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**SF 548** – Charitable Conservation Contribution Tax Credit (LSB2753SV)  
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Fiscal Note Version – New

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**Description**

After July 1, 2019, **SF 548** prohibits a private entity from acquiring land for a nonpoint source water pollution control project and then selling or donating the land to a political subdivision, the Department of Natural Resources (DNR), or the federal government. Beginning July 1, 2019, the Bill also prohibits a private entity from borrowing moneys from the State Revolving Fund (SRF) to acquire land. The Bill does allow a private entity to keep any land that was purchased prior to July 1, 2019.

**Background**

The DNR and the Iowa Finance Authority (IFA) are jointly designated to administer the **SRF**. The DNR administers the environmental and permitting aspects of a project receiving a loan from the SRF. This includes engineering and design approval as well as issuing construction permits. The IFA manages the financing and works with applicants on loan approvals and disbursements.

The **Iowa Natural Heritage Foundation** (INHF) is a private nonprofit organization with the goal to protect and restore Iowa's land, water, and wildlife. The organization is supported by member donations, and the moneys are used to implement conservation projects, which can include the purchase of land. Since 2006, the INHF has borrowed \$48.0 million from the SRF to acquire land, and as of March 5, 2019, the INHF owes the SRF \$9.0 million.

The purchase of land using funding from the SRF was prohibited for FY 2019 with the passage of **HF 2502** (FY 2019 Standings Appropriations Act), which specified that the Environmental Protection Commission could not approve water pollution control works projects that included the purchase of land using the SRF for financing during FY 2019.

The Bill allows a private entity to borrow funding from the SRF for nonpoint source water pollution control projects as long as there is no acquisition of land. However, there are two projects in the planning phase that may be interested in borrowing moneys from the SRF to buy land to implement conservation practices to improve water quality. The projects include:

- \$10.0 million for a line of credit for the closure of prairie potholes. When a landowner finds a prairie pothole, moneys are borrowed from the SRF to take the land out of production and implement a conservation practice such as a wetland.
- \$13.4 million for 13 new projects at the INHF. The moneys borrowed will be used to set aside land and implement a conservation practice to improve water quality.

**Fiscal Impact**

**Senate File 548** may result in the non-completion of the above projects, but the department indicates that other eligible projects will take place of these restricted land acquisition projects.

**Source**

Department of Natural Resources

/s/ Holly M. Lyons

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March 19, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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