
FISCAL TOPICS

Fiscal Services Division

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Levee Improvement Program and Levee Improvement Fund

Background

During the 2021 Legislative Session, the Department of Homeland Security and Emergency Management (HSEMD) received a one-time appropriation of \$400,000 from the General Fund in [House File 861](#) (FY 2022 Justice System Appropriations Act) for the completion of a study on the governance and funding of the State's levee districts. Any funds that remained were required to revert to the General Fund at the close of FY 2022.

However, during the 2022 Legislative Session, [House File 2517](#) (Levee Study Extension Act) extended the reversion date to the close of FY 2023 to allow the use of funds until the expected release date of the report of the study on January 1, 2023. Approximately \$266,000 carried forward into FY 2023. The report was completed and presented to the House Appropriations Committee on January 25, 2023. The full report can be found [here](#).

The intent of the study was to build on existing information to develop a more complete picture of levees and levee management in Iowa. The study identified areas where the governance and funding of levee districts as specified in the Iowa Code could be improved at the State and local level. In addition, recommendations were provided in the report regarding the type and scope of necessary or desired improvements and the implementation of such improvements.

Management recommendations from the study included the following:

- Encourage existing levee districts to consolidate at the United States Army Corps of Engineers (USACE) system level.
- Encourage a watershed approach to levee management.
- Establish a State levee safety program.
- Develop a comprehensive strategic plan for flood risk reduction along Iowa's waterways.
- Encourage the use of councils of government to complete administrative requirements.

Funding recommendations from the study included the following:

- Modify Iowa Code section [468.127](#) to raise minimum levee assessments.
- Consider expanding taxing authority to a watershed scale.
- Implement a statewide levee assessment.
- Require levee districts to establish a cash reserve fund.
- Consider the State's funding contribution role.

Recent Legislation

During the 2023 Legislative Session, [HF 711](#) (Levee Safety and Improvements Act) created the Office of Levee Safety (OLS) within the HSEMD, the Levee Improvement Program, and the Levee Improvement Fund.

More Information

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The Act required the OLS to conduct a statewide analysis of the condition of the State's levees and identify each levee requiring repair or reconstruction, using a scale adopted by the Office that assigns a number based on the levee's level of critical need. In addition, the OLS is required to assist communities benefiting from a levee, including levee districts, and to evaluate methods to reduce and manage risks associated with a hazardous event caused by a levee's inadequate design, structural performance, or operational control.

The Act also required the Office to work with the Flood Mitigation Board (FMB) and the Iowa Geological Survey (IGS) to achieve the purpose of the Levee Improvement Program as provided in Iowa Code Chapter [418A](#). The FMB will administer the Levee Improvement Program in cooperation with the OLS and fund the repair or reconstruction of levees requiring immediate capital expenditure to reduce and manage a hazardous event. The FMB will award funds to levee districts who apply on a cost-share basis, not exceeding 50.0% of the estimated or actual cost of the project, whichever is less, and will consider the scale number assigned to the levee by the OLS.

Funding

House File 711 required the deposit of \$5.0 million in State wagering tax receipts into the Levee Improvement Fund each year from FY 2024 through FY 2028. Moneys in the Fund are appropriated to the HSEMD for the exclusive purpose of supporting the Office of Levee Safety and the Flood Mitigation Board. In FY 2024, the Fund received \$5.0 million and approximately \$106,000 in interest. Total expenditures totaled \$414,000, carrying forward a balance of \$4.7 million into FY 2025. In addition to the deposit of State wagering tax receipts to the Levee Improvement Fund, the General Assembly appropriated an additional \$10.0 million in FY 2025 from the Rebuild Iowa Infrastructure (RIIF) Fund.

Figure 1 – Levee Improvement Fund

	Actual FY 2024	Estimated FY 2025
Resources		
Beginning Balance	\$ 0	\$ 4,691,491
Revenue		
Wagering Tax Receipts	\$ 5,000,000	\$ 5,000,000
Rebuild Iowa Infrastructure Fund (RIIF)	0	10,000,000
Interest	105,815	234,432
Total Revenue	<u>\$ 5,105,815</u>	<u>\$ 15,234,432</u>
Total Resources	<u>\$ 5,105,815</u>	<u>\$ 19,925,923</u>
Expenses		
Personal Services - Salaries	\$ 130,901	\$ 135,099
Travel & Subsistence	2,798	0
Contractual Services and Transfers	280,625	2,396,445
State Aid & Credits	0	2,396,444
Claims & Miscellaneous	0	323,365
Total Expenses	<u>\$ 414,324</u>	<u>\$ 5,251,353</u>
Ending Balance	<u>\$ 4,691,491</u>	<u>\$ 14,674,570</u>

Annual Report

The HSEMD is required to prepare and submit a Statewide Levee Assessment Report to the Governor and General Assembly by January 5 of each year. The 2023 annual report may be found [here](#).