEW SECTION. 423G.1 **Short title.**

23 This chapter may be cited as the "*Water Service Tax Act*".

24 Sec. 31. NEW SECTION. 423G.2 **Definitions.**

25 1. All words and phrases used in this chapter and defined in
26 section 423.1 have the same meaning given them by section 423.1
27 for purposes of this chapter.

28 2. As used in this chapter, "*water service*" and "*water*
29 *utility*" mean the same as defined in section 423.3, subsection
30 103.

31 Sec. 32. NEW SECTION. 423G.3 **Water service tax.**

32 An excise tax at the rate of six percent is imposed on the
33 sales price from the sale or furnishing by a water utility of a
34 water service in the state to consumers or users.

35 Sec. 33. NEW SECTION. 423G.4 **Exemptions.**

1 The sales price from transactions exempt from state sales
2 tax under section 423.3, except section 423.3, subsection 103,
3 is also exempt from the tax imposed by this chapter.

4 Sec. 34. NEW SECTION. **423G.5 Administration by director.**

5 1. The director of revenue shall administer the state
6 water service tax as nearly as possible in conjunction with
7 the administration of the state sales and use tax law, except
8 that portion of the law that implements the streamlined sales
9 and use tax agreement. The director shall provide appropriate
10 forms, or provide on the regular state tax forms, for reporting
11 state water service tax liability.

12 2. The director may require all persons who are engaged
13 in the business of deriving any sales price or purchase
14 price subject to tax under this chapter to register with
15 the department. The director may also require a tax permit
16 applicable only to this chapter for any retailer not
17 collecting, or any user not paying, taxes under chapter 423.

18 3. Section 422.25, subsection 4, sections 422.30, 422.67,
19 and 422.68, section 422.69, subsection 1, sections 422.70,
20 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
21 1, and sections 423.23, 423.24, 423.25, 423.31 through
22 423.35, 423.37 through 423.42, and 423.47, consistent with the
23 provisions of this chapter, shall apply with respect to the tax
24 authorized under this chapter in the same manner and with the
25 same effect as if the excise taxes on the sale or furnishing of
26 a water service were retail sales taxes within the meaning of
27 those statutes. Notwithstanding this subsection, the director
28 shall provide for quarterly filing of returns and for other
29 than quarterly filing of returns both as prescribed in section
30 423.31. All taxes collected under this chapter by a retailer
31 or any user are deemed to be held in trust for the state of
32 Iowa.

33 Sec. 35. NEW SECTION. **423G.6 Deposit of revenues.**

34 1. All moneys received and all refunds shall be deposited in
35 or withdrawn from the general fund of the state.

1 2. Subsequent to the deposit in the general fund of the
2 state, the department shall transfer the following amounts of
3 revenues collected as follows:

4 a. For revenues collected on or after July 1, 2018, but
5 before August 1, 2019, one-sixth of the revenues to the water
6 quality infrastructure fund created in section 8.57B, and
7 one-sixth of the revenues to the water quality financial
8 assistance fund created in section 16.198.

9 b. For revenues collected on or after August 1, 2019,
10 but before August 1, 2020, one-sixth of the revenues to the
11 water quality infrastructure fund created in section 8.57B,
12 and one-third of the revenues to the water quality financial
13 assistance fund created in section 16.198.

14 c. For revenues collected on or after August 1, 2020,
15 but before August 1, 2021, one-sixth of the revenues to the
16 water quality infrastructure fund created in section 8.57B,
17 and one-half of the revenues to the water quality financial
18 assistance fund created in section 16.198.

19 d. For revenues collected on or after August 1, 2021,
20 but before August 1, 2022, one-sixth of the revenues to the
21 water quality infrastructure fund created in section 8.57B,
22 and two-thirds of the revenues to the water quality financial
23 assistance fund created in section 16.198.

24 e. For revenues collected on or after August 1, 2022,
25 one-sixth of the revenues to the water quality infrastructure
26 fund created in section 8.57B, and five-sixths of the revenues
27 to the water quality financial assistance fund created in
28 section 16.198.

29 Sec. 36. NEW SECTION. 423G.7 Future repeal.

30 This chapter is repealed on the date on which all bonds,
31 notes, or other debt instruments issued on or before June
32 30, 2042, pursuant to section 16.202, are fully paid. The
33 executive director of the Iowa finance authority shall notify
34 the Iowa Code editor upon the occurrence of this condition.

35 Sec. 37. Section 455B.171, subsection 19, Code 2017, is

1 amended to read as follows:

2 19. *"Point source"* means any discernible, confined, and
3 discrete conveyance, including but not limited to any pipe,
4 ditch, channel, tunnel, conduit, well, discrete fissure,
5 container, rolling stock, concentrated animal feeding
6 operation, or vessel or other floating craft, from which
7 pollutants are or may be discharged. *"Point source"* does not
8 include agricultural storm water discharges and return flows
9 from irrigated agriculture.

10 Sec. 38. Section 455B.176A, subsection 1, Code 2017, is
11 amended by adding the following new paragraphs:

12 NEW PARAGRAPH. *0d.* *"Iowa nutrient reduction strategy"* means
13 the same as defined in section 16.201.

14 NEW PARAGRAPH. *00d.* *"Nutrient"* means total nitrogen and
15 total phosphorus.

16 Sec. 39. Section 455B.176A, subsection 5, Code 2017, is
17 amended to read as follows:

18 5. a. The commission shall adopt rules designating water
19 quality standards which shall be specific to each designated
20 use adopted pursuant to [subsection 4](#). The standards shall take
21 into account the different characteristics of each designated
22 use and shall provide for only the appropriate level of
23 protection based upon that particular use. The standards shall
24 not be identical for each designated use unless required for
25 the appropriate level of protection. The appropriate level of
26 protection and standards shall be determined on a scientific
27 basis.

28 b. In the development process for the water quality
29 standards, input shall be received from a water quality
30 standards advisory committee convened by the department. The
31 water quality standards advisory committee shall be comprised
32 of experts in the scientific fields relating to water quality,
33 such as environmental engineering, aquatic toxicology,
34 fisheries biology, and other life sciences and experts in
35 the development of the appropriate levels of aquatic life

1 protection and standards. The water quality standards shall be
2 reviewed and revised by the department as new scientific data
3 becomes available to support revision.

4 c. The department shall provide support to the department of
5 agriculture and land stewardship in their efforts to implement
6 their responsibilities under the Iowa nutrient reduction
7 strategy.

8 Sec. 40. Section 455B.177, Code 2017, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 3. The general assembly further finds
11 and declares that it is in the interest of the people of Iowa
12 to assess and reduce nutrients in surface waters over time by
13 implementing the Iowa nutrient reduction strategy, as defined
14 in section 455B.176A. To evaluate the progress achieved over
15 time toward the goals of the Iowa nutrient reduction strategy
16 and the United States environmental protection agency gulf
17 hypoxia action plan, the baseline condition shall be calculated
18 for the time period from 1980 to 1996.

19 Sec. 41. Section 466B.3, subsection 3, paragraph c, Code
20 2017, is amended to read as follows:

21 c. Whether the funds, programs, and regulatory efforts
22 coordinated by the council eventually result in a long-term
23 improvement to the quality of surface water in Iowa. To
24 evaluate the progress achieved over time toward the goals of
25 the Iowa nutrient reduction strategy, as defined in section
26 455B.176A, and the United States environmental protection
27 agency gulf hypoxia action plan, the baseline condition shall
28 be calculated for the time period from 1980 to 1996.

29 Sec. 42. Section 466B.42, Code 2017, is amended to read as
30 follows:

31 **466B.42 Water quality initiative.**

32 The division shall establish a water quality initiative
33 in order to assess and reduce nutrients in this state's
34 watersheds, including subwatersheds, and regional watersheds,
35 and for implementing its responsibilities under the Iowa

1 nutrient reduction strategy as defined in section 455B.176A.
2 The division shall establish and administer projects to
3 reduce nutrients in surface waters from nonpoint sources in
4 a scientific, reasonable, and cost-effective manner. The
5 division shall utilize a pragmatic, strategic, and coordinated
6 approach with the goal of accomplishing reductions over time.
7 To evaluate the progress achieved over time toward the goals
8 of the Iowa nutrient reduction strategy and the United States
9 environmental protection agency gulf hypoxia action plan, the
10 baseline condition shall be calculated for the time period from
11 1980 to 1996.

12 Sec. 43. NEW SECTION. **466B.43 Water quality agriculture**
13 **infrastructure programs.**

14 1. As part of the water quality initiative established
15 pursuant to section 466B.42, the division shall administer
16 water quality agriculture infrastructure programs created in
17 this section.

18 2. *a.* The purpose of the programs is to support projects
19 for the installation of infrastructure, including conservation
20 structures, practices, or other measures that reduce
21 contributing nutrient loads, associated sediment, or pollutants
22 from point and nonpoint sources to surface waters. The
23 programs shall be administered in a manner that is consistent
24 with the Iowa nutrient reduction strategy, as defined in
25 section 16.201.

26 *b.* In making awards of financial assistance under the
27 programs, the division shall attempt to complement the purposes
28 of the water quality project financial assistance program
29 under sections 16.201 through 16.206 and the water quality
30 protection and wastewater treatment grant program under section
31 16.140. Preference shall be given to landowners that are
32 part of a financing entity participating in the water quality
33 project financial assistance program and to landowners that are
34 participating in the water quality protection and wastewater
35 treatment grant program. The division, the Iowa finance

1 authority, landowners, and financing entities shall, when
2 possible, coordinate financing between the programs created in
3 this section, the water quality project financial assistance
4 program, and the water quality protection and wastewater
5 treatment grant program, in order to promote the most effective
6 use of resources.

7 3. An edge-of-field infrastructure program is created.
8 The program shall support projects located on agricultural
9 land, which may include demonstration projects, that capture
10 or filter nutrients entering into a surface water. The
11 program's projects shall be limited to infrastructure designed
12 and installed for use over multiple years, including but not
13 limited to wetlands, bioreactor systems, saturated buffers,
14 edge-of-stream buffers, or land use changes. The program shall
15 be financed on a cost-share basis.

16 4. An in-field infrastructure program is created. The
17 program shall support projects located on agricultural land,
18 which may include demonstration projects, that decrease erosion
19 and precipitation-induced surface runoff, increase water
20 infiltration rates, and increase soil sustainability. The
21 program's projects shall be limited to infrastructure designed
22 and installed for use over multiple years, including but not
23 limited to structures, terraces, and waterways located on
24 cropland or pastureland, and including but not limited to soil
25 conservation or erosion control structures, managed drainage
26 systems, or edge-of-stream buffers. The program shall be
27 financed on a cost-share basis.

28 5. Any state moneys used to finance a project under
29 a water quality agriculture infrastructure program shall
30 be administered according to an agreement entered into by
31 the division and either the owner of the land where the
32 infrastructure is to be installed or a financing entity
33 participating in the water quality project financial assistance
34 program under sections 16.201 through 16.206. The agreement
35 shall include standard terms and conditions for the receipt of

1 program moneys and any other terms and conditions the division
2 deems necessary or convenient for the efficient administration
3 of the project or program. The division may support multiple
4 installations of infrastructure on a single parcel of land.
5 The division may also combine programs if cost effective.
6 The division may annually use an amount of not more than
7 four percent of the moneys used to support each program for
8 administrative purposes.

9 6. By October 1, 2018, and each October 1, thereafter, the
10 division shall submit a report to the governor and the general
11 assembly itemizing expenditures, by hydrologic unit code 8
12 watershed, under the programs during the previous fiscal year,
13 if any.

14 7. Any information obtained by the division identifying
15 a person holding a legal interest in agricultural land or
16 specific agricultural land shall be a confidential record under
17 section 22.7.

18 Sec. 44. LEGISLATIVE INTENT. It is the intent of the
19 general assembly that the amendment in this Act to the
20 definition of "point source" in section 455B.171, subsection
21 19, is a conforming amendment consistent with current state
22 and federal law, and that the amendment does not change the
23 application of current law but instead reflects current law
24 both before and after the enactment of this Act.

25 Sec. 45. EFFECTIVE DATE. The following provision or
26 provisions of this Act take effect July 1, 2018:

27 1. The section of this Act enacting section 423.3,
28 subsection 103.

29 2. The sections of this Act enacting sections 423G.1,
30 423G.2, 423G.3, 423G.4, 423G.5, 423G.6, and 423G.7.

31 Sec. 46. RETROACTIVE APPLICABILITY. The following
32 provision or provisions of this Act apply retroactively to
33 January 1, 2017, for tax years beginning on or after that date:

34 1. The section of this Act enacting section 422.7,
35 subsection 2, paragraph "0h".>

1 2. Title page, by striking lines 1 through 9 and
2 inserting <An Act relating to water quality by providing for
3 appropriations from the rebuild Iowa infrastructure fund,
4 creating a water quality infrastructure fund, establishing new
5 water quality programs, providing for cost-share programs for
6 infrastructure on agricultural land under the water quality
7 initiative, creating a state water service excise tax and a
8 related sales tax exemption, making appropriations and other
9 changes properly related to water quality, and including
10 retroactive applicability provisions.>