

**EIGHTY-SIXTH GENERAL ASSEMBLY
2016 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

APRIL 1, 2016

SENATE FILE 2304

H-8154

1 Amend [Senate File 2304](#), as passed by the Senate, as
2 follows:

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

5 <Section 1. NEW SECTION. 237C.1 Definitions.

6 As used in this chapter, unless the context
7 otherwise requires:

8 1. "Administrator" means the administrator of that
9 division of the department designated by the director
10 of human services to administer this chapter or the
11 administrator's designee.

12 2. "Child" or "children" means an individual or
13 individuals under eighteen years of age.

14 3. "Children's residential facility" means a
15 private facility designed to serve children who have
16 been voluntarily placed for reasons other than an
17 exclusively recreational activity outside of their
18 home by a parent or legal guardian and who are not
19 under the custody or authority of the department of
20 human services, juvenile court, or another governmental
21 agency, that provides twenty-four hour care, including
22 food, lodging, supervision, education, or other care on
23 a full-time basis by a person other than a relative or
24 guardian of the child, but does not include an entity
25 providing any of the following:

26 a. Care furnished by an individual who receives
27 the child of a personal friend as an occasional and
28 personal guest in the individual's home, free of charge
29 and not as a business.

30 b. Care furnished by an individual with whom a
31 child has been placed for lawful adoption, unless
32 that adoption is not completed within two years after
33 placement.

34 c. Child care furnished by a child care facility as
35 defined in section 237A.1.

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1 d. Care furnished in a hospital licensed under
2 chapter 135B or care furnished in a health care
3 facility as defined in section 135C.1.

4 e. Care furnished by a juvenile detention home
5 or juvenile shelter care home approved under section
6 232.142.

7 f. Care furnished by a child foster care facility
8 licensed under chapter 237.

9 g. Care furnished by an institution listed in
10 section 218.1.

11 h. Care furnished by a facility licensed under
12 chapter 125.

13 i. Care furnished by a psychiatric medical
14 institution for children licensed under chapter 135H.

15 j. Care furnished by a bona fide religious
16 institution.

17 4. "Department" means the department of human
18 services.

19 Sec. 2. NEW SECTION. 237C.2 Purpose.

20 It is the policy of this state to provide
21 appropriate protection for children who are separated
22 from the direct personal care of their parents,
23 relatives, or guardians and, therefore, the purpose
24 of this chapter is to provide for the development,
25 establishment, and enforcement of standards relating to
26 the certification of children's residential facilities.

27 Sec. 3. NEW SECTION. 237C.3 Certification
28 standards ---- consultation with other agencies.

29 1. The department of human services shall consult
30 with the department of education, the department of
31 inspections and appeals, the department of public
32 health, the state fire marshal, and other agencies
33 as determined by the department of human services
34 to establish certification standards for children's
35 residential facilities in accordance with this chapter.

1 2. Standards established by the department under
2 this chapter shall at a minimum address the basic
3 health and educational needs of children; protection
4 of children from mistreatment, abuse, and neglect;
5 background and records checks of persons providing
6 care to children in facilities certified under this
7 chapter; the use of seclusion, restraint, or other
8 restrictive interventions; health; safety; emergency;
9 and the physical premises on which care is provided
10 by a children's residential facility. The background
11 check requirements shall be substantially equivalent to
12 those applied under chapter 237 for a child foster care
13 facility provider.

14 Sec. 4. NEW SECTION. 237C.4 Rules.

15 1. Except as otherwise provided in this section,
16 the department shall adopt rules pursuant to chapter
17 17A to administer this chapter.

18 2. A children's residential facility shall be
19 inspected by the state fire marshal or the state fire
20 marshal's designee for compliance with rules relating
21 to fire safety before the department grants or renews
22 a certificate of approval under this chapter. Rules
23 governing fire safety in children's residential
24 facilities shall be promulgated by the state fire
25 marshal pursuant to section 100.1, subsection 5, after
26 consultation with the administrator.

27 3. Rules governing sanitation, water, and waste
28 disposal standards for children's residential
29 facilities shall be adopted by the department of public
30 health pursuant to section 135.11, subsection 12, after
31 consultation with the administrator.

32 4. Rules governing educational programs and
33 education services provided by children's residential
34 facilities shall be adopted by the state board of
35 education pursuant to section 282.34.

1 5. In the case of a conflict between rules adopted
2 pursuant to subsections 2 and 3 and local rules, the
3 more stringent requirement applies.

4 Sec. 5. NEW SECTION. 237C.5 Certificate of
5 approval ---- certification required.

6 A person shall not operate a children's residential
7 facility without a certificate of approval to operate
8 issued by the administrator under this chapter.

9 Sec. 6. NEW SECTION. 237C.6 Bona fide religious
10 institution ---- notification required.

11 If care is furnished by a facility that is a bona
12 fide religious institution exempt from the definition
13 of children's residential facility under section
14 237C.1, subsection 3, paragraph "j", but that would
15 otherwise qualify as a children's residential facility
16 under section 237C.1, subsection 3, the facility shall
17 do all of the following:

18 1. Notify the department of human services in
19 writing of the existence of the facility within thirty
20 days of commencing operation.

21 2. Allow annually one scheduled inspection and
22 one unannounced inspection of the facility by a
23 representative of the department of inspections and
24 appeals.

25 3. Authorize reasonable and timely access to
26 clients and staff of the facility by a representative
27 of the department of human services who is responsible
28 for investigating an allegation of abuse.

29 Sec. 7. NEW SECTION. 237C.7 Certificate
30 application and issuance ---- denial, suspension, or
31 revocation.

32 1. A person shall apply for a certificate to
33 operate a children's residential facility by completing
34 and submitting to the administrator an application in
35 a form and format approved by the administrator. The

1 administrator shall issue or reissue a certificate
2 of approval if the administrator determines that the
3 applicant is or upon commencing operation will provide
4 children's residential facility services in compliance
5 with this chapter. A certificate of approval is valid
6 for up to one year from the date of issuance for the
7 period determined by the administrator in accordance
8 with administrative rules providing criteria for making
9 the determination.

10 2. The certificate of approval shall state on
11 its face the name of the holder of the certificate,
12 the particular premises for which the certificate is
13 issued, and the number of children who may be cared for
14 by the children's residential facility on the premises
15 at one time under the certificate of occupancy issued
16 by the state fire marshal or the state fire marshal's
17 designee. The certificate of approval shall be posted
18 in a conspicuous place in the children's residential
19 facility.

20 3. The administrator may deny an application for
21 issuance or reissuance of a certificate of approval
22 or suspend or revoke a certificate of approval if
23 the applicant or certificate holder, as applicable,
24 fails to comply with this chapter or the rules adopted
25 pursuant to this chapter or knowingly makes a false
26 statement concerning a material fact or conceals a
27 material fact on the application for the issuance or
28 reissuance of a certificate of approval or in a report
29 regarding operation of the children's residential
30 facility submitted to the administrator. All
31 operations of a children's residential facility shall
32 cease during a period of suspension or revocation. The
33 administrator shall suspend or revoke a certificate
34 of approval of a children's residential facility that
35 fails to comply with section 282.34.

1 Sec. 8. NEW SECTION. 237C.8 Restricted use of
2 facility.

3 A children's residential facility shall operate
4 only in a building or on premises designated in the
5 certificate of approval.

6 Sec. 9. NEW SECTION. 237C.9 Reports and
7 inspections.

8 The administrator may require submission of reports
9 by a certificate of approval holder and shall cause at
10 least one annual unannounced inspection of a children's
11 residential facility to assess compliance with
12 applicable requirements and standards. The inspections
13 shall be conducted by the department of inspections
14 and appeals in addition to initial, renewal, and
15 other inspections that result from complaints or
16 self-reported incidents. The department of inspections
17 and appeals and the department of human services may
18 examine records of a children's residential facility
19 and may inquire into matters concerning the children's
20 residential facility and its employees, volunteers, and
21 subcontractors relating to requirements and standards
22 for children's residential facilities under this
23 chapter.

24 Sec. 10. NEW SECTION. 237C.10 Injunctive relief
25 ---- civil action.

26 1. A person who establishes, conducts, manages,
27 or operates a children's residential facility without
28 a certificate of approval required pursuant to this
29 chapter, or a children's residential facility with
30 a certificate of approval that is not operating in
31 compliance with rules adopted pursuant to this chapter
32 or section 282.34, may be restrained by temporary
33 or permanent injunction from providing children's
34 residential facility services or from other involvement
35 with child care. The action may be instituted by the

1 state or a county attorney.

2 2. The parent or legal guardian of a child who is
3 placed in a children's residential facility, the state,
4 the department of education, or the school district
5 in which the children's residential facility is
6 located, may bring a civil action seeking relief from
7 conduct constituting a violation of this chapter or
8 section 282.34 or to prevent, restrain, or remedy such
9 violation. A civil action brought by the department
10 of education shall be limited to seeking relief from
11 conduct constituting a violation of section 282.34.
12 Multiple petitioners may join in a single action under
13 this subsection.

14 3. If successful in obtaining injunctive relief
15 under this section, the petitioner shall be awarded
16 reasonable attorney fees and court costs.

17 Sec. 11. NEW SECTION. 237C.11 Notice and hearings
18 ---- judicial review.

19 The procedure governing notice and hearing to deny
20 an application or suspend or revoke a certificate of
21 approval shall be in accordance with rules adopted by
22 the department.

23 Sec. 12. NEW SECTION. 282.34 Educational programs
24 for children's residential facilities.

25 1. A children's residential facility operating
26 under a certificate of approval issued under chapter
27 237C shall do all of the following:

28 a. Provide an educational program and appropriate
29 education services to children residing in the
30 children's residential facility by contracting with the
31 school district in which the children's residential
32 facility is located, contracting with an accredited
33 nonpublic school, or becoming accredited as a nonpublic
34 school through the standards and accreditation process
35 described in section 256.11 and adopted by rule by the

1 state board of education.

2 b. Display prominently in all of its major
3 publications and on its internet site a notice
4 accurately describing the educational program and
5 educational services provided by the children's
6 residential facility.

7 c. Include in any promotional, advertising,
8 or marketing materials regarding the children's
9 residential facility, available in print or via
10 the internet, all fees charged by the children's
11 residential facility for the services offered or
12 provided by the children's residential facility and its
13 refund policy for the return of refundable portions of
14 any fees.

15 2. The state board of education shall adopt by rule
16 pursuant to chapter 17A standards for the following:

17 a. Educational programs and appropriate educational
18 services provided under this section.

19 b. Contracts between children's residential
20 facilities and school districts or accredited nonpublic
21 schools.

22 c. Notices displayed in accordance with subsection
23 1, paragraph "b".

24 3. A contract that fails to comply with any of the
25 requirements of subsection 1, or with standards adopted
26 by the state board of education under subsection 2, is
27 void.

28 Sec. 13. REPEAL. Chapter 237B, Code 2016, is
29 repealed.

30 Sec. 14. REPORT REQUIREMENT. By January 1, 2017,
31 the department of human services, the department of
32 education, the department of public health, and the
33 state fire marshal shall each submit a report to the
34 general assembly concerning their progress in adopting
35 rules as appropriate under sections 237C.4 and 282.34,

1 as enacted by this Act.

2 Sec. 15. EXISTING FACILITY OPERATED BY BONA FIDE
3 RELIGIOUS INSTITUTION. A facility in existence on the
4 effective date of this Act, and which is exempt from
5 the definition of children's residential facility under
6 section 237C.1, subsection 3, paragraph "j", but which
7 would otherwise qualify as a children's residential
8 facility under section 237C.1, subsection 3, shall
9 notify the department of human services in writing of
10 its existence within thirty days of the effective date
11 of this Act.>

COMMITTEE ON GOVERNMENT OVERSIGHT

KAUFMANN of Cedar, Chairperson

H-8154 FILED MARCH 31, 2016



HF 2435 – Urban Renewal and Tax Increment Financing (LSB6015HV)
Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2435 relates to **Urban Renewal** and **Tax Increment Financing** (TIF). The bill:

- Expands debt-reporting requirements to be included in the current annual TIF report completed by the Legislative Services Agency (LSA) and the Department of Management.
- Prohibits the financing of public buildings through TIF for Urban Renewal plans and projects approved after the effective date of the bill.
- Makes changes to the definition of the term “blighted area” as it relates to slum and blight Urban Renewal.
- Terminates existing Urban Renewal areas that are based on a finding of economic development necessity only (not slum and/or blight) on July 1, 2036. The duration of some economic development areas is currently not limited while others are limited to 20 years from the calendar year in which the municipality first certifies debt that is to be repaid with TIF revenue.
- Terminates existing Urban Renewal areas that are based on a finding of slum and/or blight on July 1, 2041. The duration of existing slum and/or blight areas is currently not limited.
- Limits the duration of new Urban Renewal areas based on a finding of slum and/or blight to 25 years from the calendar year in which the municipality first certifies debt that is to be repaid with TIF revenue. The duration of slum and/or blight areas is currently not limited.

The bill is effective on enactment.

Background

Tax Increment Financing provides revenue for Urban Renewal efforts of Iowa cities and counties. The revenue is provided through the division (splitting) of property taxes paid on property within the Urban Renewal Area between the traditional taxing authorities (schools, cities, counties, community colleges, hospitals, and other forms of government) and the purposes of the Urban Renewal area. Tax Increment Financing does not, in and of itself, reduce or increase the property tax paid on property within the Urban Renewal area and subject to the TIF process.

Legislative changes that expand or restrict TIF can have an impact on the State General Fund appropriation for school aid. All property owners pay, as part of the consolidated property tax bill, a basic school levy of \$5.40 per thousand of taxed valuation. Property value that is subject to division for TIF (referred to as the TIF increment value) still pays this \$5.40 tax, but the tax paid goes to TIF finance and not the school district. By action of the state school aid formula, the State General Fund appropriation for school aid pays the \$5.40 amount for all value included in a TIF increment.

For FY 2016, a total of \$10.3 billion in taxed property value was included in TIF increments statewide (6.5% of statewide taxed value). This value generated \$312.5 million in TIF increment property tax. Of the \$312.5 million, \$55.5 million is reimbursed through the state school aid formula and the remaining \$257.0 million is property tax revenue diverted from the traditional taxing authorities and to the TIF process.

The total debt outstanding for all cities and counties at the conclusion of FY 2015 that is to be repaid with future TIF revenue equaled \$3,041.4 million. Of that amount, \$371.8 million (12.2%) was reported by a total of 15 cities as having a debt schedule with projected debt repayments beyond FY 2036. As FY 2036 is 20 years away, much of the \$371.8 million will have been repaid prior to the TIF termination dates implemented in this bill.

Of the \$371.8 million:

- \$117.4 million is general obligation debt with final payments due in FY 2042 and FY 2043. This debt is associated with an Urban Renewal area designated as blighted, so the termination date of this Urban Renewal area under the bill will be the end of FY 2041. By that time, very little of the \$177.4 million in debt will remain.
- \$197.8 million is classified as annual appropriation debt, meaning each year's debt payment is at the discretion of the city council in the year that the debt is due.
- \$8.8 million is a rebate debt that extends to FY 2040. That debt is included in an Urban Renewal area that is in part classified as blighted so a portion of that Urban Renewal area will not be terminated prior to the end of the debt schedule.
- \$47.1 million is a TIF revenue bond debt that extends to FY 2037. That debt is included in an Urban Renewal area that is in part classified as slum and blight so a portion of that Urban Renewal area will not be terminated prior to the end of the debt schedule.

Fiscal Impact

This bill restricts TIF by introducing maximum timeframes for some existing TIFs, limiting the duration of future TIFs that will not otherwise be limited, and prohibiting the future use of TIF for public buildings.

Restricting the use of TIF for public buildings could begin to have an impact in three fiscal years. Without TIF as a funding source, municipalities may turn to other financing methods for the same public buildings and those financing sources are likely to be predominantly property tax. So, for public building expenditures that do occur, it will mean a shift between taxpayers as the alternative property tax funding will have a different property tax base than the tax base available through TIF. For public building expenditures that do not occur because a non-TIF funding source is not secured, the expenditure will not occur and overall tax revenue demand will decrease.

Introducing maximum timeframes will terminate currently unlimited TIFs and the taxes paid on property within the TIF increment will return to the traditional taxing authorities. Under the provisions of the bill, this termination process will not begin until after FY 2036. Current debts of 15 cities totaling \$371.8 million could be impacted by the imposition of the Urban Renewal area termination dates include in the bill. However, much of that debt will be repaid through the normal TIF revenue and debt payment process before the termination date.

For the portion of any debt schedule that remains after the FY 2036 and FY 2041 termination dates, a city has the ability to repay the debt earlier or set aside additional TIF revenue to make those final payments. As additional alternatives after 20 years, the city could use other funds available to make any remaining debt payments or in the case of annual appropriation debt the city could decide to not make the final debt appropriations.

The TIF restrictions contained in the bill (restricting TIF timeframes and prohibiting TIF use for future public buildings) will reduce the amount of backfill for school finance needed from the State General Fund appropriation, but the reduction amount cannot be estimated at this time.

Sources

Legislative Services Agency analysis
Department of Management property tax files
Iowa League of Cities

/s/ Holly M. Lyons

March 31, 2016

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 LSA upon request.
