

**EIGHTY-NINTH GENERAL ASSEMBLY
2021 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

March 29, 2021

Clip Sheet Summary

Displays all amendments, fiscal notes, and conference committee reports for previous day.

Bill	Amendment	Action	Sponsor
HF 561	H-1328		RECEIVED FROM THE SENATE
HF 654	H-1327		RECEIVED FROM THE SENATE
HF 786	H-1326		JONES of Clay
HF 833	H-1325		LOHSE of Polk

Fiscal Notes

- [SF 568](#) — [Election Omnibus](#) (LSB1717SV.1)
- [HF 736](#) — [Medicaid, Refunds and Offsets](#) (LSB2593HV.1)
- [HF 849](#) — [Tax Increment Financing \(TIF\)](#) (LSB2264HV)

SENATE AMENDMENT TO
HOUSE FILE 561

H-1328

1 House File 561 , as passed by the House, as follows:
2 1. Page 1, line 11, by striking <1> and inserting <2>
3 2. Page 1, by striking lines 13 through 15 and inserting:
4 <2. In a court action to challenge a mechanic's lien posted
5 on a residential construction property, or any bond given in
6 lieu thereof, if the person challenging the lien or defending
7 against any action on the bond prevails, the court may award
8 reasonable attorney fees and actual damages. If the court
9 determines that the mechanic's lien was posted in bad faith
10 or the supporting affidavit was materially false, the court
11 shall award the owner reasonable attorney fees plus an amount
12 not less than five hundred dollars or the amount of the lien,
13 whichever is less.>

H-1328 FILED MARCH 29, 2021

SENATE AMENDMENT TO
HOUSE FILE 654

H-1327

- 1 Amend House File 654, as passed by the House, as follows:
2 1. Page 3, line 11, after <lights.> by inserting <Red and
3 blue lights equipped on a towing or recovery vehicle must be
4 rear-facing.>

H-1327 FILED MARCH 29, 2021

HOUSE FILE 786

H-1326

- 1 Amend House File 786 as follows:
- 2 1. Page 1, line 14, after <every> by inserting <reasonable>
- 3 2. Page 1, line 15, by striking <little or>
- 4 3. Page 1, line 15, after <cost> by inserting <for a public
- 5 record that takes less than thirty minutes to produce>
- 6 4. Page 1, by striking lines 18 through 21 and inserting
- 7 <the request. A person may contest the reasonableness of a
- 8 lawful custodian's expenses and, if successful, may>
- 9 5. Page 2, line 1, by striking <not to exceed fifteen
- 10 dollars>
- 11 6. Page 2, line 15, by striking <utilized> and inserting
- 12 <charged>

By JONES of Clay

H-1326 FILED MARCH 29, 2021

HOUSE FILE 833

H-1325

1 Amend House File 833 as follows:

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

4 <DIVISION I

5 RENTAL AGREEMENTS

6 Section 1. Section 562B.7, subsection 10, Code 2021, is
7 amended to read as follows:

8 10. "*Rent*" means a payment to be made to the landlord under
9 the rental agreement, including utility costs.

10 Sec. 2. Section 562B.10, subsection 5, Code 2021, is amended
11 to read as follows:

12 5. Rental agreements shall be for a term of one year unless
13 otherwise specified in the rental agreement. Rental agreements
14 shall be canceled by at least ~~sixty~~ ninety days' written notice
15 given by either party. A landlord shall not cancel a rental
16 agreement solely for the purpose of making the tenant's mobile
17 home space available for another mobile home.

18 DIVISION II

19 RETALIATION

20 Sec. 3. Section 562B.32, subsection 1, paragraph d, Code
21 2021, is amended to read as follows:

22 *d.* For exercising any of the rights and remedies pursuant
23 to this chapter or chapter 216.

24 Sec. 4. Section 562B.32, subsection 2, Code 2021, is amended
25 to read as follows:

26 2. If the landlord acts in violation of subsection 1
27 of this section, the tenant is entitled to the remedies
28 provided in section 562B.24 and has a defense in an action for
29 possession. In an action by or against the tenant, evidence
30 of a complaint within ~~six months~~ one year prior to the alleged
31 act of retaliation creates a presumption that the landlord's
32 conduct was in retaliation. The presumption does not arise
33 if the tenant made the complaint after notice of termination
34 of the rental agreement. For the purpose of this subsection,
35 "*presumption*" means that the trier of fact must find the

1 existence of the fact presumed unless and until evidence is
2 introduced which would support a finding of its nonexistence.

3 Sec. 5. EFFECTIVE DATE. This division of this Act, being
4 deemed of immediate importance, takes effect upon enactment.

5 DIVISION III

6 CONSUMER FRAUD

7 Sec. 6. Section 562B.4, Code 2021, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 3. A violation of this chapter by a
10 landlord, or an agent of the landlord, is an unlawful practice
11 under section 714.16.

12 DIVISION IV

13 RENT INCREASES

14 Sec. 7. Section 562B.14, subsection 7, Code 2021, is amended
15 by striking the subsection and inserting in lieu thereof the
16 following:

17 7. a. A landlord shall not increase the amount of rent
18 due by any tenant in a manufactured home community or mobile
19 home park unless the tenant is notified, in writing, of the
20 rent increase at least ninety days before the effective date
21 of the rent increase. The effective date of any increase in
22 the amount of rent shall not be less than one year after either
23 the effective date of the most recent rent increase or the
24 beginning of the tenancy, whichever is later.

25 b. A landlord that ceases to provide an amenity, service,
26 or utility which was provided for under the rental agreement
27 without a corresponding and proportionate reduction in rent
28 shall be considered to have increased rent for the purposes of
29 this chapter and the notice requirements provided in paragraph
30 "a" shall apply.

31 DIVISION V

32 TENANT COUNTERCLAIM FOR LANDLORD NONCOMPLIANCE

33 Sec. 8. Section 562B.25, Code 2021, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 5. a. In an action for possession based

1 upon nonpayment of the rent or in an action for rent where the
2 tenant is in possession, the tenant may counterclaim for an
3 amount which the tenant may recover under the rental agreement
4 or this chapter. In that event, the court from time to time
5 may order the tenant to pay into court all or part of the rent
6 accrued and thereafter accruing, and shall determine the amount
7 due to each party. The party to whom a net amount is owed
8 shall be paid first from the money paid into court, and the
9 balance by the other party. If rent does not remain due after
10 application of this section, judgment shall be entered for
11 the tenant in the action for possession. If the defense or
12 counterclaim by the tenant is without merit and is not raised
13 in good faith, the landlord may recover reasonable attorney
14 fees.

15 *b.* In an action for rent where the tenant is not in
16 possession, the tenant may counterclaim as provided in
17 paragraph "a", but the tenant is not required to pay any rent
18 into court.

19 DIVISION VI

20 DISCLOSURE OF UTILITY CHARGES

21 Sec. 9. Section 562B.14, subsection 6, Code 2021, is amended
22 to read as follows:

23 6. *a.* The landlord or any person authorized to enter into
24 a rental agreement on the landlord's behalf shall provide a
25 written explanation of utility rates, charges and services to
26 the prospective tenant before the rental agreement is signed
27 unless the utility charges are paid by the tenant directly to
28 the utility company.

29 *b.* If a landlord obtains a utility service from a utility
30 provider and furnishes the utility to the tenant and the
31 landlord's charge to the tenant is based upon the utility
32 provider's charge or rate for the use of such utility to
33 consumers and the utility provider increases the charge or
34 rate, the landlord shall notify tenants of such increase within
35 five days of the landlord receiving the utility provider's

1 notice of the increase. An increase in the landlord's charge
2 to a tenant for the utility that corresponds to the same
3 increase in the utility provider's charge or rate to the
4 landlord shall be effective thirty days after the landlord
5 provides the written notice of such increase to the tenant,
6 unless the landlord does not receive at least sixty days' prior
7 notice of such increase from the utility provider in which case
8 no prior notice of the increase from the landlord to the tenant
9 is required for the increase to be effective.

10

DIVISION VII

11

FURNISHING OF WATER AND UTILITY CHARGES

12

Sec. 10. Section 423.3, subsection 103, Code 2021, is

13

amended to read as follows:

14

103. a. (1) The sales price from the sale or furnishing by
15 a water utility of a water service in the state to consumers or
16 users.

17

(2) Water service furnished by a mobile home park that does
18 not engage in the sale of water service. For purposes of this
19 subsection, a mobile home park does not engage in the sale of
20 water service if all of the following apply:

21

(a) The water service is not furnished to tenants for a
22 separately itemized price.

23

(b) The water service is not otherwise identifiable from
24 an invoice, bill, catalogue, price list, rate card, receipt,
25 agreement, or other similar document, including where the total
26 sales price increases when water service is included in the
27 sale to tenants.

28

(c) The water service is incidental to the rental of real
29 property.

30

b. For purposes of this subsection:

31

(1) "Mobile home park" means the same as defined in section
32 562B.7.

33

~~(1)~~ (2) "Water service" means the delivery of water by
34 pipel distribution system.

35

~~(2)~~ (3) "Water utility" means a public utility as defined

1 in section 476.1 that furnishes water by piped distribution
2 system to the public for compensation.

3 Sec. 11. Section 423G.4, Code 2021, is amended by striking
4 the section and inserting in lieu thereof the following:

5 **423G.4 Exemptions.**

6 There is exempted from the tax imposed by this chapter the
7 following:

8 1. The sales price from transactions exempt from state
9 sales tax under section 423.3. However, the sales price from
10 transactions exempt from state sales tax under section 423.3,
11 subsection 103, shall not be exempt unless as provided in
12 subsection 2 or 3.

13 2. *a.* The sales price from the sale or furnishing of water
14 by a mobile home park through a piped distribution system
15 maintained by the mobile home park, to a consumer or user of
16 water who is a tenant, if all of the following apply:

17 (1) The water was obtained from a water utility.

18 (2) A tax was imposed by this chapter on the sales price
19 from the sale or furnishing of water by a water utility to the
20 mobile home park based upon readings of the master meter of the
21 mobile home park.

22 (3) The tenant is not charged for water by the mobile home
23 park in an amount that is more than the rate the tenant would be
24 charged for consuming or using water from the water utility,
25 plus an administrative fee under section 562B.16, subsection
26 3, not to exceed five dollars per month or ten percent of
27 the total amount of the utility bill per month, whichever is
28 greater.

29 *b.* As used in this section:

30 (1) "*Master meter*" means a single meter used in determining
31 the amount of water provided to a mobile home park.

32 (2) "*Mobile home park*" means the same as defined in section
33 562B.7 and also includes a "*manufactured home community*", as
34 defined in section 562B.7.

35 (3) "*Piped distribution system*" includes a submetered

1 distribution system.

2 (4) "Tenant" means the same as defined in section 562B.7.

3 (5) "Water utility" means a public utility as defined in
4 section 476.1 that furnishes water by a piped distribution
5 system to the public for compensation.

6 3. Water service furnished by a mobile home park that does
7 not engage in the sale of water service. For purposes of this
8 subsection, a mobile home park does not engage in the sale of
9 water service if all of the following apply:

10 a. The water service is not furnished to tenants for a
11 separately itemized price.

12 b. The water service is not otherwise identifiable from
13 an invoice, bill, catalogue, price list, rate card, receipt,
14 agreement, or other similar document, including where the total
15 sales price increases when water service is included in the
16 sale to tenants.

17 c. The water service is incidental to the rental of real
18 property.

19 Sec. 12. Section 455B.171, subsection 26, Code 2021, is
20 amended to read as follows:

21 26. "Public water supply system" means, except as provided
22 in section 455B.200, a system for the provision to the public
23 of piped water for human consumption, if the system has at
24 least fifteen service connections or regularly serves at least
25 twenty-five individuals. The term includes any source of
26 water and any collection, treatment, storage, and distribution
27 facilities under control of the operator of the system and used
28 primarily in connection with the system, and any collection or
29 pretreatment storage facilities not under such control which
30 are used primarily in connection with the system.

31 Sec. 13. NEW SECTION. 455B.200 Mobile home parks.

32 1. As used in this section:

33 a. "Mobile home park" means the same as defined in section
34 423G.4.

35 b. "Tenant" means the same as defined in section 562B.7.

1 *c.* "Water utility" means a public utility as defined in
2 section 476.1 that furnishes water by a piped distribution
3 system to the public for compensation.

4 2. For purposes of this part 1, a mobile home park shall
5 not be considered a public water supply system if the mobile
6 home park sells or furnishes water to a tenant and all of the
7 following apply:

8 *a.* The water was obtained from a water utility prior to
9 selling or furnishing the water to a tenant.

10 *b.* The tenant is not charged more than the rate the tenant
11 would be charged for consuming or using water from the water
12 utility, plus an administrative fee under section 562B.16,
13 subsection 3, not to exceed five dollars per month or ten
14 percent of the total amount of the utility bill per month,
15 whichever is greater.

16 Sec. 14. Section 562B.14, subsection 6, Code 2021, is
17 amended to read as follows:

18 6. The landlord or any person authorized to enter into
19 a rental agreement on the landlord's behalf shall provide
20 a written explanation of utility rates, fees, charges, and
21 services, subject to section 562B.16, subsection 3, to the
22 prospective tenant before the rental agreement is signed unless
23 the utility charges are paid by the tenant directly to the
24 utility company.

25 Sec. 15. Section 562B.16, Code 2021, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 3. A landlord that is responsible for
28 payment of utilities being provided to the tenant shall not
29 charge to the tenant an amount in excess of the actual cost of
30 the utility and as specified in writing under section 562B.14,
31 subsection 6. However, in addition to the actual cost of the
32 utility, a landlord that is responsible for the payment of one
33 or more utilities being provided to the tenant may impose a
34 monthly utility administration fee to each tenant not to exceed
35 five dollars per month.

1 Sec. 16. Section 562B.25, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 2A. The failure of a tenant to pay utility
4 charges that exceed the actual cost of the utility provided
5 as required by section 562B.16, subsection 3, shall not be
6 considered noncompliance with the rental agreement.

7 DIVISION VIII

8 UNLAWFUL OUSTER

9 Sec. 17. Section 562B.24, Code 2021, is amended to read as
10 follows:

11 **562B.24 Tenant's remedies for landlord's unlawful ouster,
12 exclusion or diminution of services.**

13 If the landlord unlawfully removes or excludes the tenant
14 from the manufactured home community or mobile home park or
15 willfully diminishes services to the tenant by interrupting
16 or causing the interruption of electric, gas, water, or
17 other essential service to the tenant, the tenant may recover
18 possession, require the restoration of essential services or
19 terminate the rental agreement and, in either case, recover an
20 amount not to exceed two months' periodic rent, and twice the
21 actual damages sustained by the tenant, and reasonable attorney
22 fees. If the rental agreement is terminated, the landlord
23 shall return all prepaid rent and security.

24 DIVISION IX

25 WRONGFUL FAILURE TO PROVIDE ESSENTIAL SERVICES

26 Sec. 18. NEW SECTION. **562B.23A Wrongful failure to supply
27 running water or essential services.**

28 1. If contrary to the rental agreement or section 562B.16
29 the landlord deliberately or negligently fails to supply
30 running water or other essential services, the tenant may give
31 written notice to the landlord specifying the breach and may
32 do one of the following:

33 a. Procure reasonable amounts of water or other essential
34 services during the period of the landlord's noncompliance and
35 deduct the actual and reasonable cost from the rent.

1 *b.* Recover damages based upon the diminution in the fair
2 market value of the mobile home space.

3 *c.* Recover any rent already paid for the period of the
4 landlord's noncompliance which shall be reimbursed on a pro
5 rata basis.

6 2. If the tenant proceeds under this section, the tenant may
7 not proceed under section 562B.22 as to that breach.

8 3. The rights under this section do not arise until the
9 tenant has given notice to the landlord or if the condition was
10 caused by the deliberate or negligent act or omission of the
11 tenant, a member of the tenant's family, or other person on the
12 premises with the consent of the tenant.

13

DIVISION X

14 PROHIBITED RENTAL AGREEMENT PROVISION — HOME EQUIPMENT

15 Sec. 19. Section 562B.11, subsection 1, Code 2021, is
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. *e.* Agrees to modify the mobile home,
18 manufactured home, or modular home in a way that would
19 substantially impair the ability of the tenant to move the
20 home from the mobile home space, unless such modification is
21 required by federal law, including but not limited to the
22 model manufactured home installation standards, 24 C.F.R. pt.
23 3285, the manufactured home construction and safety standards,
24 24 C.F.R. pt. 3280, or the manufactured home procedural and
25 enforcement regulations, 24 C.F.R. pt. 3282, or by state or
26 local law, the manufacturer's installation instructions, any
27 requirement arising from the landlord's financing of the home
28 or of the mobile home park or manufactured home community in
29 which the home is located, or unless such modification is
30 otherwise necessary for the safe and proper installation of the
31 home.

32

DIVISION XI

33

LANDLORD SALES

34 Sec. 20. NEW SECTION. 562B.17A Sale of mobile home by
35 landlord.

H-1325 (Continued)

1 1. Any sale of a mobile home located in a manufactured
2 home community or mobile home park by a landlord or landlord's
3 agent shall be by written agreement and the landlord shall
4 produce and assign the current certificate of title obtained
5 from the department of transportation. The agreement shall
6 state the basic terms of sale, including the total cost of
7 the mobile home, finance charges, annual percentage rate, and
8 the frequency and amount of each installment payment. Such
9 agreement shall comply with the finance charge rate limitation
10 in section 103A.58, subsection 1.

11 2. Any such sale that does not comply with this section
12 may be voided by the buyer and the buyer may recover damages
13 incurred, amounts paid as a rental deposit in excess of two
14 months' rent for the mobile home, and reasonable attorney fees.

15 3. A claim under subsection 2 may be combined with an action
16 under chapter 648.

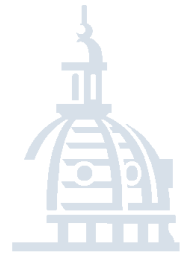
17 Sec. 21. Section 648.19, subsection 1, Code 2021, is amended
18 to read as follows:

19 1. An action under this chapter shall not be filed in
20 connection with any other action, with the exception of a claim
21 for rent or recovery as provided in section 555B.3, 562A.24,
22 562A.32, 562B.17A, 562B.22, 562B.25, or 562B.27, nor shall it
23 be made the subject of counterclaim.>

24 2. Title page, by striking lines 1 and 2 and inserting <An
25 Act relating to property law by modifying provisions relating
26 to rental properties, manufactured home communities, mobile
27 home parks, and manufactured mobile home communities, modifying
28 provisions governing actions relating to such properties, and
29 including effective date provisions.>

By LOHSE of Polk

H-1325 FILED MARCH 29, 2021



[SF 568](#) – Election Omnibus (LSB1717SVV.1)

Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov

Fiscal Note Version – As amended and passed by the Senate

Description

[Senate File 568](#) relates to the conduct of elections, including various changes regarding nominations, proposed amendments to the Iowa Constitution, public measures, holding multiple elective offices, voter registration, ballots, voter identification, reporting election results, election audits, presidential elector per-diem, and county seals. Sections 23 and 36 of the Bill have been identified as having potential fiscal impacts.

Section 23: For public measures appearing on a ballot in the month of March or September, Section 23 requires entities requesting the public measure to mail notifications to all household that include a registered voter eligible to vote on the public measure. The notification must include the following information:

- Date of the election.
- Hours during which the polls will be open.
- Information on finding the voter's polling place.
- Internet site and telephone number of the county commissioner of elections.
- Internet site of the State commissioner of elections.

Background

Iowa Code section [39.2](#) governs special elections on public measures and sets the following dates on which a public measure election may be held throughout the year:

- First Tuesday after the first Monday in March.
- Second Tuesday in September.
- The first Tuesday after the first Monday in November of an odd-numbered year.

The Iowa Association of School Boards (IASB) reported that between FY 2016 and FY 2020, there were 145 bond-approval elections for school districts across the State (average of 29 per year), and between school years 2015 and 2019 there were 109 physical plant and equipment levy (PPEL) elections across the State (average of 27 per year). Additionally, there are ongoing elections for Secure an Advanced Vision for Education (SAVE) Revenue Purpose Statement reauthorizations across school districts, per Iowa Code section [423F.3](#). At the end of FY 2020, there were 220 districts with a Revenue Purpose Statement expiring in 2029 or before.

Assumptions

- The governmental entities most affected by Section 23 will be counties, cities, and school districts.
- The cost will depend on whether the public measure is at the county level, city level, or school district level, and the number of households that include a registered voter eligible to vote on the public measure.
- The cost per entity per fiscal year will depend on the number of requested public measure elections each fiscal year.

- The cost per entity may depend on the method of mailing (letter or postcard) and whether the mailings are done in-house or outsourced. For purposes of this **Fiscal Note**, the LSA will illustrate the potential fiscal impact of mailings for one public measure to a varying number of households by both letter and postcard.
- For estimation purposes, it is assumed that entities will outsource the mailings; however, for entities that produce and mail the notifications in-house, there may be additional costs associated with staff time.
- For estimation purposes, the calculations for letter mailings are based on an estimate provided to a medium-sized county from a local print shop. These estimates include the cost of the letter, envelope, labor, and postage. For estimation purposes, the calculations assume that the price per mailing for the first 1,000 letters would be \$0.69; for the next 22,000 letters, \$0.52; and for every additional letter above 23,000, \$0.51.
- For estimation purposes, the calculations for postcard mailings are based on estimates from the IASB and include the cost of printing a 5 x 7 postcard and standard postage presorted.
- It is unknown how many public measures will appear on a ballot in the month of March or September and will require entities to mail notifications.
- The additional mailing costs for an entity requesting a public measure will depend on whether that entity currently provides mailings on public measures to registered voters. Entities that already mail notifications to voters will not incur additional expenses.
- Costs will be incurred by the entity requesting the public measure.

Fiscal Impact

The effect on local government (county, city, or school board) expenditures depends on the number of households with a registered voter eligible to vote on the public measure. The tables below include examples of potential costs per public measure based on the number of households with a registered voter eligible to vote. **Table 1** includes estimates for letter mailings and **Table 2** includes estimates for postcard mailings.

Table 1: Estimated Cost for Letter Mailings Per Public Measure Based on Households With a Registered Voter

Number of Households With a Registered Voter	Estimated Cost Per Mailing	Estimated Cost Per Public Measure
1,000	\$ 0.69	\$ 690
10,000	0.52	5,200
25,000	0.51	12,750
50,000	0.51	25,500
100,000	0.51	51,000
300,000	0.51	153,000

Table 2: Estimated Cost for Postcard Mailings Per Public Measure Based on Households With a Registered Voter

Number of Households With a Registered Voter	Estimated Cost Per Mailing	Estimated Cost Per Public Measure
1,000	\$ 0.66	\$ 660
10,000	0.42	4,200
25,000	0.36	9,000
50,000	0.34	17,000
100,000	0.32	32,000
300,000	0.31	93,000

There may also be an additional cost for staff time for entities to compile lists and mailings; however, that cost cannot be estimated at this time.

Section 36: Requires the Secretary of State’s (SOS) Office to order an audit of all elections. Postelection audits are currently required following each general election.

Assumptions

- For estimation purposes, counties may hire between six to eight individuals to conduct the audit at approximately \$11 per hour.
- For estimation purposes, postelection audits will take approximately 1.5 hours to complete.

Fiscal Impact

Senate File 568 is estimated to cost counties between \$100 and \$200 per postelection audit. Costs will vary based on the number and size of special elections conducted in a given year.

Sources

Office of the Secretary of State
 Iowa State Association of Counties
 Iowa Association of School Boards
 LSA calculations

/s/ Holly M. Lyons

March 29, 2021

Doc ID 1218239

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.



[HF 736](#) – Medicaid, Refunds and Offsets (LSB2593HV.1)

Staff Contact: Jess Benson (515.281.4611) jess.benson@legis.iowa.gov

Fiscal Note Version – As amended and passed by the House

Description

[House File 736](#) limits any post-payment review of claims paid under both Medicaid fee-for-service or managed care to 24 months from the date of payment unless the claim involves fraud or misrepresentation. In addition, any provider overpayment identified for which 24 months or more have elapsed since the date of payment of the claim shall not be subject to repayment or to offset against future reimbursement of claims by the provider, and any improper payment identified through a review may be resubmitted by the provider as a claims adjustment. The Bill does not apply to retroactive Medicaid cost settlements or rate changes based on a Medicaid or Medicare cost report.

Assumptions

- The Department of Human Services (DHS) will be required to return the federal share of overpayments to the federal government even if the Bill prohibits collection of overpayments from providers.
- There will be a \$1.0 million loss in recoveries in Medicaid fee-for-service based on current recoveries that are older than 24 months.
- For the Managed Care Organizations (MCOs), based on overpayments where the initial notification to the provider was sent 24 months after the claim was paid, there will be \$2.4 million in lost recoveries.
- The reduction in MCO recoveries will need to be incorporated into the MCO capitation rates. The State will be able to draw federal share on this additional capitation payment to offset State costs, which is estimated to reduce the State need by \$1.7 million.
- There will be 200 hours at \$103 per hour in one-time costs for changes that will need to be made to the Medicaid Management Information System (MMIS) and the claims system.
- Post-payment review does not apply to retroactive Medicaid cost settlements or rate changes based on a Medicaid or Medicare cost report.

Fiscal Impact

The total estimated impact of HF 736 is \$3.4 million (\$1.0 million fee-for-service and \$2.4 million for MCO) and the estimated cost to the State Medicaid program is \$1.8 million in FY 2022 and each year after.

The DHS will incur one-time costs totaling \$20,600 for upgrades to the MMIS and claims system.

Source

Department of Human Services

/s/ Holly M. Lyons

March 26, 2021

Doc ID 1218039

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.

www.legis.iowa.gov



[HF 849](#) – Tax Increment Financing (TIF) (LSB2264HV)
Staff Contact: Jeff Robinson (515.281.4614) jeff.robinson@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 849](#) establishes two new duration limits for city and county ordinances establishing Tax Increment Financing (TIF) areas. The Bill:

- Establishes a sunset date of no later than July 1, 2041, for any TIF area in existence at the time of enactment of the Bill that does not already have a statutory end date under current law.
- Limits the duration of any TIF area created by ordinance on or after the effective date of the Bill to no more than 20 years following the calendar year in which the city or county first certifies TIF debt related to the new area.

The Bill is effective upon enactment.

Background

Tax Increment Financing impacts local government financing by diverting property taxes paid on property within the increment value of the TIF area to projects that are specific to the TIF area. Local governments impacted by this diversion must set rates higher than would otherwise be the case if the tax revenue was not diverted. Alternatively, the local government can reduce expenditures in response to the diversion.

Iowa's school finance law requires all property subject to property tax to pay, among several school-related tax levies, an annual basic school finance levy equal to \$5.40 per \$1,000 of taxed value. While property value within a TIF increment pays this basic levy, the revenue from the levy goes to finance TIF and not to the school district. By function of Iowa's school aid formula, the diverted basic levy revenue is replaced by an increase in the State General Fund allocation to the impacted school district.

The background, legislative history, and usage of TIF in Iowa is discussed in an annual LSA [report](#) required by Iowa Code section [331.403\(3\)\(d\)](#). The Department of Revenue completes a periodic review and program evaluation [study](#) of TIF as required by Iowa Code section [2.48\(3\)\(c\)\(4\)](#).

TIF Statistics

For FY 2021, \$12,998.0 million in taxed property value is included in a TIF increment, and \$383.5 million in property tax paid on the increment value is diverted to finance TIF projects. Of the diverted amount, \$70.2 million is replaced (backfilled) by the State General Fund through the school aid formula, and the remaining \$313.3 million represents a reduction in property tax revenue going to the local governments that imposed the levies on the increment value. **Figure 1** provides a history of the amount of increment value used to finance TIF and the resulting direct impact on State and local finance.

Figure 1
TIF Finance, Select Years
In Millions

	Used Increment Taxed Value	TIF Revenue	State School Aid	Local Property Tax
FY 2001	\$ 4,007.7	\$ 116.1	\$ 21.6	\$ 94.5
FY 2006	5,950.1	191.8	32.1	159.7
FY 2011	8,493.9	279.7	45.9	233.8
FY 2016	10,275.0	312.5	55.5	257.0
FY 2021	12,998.0	383.5	70.2	313.3

Figure 2 provides a breakdown of TIF increment value by property class. **Figure 2** shows that in value, the TIF increment is concentrated in the commercial, residential, and industrial property classes, and as a percent of total value, the increment is concentrated in industrial (25.3% of value) and commercial (18.3%).

Figure 2
FY 2021 TIF Increment by Property Class
Dollars in Millions

Property Class	Increment Value	Total Value	Statewide % in TIF Increment
Industrial	\$ 2,478.5	\$ 9,811.9	25.3%
Commercial	6,739.1	36,742.4	18.3%
Multiresidential	393.1	4,501.5	8.7%
Residential	3,351.6	98,736.9	3.4%
Subtotal	\$ 12,962.3	\$ 149,792.7	8.7%
Agricultural	35.6	35,467.4	0.1%
Other	0.2	11,385.0	0.0%
Total	\$ 12,998.1	\$ 196,645.1	6.6%

While overall TIF is more concentrated in urban (within city boundary) areas, **Figure 3** shows that the percent of commercial and industrial value located within a TIF increment is higher in rural areas (22.9%) than in urban areas (19.2%).

Figure 3
**FY 2021 Percent of Taxed Property
Utilized to Finance TIF**

Location	All Property	Commercial & Industrial Only
Rural	2.6%	22.9%
Urban	9.1%	19.2%
Total	6.6%	19.8%

The large majority of TIF areas are created by cities and counties. Once a TIF area is created and a value increment develops, the incremental revenue from the TIF area represents the tax revenue raised by the rates established by the various local governments that have the authority to tax property within the increment. The top portion of **Figure 4** provides a breakdown of the incremental TIF revenue raised by type of taxing authority, while the bottom portion details the original source of the TIF revenue. Together, **Figure 4** indicates that while cities will receive \$340.2 million in TIF revenue in FY 2021, \$123.1 million is derived from city levy rates. Counties will receive \$38.9 million in FY 2021 TIF revenue and contribute \$80.8 million to TIF finance through county tax levies. For schools, \$145.8 million is contributed to TIF, with \$70.2 million replaced by the State through the school aid formula.

Figure 4
Tax Increment Financing Breakdown — FY 2021
Dollars in Millions

	City TIF's	County TIF's	Community College TIF's	Rural Improvement Zone TIF's	Total TIF's
Total	\$340.2	\$38.9	\$0.0	\$4.3	\$383.4
Percent of Total	88.7%	10.1%	0.0%	1.1%	100.0%

Source of Revenue	TIF Impact	% of Total
County	\$80.8	21.1%
City	123.1	32.1%
School (\$70.2 million of the school amount is backfilled by the State)	145.8	38.0%
Community College	10.0	2.6%
Ag. Extension	1.6	0.4%
Assessors	4.3	1.1%
Townships	1.0	0.3%
Hospitals	11.5	3.0%
Other	3.1	0.8%
Self-Supporting Municipal Improvement District (SSMID)	2.2	0.6%
State Brucellosis Fund	0.0	0.0%
Total TIF Revenue	\$383.4	100.0%

Iowa Code sections [384.22](#) and [331.403\(3\)](#) require cities and counties to report information to the State regarding their use of TIF at the conclusion of each fiscal year. The information required to be reported includes the type of finding identified within the TIF ordinance (a finding of slum and/or blight and/or economic development), the base year for calculating TIF revenue, and the end date for the TIF area if the TIF area is an economic development TIF area initiated after 1995 (statutory end date). The information reported by local governments for the annual report for FY 2020 indicates that the total increment value was \$11,776.2 million for all FY 2020 TIF areas. Of that amount:

- The increment value coded as slum and/or blight was \$3,640.6 million (31.0% of total).
- The increment value not coded as slum and/or blight that has a base year of 1995 or earlier was \$2,786.9 million (23.7% of total).
- The increment value not coded as slum and/or blight that has a base year of 1996 or after was \$5,348.7 million (45.3% of total).

The new TIF sunset date proposed in the Bill (July 1, 2041, for all existing TIF areas without a current-law sunset date) will potentially limit the longevity of the TIF areas described in the first two bullets above. The TIF areas described in the third bullet are not impacted as they must be disbanded by that date under existing law. A total of 258 local governments have existing TIF areas that do not expire (perpetual TIF areas) under current law. Of these 258 local governments, 160 are utilizing less than 50.0% of the available increment. Of the 15 largest local governments in terms of the value of their perpetual TIF areas, six utilize 95.0% or more of

their available increment and the remaining nine utilize an average of 38.3%. Since the property tax paid on unused increment value flows through the regular property tax system, local governments that utilize only a portion of the available increment have the ability to significantly reduce the size of their current TIF areas and not change TIF finance at all.

Faced with a looming sunset deadline, either under existing law or under the Bill's proposal, TIF areas that do not utilize all of the available increment value may have options to reconfigure TIF areas in order to continue to benefit from incremental taxes after the expiration of the original TIF area.

Fiscal Impact

The Bill proposes to add an additional statutory end date that will impact a subset of existing TIF areas. A number of local governments report that they have existing debt schedules that extend beyond FY 2021 that are related to the TIF areas that will sunset July 1, 2041, under this Bill. If the impacted local governments cannot restructure the existing debt in order to have it fully paid by the conclusion of FY 2041 or cannot set aside sufficient TIF revenue over the next 20 years to pay any debt that remains after FY 2041, there may be financial consequences for the local governments at that time. Beyond this issue, the additional sunset date for existing TIF areas proposed in the Bill is not expected to have any other direct fiscal impact on State or local finance until at least FY 2042.

It should be noted that the intent of the new sunset date (to return used increment value to the normal property tax base) could be circumvented by modifying existing TIF areas by bifurcating the TIF areas into used and unused value portions, releasing the unused value portion by shrinking the area of the original TIF area, and then reestablishing the unused portion as a new TIF area within the same Urban Renewal area. As time passes, the "released and then reestablished" areas will grow in available increments that can later be used to supplant the used increment value that is forced to expire by July 1, 2041. This option is not available for TIF areas that utilize all or substantially all of the available increment.

Sources

Department of Management property tax value and rate files
Department of Management TIF Report [website](#)
Department of Revenue 2018 TIF Analysis
Legislative Services Agency Annual TIF Report
Legislative Services Agency analysis

/s/ Holly M. Lyons

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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.
