

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

APRIL 6, 2016

HOUSE FILE 2443

H-8160

1 Amend [House File 2443](#) as follows:
2 1. Page 16, after line 3 by inserting:
3 <Sec. ____ . IMPLEMENTATION -- COSTS. For the
4 fiscal year beginning July 1, 2016, the department of
5 revenue and the economic development authority shall
6 agree on the total cost of implementing this division
7 of this Act, and the economic development authority
8 shall pay those costs from funds appropriated to the
9 economic development authority for operational and
10 other purposes. If the department of revenue and
11 the economic development authority fail to come to an
12 agreement, the department of management shall determine
13 the costs to be paid by the economic development
14 authority under this subsection.>
15 2. By renumbering as necessary.

By NUNN of Polk

H-8160 FILED APRIL 5, 2016

HOUSE FILE 2448

H-8157

1 Amend [House File 2448](#) as follows:
2 1. Page 2, by striking lines 1 and 2 and inserting:
3 <d. The board shall not grant a petition that
4 involves the taking of property under eminent domain
5 unless a minimum of>

By KAUFMANN of Cedar

H-8157 FILED APRIL 5, 2016

HOUSE FILE 2451

H-8161

1 Amend House File 2451 as follows:

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

3 <Section 1. Section 8.57, subsection 5, Code 2016,
4 is amended by adding the following new paragraph:

5 NEW PARAGRAPH. 0h. (1) Notwithstanding paragraph
6 "c" of this subsection, there is appropriated from the
7 rebuild Iowa infrastructure fund to the water quality
8 infrastructure fund created in section 8.57B the
9 following amounts:

10 (a) For the fiscal year beginning July 1, 2016, and
11 ending June 30, 2017, five million dollars.

12 (b) For the fiscal year beginning July 1, 2017, and
13 ending June 30, 2018, six million five hundred thousand
14 dollars.

15 (c) For the fiscal year beginning July 1, 2018,
16 and ending June 30, 2019, eleven million five hundred
17 thousand dollars.

18 (d) For the fiscal year beginning July 1, 2019,
19 and ending June 30, 2020, sixteen million five hundred
20 thousand dollars.

21 (e) For the fiscal year beginning July 1, 2020,
22 and ending June 30, 2021, sixteen million five hundred
23 thousand dollars.

24 (f) For the fiscal year beginning July 1, 2021, and
25 ending June 30, 2022, twenty-two million dollars.

26 (g) For the fiscal year beginning July 1, 2022, and
27 ending June 30, 2023, twenty-two million dollars.

28 (h) For the fiscal year beginning July 1, 2023, and
29 ending June 30, 2024, twenty-two million dollars.

30 (i) For the fiscal year beginning July 1, 2024, and
31 ending June 30, 2025, twenty-two million dollars.

32 (j) For the fiscal year beginning July 1, 2025, and
33 ending June 30, 2026, twenty-two million dollars.

34 (k) For the fiscal year beginning July 1, 2026, and
35 ending June 30, 2027, twenty-two million dollars.

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1 (1) For the fiscal year beginning July 1, 2027, and
2 ending June 30, 2028, twenty-two million dollars.

3 (m) For the fiscal year beginning July 1, 2028, and
4 ending June 30, 2029, twenty-two million dollars.

5 (2) This paragraph "0h" is repealed on January 1,
6 2030.

7 Sec. ____ . NEW SECTION. 8.57B Water quality
8 infrastructure fund ---- creation ---- appropriations.

9 1. A water quality infrastructure fund is created
10 within the division of soil conservation and water
11 quality of the department of agriculture and land
12 stewardship. The fund shall consist of moneys
13 appropriated from the rebuild Iowa infrastructure fund
14 pursuant to section 8.57, subsection 5, paragraph "0h".

15 2. The fund shall be separate from the general fund
16 of the state and the balance in the fund shall not be
17 considered part of the balance of the general fund
18 of the state. However, the fund shall be considered
19 a special account for the purposes of section 8.53,
20 relating to generally accepted accounting principles.

21 3. Moneys in the fund are appropriated to the
22 division of soil conservation and water quality of
23 the department of agriculture and land stewardship
24 for the exclusive purpose of supporting water quality
25 agriculture infrastructure programs created in section
26 466B.43.

27 4. Notwithstanding section 8.33, moneys in the fund
28 that remain unencumbered or unobligated at the close
29 of a fiscal year shall not revert but shall remain
30 available for expenditure for the purposes designated.
31 Notwithstanding section 12C.7, subsection 2, interest
32 or earnings on moneys in the fund shall be credited to
33 the fund.

34 5. This section is repealed on January 1, 2030.>

35 2. Page 2, by striking lines 10 and 11 and

1 inserting:

2 <e- b. Priority shall be given to projects in
3 which the meeting criteria established in section
4 455B.199B in which the applicant seeks financial
5 assistance is to be used to obtain with financing under
6 the>

7 3. Page 4, after line 8 by inserting:

8 <Sec. ____ NEW SECTION. 16.134A Water quality
9 financial assistance fund.

10 1. A water quality financial assistance fund is
11 created in the state treasury as a revolving fund.

12 2. The fund shall consist of all of the following:

13 a. (1) Moneys transferred to the fund pursuant to
14 section 423G.6.

15 (2) This paragraph "a" is repealed on January 1,
16 2038.

17 b. Appropriations made to the fund and transfers
18 of interest, earnings, and moneys from other funds as
19 provided by law.

20 3. For each fiscal year in the fiscal period
21 beginning July 1, 2017, and ending June 30, 2037,
22 there is appropriated the following percentages of the
23 balance of the fund for the following purposes:

24 a. Forty percent to the Iowa finance authority to
25 support the wastewater and drinking water treatment
26 financial assistance program created in section 16.134.

27 b. Forty-five percent to the Iowa finance authority
28 to be credited to the water quality financing program
29 fund created pursuant to section 16.145.

30 c. Fifteen percent to the division of soil
31 conservation and water quality of the department of
32 agriculture and land stewardship to support the water
33 quality urban infrastructure program created in section
34 466B.44.

35 4. Moneys in the fund are not subject to section

1 8.33. Notwithstanding section 12C.7, subsection 2,
2 interest or earnings on moneys in the fund shall be
3 credited to the fund.

4 Sec. _____. NEW SECTION. 16.143 Definitions.

5 As used in this part, unless the context otherwise
6 requires:

7 1. "Cost" means all costs, charges, expenses, or
8 other indebtedness incurred by a loan recipient and
9 determined by the committee as reasonable and necessary
10 for carrying out all works and undertakings necessary
11 or incidental to the accomplishment of any project.

12 2. "Eligible entity" means a municipality meeting
13 the requirements in section 16.146 or a landowner,
14 as determined by the committee, a public utility as
15 defined in section 476.1, or a rural water district or
16 rural water association as defined in section 357A.1.

17 3. "Loan recipient" means an eligible entity that
18 has received a loan under the program.

19 4. "Municipality" means a governmental body such
20 as a state agency or a political subdivision of the
21 state. Municipality includes but is not limited to a
22 city, city utility, county, soil and water conservation
23 district, drainage district, sanitary district, a
24 subdistrict of any of the foregoing districts, state
25 agency, or other governmental body or corporation
26 empowered to provide sewage collection and treatment
27 services or drinking water, or any entity jointly
28 exercising governmental powers pursuant to chapter
29 28E or 28F, or any other combination of two or more
30 governmental bodies or corporations acting jointly
31 under the laws of this state in connection with a
32 project.

33 5. "Program" means the water quality financing
34 program created in this part.

35 6. "Project" means any combination of improvements,

1 structures, developments, tasks, actions,
2 constructions, modifications, operations, or practices
3 designed to improve water quality that are proposed
4 by an eligible entity and approved by the committee.
5 "Project" includes but is not limited to any of the
6 following:

7 a. A project meeting the requirements of part 2 of
8 this subchapter.

9 b. A project, operation, or practice undertaken
10 or carried out to address watershed protection, flood
11 prevention, or water quality improvement.

12 c. A project meeting the requirements of a sponsor
13 project under section 455B.199.

14 Sec. ____ . NEW SECTION. 16.144 Water quality
15 financing program.

16 1. The authority, in cooperation with the
17 department of natural resources and the department of
18 agriculture and land stewardship, shall establish and
19 administer a water quality financing program. The
20 purpose of the program shall be to provide financial
21 assistance to enhance the quality of surface water
22 and groundwater, particularly by providing financial
23 assistance for projects designed to improve water
24 quality by addressing point and nonpoint sources, with
25 a higher prioritization provided to collaborative
26 efforts.

27 2. The authority shall determine the interest rate
28 and repayment terms for loans made under the program,
29 in cooperation with the department of natural resources
30 and the department of agriculture and land stewardship,
31 and the authority shall enter into loan agreements with
32 eligible entities in compliance with and subject to
33 the terms and conditions of the program as described
34 in this part.

35 3. The authority may charge loan recipients fees

1 and assess costs against such recipients necessary for
2 the continued operation of the program. Such fees and
3 costs shall not exceed the costs directly associated
4 with the administration of the program. Fees and
5 costs collected pursuant to this subsection shall be
6 deposited in the appropriate fund or account created in
7 section 16.145.

8 4. The program shall be administered by the
9 authority in accordance with rules adopted by the
10 authority pursuant to chapter 17A.

11 Sec. ____ . NEW SECTION. 16.145 Water quality
12 financing program fund ---- appropriation ---- other funds.

13 1. a. A water quality financing program fund
14 is created and shall consist of appropriations made
15 to the fund, moneys credited to the fund pursuant to
16 section 16.134A, and transfers of interest, earnings,
17 and moneys from other funds as provided by law. The
18 fund shall be administered by the authority as a
19 revolving fund. Moneys in the fund are appropriated
20 to the authority for purposes of the program.
21 Notwithstanding section 8.33, moneys in the fund
22 that remain unencumbered or unobligated at the close
23 of a fiscal year shall not revert but shall remain
24 available for expenditure for the purposes designated.
25 Notwithstanding section 12C.7, subsection 2, interest
26 or earnings on moneys in the fund shall be credited to
27 the fund.

28 b. The authority shall use the moneys in the fund
29 to provide financial assistance to eligible entities
30 under the program. The authority may provide financial
31 assistance in the form deemed most convenient for the
32 efficient financing of projects, including loans,
33 forgivable loans, or grants. The authority shall
34 administer the fund and the program in such a manner as
35 to provide a permanent source of water quality project

1 financial assistance to eligible entities.

2 c. The authority may annually use an amount of not
3 more than one percent of the moneys in the fund for
4 administrative purposes.

5 2. a. The authority may establish and maintain
6 other funds and accounts determined to be necessary
7 to carry out the purposes of the program and shall
8 provide for the funding, administration, investment,
9 restrictions, and disposition of the funds and
10 accounts.

11 b. Moneys appropriated to and used by the authority
12 for purposes of paying the costs and expenses
13 associated with the administration of the program shall
14 be administered as determined by the authority.

15 c. All moneys transferred to the authority shall be
16 deposited and held in a fund or account established and
17 maintained pursuant to this section for purposes of the
18 program.

19 3. The funds or accounts held by the authority, or
20 a trustee acting on behalf of the authority pursuant
21 to a trust agreement related to the program, shall not
22 be considered part of the general fund of the state,
23 are not subject to appropriation for any other purpose
24 by the general assembly, and in determining a general
25 fund balance shall not be included in the general
26 fund of the state, but shall remain in the funds
27 and accounts maintained by the authority or trustee
28 pursuant to a trust agreement. Funds and accounts held
29 by the authority, or a trustee acting on behalf of the
30 authority pursuant to a trust agreement related to the
31 program, are separate dedicated funds and accounts
32 under the administration and control of the authority
33 and subject to section 16.31.

34 4. By October 1, 2018, and by October 1 of each
35 year thereafter, the authority shall submit a report

1 to the governor and the general assembly itemizing
2 expenditures from the fund during the previous fiscal
3 year.

4 Sec. _____. NEW SECTION. 16.146 Eligible entities ----
5 agreements required.

6 1. An eligible entity may apply to the authority
7 for financial assistance under the water quality
8 financing program established in section 16.144
9 by submitting a plan that meets the following
10 requirements:

11 a. The plan includes one or more projects that
12 improve water quality in the local area or watershed.
13 Projects using practices identified to practices in
14 the latest version of the document entitled "Iowa
15 Nutrient Reduction Strategy" initially presented in
16 November 2012 by the department of agriculture and land
17 stewardship, the department of natural resources, and
18 Iowa state university of science and technology. A
19 drainage or levee district established under chapter
20 468 shall utilize the installation of edge-of-field
21 infrastructure as described in section 466B.43.

22 b. The plan describes in detail the manner in
23 which the projects will be financed and undertaken,
24 including, as applicable, the sources of revenue
25 directed to financing the improvements as well as the
26 municipalities or landowners that will be receiving the
27 revenues and how such revenues will be spent on the
28 projects.

29 2. The authority shall review and approve or
30 deny applications for financial assistance. The
31 provision of financial assistance under the program
32 shall take into account, as applicable, the number of
33 municipalities or landowners comprising an eligible
34 entity and the eligible entity's financing capacity.
35 The authority shall score applications for financial

1 assistance according to rules adopted pursuant to
2 this part. The authority shall only provide financial
3 assistance to eligible entities that have sufficient
4 financing capacity and that submit an appropriate plan
5 designed to improve water quality.

6 3. An approved eligible entity shall enter into
7 an agreement with the authority for the provision of
8 financial assistance. The agreement shall include
9 standard terms for the receipt of program moneys
10 and any other terms the authority deems necessary or
11 convenient for the efficient administration of the
12 program.>

13 4. Page 6, by striking lines 1 and 2 and inserting
14 <to the water quality financial assistance fund created
15 in section 16.134A:>

16 5. Page 6, after line 16 by inserting:

17 <Sec. ____ . NEW SECTION. 466B.43 Water quality
18 agriculture infrastructure programs.

19 1. As part of the water quality initiative
20 established pursuant to section 466B.42, the
21 division shall administer water quality agriculture
22 infrastructure programs created in this section.

23 2. The purpose of the programs is to support
24 projects for the installation of infrastructure,
25 including conservation structures, practices, or other
26 measures that reduce contributing nutrient loads,
27 associated sediment, or contaminants from sources to
28 surface waters. The programs shall be administered in
29 a manner that is consistent with the latest version
30 of the "Iowa Nutrient Reduction Strategy" initially
31 presented in November 2012 by the department of
32 agriculture and land stewardship, the department of
33 natural resources, and Iowa state university of science
34 and technology.

35 3. An edge-of-field infrastructure program is

1 created. The program shall support projects located
2 on agricultural land, which may include demonstration
3 projects, that capture or filter nutrients entering
4 into a surface water. The program's projects shall be
5 limited to infrastructure designed and installed for
6 use over multiple years, including but not limited to
7 wetlands, bioreactor systems, saturated buffers, or
8 land use changes. The program shall be financed on a
9 cost-share basis.

10 4. An in-field infrastructure program is
11 created. The program shall support projects
12 located on agricultural land, which may include
13 demonstration projects, that decrease erosion and
14 precipitation-induced surface runoff, increase
15 water infiltration rates, and increase soil
16 sustainability. The program's projects shall be
17 limited to infrastructure designed and installed for
18 use over multiple years, including but not limited to
19 structures, terraces, and waterways located on cropland
20 or pastureland, and including but not limited to soil
21 conservation or erosion control structures or managed
22 drainage systems. The program shall be financed on a
23 cost-share basis.

24 5. Any state moneys used to finance a project
25 under a water quality agriculture infrastructure
26 program shall be administered according to an agreement
27 entered into by the division and the owner of the land
28 where the infrastructure is to be installed. The
29 agreement shall include standard terms and conditions
30 for the receipt of program moneys and any other
31 terms and conditions the division deems necessary or
32 convenient for the efficient administration of the
33 project or program. The division may support multiple
34 installations of infrastructure on a single parcel of
35 land. The division may also combine programs if cost

1 effective. The division may annually use an amount
2 of not more than four percent of the moneys used to
3 support a program for administrative purposes.

4 6. By October 1, 2017, and each October 1,
5 thereafter, the division shall submit a report to
6 the governor and the general assembly itemizing
7 expenditures under the program during the previous
8 fiscal year.

9 7. Any information obtained by the division
10 identifying a person holding a legal interest in
11 agricultural land or specific agricultural land shall
12 be a confidential record under section 22.7.

13 Sec. _____. NEW SECTION. 466B.44 Water quality urban
14 infrastructure program.

15 1. As part of the water quality initiative
16 established pursuant to section 466B.42, the division
17 shall administer a water quality urban infrastructure
18 program.

19 2. The purpose of the program is to support
20 watershed projects and advance implementation of
21 the latest version of the "Iowa Nutrient Reduction
22 Strategy" initially presented in November 2012 by
23 the department of agriculture and land stewardship,
24 the department of natural resources, and Iowa state
25 university of science and technology, which program
26 support may include demonstration projects that
27 decrease erosion, precipitation-induced surface
28 runoff, and storm water discharges and increase water
29 infiltration rates. The program's projects shall be
30 based on Iowa's storm water management manual published
31 by the department of natural resources.

32 3. The program shall be financed on a cost-share
33 basis or through cooperative agreements with watershed
34 projects funded through section 455B.199 whose project
35 activities fall outside the territorial boundaries of

1 a city.

2 4. Any state moneys used to finance a project under
3 a water quality urban infrastructure program shall be
4 administered according to an agreement entered into
5 by the division and the owner of the land where the
6 infrastructure is to be installed. The agreement shall
7 include standard terms and conditions for the receipt
8 of program moneys and any other terms and conditions
9 the division deems necessary or convenient for the
10 efficient administration of the project or program.
11 The division may support multiple installations
12 of infrastructure on a single parcel of land. The
13 division may annually use an amount of not more than
14 four percent of the moneys used to support a program
15 for administrative purposes.

16 5. Notwithstanding any other provision in this
17 section to the contrary, beginning on July 1, 2018, the
18 division may use any amount available to support the
19 water quality urban infrastructure program to instead
20 support the three-year data collection of in-field
21 practices project as enacted in 2015 Iowa Acts, ch.
22 132, {18.

23 6. By October 1, 2018, and by October 1 of each
24 year thereafter, the division shall submit a report
25 to the governor and the general assembly itemizing
26 expenditures under the program during the previous
27 fiscal year.

28 7. Any information obtained by the division
29 identifying a person holding a legal interest in land
30 or specific land shall be a confidential record under
31 section 22.7.>

32 6. Page 6, by striking lines 17 and 18 and
33 inserting:

34 <Sec. ____ . EFFECTIVE DATE. The following
35 provisions of this Act take effect July 1, 2017:

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- 1 1. The section of this Act amending section 16.134.
- 2 2. The section of this Act enacting section
- 3 16.134A.
- 4 3. The sections of this Act enacting sections
- 5 16.143, 16.144, 16.145, and 16.146.
- 6 4. The section of this Act amending section 423.3.
- 7 5. The sections of this Act enacting chapter 423G.
- 8 6. The section of this Act enacting section
- 9 466B.44.>
- 10 7. Title page, line 2, after <program,> by
- 11 inserting <providing for appropriations from the
- 12 rebuild Iowa infrastructure fund, creating a water
- 13 quality infrastructure fund, establishing a water
- 14 quality financing program, providing for cost-share
- 15 programs for infrastructure on agricultural and urban
- 16 land under the water quality initiative,>
- 17 8. By renumbering as necessary.

COMMITTEE ON APPROPRIATIONS

GRASSLEY of Butler, Chairperson

H-8161 FILED APRIL 5, 2016

SENATE FILE 2275

H-8158

1 Amend the amendment, H-8101, to Senate File 2275, as
2 passed by the Senate, as follows:

3 1. By striking page 1, line 5, through page 2, line
4 5, and inserting:

5 <Sec. _____. Section 157.1, Code 2016, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 24A. "Natural hair braiding" means
8 a method of natural hair care consisting of braiding,
9 locking, twisting, weaving, cornrowing, or otherwise
10 physically manipulating hair without the use of
11 chemicals to alter the hair's physical characteristics
12 that incorporates both traditional and modern styling
13 techniques.

14 Sec. _____. Section 157.1, subsection 5, paragraph a,
15 Code 2016, is amended to read as follows:

16 a. Arranging, braiding, dressing, curling, waving,
17 press and curl hair straightening, shampooing, cutting,
18 singeing, bleaching, coloring, or similar works, upon
19 the hair of any person, or upon a wig or hairpiece when
20 done in conjunction with haircutting or hairstyling by
21 any means. "Cosmetology" does not include natural hair
22 braiding.

23 Sec. _____. Section 157.2, Code 2016, is amended by
24 adding the following new subsection:

25 NEW SUBSECTION. 6. Persons performing natural
26 hair braiding shall register with the board. The
27 registration information shall include an address and
28 description of the location or locations where the
29 person performs natural hair braiding. The department
30 may inspect a location where a person performs natural
31 hair braiding upon receipt of a complaint to the board
32 about that location. The inspection, upon request of
33 the department by the board, shall monitor compliance
34 of the person performing natural hair braiding with
35 health and sanitation requirements established under

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1 this chapter or by rule as adopted by the board. A
2 person who performs natural hair braiding who is
3 deemed to have failed an inspection by the department
4 shall pay a fine as determined by the board. Persons
5 performing natural braiding shall complete a minimum
6 of two hours every two years of continuing education
7 relating to the cosmetology laws and rules and
8 sanitation requirements of this state and provide proof
9 of completion to the board.>

10 2. By renumbering as necessary.

By WILLIS of Dickinson

H-8158 FILED APRIL 5, 2016

SENATE FILE 2275

H-8159

1 Amend Senate File 2275, as passed by the Senate, as
2 follows:

3 1. Page 1, lines 20 and 21, by striking <pass a
4 health and sanitation examination as prescribed by the
5 board and shall>

6 2. Page 1, line 24, by striking <shall> and
7 inserting <may>

8 3. Page 1, line 27, by striking <inspection> and
9 inserting <inspection, upon request of the department
10 by the board,>

11 4. Page 1, line 27, after <compliance> by inserting
12 <of the person performing natural hair braiding>

13 5. Page 1, line 31, after <board.> by inserting
14 <Persons performing natural hair braiding shall
15 complete a minimum of two hours every two years of
16 continuing education relating to the cosmetology laws
17 and rules and sanitation requirements of this state and
18 provide proof of completion to the board.>

By WILLS of Dickinson

H-8159 FILED APRIL 5, 2016



HF 2451 – Water, Metered Excise Tax (LSB6040HV)

Analyst: Kenneth Ohms (Phone: 515-725-2200) (kenneth.ohms@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 2451 exempts the sale of water by utilities from the sales tax and creates an excise tax on metered water that is deposited in the General Fund. These funds are then transferred incrementally to the Wastewater and Drinking Water Treatment Financial Assistance Fund under the purview of the Iowa Finance Authority (IFA). The Wastewater and Drinking Water Treatment Financial Assistance Program is expanded in the bill to include “drinking water,” and includes reporting and evaluation requirements.

One-sixth of the tax will be transferred from the General Fund beginning July 1, 2017 (FY 2018), to the Wastewater and Drinking Water Treatment Financial Assistance Fund (Assistance Fund in fiscal impact table). This will increase by one-sixth each year until the full amount of the tax is transferred in FY 2023 and after.

Background

Currently, the sale of water by utilities to residential and nonresidential customers is subject to the sales tax, as well as any local option sales tax (LOST). Nonresidential sewage utilities are also subject to the sales tax, while residential sewage utilities are not. The state sales tax includes a portion that is directed to the Secure an Advance Vision for Education (SAVE) Program, commonly referred to as the “sixth-cent.”

The Wastewater Treatment Financial Assistance Fund created in Iowa Code section **16.134** is for disadvantaged communities seeking to install or upgrade wastewater treatment facilities due to regulatory activity by the Department of Natural Resources. Grant awards are capped at \$500,000. The Fund received appropriations from the Rebuild Iowa Infrastructure Fund (RIIF) for the period of FY 2006 to FY 2008 for a total of \$11.0 million.

Assumptions

- The annual sales tax attributable to metered water sales in FY 2015 is estimated by the Department of Revenue at \$20.3 million. This number was then increased by Moody’s projections of the Consumer Price Index (CPI) inflation index and population estimates from the REMI forecast.
- Items or services exempt from the state sales tax are also exempt from the LOST. The bill does not provide for a local option sales tax on water.
- The bill does not subject the new water service tax to the SAVE transfer.
- The bill becomes effective July 1, 2017 (FY 2018), and the tax is repealed July 1, 2037.

Fiscal Impact

The estimated flow of funds under current law as proposed by [House File 2451](#) is shown in the following table. General Fund revenue and SAVE dollars will flow into the Assistance Fund. LOST revenues will no longer be collected.

	CURRENT LAW				Proposed HF 2451			
	Est. Sales of Metered Water	5% Sales Tax to General Fund	Sales Tax to SAVE	LOST	Excise Tax @ 6% to General Fund less transfer to Asst Fund	Sales Tax to SAVE	LOST	Assistance Fund
FY 2018	\$ 371.4	\$ 18.6	\$ 3.7	\$ 3.1	\$ 18.6	\$ 0.0	\$ 0.0	\$ 3.7
FY 2019	384.6	19.2	3.8	3.2	15.4	0.0	0.0	7.6
FY 2020	396.7	19.8	4.0	3.3	11.9	0.0	0.0	11.9
FY 2021	408.4	20.4	4.1	3.4	8.2	0.0	0.0	16.4
FY 2022	420.2	21.0	4.2	3.5	4.2	0.0	0.0	21.0
FY 2023	432.2	21.6	4.3	3.6	0.0	0.0	0.0	25.9

The estimated fiscal impact is show below.

Estimated Impact of HF 2451				
In Millions				
	General Fund	SAVE	LOST	Assistance Fund
FY 2018	\$ 0.0	\$ -3.7	\$ -3.1	\$ 3.7
FY 2019	-3.8	-3.8	-3.2	7.6
FY 2020	-7.9	-4.0	-3.3	11.9
FY 2021	-12.3	-4.1	-3.4	16.4
FY 2022	-16.8	-4.2	-3.5	21.0
FY 2023	-21.6	-4.3	-3.6	25.9

Once the full amount of the transfer is reached in FY 2023, revenues will grow approximately 2.9% per year until the program is repealed in FY 2037.

The IFA is permitted to use 1.0% of the amounts appropriated to the Assistance Fund for administrative purposes.

Estimates for the administrative costs for establishing the new excise tax at the Department of Revenue have not been completed yet. Previous estimates have ranged between \$250,000 and \$600,000 for similar legislation. Since there is no provision for a local water service tax, it is likely this amount will be towards the lower estimate.

If a water utility is located within a Flood Mitigation District, the sales tax remitted will be included in that area’s initial increment calculation. By exempting the sale of water services from the sales and use tax, a mitigation district may be impacted by decreasing the taxable increment of sales and services.

Sources

Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

April 5, 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 Legislative Services Agency upon request.
