



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

May 27, 2016

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
LOCAL

Dear Mr. Secretary:

I hereby transmit House File 2459, an Act relating to state and local finances by making appropriations, providing for legal and regulatory responsibilities, concerning taxation, providing penalties, providing for other properly related matters, and including effective date and retroactive and other applicability provisions.

House File 2459 is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 9, in its entirety. This item states that it is legislative intent that executive branch agencies make use of an existing master contract to develop a statewide time and attendance system with the idea that it would generate savings. While I always encourage state agencies to look for ways to save money, unfortunately going about it this way is not appropriate. State agencies were not appropriated additional funds for this system, it would require the state to add to the already multiple systems for payroll, and the master contract does not have the full range of functionality provided by the current systems. Also, for transparency, if the State would choose to take such a system statewide, the contract would have to rebid to cover the increased scope of the system.

I am unable to approve the item designated as Section 12, subsections 2 and 3, in its entirety. This item requires Iowans who perform natural hair braiding to take an annual course and be subject to discipline and inspection by the Department of Public Health; these requirements are unnecessary. Licensing and regulations should only be mandated when necessary to serve public health or safety. Natural hair braiding does not require government mandates, regulations, or licensing. Subsection 1 of Section 12 exempts the profession of natural hair braiding from the 2,100 hours of training needed under current Iowa law for a cosmetology license and effectively ends licensing for natural hair braiding.

Since taking office in 2011, my administration has been committed to job creation and increasing family incomes. An occupational license is governmental permission to work in a particular field. According to *License to Work*, a study by the Institute for Justice, in the 1950s only one in twenty individuals needed the government's permission to pursue their chosen profession. However today, the number is almost one in three. Occupational licenses decrease incomes for working Iowans and increase costs for consumers. I have vetoed legislation mandating licensing for four new professions, signed Executive Order 71 requiring State agencies to issue a Job Impact Statement to minimize the negative impact rules and regulations have on jobs, and signed Executive Order 80 allowing for stakeholder input and involvement prior to the development and formulation of rules and regulations. While this legislation now ends licensing requirements for natural hair braiding, I look forward to continuing to work with the legislature to find other common sense solutions in reducing unnecessary regulatory burdens and licensing fees on hardworking Iowans.

I am unable to approve the item designated as Section 14, in its entirety. This item sunsets Iowa's online learning program on July 1, 2018. Students enrolled in the online learning program may be targets of bullying, medically fragile, or individuals who struggle in the traditional classroom setting. I have met with students enrolled in online learning programs and their parents and they informed me that these online learning programs are very helpful and it would create significant fear and anxiety if the online learning program was to end. There should be a variety of options available to students, including online learning, in order to ensure their academic success.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2459 are hereby approved as of this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry E. Branstad", with a stylized flourish at the end.

TERRY E. BRANSTAD

Governor



House File 2459

AN ACT

RELATING TO STATE AND LOCAL FINANCES BY MAKING APPROPRIATIONS,
PROVIDING FOR LEGAL AND REGULATORY RESPONSIBILITIES,
CONCERNING TAXATION, PROVIDING PENALTIES, PROVIDING FOR
OTHER PROPERLY RELATED MATTERS, AND INCLUDING EFFECTIVE
DATE AND RETROACTIVE AND OTHER APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

STANDING APPROPRIATIONS AND RELATED MATTERS

Section 1. 2015 Iowa Acts, chapter 138, section 3, is
amended by adding the following new subsection:

NEW SUBSECTION. 4. For the peace officers' retirement,
accident, and disability system retirement fund under section
97A.11A:

..... \$ 2,500,000

Sec. 2. 2015 Iowa Acts, chapter 138, is amended by adding the following new section:

NEW SECTION. SEC. 5A. GENERAL ASSEMBLY.

1. The appropriations made pursuant to section 2.12 for the expenses of the general assembly and legislative agencies for the fiscal year beginning July 1, 2016, and ending June 30, 2017, are reduced by the following amount:

..... \$ 5,400,000

2. The budgeted amounts for the general assembly and legislative agencies for the fiscal year beginning July 1, 2016, may be adjusted to reflect the unexpended budgeted amounts from the previous fiscal year.

Sec. 3. 2015 Iowa Acts, chapter 138, is amended by adding the following new section:

NEW SECTION. SEC. 7A. Section 257.35, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 10A. Notwithstanding subsection 1, and in addition to the reduction applicable pursuant to subsection 2, the state aid for area education agencies and the portion of the combined district cost calculated for these agencies for the fiscal year beginning July 1, 2016, and ending June 30, 2017, shall be reduced by the department of management by eighteen million seven hundred fifty thousand dollars. The reduction for each area education agency shall be prorated based on the reduction that the agency received in the fiscal year beginning July 1, 2003.

Sec. 4. Section 2.48, subsection 3, Code 2016, is amended by adding the following new paragraph:

NEW PARAGRAPH. *Of.* In 2016:

- (1) The homestead tax credit under chapter 425.
- (2) The elderly and disabled property tax credit under chapter 425.
- (3) The agricultural land tax credit under chapter 426.
- (4) The military service tax credit under chapter 426A.
- (5) The business property tax credit under chapter 426C.
- (6) The commercial and industrial property tax replacement claims under section 441.21A.

Sec. 5. Section 230.8, Code 2016, is amended to read as follows:

230.8 Transfers of persons with mental illness — expenses.

The transfer to any state hospitals or to the places of their residence of persons with mental illness who have no residence in this state or whose residence is unknown and deemed to be a state case, shall be made according to the directions of the administrator, and when practicable by employees of the state hospitals. The actual and necessary expenses of such transfers shall be paid by the department on itemized vouchers sworn to by the claimants and approved by the administrator, ~~and the amount of the expenses is appropriated to the department from any funds in the state treasury not otherwise appropriated.~~

Sec. 6. Section 820.24, Code 2016, is amended to read as follows:

820.24 Expenses — how paid.

When the punishment of the crime shall be the confinement of the criminal in the penitentiary, the expenses shall be paid ~~out of the state treasury, on the certificate of the governor and warrant of the director of the department of administrative services~~ by the department of corrections; and in all other cases they shall be paid out of the county treasury in the county wherein the crime is alleged to have been committed. The expenses shall be the fees paid to the officers of the state on whose governor the requisition is made, and all necessary and actual traveling expenses incurred in returning the prisoner.

DIVISION II

MISCELLANEOUS PROVISIONS

Sec. 7. HUMAN TRAFFICKING. There is appropriated from the general fund of the state to the department of public safety for the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For the office to combat human trafficking established pursuant to section 80.45 as enacted by 2016 Iowa Acts, Senate File 2191, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 200,000

..... FTEs 2.00

Sec. 8. BUDGET PROCESS FOR FISCAL YEAR 2017-2018.

1. For the budget process applicable to the fiscal year beginning July 1, 2017, on or before October 1, 2016, in lieu of the information specified in section 8.23, subsection 1, unnumbered paragraph 1, and paragraph "a", all departments and establishments of the government shall transmit to the director of the department of management, on blanks to be furnished by the director, estimates of their expenditure requirements, including every proposed expenditure, for the ensuing fiscal year, together with supporting data and explanations as called for by the director of the department of management after consultation with the legislative services agency.

2. The estimates of expenditure requirements shall be in a form specified by the director of the department of management, and the expenditure requirements shall include all proposed expenditures and shall be prioritized by program or the results to be achieved. The estimates shall be accompanied by performance measures for evaluating the effectiveness of the programs or results.

~~154E~~ ~~Sec. 9. TIME AND ATTENDANCE SOLUTION — EXECUTIVE BRANCH. It is the intent of the general assembly that executive branch agencies make use of an existing master agreement entered into by the department of administrative services on November 17, 2015, to develop a statewide time and attendance solution. The statewide time and attendance solution will have the ability to generate savings within state government, minimize compliance risk, and improve workforce productivity with a vendor who specializes in measuring metrics to monitor performance and measures financial and operational activities by incorporating modeling and data analytics, baseline numbers, and any additional pertinent information.~~] ~~TEB~~

Sec. 10. SALARY MODEL ADMINISTRATOR. The salary model administrator shall work in conjunction with the legislative services agency to maintain the state's salary model used for analyzing, comparing, and projecting state employee salary and benefit information, including information relating to

employees of the state board of regents. The department of revenue, the department of administrative services, the five institutions under the jurisdiction of the state board of regents, the judicial district departments of correctional services, and the state department of transportation shall provide salary data to the department of management and the legislative services agency to operate the state's salary model. The format and frequency of provision of the salary data shall be determined by the department of management and the legislative services agency. The information shall be used in collective bargaining processes under chapter 20 and in calculating the funding needs contained within the annual salary adjustment legislation. A state employee organization as defined in section 20.3, subsection 4, may request information produced by the model, but the information provided shall not contain information attributable to individual employees.

Sec. 11. Section 24.32, Code 2016, is amended to read as follows:

24.32 Decision certified.

After a hearing upon the appeal, the state board shall certify its decision to the county auditor and to the parties to the appeal as provided by rule, and the decision shall be final. The county auditor shall make up the records in accordance with the decision and the levying board shall make its levy in accordance with the decision. Upon receipt of the decision, the certifying board shall correct its records accordingly, if necessary. Final disposition of all appeals shall be made by the state board ~~on or before April 30 of each year~~ within forty-five days after the date of the appeal hearing.

Sec. 12. NEW SECTION. 135.37A Natural hair braiding.

1. A person shall register with the department in order to perform a commercial service involving natural hair braiding. For purposes of this section, "*natural hair braiding*" means a method of natural hair care consisting of braiding, locking, twisting, weaving, cornrowing, or otherwise physically manipulating hair without the use of chemicals to alter the hair's physical characteristics that incorporates both

traditional and modern styling techniques.

~~TED [2. The department shall adopt rules pursuant to chapter 17A to administer this section. Such rules shall include but not be limited to all of the following:~~

~~a. Establishing minimum safety and sanitation criteria for the provision of natural hair braiding.~~

~~b. Requiring a person performing natural hair braiding to complete one hour per calendar year of continuing education regarding minimum safety and sanitation criteria for the provision of natural hair braiding.~~

~~c. Authorizing the department to inspect a location where a person performs natural hair braiding upon receipt of a complaint to the department about that person or location.~~

~~3. If the department determines that a person is in violation of a requirement under this section, the department may order the person to cease performing natural hair braiding until the necessary corrective action has been taken.]TEB~~

Sec. 13. Section 256.7, subsection 32, paragraph c, unnumbered paragraph 1, Code 2016, is amended to read as follows:

Adopt rules that limit the statewide enrollment of pupils in educational instruction and course content that are delivered primarily over the internet to not more than eighteen one-hundredths of one percent of the statewide enrollment of all pupils, and that limit the number of pupils participating in open enrollment for purposes of receiving educational instruction and course content that are delivered primarily over the internet to no more than one percent of a sending district's enrollment. ~~Until June 30, 2018, such~~ Such limitations shall not apply if the limitations would prevent siblings from enrolling in the same school district or if a sending district determines that the educational needs of a physically or emotionally fragile student would be best served by educational instruction and course content that are delivered primarily over the internet. Students who meet the requirements of section 282.18 may participate in open enrollment under this paragraph "c" for purposes of enrolling only in the CAM community school district or the Clayton Ridge community school district.

~~TEB~~ ~~Sec. 14. Section 256.7, subsection 32, paragraph c, Code 2016, is amended by adding the following new subparagraph:~~

~~NEW SUBPARAGRAPH. (6) This paragraph "c" is repealed July 1, 2018.~~ ~~TEB~~

Sec. 15. Section 256.11, subsection 16, paragraph d, Code 2016, is amended by striking the paragraph.

Sec. 16. Section 418.12, subsection 5, Code 2016, is amended to read as follows:

5. If the department of revenue determines that the revenue accruing to the fund or accounts within the fund exceeds thirty million dollars for a fiscal year or exceeds the amount necessary for the purposes of this chapter if the amount necessary is less than thirty million dollars for a fiscal year, then those excess moneys shall be credited by the department of revenue for deposit in the general fund of the state.

Sec. 17. Section 915.25, subsection 3, as enacted by 2016 Iowa Acts, Senate File 2288, section 16, is amended to read as follows:

3. Notwithstanding the provisions of sections 232.147, 232.149, and 232.149A, an intake or juvenile court officer shall disclose to the alleged victim of a delinquent act, upon the request of the victim, the complaint, the name and address of the child who allegedly committed the delinquent act, and the disposition of the complaint. If the alleged delinquent act would be a ~~forcible felony~~ serious misdemeanor, aggravated misdemeanor, or felony offense if committed by an adult, the intake or juvenile court officer shall provide notification to the victim of the delinquent act as required by section 915.24.

Sec. 18. 2015 Iowa Acts, chapter 141, section 59, as amended by 2016 Iowa Acts, Senate File 2314, section 22, if enacted, is amended to read as follows:

SEC. 59. SECRETARY OF STATE. There is appropriated from the general fund of the state to the office of the secretary of state for the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATION AND ELECTIONS

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,440,890
.....	FTEs	~~13.10~~
		<u>15.60</u>

The state department or state agency which provides data processing services to support voter registration file maintenance and storage shall provide those services without charge.

2. BUSINESS SERVICES

For salaries, support, maintenance, and miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	1,440,891
.....	FTEs	~~13.10~~
		<u>15.60</u>

Sec. 19. 2016 Iowa Acts, Senate File 2324, section 1, subsection 12, if enacted, is amended to read as follows:

12. STATE FAIR AUTHORITY

For infrastructure costs associated with the remodeling of the northwest portion of the fairgrounds, including but not limited to a new events area and updates to the grandstand, stage, and midway:

FY 2016-2017:

.....	\$	500,000
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FY 2017-2018:

.....	\$	500,000
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FY 2018-2019:

.....	\$	4,500,000
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DIVISION III

CORRECTIVE PROVISIONS

Sec. 20. Section 29C.24, subsection 3, paragraph a, subparagraphs (3) and (6), as enacted by 2016 Iowa Acts, Senate File 2306, section 2, are amended to read as follows:

(3) The imposition of income taxes under chapter 422, divisions II and III, including the requirement to file tax returns under sections 422.13 through 422.15 or section

422.36, as applicable, and including the requirement to withhold and remit income tax from out-of-state employees under section 422.16. In addition, the performance of disaster or emergency-related work during a disaster response period by an out-of-state business or out-of-state employee shall not require an out-of-state business to be included in a consolidated return under section 422.37, and shall not increase the amount of net income of the out-of-state business allocated and apportioned to the state under ~~sections~~ section 422.8 or 422.33, as applicable.

(6) The assessment of property taxes by the department of revenue under sections 428.24 through 428.26, 428.28, and 428.29, or chapters 433, 434, 435, and 437 through 438, or by a local assessor under another provision of law, on property brought into the state to aid in the performance of disaster or emergency-related work during a disaster response period if such property does not remain in the state after the conclusion of the disaster response period.

Sec. 21. Section 29C.24, subsection 4, as enacted by 2016 Iowa Acts, Senate File 2306, section 2, is amended to read as follows:

4. *Business and employee status after a disaster response period.* An out-of-state business or out-of-state employee that remains in the state after the conclusion of the disaster response period ~~for~~ during which the disaster or emergency-related work was performed shall be fully subject to the state's standards for establishing presence, residency, or doing business as otherwise provided by law, and shall be responsible for any resulting taxes, fees, licensing, registration, filing, or other requirements.

Sec. 22. Section 155A.13, subsection 3, paragraph d, as enacted by 2016 Iowa Acts, Senate File 453, section 3, is amended to read as follows:

d. An applicant seeking a special or limited-use pharmacy ~~licensed~~ license for a proposed telepharmacy site that does not meet the mileage requirement established in paragraph "c" and is not statutorily exempt from the mileage requirement may apply to the board for a waiver of the mileage requirement. A waiver request shall only be granted if the

applicant can demonstrate to the board that the proposed telepharmacy site is located in an area where there is limited access to pharmacy services and can establish the existence of compelling circumstances that justify waiving the mileage requirement. The board's decision to grant or deny a waiver request shall be a proposed decision subject to mandatory review by the director ~~of the department~~ of public health. The director shall review a proposed decision and shall have the power to approve, modify, or veto a proposed decision. The director's decision on a waiver request shall be considered final agency action subject to judicial review under chapter 17A.

Sec. 23. Section 229.13, subsection 7, paragraph a, subparagraph (1), as enacted by 2016 Iowa Acts, Senate File 2259, section 1, is amended to read as follows:

(1) The respondent's mental health professional acting within the scope of the mental health professional's practice shall notify the committing court, with preference given to the committing judge, if available, in the appropriate county ~~who~~ and the court shall enter a written order directing that the respondent be taken into immediate custody by the appropriate sheriff or sheriff's deputy. The appropriate sheriff or sheriff's deputy shall exercise all due diligence in taking the respondent into protective custody to a hospital or other suitable facility.

Sec. 24. Section 256.11, subsection 4, Code 2016, as amended by 2016 Iowa Acts, House File 2392, section 26, if enacted, is amended to read as follows:

4. The following shall be taught in grades seven and eight: English-language arts; social studies; mathematics; science; health; age-appropriate and research-based human growth and development; career exploration and development; physical education; music; and visual art. Career exploration and development shall be designed so that students are appropriately prepared to create an individual career and academic plan pursuant to section 279.61, incorporate foundational career and technical education concepts aligned with the six career and technical education service areas as defined in ~~paragraph~~ subsection 5, ~~subsection~~ paragraph

"h", and incorporate relevant twenty-first century skills. The health curriculum shall include age-appropriate and research-based information regarding the characteristics of sexually transmitted diseases, including HPV and the availability of a vaccine to prevent HPV, and acquired immune deficiency syndrome. The state board as part of accreditation standards shall adopt curriculum definitions for implementing the program in grades seven and eight. However, this subsection shall not apply to the teaching of career exploration and development in nonpublic schools. For purposes of this section, "age-appropriate", "HPV", and "research-based" mean the same as defined in section 279.50.

Sec. 25. Section 272.25, subsection 3, Code 2016, as amended by 2016 Iowa Acts, Senate File 2196, section 3, is amended to read as follows:

3. A requirement that the program include instruction in skills and strategies to be used in classroom management of individuals, and of small and large groups, under varying conditions; skills for communicating and working constructively with pupils, teachers, administrators, and parents; preparation in reading theory, knowledge, strategies, and approaches, and for integrating literacy instruction in into content areas in accordance with section 256.16; and skills for understanding the role of the board of education and the functions of other education agencies in the state. The requirement shall be based upon recommendations of the department of education after consultation with teacher education faculty members in colleges and universities.

Sec. 26. Section 521A.6B, subsection 5, paragraph e, if enacted by 2016 Iowa Acts, House File 2394, section 10, is amended to read as follows:

e. Entering into agreements with or obtaining documentation from any insurer registered under section 521A.4, any member of an internationally active insurance group, and any other state, federal, or international regulatory agency for members of the internationally active insurance group, that provides the basis for or otherwise clarifies the commissioner's role as group-wide supervisor of an internationally active insurance group, including provisions for resolving disputes

with other regulatory officials. Such agreements or documentation shall not serve as evidence in any proceeding that any insurer or person within an insurance ~~company~~ holding company system not domiciled or incorporated in this state is doing business in this state or is otherwise subject to jurisdiction in this state.

Sec. 27. Section 598C.102, subsection 8, paragraph b, as enacted by 2016 Iowa Acts, Senate File 2233, section 2, is amended to read as follows:

b. An individual who has custodial responsibility for a child under a law of this state other than this chapter.

Sec. 28. 2016 Iowa Acts, House File 2269, section 20, subsection 1, is amended to read as follows:

1. It is amended, rescinded, or supplemented by the affirmative action of the executive ~~council~~ committee of the Iowa beef cattle producers association created in section 181.3, as amended in this Act.

Sec. 29. 2016 Iowa Acts, Senate File 378, section 2, is amended to read as follows:

SEC. 2. REPEAL. Section 80.37, Code ~~2015~~ 2016, is repealed.

Sec. 30. 2016 Iowa Acts, Senate File 2185, section 2, is amended by striking the section and inserting in lieu thereof the following:

SEC. 2. Section 709.21, subsection 3, Code 2016, is amended to read as follows:

3. A person who violates this section commits ~~a serious~~ an aggravated misdemeanor.

DIVISION IV

CITY UTILITY BILLINGS AND COLLECTIONS — LIENS

Sec. 31. Section 384.84, subsection 4, paragraph a, Code 2016, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (4) A lien under subparagraph (1) shall not be placed upon a premises that is a mobile home, modular home, or manufactured home served by any of the services under that subparagraph if the mobile home, modular home, or manufactured home is owned by a tenant of and located in a mobile home park or manufactured home community and the mobile home park or manufactured home community owner or manager is

the account holder, unless the lease agreement specifies that the tenant is responsible for payment of a portion of the rates or charges billed to the account holder.

Sec. 32. Section 384.84, subsections 10 and 11, Code 2016, are amended to read as follows:

10. For the purposes of this section, "*premises*" includes a mobile home, modular home, or manufactured home as defined in section 435.1, ~~when the mobile home, modular home, or manufactured home is taxed as real estate.~~

11. Notwithstanding subsection 4, except for mobile home parks or manufactured home communities where the mobile home park or manufactured home community owner or manager is responsible for paying the rates or charges for services, a lien shall not be filed against the land if the premises are located on leased land. If the premises are located on leased land, a lien may be filed against the premises only.

DIVISION V

INCOME TAX CHECKOFFS

Sec. 33. INCOME TAX CHECKOFFS. Notwithstanding Code section 422.12E which provides for the repeal of certain income tax return checkoffs when the same four checkoffs have been provided on the income tax return for two consecutive years, the four income tax return checkoffs provided in sections 422.12D, 422.12H, 422.12K, and 422.12L, Code 2016, as appearing on the 2015 individual income tax return, shall be allowed for the tax years beginning January 1, 2016, January 1, 2017, and January 1, 2018, and shall be provided on the 2016, 2017, and 2018 individual income tax returns.

Sec. 34. Section 422.12E, subsection 1, Code 2016, is amended to read as follows:

1. For tax years beginning on or after January 1, ~~2004~~ 2019, there shall be allowed no more than four income tax return checkoffs on each income tax return. ~~When~~ For tax years beginning on or after January 1, 2017, when the same four income tax return checkoffs have been provided on the income tax return for two consecutive years, the two checkoffs for which the least amount has been contributed, in the aggregate for the first tax year and through March 15 of the second tax year, are repealed. This section does not apply to

the income tax return checkoff provided in section 68A.601.

Sec. 35. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2016.

DIVISION VI

FLOOD MITIGATION PROGRAM

Sec. 36. Section 418.15, subsection 1, Code 2016, is amended to read as follows:

1. a. A governmental entity shall not receive remittances of sales tax revenue under this chapter after twenty years from the date the governmental entity's project was approved by the board or after expiration of the additional period of years if approved under paragraph "b" unless the remittance amount is calculated under section 418.11 based on sales subject to the tax under section 432.2 occurring before the expiration of the twenty-year period or expiration of the additional period of years if approved under paragraph "b".

b. The twenty-year period for receiving remittances of sales tax revenue under this chapter may be extended upon application by the governmental entity and approval by the board. An application for an extension of the twenty-year period must be filed by the governmental entity with the board prior to expiration of the twenty-year period. The board may approve the governmental entity to receive remittances of sales tax revenue under this chapter for an additional period of consecutive years beyond the twenty-year period if all of the following are satisfied:

(1) The total amount of remittances actually received by the governmental entity during the twenty-year period are less than the total amount of remittances for which the governmental entity was approved to receive by the board at the time of the project's approval under section 418.9, subsection 4, and reduced under section 418.9, subsection 8, or section 418.12, subsection 6, paragraph "b", if applicable.

(2) The amount of the remittances approved in each additional year does not exceed fifteen million dollars or seventy percent of the total yearly amount of increased sales tax increment revenue in the governmental entity's applicable area and deposited in the governmental entity's account, whichever is less.

(3) The total amount of remittances in any such additional fiscal year for all governmental entities approved to use sales tax revenues under this chapter does not exceed, in the aggregate, thirty million dollars.

(4) The total amount of remittances to the governmental entity approved by the board for all additional years does not exceed the difference between the total amount of remittances actually received by the governmental entity during the twenty-year period and the total amount of remittances for which the governmental entity was approved to receive by the board at the time of the project's approval under section 418.9, subsection 4, and reduced under section 418.9, subsection 8, or section 418.12, subsection 6, paragraph "b", if applicable.

DIVISION VII

ELECTRIC TRANSMISSION LINES

Sec. 37. NEW SECTION. **478.6A Merchant line franchises — requirements — limitations.**

1. For purposes of this section, "*merchant line*" means a high-voltage direct current electric transmission line which does not provide for the erection of electric substations at intervals of less than fifty miles, which substations are necessary to accommodate both the purchase and sale to persons located in this state of electricity generated or transmitted by the franchisee.

2. A petition for a franchise to construct a merchant line, in addition to any other applicable requirements pursuant to this chapter, shall be subject to all of the following:

a. Notwithstanding section 478.10, the sale and transfer of a merchant line, by voluntary or judicial sale or otherwise, shall not carry with it the transfer of the franchise.

b. Notwithstanding section 478.21, if a petition that involves the taking of property under eminent domain is not approved by the board and a franchise granted within three years following the date the petition is filed with the board pursuant to section 478.3, the board shall reject the petition and make a record of the rejection. If the hearing on the petition conducted pursuant to section 478.4 has been held within the three-year period following the date the petition

is filed, but the board has not completed its deliberations within that three-year period, the three-year period may be extended by the board to allow completion of deliberations. A petitioner shall not file a petition for the same or a similar project that has been rejected within sixty months following the date of rejection if the rejection was for failure to be approved within three years following the date the petition was filed as provided in this subsection.

c. In considering whether to grant a petition that involves the taking of property under eminent domain, section 478.3, subsection 3, is not applicable, and the term "*public*" shall be interpreted to be limited to consumers located in this state.

Sec. 38. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 39. APPLICABILITY.

1. This division of this Act is applicable to petitions for franchise filed on or after November 1, 2014, that have not been approved by the utilities board on or after the effective date of this division of this Act, and to petitions for franchise filed on or after the effective date of this division of this Act.

2. For petitions for franchise filed with the board prior to the effective date of this division of this Act, the three-year approval period specified in section 478.6A, subsection 2, paragraph "b", shall not be applicable, and such petitions for franchise shall be considered rejected by the board subject to the terms and provisions of section 478.6A, subsection 2, paragraph "b", if not approved by the board within two years following the effective date of this division of this Act.

DIVISION VIII SOLAR TAX CREDIT

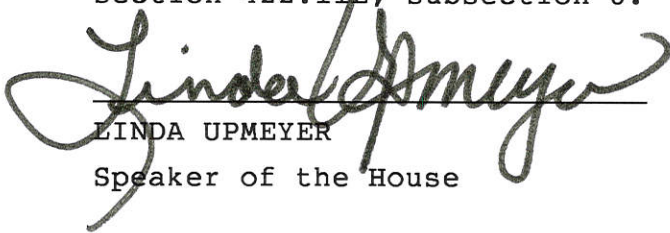
Sec. 40. Section 422.11L, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 6. For purposes of this section, "*Internal Revenue Code*" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal

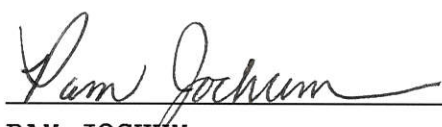
Revenue Code of 1986 as amended to and including January 1, 2016.

Sec. 41. RETROACTIVE APPLICABILITY. The following provision or provisions of this division of this Act apply retroactively to January 1, 2015, for tax years beginning on or after that date:

1. The section of this division of this Act enacting section 422.111, subsection 6.


LINDA UPMEYER

Speaker of the House


PAM JOCHUM

President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2459, Eighty-sixth General Assembly.


CARMINE BOAL

Chief Clerk of the House

Approved May 27, 2016


TERRY E. BRANSTAD

Governor

With exceptions noted.