

**EIGHTY-SIXTH GENERAL ASSEMBLY
2015 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

APRIL 7, 2015

HOUSE FILE 437

H-1182

1 Amend House File 437 as follows:
2 1. Page 1, after line 35 by inserting:
3 <Sec. _____. Section 123.124, Code 2015, is amended
4 to read as follows:
5 123.124 Permits ---- classes.
6 Permits for the manufacture and sale, or sale of
7 beer shall be divided into six classes, known as class
8 "A", special class "A", class "AA", special class "AA",
9 class "B", or class "C" permits. A class "A" permit
10 allows the holder to manufacture and sell beer at
11 wholesale. A holder of a special class "A" permit may
12 only manufacture beer to be consumed on the licensed
13 premises for which the person also holds a class "C"
14 liquor control license or class "B" beer permit and, to
15 be sold to a class "A" permittee for resale purposes,
16 and to be sold to distributors outside of the state
17 that are authorized by the laws of that jurisdiction to
18 sell beer at wholesale. A class "AA" permit allows the
19 holder to manufacture and sell high alcoholic content
20 beer at wholesale. A holder of a special class "AA"
21 permit may only manufacture high alcoholic content beer
22 to be consumed on the licensed premises for which the
23 person also holds a class "C" liquor control license
24 or class "B" beer permit and, to be sold to a class
25 "AA" permittee for resale purposes, and to be sold to
26 distributors outside of the state that are authorized
27 by the laws of that jurisdiction to sell high alcoholic
28 content beer at wholesale. A class "B" permit allows
29 the holder to sell beer to consumers at retail for
30 consumption on or off the premises. A class "C" permit
31 allows the holder to sell beer to consumers at retail
32 for consumption off the premises.>
33 2. Page 3, line 13, by striking <and> and inserting
34 <and,>
35 3. Page 3, line 14, after <purposes> by inserting
36 <, and may sell beer to distributors outside of
37 the state that are authorized by the laws of that
38 jurisdiction to sell beer at wholesale>
39 4. By renumbering as necessary.

By RIZER of Linn

H-1182 FILED APRIL 6, 2015

HOUSE FILE 524

H-1183

1 Amend House File 524 as follows:
2 1. Page 2, by striking lines 4 through 10 and
3 inserting <A certified shorthand reporter's audio
4 recordings used solely for the purpose of providing a
5 verbatim written transcript of a court proceeding or a
6 proceeding conducted in anticipation of use in a court
7 proceeding shall be considered the personal property
8 and private work product of the certified shorthand
9 reporter.>

By HAGENOW of Polk

H-1183 FILED APRIL 6, 2015

SENATE FILE 167

H-1184

1 Amend Senate File 167, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 1, after line 5 by inserting:
4 <Sec. ____ . Section 331.434, subsection 5, Code
5 2015, is amended to read as follows:
6 5. a. After the hearing, the board shall adopt
7 by resolution a budget and certificate of taxes for
8 the next fiscal year and shall direct the auditor to
9 properly certify and file the budget and certificate of
10 taxes as adopted. The board shall not adopt a tax in
11 excess of the estimate published, except a tax which
12 is approved by a vote of the people, and a greater tax
13 than that adopted shall not be levied or collected. A
14 county budget and certificate of taxes adopted for the
15 following fiscal year becomes effective on the first
16 day of that year.
17 b. If the budget to be approved pursuant to
18 paragraph "a" contains any increase in compensation
19 from the county budget for the prior fiscal year
20 for one or more elective county offices, the board
21 shall first adopt a separate detailed resolution to
22 specifically approve any such increase for inclusion
23 in the budget.>
24 2. By renumbering as necessary.

By ROGERS of Black Hawk

H-1184 FILED APRIL 6, 2015

SENATE FILE 345

H-1186

1 Amend Senate File 345, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 1, before line 1 by inserting:

4 <DIVISION _____
5 STATE AND SCHOOL ANTIHARASSMENT AND ANTIBULLYING
6 POLICIES>

7 2. By striking page 2, line 17, through page 3,
8 line 2, and inserting <following new subsection:>

9 3. Page 6, after line 5 by inserting:

10 <DIVISION _____
11 IOWA TEACHER CAREER AND COMPENSATION MATTERS AND
12 ELIMINATION OF THE TEACHER LEADERSHIP SUPPLEMENT

13 Sec. _____. Section 256.9, subsection 63, Code 2015,
14 is amended to read as follows:

15 63. a. Develop and implement a coaching and
16 support system for teachers aligned with the ~~framework~~
17 ~~and comparable systems approved as provided beginning~~
18 teacher mentoring and induction program created in
19 section ~~284.15~~ 284.5.

20 b. Develop and implement in collaboration with
21 education stakeholders, a coaching and support system
22 for administrators. The coaching and support system
23 shall be aligned with the beginning administrator
24 mentoring and induction program created pursuant
25 to section 284A.5 and ~~shall also be designed to~~
26 ~~support administrators in school districts approved~~
27 ~~to implement the framework and comparable systems set~~
28 ~~forth pursuant to sections 284.15, 284.16, and 284.17.~~
29 ~~For the fiscal year beginning July 1, 2017, and each~~
30 ~~subsequent fiscal year, the coaching and support system~~
31 ~~for administrators shall be available to any school~~
32 ~~district whether or not the district has been approved~~
33 ~~to implement the framework and comparable systems set~~
34 ~~forth pursuant to sections 284.15, 284.16, and 284.17.~~

35 Sec. _____. Section 257.1, subsection 2, paragraph b,
36 Code 2015, is amended to read as follows:

37 b. For the budget year commencing July 1, 1999,
38 and for each succeeding budget year the regular
39 program foundation base per pupil is eighty-seven
40 and five-tenths percent of the regular program state
41 cost per pupil. For the budget year commencing July
42 1, 1991, and for each succeeding budget year the
43 special education support services foundation base is
44 seventy-nine percent of the special education support
45 services state cost per pupil. The combined foundation
46 base is the sum of the regular program foundation base,
47 the special education support services foundation base,
48 the total teacher salary supplement district cost, the
49 total professional development supplement district
50 cost, the total early intervention supplement district

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1 cost, ~~the total teacher leadership supplement district~~
2 ~~cost~~, the total area education agency teacher salary
3 supplement district cost, and the total area education
4 agency professional development supplement district
5 cost.

6 Sec. _____. Section 257.1, subsection 3, Code 2015,
7 is amended to read as follows:

8 3. Computations rounded. In making computations
9 and payments under this chapter, except in the case of
10 computations relating to funding of special education
11 support services, media services, and educational
12 services provided through the area education agencies,
13 and the teacher salary supplement, the professional
14 development supplement, and the early intervention
15 supplement, ~~and the teacher leadership supplement~~, the
16 department of management shall round amounts to the
17 nearest whole dollar.

18 Sec. _____. Section 257.4, subsection 1, paragraph
19 a, subparagraph (9), Code 2015, is amended by striking
20 the subparagraph.

21 Sec. _____. Section 257.8, subsection 2, Code 2015,
22 is amended to read as follows:

23 2. Categorical state percent of growth. The
24 categorical state percent of growth for the budget
25 year beginning July 1, 2012, is two percent. The
26 categorical state percent of growth for the budget
27 year beginning July 1, 2013, is two percent. The
28 categorical state percent of growth for the budget
29 year beginning July 1, 2014, is four percent. The
30 categorical state percent of growth for each budget
31 year shall be established by statute which shall
32 be enacted within thirty days of the submission in
33 the year preceding the base year of the governor's
34 budget under section 8.21. The establishment of the
35 categorical state percent of growth for a budget year
36 shall be the only subject matter of the bill which
37 enacts the categorical state percent of growth for a
38 budget year. The categorical state percent of growth
39 may include state percents of growth for the teacher
40 salary supplement, the professional development
41 supplement, and the early intervention supplement, ~~and~~
42 ~~the teacher leadership supplement~~.

43 Sec. _____. Section 257.9, subsection 11, Code 2015,
44 is amended by striking the subsection.

45 Sec. _____. Section 257.10, subsection 8, paragraph
46 a, Code 2015, is amended to read as follows:

47 a. Combined district cost is the sum of the regular
48 program district cost per pupil multiplied by the
49 weighted enrollment, the special education support
50 services district cost, the total teacher salary

1 supplement district cost, the total professional
2 development supplement district cost, and the total
3 early intervention supplement district cost, ~~and the~~
4 ~~total teacher leadership supplement district cost,~~ plus
5 the sum of the additional district cost allocated to
6 the district to fund media services and educational
7 services provided through the area education agency,
8 the area education agency total teacher salary
9 supplement district cost and the area education agency
10 total professional development supplement district
11 cost.

12 Sec. _____. Section 257.10, subsection 12, Code 2015,
13 is amended by striking the subsection.

14 Sec. _____. Section 257.16, subsection 4, Code 2015,
15 is amended to read as follows:

16 4. Notwithstanding any provision to the contrary,
17 if the governor orders budget reductions in accordance
18 with section 8.31, the teacher salary supplement
19 district cost, the professional development supplement
20 district cost, and the early intervention supplement
21 district cost, ~~and the teacher leadership supplement~~
22 ~~district cost~~ as calculated under section 257.10,
23 subsections 9, 10, and 11, ~~and 12,~~ and the area
24 education agency teacher salary supplement district
25 cost and the area education agency professional
26 development supplement district cost as calculated
27 under section 257.37A, subsections 1 and 2, shall be
28 paid in full as calculated and the reductions in the
29 appropriations provided in accordance with this section
30 shall be reduced from the remaining moneys appropriated
31 pursuant to this section and shall be distributed on a
32 per pupil basis calculated with the weighted enrollment
33 determined in accordance with section 257.6, subsection
34 5.

35 Sec. _____. Section 282.18, subsection 7, Code 2015,
36 is amended to read as follows:

37 7. A pupil participating in open enrollment
38 shall be counted, for state school foundation aid
39 purposes, in the pupil's district of residence. A
40 pupil's residence, for purposes of this section,
41 means a residence under section 282.1. The board of
42 directors of the district of residence shall pay to
43 the receiving district the state cost per pupil for
44 the previous school year, ~~and the teacher leadership~~
45 ~~supplement state cost per pupil for the previous fiscal~~
46 ~~year as provided in section 257.9,~~ plus any moneys
47 received for the pupil as a result of the non-English
48 speaking weighting under section 280.4, subsection 3,
49 for the previous school year multiplied by the state
50 cost per pupil for the previous year. If the pupil

1 participating in open enrollment is also an eligible
2 pupil under section 261E.6, the receiving district
3 shall pay the tuition reimbursement amount to an
4 eligible postsecondary institution as provided in
5 section 261E.7.

6 Sec. _____. Section 284.2, subsection 8, Code 2015,
7 is amended to read as follows:

8 8. "Performance review" means a summative evaluation
9 of a teacher other than a beginning teacher that is
10 used to determine whether the teacher's practice meets
11 school district expectations for career advancement
12 under section 284.7 and demonstrates competence in the
13 Iowa teaching standards in accordance with section
14 284.8.

15 Sec. _____. Section 284.3A, subsection 2, paragraph
16 a, Code 2015, is amended to read as follows:

17 a. ~~For the school budget year beginning July 1,~~
18 ~~2010, and each succeeding school year, school~~ School
19 districts and area education agencies shall combine
20 payments made to teachers under sections 257.10 and
21 257.37A with regular wages to create a combined salary.
22 The teacher contract issued under section 279.13 must
23 include the combined salary. If a school district
24 or area education agency uses a salary schedule, a
25 combined salary schedule shall be used for regular
26 wages and for distribution of payments under sections
27 257.10 and 257.37A, and for incorporating the salary
28 minimums required in section 284.7, ~~or required under~~
29 ~~a framework or comparable system approved pursuant to~~
30 ~~section 284.15.~~ The combined salary schedule must
31 use only the combined salary and cannot differentiate
32 regular salaries and distribution of payments under
33 sections 257.10 and 257.37A.

34 Sec. _____. Section 284.6, subsection 8, Code 2015,
35 is amended to read as follows:

36 8. For each year in which a school district
37 receives funds calculated and paid to school
38 districts for professional development pursuant to
39 section 257.10, subsection 10, or section 257.37A,
40 subsection 2, the school district shall create quality
41 professional development opportunities. Not less
42 than thirty-six hours in the school calendar, held
43 outside of the minimum school day, shall be set aside
44 during nonpreparation time or designated professional
45 development time to allow practitioners to collaborate
46 with each other to deliver educational programs and
47 assess student learning, or to engage in peer review
48 pursuant to section 284.8, subsection 1. The goal
49 for the use of the funds may be used to implement the
50 professional development provisions of the teacher

1 ~~career paths and leadership roles specified in section~~
2 ~~284.7 or 284.15, including but not is to provide one~~
3 ~~additional contract day or the equivalent thereof~~
4 ~~for professional development, and use of the funds~~
5 ~~is limited to providing professional development to~~
6 ~~teachers, including additional salaries for time beyond~~
7 ~~the normal negotiated agreement; pay for substitute~~
8 ~~teachers, professional development materials,~~
9 ~~speakers, and professional development content; and~~
10 ~~costs associated with implementing the individual~~
11 ~~professional development plans. The use of the funds~~
12 ~~shall be balanced between school district, attendance~~
13 ~~center, and individual professional development plans,~~
14 ~~making every reasonable effort to provide equal access~~
15 ~~to all teachers.~~

16 Sec. _____. Section 284.7, subsection 6, Code 2015,
17 is amended by striking the subsection.

18 Sec. _____. Section 284.9, subsection 5, Code 2015,
19 is amended by striking the subsection.

20 Sec. _____. Section 284.11, subsection 2, paragraph
21 c, Code 2015, is amended to read as follows:

22 c. Review the use and effectiveness of the funds
23 distributed to school districts for supplemental
24 assistance in high-need schools under this section,
25 ~~and consider the findings and recommendations of the~~
26 ~~commission on educator leadership and compensation~~
27 ~~submitted pursuant to section 284.15, subsection~~
28 ~~13, relating to the use and effectiveness of the~~
29 ~~funds distributed to school districts under this~~
30 ~~section.~~ The department shall submit its findings and
31 recommendations in a report to the general assembly by
32 January 15 annually.

33 Sec. _____. Section 284.13, subsection 1, paragraph
34 e, Code 2015, is amended by striking the paragraph.

35 Sec. _____. Section 284.13, subsection 3, Code 2015,
36 is amended to read as follows:

37 3. The state board may adopt rules which assure
38 the allocation of resources under this section in a
39 manner that optimizes the fulfillment of the purposes
40 specified in ~~sections~~ section 284.11, 284.15, 284.16,
41 ~~and 284.17.~~

42 Sec. _____. REPEAL. Sections 284.15, 284.16, and
43 284.17, Code 2015, are repealed.

44 DIVISION ____
45 PERCENTS OF GROWTH

46 Sec. _____. Section 257.8, subsections 1 and 2, Code
47 2015, are amended to read as follows:

48 1. State percent of growth. ~~The state percent of~~
49 ~~growth for the budget year beginning July 1, 2012,~~
50 ~~is two percent.~~ The state percent of growth for the

1 budget year beginning July 1, 2013, is two percent.
 2 The state percent of growth for the budget year
 3 beginning July 1, 2014, is four percent. The state
 4 percent of growth for the budget year beginning July 1,
 5 2015, is two and one-half percent. The state percent
 6 of growth for each subsequent budget year shall be
 7 established by statute which shall be enacted within
 8 thirty days of the submission in the year preceding the
 9 base year of the governor's budget under section 8.21.
 10 The establishment of the state percent of growth for
 11 a budget year shall be the only subject matter of the
 12 bill which enacts the state percent of growth for a
 13 budget year.

14 2. Categorical state percent of growth. ~~The~~
 15 ~~categorical state percent of growth for the budget~~
 16 ~~year beginning July 1, 2012, is two percent.~~ The
 17 categorical state percent of growth for the budget
 18 year beginning July 1, 2013, is two percent. The
 19 categorical state percent of growth for the budget
 20 year beginning July 1, 2014, is four percent. The
 21 categorical state percent of growth for the budget
 22 year beginning July 1, 2015, is two and one-half
 23 percent. The categorical state percent of growth for
 24 each budget year shall be established by statute which
 25 shall be enacted within thirty days of the submission
 26 in the year preceding the base year of the governor's
 27 budget under section 8.21. The establishment of the
 28 categorical state percent of growth for a budget year
 29 shall be the only subject matter of the bill which
 30 enacts the categorical state percent of growth for a
 31 budget year. The categorical state percent of growth
 32 may include state percents of growth for the teacher
 33 salary supplement, the professional development
 34 supplement, the early intervention supplement, and the
 35 teacher leadership supplement.

36 Sec. ____ . CODE SECTION 257.8 ----
 37 IMPLEMENTATION. The requirements of section 257.8,
 38 subsections 1 and 2, regarding the enactment of bills
 39 establishing the regular program state percent of
 40 growth and the categorical state percent of growth
 41 within thirty days of the submission in the year
 42 preceding the base year of the governor's budget and
 43 the subject matter limitation of bills establishing
 44 the state percent of growth and the categorical state
 45 percent of growth do not apply to this division of
 46 this Act.

47 Sec. ____ . EFFECTIVE UPON ENACTMENT. This division
 48 of this Act, being deemed of immediate importance,
 49 takes effect upon enactment.>

50 4. Title page, line 1, after <to> by inserting

1 <education including>
2 5. Title page, line 2, after <policies> by
3 inserting <and teacher career and compensation matters>
4 6. Title page, by striking lines 4 and 5 and
5 inserting <student mentoring pilot program, providing
6 for a school climate and bullying work group,
7 eliminating the teacher leadership supplement,
8 establishing the state percent of growth and
9 categorical state percent of growth, and including
10 effective date provisions.>
11 7. By renumbering, redesignating, and correcting
12 internal references as necessary.

By SHEETS of Appanoose

SENATE FILE 366

H-1180

1 Amend Senate File 366, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 <Section 1. Section 97A.6, subsection 7, paragraph
6 a, subparagraph (1), Code 2015, is amended to read as
7 follows:

8 (1) Should any beneficiary for either ordinary
9 or accidental disability, except a beneficiary
10 who is fifty-five years of age or over and would
11 have completed twenty-two years of service if the
12 beneficiary had remained in active service, be
13 engaged in a gainful occupation paying more than
14 the difference between the member's net retirement
15 allowance and one and one-half times the current
16 earnable compensation of an active member at the same
17 position on the salary scale within the member's rank
18 as the member held at retirement, then the amount of
19 the retirement allowance shall be reduced, subject to
20 the requirements of this subparagraph, to an amount
21 such that the member's net retirement allowance plus
22 the amount earned by the member shall equal one and
23 one-half times the amount of the current earnable
24 compensation of an active member at the same position
25 on the salary scale within the member's rank as
26 the member held at retirement. Should the member's
27 earning capacity be later changed, the amount of the
28 retirement allowance may be further modified, subject
29 to the requirements of this subparagraph, provided
30 that the new retirement allowance shall not exceed the
31 amount of the retirement allowance originally granted
32 adjusted by annual readjustments of pensions pursuant
33 to subsection 14 of this section nor an amount which
34 would cause the member's net retirement allowance,
35 when added to the amount earned by the beneficiary, to
36 equal one and one-half times the amount of the current
37 earnable compensation of an active member at the same
38 position on the salary scale within the member's rank
39 as the member held at retirement. However, a member's
40 retirement allowance payable in a calendar year shall
41 not be reduced pursuant to this subparagraph to an
42 amount that is less than half of the member's ordinary
43 disability or accidental disability retirement benefit
44 allowance calculated without regard to this paragraph
45 "a", and otherwise payable to the member in a calendar
46 year. A beneficiary restored to active service at
47 a salary less than the average final compensation
48 upon the basis of which the member was retired at age
49 fifty-five or greater, shall not again become a member
50 of the retirement system and shall have the member's

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1 retirement allowance suspended while in active service.
2 If the rank or position held by the retired member is
3 subsequently abolished, adjustments to the allowable
4 limit on the amount of income which can be earned in
5 a gainful occupation shall be computed in the same
6 manner as provided in subsection 14, paragraph "c",
7 of this section for readjustment of pensions when a
8 rank or position has been abolished. If the salary
9 scale associated with a member's rank at retirement is
10 changed after the member retires, earnable compensation
11 for purposes of this section shall be based upon the
12 salary an active member currently would receive at
13 the same rank and with seniority equal to that of the
14 retired member at the time of retirement. For purposes
15 of this paragraph, "net retirement allowance" means
16 the amount determined by subtracting the amount paid
17 during the previous calendar year by the beneficiary
18 for health insurance or similar health care coverage
19 for the beneficiary and the beneficiary's dependents
20 from the amount of the member's retirement allowance
21 paid for that year pursuant to this chapter. The
22 beneficiary shall submit sufficient documentation
23 to the board of trustees to permit the system to
24 determine the member's net retirement allowance for the
25 applicable year.>

26 2. Title page, line 1, by striking <reexamination,
27 recalculation, and offset> and inserting <reexamination
28 and recalculation>

29 3. By renumbering as necessary.

COMMITTEE ON STATE GOVERNMENT

VANDER LINDEN of Mahaska, Chairperson

SENATE FILE 402

H-1181

1 Amend Senate File 402, as passed by the Senate, as
2 follows:

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

5 <Section 1. CLARINDA AND MOUNT PLEASANT MENTAL
6 HEALTH INSTITUTES.

7 1. Within sixty days after the effective date
8 of this Act, the department of human services shall
9 develop a comprehensive transition plan for psychiatric
10 and substance abuse treatment services at the mental
11 health institutes at Mount Pleasant and Clarinda
12 and shall submit the plan to the mental health
13 and disability services commission for review and
14 approval. Until such a transition plan is approved
15 and implemented, the department shall continue to
16 accept eligible patients into both institutes within
17 each institute's capacity as of June 30, 2014. The
18 department shall also ensure that the diagnostic and
19 treatment service needs of patients served through
20 the acute inpatient psychiatric mental health and
21 geropsychiatric programs at the state mental health
22 institute at Clarinda and through the psychiatric and
23 substance abuse recovery programs operated at the state
24 mental health institute at Mount Pleasant continue to
25 be met at those institutes.

26 2. In developing a comprehensive transition plan
27 pursuant to subsection 1, the department of human
28 services shall work with key stakeholders including
29 but not limited to the departments of public health
30 and inspections and appeals, the mental health and
31 disability services regions, and the university of Iowa
32 hospitals and clinics to ensure all of the following:

33 a. That patients served at the state mental health
34 institutes at Clarinda and Mount Pleasant continue
35 to receive the appropriate level of care during any
36 transition period.

37 b. That clinical and professional expertise
38 currently in place at the state mental health
39 institutes at Clarinda and Mount Pleasant relating
40 to serious mental illness including geropsychiatric
41 and co-occurring mental health and substance abuse
42 disorders is shared with other state mental health
43 institutes and community-based providers through
44 professional training and case consultation.

45 c. That alternative locations for the educational
46 and training opportunities currently provided at the
47 state mental health institutes at Clarinda and Mount
48 Pleasant have been identified.

49 d. That appropriate funding, including Medicaid
50 reimbursement methods and transitional funding, has

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1 been identified and necessary steps have been taken to
2 access the funding.

3 3. The department of human services shall report
4 to the chairpersons and ranking members of the joint
5 appropriations subcommittee on health and human
6 services on a quarterly basis on the development and
7 implementation of the comprehensive transition plan.

8 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being
9 deemed of immediate importance, takes effect upon
10 enactment.>

11 2. Title page, line 2, after <Pleasant> by
12 inserting <, and including effective date provisions>

COMMITTEE ON APPROPRIATIONS

SODERBERG of Plymouth, Chairperson

H-1181 FILED APRIL 6, 2015

SENATE FILE 415

H-1179

1 Amend [Senate File 415](#), as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking page 1, line 17, through page 2,
4 line 33.

5 2. By renumbering as necessary.

COMMITTEE ON STATE GOVERNMENT

VANDER LINDEN of Mahaska, Chairperson

H-1179 FILED APRIL 6, 2015

SENATE FILE 434

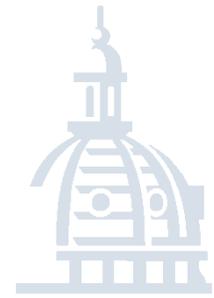
H-1185

1 Amend [Senate File 434](#), as passed by the Senate, as
2 follows:

3 1. Page 1, line 3, by striking <no more than three>
4 and inserting <eight>

By MASCHER of Johnson

H-1185 FILED APRIL 6, 2015



HF 615 – Rural Improvement Zones (LSB1257HZ)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 615 relates to the establishment, operation, duration, and dissolution of Rural Improvement Zones (Iowa Code chapter **357H**).

Background

Under current law, Rural Improvement Zones are allowed in counties with a population of 20,000 or less according to the 2000 federal census. A Rural Improvement Zone must surround a lake and be in an unincorporated portion of the county. A Rural Improvement Zone is created by petition of the landowners of the lake area, with approval by the Board of Supervisors.

There are currently four Rural Improvements Zones in Iowa:

- Lake Panorama – Guthrie County
- Diamondhead Lake – Guthrie County
- Holiday Lake – Poweshiek County
- Sun Valley – Ringgold County

Rural Improvement Zones potentially impact State and local government revenue and expenditures in two direct ways. First, Iowa Code allows Rural Improvement Zones to divide property tax revenue paid on property within the Zone between the regular local governments (schools, county, etc.) and the governing body of the Zone. This type of revenue division is commonly referred to as Tax Increment Financing (TIF). In addition, the Zone governing body is allowed to impose a special property tax levy on property within the Zone. That special levy (Iowa Code section **357H.9(4)**, if imposed, must equal a rate between \$0.50 and \$2.50 per \$1,000 of taxed value. For FY 2015, only Lake Panorama utilized the special levy (\$2.50/\$1,000).

For FY 2015, the four Rural Improvement Zones had a combined assessed value of \$601.3 million and a taxed value of \$331.5 million. Of that taxed value, \$110.8 million (33.4%) was increment value. The two Zones that have existed the longest are utilizing the higher percentage as increment value. Lake Panorama utilizes 40.0% of the taxable value and Diamondhead Lake utilizes 39.9%.

Assessed and Taxed Value of Existing Rural Improvement Zones						
FY 2015 Data - Dollars in Millions						
	Base Year	Total Assessed Value	Frozen Base Value	Total Taxed Value	Increment Value	% of Taxed Value in Increment
Lake Panorama	1996	\$ 358.9	\$ 114.6	\$ 199.9	\$ 79.9	40.0%
Diamondhead Lake	1997	28.0	12.8	15.3	6.1	39.9%
Holiday Lake	2007	79.0	68.4	42.9	10.6	24.7%
Sun Valley	2007	135.4	47.7	73.4	14.2	19.3%
		\$ 601.3	\$ 243.5	\$ 331.5	\$ 110.8	33.4%

For the division of property tax revenue under TIF, the regular taxing authorities receive the property tax revenue from all property that is not included in the increment value and they also receive the proceeds of any debt levies generated from increment value. The authority that created the TIF area, in this case a Rural Improvement Zone Board of Trustees, receives all nondebt levy property tax generated from the increment value. For FY 2015, the four Rural Improvement Zones received a total of \$2.7 million in TIF increment tax revenue.

All property in Iowa subject to property tax pays, as part of the consolidated property tax rate, a rate of \$5.40 per \$1,000 of taxed valuation for basic school operation (referred to as the basic levy). When revenue is divided under a TIF arrangement, revenue from the \$5.40 levy goes not to the school district, but to the authority creating the TIF area. Through operation of the School Aid Formula, this directly increases the State General Fund appropriation for school finance by \$5.40 per \$1,000 of increment value. For FY 2015, this backfilling of TIF increment value by the State General Fund totaled \$55.5 million, and Rural Improvement Zones represent \$0.6 million of that amount.

Fiscal Impact

[House File 615](#) makes several changes that may alter the fiscal impact of the existing four Rural Improvement Zones, as well as any potential Zones established in the future. The Bill:

- Changes the powers of the Board of Supervisors related to approving a petition for the establishment of a Zone from “shall” to “may.”
- Changes the federal census population requirements for Zone establishment.
- Defines a Rural Improvement Zone lake as a water surface area of at least 80 acres and located in a single county.
- Adds water quality to the definition of allowed lake improvements.
- Modifies the timeframe available for the issuance of debt certificates.
- Modifies the base value used to calculate the available TIF increment value.
- Dissolves existing Zones on June 30, 2019, or 20 years after first receiving property tax revenue through TIF, whichever is later.
- Permits the Board of Supervisors to approve an unlimited number of 20-year extensions to the dissolution date of the Zone.

The overall fiscal impact and timing of the Rural Improvement Zone changes contained in this Bill on local government finance and the State General Fund appropriation for school finance cannot be determined. If the changes lead to less incremental value in Rural Improvement Zones in future years than would otherwise be the case, the regular local government authorities taxing the property will receive more tax revenue and the State General Fund appropriation for school aid will be reduced.

Sources

Department of Management Property Valuation System
Legislative Services Agency analysis

/s/ Holly M. Lyons

April 6, 2015

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.
