



[HF 2258](#) – Flood Project Fund (LSB5463HV)

Analyst: Kent Ohms (515.971.7053) kenneth.ohms@legis.iowa.gov

Fiscal Note Version – New

Description

[House File 2258](#) permits a city to be reimbursed for the costs of approved flood mitigation projects incurred after the projects' approval. The Bill applies to the expenditure of funds from a flood project fund for projects approved by the flood mitigation board before, on, or after July 1, 2018.

Background

The [Flood Mitigation Program](#) provides a funding source to finance flood mitigation projects undertaken by approved local governments. The primary funding source is a diversion of State sales tax revenue from the State General Fund to the Flood Mitigation Fund for approved local governments. Local governments are permitted to issue bonds that are then repaid with the sales tax revenue made available under the Program.

Assumptions

- The change in the use of funds will not impact the transfers from the General Fund nor the timing of distribution of funds from the Program.
- A city could prepay issued bonds related to the Program using other available revenue. The Program funds would then be used to reimburse that source of funds.

Fiscal Impact

No impact to the General Fund is expected.

The Bill could have a positive fiscal impact for local governments. The City of Des Moines would have the ability to use funds to prepay bonds or issue other bonds for additional projects, which could save the city approximately \$8.9 million in interest payments. Other cities may have similar options available in the future.

Sources

Department of Revenue
City of Des Moines

/s/ Holly M. Lyons

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